

Performance and Finance Scrutiny Committee

22 May 2020 – At a meeting of the Performance and Finance Scrutiny Committee held at 10.30 am by virtual meeting with restricted public access.

Present: Cllr J Dennis (Chairman)

Cllr Catchpole	Cllr M Jones	Cllr Turner
Cllr Barling, left at 12.30pm	Cllr Kitchen	Cllr Waight
Cllr Barrett-Miles	Cllr Montyn	Cllr Walsh, left at 1.52pm
Cllr Boram	Cllr Smytherman	
Cllr Edwards, left at 12.36	Cllr Sparkes	

Apologies were received from Cllr Bradford and Cllr Urquhart

Also in attendance: Cllr Crow, Cllr Elkins, Cllr Hunt, Cllr A Jupp, Cllr N Jupp, Cllr Lanzer, Cllr Marshall and Cllr Russell

Part I

57. Declarations of Interest

57.1 Cllr Walsh declared a personal interest in relation to Response to recommendations made at the 22 January meeting [xiii and xix One Public Estate] and in relation to the Capital Programme [Littlehampton One Public Estate scheme] as Leader of Arun District Council.

57.2 Cllr Boram declared a personal interest in relation to the TPM as Senior Advisor to the Cabinet Member for Environment.

57.3 Cllr Sparkes declared a personal interest in relation to the TPM as a member of Worthing Borough Council.

58. Minutes of the 15 April meeting of the Committee

58.1 Resolved – That the Minutes of the meeting held on 15 April 2020 be approved as a correct record and that they be signed by the Chairman.

59. Part I minutes of the 22 January meeting of the Committee

59.1 Resolved – That the Part I minutes of the meeting held on 22 January 2020 be approved as a correct record and that they be signed by the Chairman.

60. Part II Minutes of the 22 January meeting

60.1 Resolved – That the Part II minutes of the meeting held on 22 January 2020 be approved as a correct record and that they be signed by the Chairman.

61. Part II Response to Recommendations from the 22 January meeting

61.1 Resolved – That the Part II response to recommendations from the meeting held on 22 January 2020 be noted.

62. Response to recommendations to the Children and Young People's Services Scrutiny Committee

62.1 Resolved – That the response from the Chairman of the Children and Young People's Services Scrutiny Committee to recommendations made on 25 March and 24 May 2019 be noted.

63. Response to recommendations made at the 22 January meeting

63.1 Further to response iii, the Leader updated the Committee that the West Sussex Plan will be revisited; the priorities will be reset in line with the Improvement Plans and governance changes. It is anticipated that a draft updated West Sussex Plan will be complete by July 2020, following which it will need to be shared with Members for feedback, finalised, and then any realignment made to the budget.

63.2 Resolved – That the response to Part I recommendations from the 22 January 2020 meeting be noted.

64. Response to recommendations made at the 15 April meeting

64.1 Resolved – That the response from the Cabinet Member for Finance to the recommendations made at the 15 April 2020 meeting be noted.

65. Response to recommendations made by the Business Management Solution TFG

65.1 Resolved – That the response from the Director of Finance and Support Services to recommendations made by the Business Management Solution Task and Finish Group be noted.

66. Total Performance Monitor - Qtr 4 End of Year 2019/20

66.1 The Committee considered the Quarter 4 End of Year 2019/20 Total Performance Monitor (TPM) report from the Director of Finance and Support Services (copy appended to the signed minutes).

66.2 The Cabinet Member for Finance introduced the report and informed the Committee that the financial outturn was in line with that forecasted, ending the year with £0.5m less overspend than predicted. The overspend will be funded by a draw down from reserve funds as outlined in the report. 2019/20 has been a testing year due to the £17m fund provided for the Children's Services Improvement Plan and £1.4m for the Fire & Rescue Service Improvement Plan; interim reports show both Plans are on course to deliver the expected improvements. The outbreak of Covid-19 has been a further budget challenge at the end of year 2019/20, and all 2020/21 budget assumptions will be reviewed in light of Covid-19.

The Cabinet Member welcomed comments from the Committee ahead of the decision report being considered by Cabinet on 26 May 2020.

66.3 The Director of Finance and Support Services introduced the finance aspect of the report and highlighted that the forecasting for the year was realistic. Capital receipts flexibility was used in October 2019 to fund the overspend. The failure to deliver savings in-year is significant and officers understand why that occurred. The current challenge regarding Covid-19 leads to uncertain demands for the year 2020/21 and a more fragile financial position; the reset West Sussex Plan will reconsider the resource implications for the current year.

66.4 The Committee made comments in relation to the TPM finance report including those that follow. It:

- Recognised that 2019/20 has presented financial challenges, that the eventual outturn was forecast in the first half of the year and brought under control during the second half of the year resulting in further potential overspends being avoided. The Committee noted that the report largely reflects the position prior to the effects attributable to the Covid-19 pandemic.
- Highlighted the £15m overspend for 2019/20, the current £85m Covid-19 spend, and the £34m fund provided by central Government towards the additional cost, and queried whether the Council will face future financial difficulties. Queried whether further funds will come from central government to help fund the Covid-19 response and how our financial situation compares to that of other authorities. *The Leader explained the situation is being closely monitored, the Council has received £36m from central government already, and further funds have been committed by the Minister for Housing, Communities and Local Government. The Leader meets weekly with West Sussex MPs who support the Council and represent to central Government, in addition to regular County Council Network (CCN) meetings which represent the Council's needs and presses for further funding.*
- Noted the significant budget funding uplift required in 2019/20 due to the Children's Services and Fire & Rescue Service Improvement Plans needed to bring the services up to standard. Noted that work is continuing and both Improvement Plans are on the right course, however the improvements made are yet to be demonstrated in the TPM report.
- Recognised the financial challenges to achieve savings and will closely monitor the situation through future TPM quarterly reports in 2020/21. A balance between savings, service delivery and future financial resilience is required; the outfall of Covid-19 effects will be seen in the 2020/21 Quarter 1 TPM report.
- Queried whether the Council has the necessary skills and capabilities to deliver planned savings whilst maintaining an appropriate level of performance, and also replenish its reserves. *The Cabinet Member for Finance stated the Council has a prudent financial record, with a history of replenishment of reserves since 2010, and is confident that it can be achieved despite Covid-19 challenges. The Leader explained that the reset of the West Sussex Plan and governance arrangements will create the ability to deliver*

savings and that the effectiveness of the savings plan will also be reviewed.

- Commented that the risk of failure of social care providers is a concern during the pandemic. *The Director of Finance and Support Services commented that the risk in this area is increased, but officers are looking at how to support providers and how to deal with care homes that fail as a result of Covid-19.*
- Queried why there are a disproportionate number of people in residential care in West Sussex compared to nationally accepted good practice and what is being done to mitigate this. *The Cabinet Member for Adults and Health explained that local levels were much higher than national levels prior to 2013 however officers are working to reduce this. April 2020 saw a 20% increase in domiciliary care provision attributable to Covid-19, so the aim is to accelerate this in future by encouraging more elderly residents to remain in their own homes and maximise their independence.*
- Expressed concern regarding the potential “cliff edge” of social care staff leaving the authority as a result of reaching the end of their tie-in period and queried what steps are being taken to mitigate this risk. *The Cabinet Member for Children and Young People explained a Transformation Director has been appointed to oversee and mitigate against this risk, reduce the cost pressures, and look at the overall recruitment and retention offer to social workers. The Interim Director of Human Resources and Organisational Change confirmed the HR team are supporting the Director of Children’s Services to address any potential shortfall and plans to move away from the current recruitment/retention model.*
- Expressed concern at the effect on the budget of continued increase in school transport costs, and queried whether it is comparable to other authorities and if providing the service offers value for money. *The Cabinet Member for Education and Skills commented that children with an Education Health Care Plan (EHCP) are the major cost driver for the school transport budget, but West Sussex levels are comparable to other authorities.*
- In relation to the extended mortuary services to prepare for the pandemic, queried whether the previously abandoned plans to build a permanent extra mortuary within the county will be reconsidered. *The Cabinet Member for Adults and Health explained that ordinarily mortuary provision for the county is adequate, however the paused project will be reconsidered following Covid-19.*
- Commented in relation to the £20.5m business rates pilot funds reserved for the Gigabit project, that following the Covid-19 outbreak this project may not be a priority and queried whether the funds could be given to local councils or small businesses to help plug the funding gap. *The Cabinet Member for Economy and Corporate Resources commented that the numbers of residents having to work from home during the current pandemic underlines the importance of the gigabit project, especially to residents in rural areas where poor connectivity can prevent them from working remotely. Some of the funding is ringfenced and cannot be reallocated, however as the project is very important to the county and supports Government priorities it is likely to continue.*

66.5 The Head of Intelligence and Performance introduced the performance aspect of the TPM report and highlighted that the outturn performance was in line with the expectations forecast. Half of the 2019/20 performance measures have been met (33), with 16 of the 67 measures not achieved and the remaining 18 measures partly achieved.

66.6 The Committee made comments in relation to the TPM performance report including those that follow. It:

- Highlighted that 24% of the performance measures were not met, and noted there are many contributing factors behind this.
- Commented that the West Sussex economy and communities have changed substantially as a result of the Covid-19 pandemic, strongly supported a reset of the West Sussex Plan priorities and re-evaluation of the TPM performance indicators, and requested these come before the Committee for scrutiny before they are formally approved. *The Leader agreed that the measures should be reconsidered in line with his earlier comments regarding resetting the West Sussex Plan and supporting policies. It is hoped draft documents will be produced in July and these will come forward for scrutiny at an appropriate time.*
- Recognised performance improvements have been made that have not yet fed through to successful key performance indicator measures in the TPM report. Noted that improvement will be difficult to gauge once the effect of the Covid-19 pandemic is also shown in the next quarterly report and impacts on the rest of 2020/21.
- Commented that measure 22 – Business Survival rates - were down in 2018/19, and can be expected to be further reduced due to Covid-19 which will be shown in the 2020/21 quarter 1 TPM report. *The Cabinet Member for Economy and Corporate Resources agreed and informed Members that he is currently reviewing an economic recovery document received from the Government and will address business survival rates in the next TPM report.*
- Expressed concern that residents' level of satisfaction for services received achieved 46% against the target of 75% for 2019/20. *The Cabinet Member for Finance commented that in light of budget challenges clear messaging is needed to manage the expectations of residents towards a reasonable statutory expectation.*
- In relation to measure 31 - Adults with learning disabilities who are in paid employment - commented that an element missing from the good work already complete is a list of disability friendly employers within West Sussex and suggested this be considered. *The Cabinet Member for Adults and Health welcomed this suggestion and will take this onboard.*
- Highlighted the poor performance of measure 19 – Reoffending rates for children and young people. *The Cabinet Member for Children and Young People commented that the poor performance shown is due to a lag in the figures for reoffending and will provide updated information to the Committee.*
- Queried whether the performance of measure 16a – Countywide take up of free early education and childcare (age 3-4) - was poor compared with our neighbouring authorities. *The Cabinet Member for Children and Young People will provide this information to the Committee.*

66.7 The Cabinet Member for Economy and Corporate Resources introduced the Workforce section of the TPM, highlighting that the measure previously requested by the Committee for managers completing formal appraisal training is included in the report. A reduction has been seen in the rate of completed Staff Inductions which is attributed to Covid-19, as is an increase in staff sickness in quarter 4.

66.8 The Committee made comments in relation to the TPM workforce report including those that follow. It:

- Commented that given the rate of completed staff inductions has fallen to 64% compared with a target of 90%, how are officers ensuring new starters complete their work safely and in compliance with Council policies, and have remote training sessions been considered to replace face to face sessions. *The Cabinet Member for Economy and Corporate Resources commented that the induction programme is being converted to a virtual programme where possible, and potential safety issues are addressed by line managers. The Interim Director of Human Resources and Organisational Change commented that for all new staff recruited during the Covid-19 pandemic measures have been put in place to ensure safe working practices and Health and Safety Act compliance.*
- Commented that Managers have a responsibility to ensure their staff work in a safe way, and sought reassurance that this obligation was being actioned given the rates of long and short term sickness outlined in the report [para 111.]. Queried if the sickness figures were included in the RIDDOR statistics and requested the information be made available to the Committee. *The Cabinet Member for Economy and Corporate Resources confirmed the bulk of the sickness statistics are included within the RIDDOR report and this will be made available to the Committee. The Interim Director of Human Resources and Organisational Change confirmed staff are currently working in a risk-based way and that the health and safety team are ensuring safe working is implemented.*

66.9 The Director of Finance and Support Services introduced the Transformation, Risk and Covid-19 aspects of the report, noting that the risk register was provided for information and the financial cost of Covid-19 is still in progress.

66.10 The Committee made comments in relation to the TPM Transformation, Risk and Covid-19 sections including those that follow. It:

- Queried what measures are being taken to minimise expenditure on transformation projects considered at risk of being curtailed or not delivering the planned outcomes. *The Cabinet Member for Economy and Corporate Resources confirmed the transformation programme is being kept under review and projects will be remodelled or curtailed as required.*
- Queried when the results of the post-Covid service led improvement plan would be available for scrutiny by this Committee. *The Cabinet Member for Economy and Corporate Resources will confirm an expected timeline to the Committee.*

- Queried why a large and costly transformation project was allowed to continue with little Member oversight, and how this will proceed in future. Members suggested that future governance and Member oversight arrangements around the transformation programme are reviewed and brought to the committee for future scrutiny, and that an Access Panel be considered to provide the approval to access ongoing funds. *The Cabinet Member for Economy and Corporate Resources noted that the spend on consultants for the project was not wasted as it has carried over into the service led improvement programme, the benefits of which are outlined in that report [see item 68.]. The necessary transformation can be delivered and scrutiny has been encouraged. The Cabinet Member welcomed suggestions on improvements to the programme's governance, will consider the measures suggested, and will report back to a future meeting of the Committee.*
- In relation to corporate risk no.22 which considers the impact of Covid-19 and other issues on the cost of Council services and the financial impacts on the Council arising from the pandemic emergency, queried why the general economic risks to the community have not been identified as a risk and given due consideration. *The Director of Finance and Support Services confirmed the Covid impact on the wider community was being considered as it affects the Council's receipt from business rates, council tax, house building etc., and work to encourage the local economy will form part of the discussions in resetting the West Sussex Plan and supporting policies.*
- Commented that the lessons learned following the Covid-19 pandemic should be reviewed for all services, along with resident's future expectations of Council services.
- Commented that the Secretary of State for Transport recently detailed an 'emergency action travel fund' of £250m, and sought confirmation of the amount the Council expects to receive and what action can be taken to ensure identified projects are able to progress quickly.

66.11 The Committee agreed that the recommendations in the decision report to utilise reserves to meet the expenditure requirement and to allocate the contingency budget as set out in paragraph 1.8 of the decision report be supported.

66.12 Resolved:

- 1) That the Committee recognise 2019/20 has been a difficult year, the eventual outturn was forecast in the first half year, however this was brought under control during the second half of the year resulting in further potential overspends being avoided. Noted that the report is prior to the effects attributable to Covid-19;
- 2) That the committee recognises the ongoing financial challenges of Covid-19 and supports the work of the Leader in liaising with Government, local MPs and the LGA in order to recognise the challenges being faced by the County Council;

- 3) That the Committee notes the significant budget funding uplift required due to the Children's Services and Fire & Rescue Service Improvement Plans required to bring the services up to standard, that both Improvement Plans are on the right course and work is continuing, and that the improvements made are not seen straight away in the TPM;
- 4) That the committee recognises the financial challenges to achieve savings and will closely monitor the situation through future TPM quarterly reports in 2020/21. It acknowledges the balance needed between savings, service delivery and future financial resilience, and anticipates seeing the outfall of Covid-19 in the 2020/21 Quarter 1 TPM report;
- 5) That the Committee recognises the lessons learned following the Covid-19 pandemic should be reviewed for all services, along with resident's expectations of Council services;
- 6) That the committee strongly supports an urgent reset of the West Sussex Plan, priorities and relevant Council policies and requests that the Committee scrutinise these at the appropriate time;
- 7) That the Committee recognises performance improvements have been made that have not yet fed through to successful key performance indicator measures in the TPM report, however also recognises that this will be difficult to gauge once the effect of the Covid-19 pandemic is shown in the next quarterly report and impacts on the rest of the year's performance;
- 8) That the committee recommends the governance arrangements around the transformation programme be reviewed, to include Member oversight, and that this is brought to the committee for future scrutiny;
- 9) The committee requests information in relation to the 'emergency travel fund' and what action can be taken to ensure identified projects are able to progress quickly; and that
- 10) The committee supports:
 - a. the requirement to utilise reserves to meet the expenditure requirement, and
 - b. support the allocation of the contingency budget set out in paragraph 1.8 of the decision report presented to the Committee.

67. Capital Programme Performance Monitor Report - Qtr 4 End of Year 2019/20

67.1 The Committee considered the Quarter 4 End of Year 2019/20 Capital Programme Performance Monitor report by the Director of Property and Assets (copy appended to the signed minutes).

67.2 The Cabinet Member for Finance introduced the report and confirmed the Covid-19 pandemic has impacted the progress of the capital

programme. Most sites are now beginning to re-open and the Director of Property and Assets is driving progress. A complete review of the capital programme will be required in line with wider reviews of the Council's priorities.

67.3 The Capital Programme Manager introduced the report which confirms the position at 31 March 2020, and provides updated exceptions to mid-May.

67.4 The Committee made comments in relation to the Capital Programme performance report including those that follow. It:

- Commented that the Experience West Sussex project was removed from the pipeline in 2019/20 as no case was made for investment, however as the Culture Secretary has recently announced an ambitious plan to refresh the domestic tourism sector and the Council has declared its intention to boost tourism in West Sussex, should the project be re-prioritised and re-introduced in the current year 2020/21. Requested that the Committee be updated on this scheme at an appropriate time. *The Cabinet Member for Finance confirmed all projects will be reviewed for suitability in the reset of the capital programme. The Cabinet Member for Economy and Corporate Resources noted that the chance of a boost to domestic tourism would be a factor considered in the refresh.*
- Commented that the reset or reassessment of the capital programme is required urgently, may need to be undertaken alongside the Local Enterprise Partnership (LEP), requested a timescale for this work to be completed, and commented that the Committee should be involved in the reset. *The Director of Finance and Support Services explained this will be undertaken alongside the reset of the West Sussex Plan as outlined by the Leader.*
- Commented that the delay on the Horsham Bluelight Project was attributable to internal officer scrutiny of the programme and not formal Member scrutiny, noted that a joint scrutiny Task and Finish Group (TFG) by this Committee and the Fire & Rescue Service Scrutiny Committee is planned to scrutinise this decision in due course, and queried whether the project will proceed or be cancelled. *The Cabinet Member for Finance stated that all projects will be subject to assessment. The project business case was over budget which necessitated the delay to further value-engineer the project, and it is expected the project will come to the public Cabinet meeting in July.*
- Expressed disappointment that the Littlehampton One Public Estate (OPE) scheme has been deemed not viable due to a lack of external capital contributions. *The Cabinet Member for Finance reiterated that there is no capital funding in the OPE programme therefore as funding from partners was withdrawn the project became unviable.*
- Encouraged surveying of the A284 Lyminster Bypass site if possible during Covid restrictions, and expressed concern the larger project will fail if this section is not delivered.
- Requested an update on the timescale for the Rowans scheme and the redesign/relocation of the gym. *The Cabinet Member for Adults and Health confirmed works were currently halted due to Covid-19 however it is hoped to move the gym to alternative premises.*

67.5 Resolved:-

- 1) That the Committee recognises the need to reset the Capital Programme in line with the reassessed West Sussex Plan and priorities, and reiterates that the Committee be a part of that reset;
- 2) That the Committee recognises, given the Covid-19 pandemic, that the Council needs to look again at the capability and capacity needed to continue to deliver the Capital Programme; and that
- 3) The Committee requests that the Experience West Sussex project is included within the review of the Capital Programme and included within a report on the local economy to be presented to a future meeting.

68. Service Led Improvement

68.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes). The Chairman reminded the Committee that the report was due to be presented at the 19 March meeting which was cancelled due to the outbreak of Covid-19, that the report was written prior to the pandemic, and that the priorities for the project reflect the position in March and may now be slightly different.

68.2 The Cabinet Member for Economy and Corporate Resources introduced the report and summarised key information. The Step-Up programme produced good initial outcomes for the Council and was followed up by the Whole Council Design (WCD) programme which drew on the involvement of consultants PricewaterhouseCoopers (PwC) to further develop the redesign programme. The Service Led Improvement programme now seeks to address key areas for improvement including customer digital enablement, support focus, and smart core IT systems for which a recent decision has been made. The need for an engaged culture of collegiate collaboration with Council services was highlighted.

68.3 The Committee made comments in relation to the service led improvement report including those that follow. It:

- Commented that in light of the significant impact of Covid-19 on the economy generally and the Council's services specifically, and any subsequent amendment needed, should this risk arising from the SLI programme be noted in its risk implications and mitigation assessment. *The Cabinet Member for Economy and Corporate Resources agreed that the information on the corporate risk register should be reconsidered in light of the Covid-19 impact, however there is no excessive risk to the programme.*
- Highlighted the impact of the pandemic in shaping ongoing behavioural change and driving residents to contact the Council via digital channels, and queried whether the Council are prepared for this change in behaviour. *The Cabinet Member for Economy and Corporate Resources commented that the increase in residents seeking to engage digitally with the Council presents a key opportunity to further develop digital enablement, however this may not remain across all areas of Council business. The SLI*

programme will aim to address this and manage the 'new normal'. The numbers of staff working from home is being monitored and the Cabinet Member recognised and commended the work of the IT department in responding to the increased level of demand.

- A Member commented that previous Member oversight of the programme could be viewed as not adequate and asked the Committee to consider how confidence in the governance of the programme can be assured. It was suggested that consideration be given to whether future transformation projects over an agreed value should have their governance arrangements agreed by the Cabinet Member, be subject to scrutiny, and whether an Access to Resources Panel should oversee access to expenditure. The Chairman noted that recommendations regarding the governance of the transformation programme had been made in the TPM item.

68.4 Resolved:-

- 1) That the Committee recognises there has been a programme of improvements over the previous few years in order to improve service delivery and value for money;
- 2) That the Committee recommends the Service Led Improvement Plan now be reset in order to realign with the reset West Sussex Plan and the Council's future expectations, and that the Committee be included in this process; and that
- 3) The Committee reiterates the previous recommendation that the governance arrangements be reviewed to ensure Member oversight of the project is maintained.

69. Date of Next Meeting

69.1 The Committee notes its next meeting will take place on 9 July 2020, commencing at 10.30am.

The meeting ended at 2.06 pm

Chairman