

Performance and Finance Scrutiny Committee

22 January 2020 – At a meeting of the Performance and Finance Scrutiny Committee held at 10.30 am at County Hall, Chichester.

Present: Cllr J Dennis (Chairman)

Cllr Catchpole	Cllr Montyn	Cllr Waight
Cllr Barrett-Miles	Cllr Smytherman, left at	Cllr Walsh, left at 3pm
Cllr M Jones, left at 3pm	3.50	
Cllr Kitchen	Cllr Sparkes	
	Cllr Turner	

Apologies were received from Cllr Barling, Cllr Boram and Cllr Edwards

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

Part I

43. Declarations of Interest

43.1 In accordance with the code of conduct the following personal interests were declared in respect of item 7, Revenue Budget 2020/21, Capital Strategy 2020/21 to 2024/25 and Treasury Management Strategy Statement 2020/21: -

- Dr Walsh as Leader of Arun District Council
- Mr Barrett-Miles as Member for Burgess Hill North
- Mr Waight as a member of Worthing Borough Council
- Mrs Sparkes as a member of Worthing Borough Council
- Mr Smytherman as a member of Worthing Borough Council, as the Council's governor representative of the Alternative Provision College, as part of Dementia Friendly Worthing and as a governor of St Mary's Roman Catholic Primary School Worthing
- Mr Jones as a member of Crawley Borough Council

43.2 The following other interests were declared: -

- Mr Waight in respect of item 12, Update on Procurement of Joint Venture Partner in Property Development, as a member of Worthing Borough Council
- Mr Catchpole in respect of item 15, Horsham Enterprise Park, as the Member for Holbrook (Horsham)
- Mrs Kitchen in respect of item 15, Horsham Enterprise Park, as a member of Horsham District Council

44. Minutes of the last meeting of the Committee

44.1 Resolved – that the Minutes of the meeting held on 5 December 2019 be approved as a correct record and that they be signed by the Chairman.

45. Part II Matters

45.1 Members were asked to indicate if they wished the meeting to consider bringing into Part I any items on the Part II agenda – there were no such indications.

46. Responses to Recommendations

46.1 The Committee considered responses to recommendations it made at its 5 December meeting and learned that:

- The reference to licences for tables and chairs on the highway had been taken out of the decision on the review of fees and charges whilst consideration was given to issues raised by the Committee – a revised decision would be in the Forward Plan of Key Decisions in March and is scheduled to be scrutinised at ECSSC in March 2020
- The policy on weed management would continue next year

46.2 Resolved – That the Committee notes the responses.

47. Forward Plan of Key Decisions

47.1 The Committee considered the Forward Plan of Key Decisions (copy appended to the signed minutes) and learned that:

- The Committee would be invited to join the 4 March meeting of the Children & Young People's Services Scrutiny Committee for the discussion on the Adoption of the West Sussex Children First Strategic Approach
- The decisions on Transport for the South East: response to consultation on draft Transport Strategy and Electrical Vehicle Charging Procurement and Contract Award had been scrutinised by the Environment, Communities and Fire Scrutiny Committee
- The decision on West Sussex Full Fibre Programme could possibly be scrutinised jointly by a Task & Finish Group involving the district and borough councils

47.2 Resolved – that the Committee notes the Forward Plan of Key Decisions.

48. Revenue Budget 2020/21, Capital Strategy 2020/21 to 2024/25 and Treasury Management Strategy Statement 2020/21

48.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes) which was introduced by the Cabinet Member for Finance who told the Committee:

- The Council was facing a possible net overspend on the 2019/20 budget of between £7m and £8m to fund the Fire & Rescue Service and Children & Young People's improvement plans, this would be met from

reserves – the 2020/21 budget would be balanced without using reserves

- The Medium-Term Financial Strategy showed that reserves would be increased by £9m over the next four years and that the contingency budget for 2020/2021 would increase to £6.8m by adding an extra £3.4m
- Long-term planning was difficult as Government funding was only allocated for one year
- The Fair Funding Review this year would include authorities keeping 75% of business rates, although this was expected to be financially neutral
- The Cabinet has lobbied local MPs who promised their support in addressing the Council's under funding (including schools) since 2010, Cabinet will provide MPs with strong evidence to support the under-funding.
- The Council propose to increase council tax by 3.99%, which would include 2% for adult social care and equates to £55 extra per year for a Band D property

48.2 Summary of responses to Members questions and comments:

- Budget estimates were based on current interest rates, if rates went down, this would be factored in
- A Member raised concerns over future funding of maintained nurse schools – **ACTION: Katharine Eberhart** to report back on this
- A number of schools had been identified as possible locations for special support centres, but nothing had been finalised yet as discussions were on-going with schools
- It was not known at this stage whether three extra special educational needs & disabilities advisors would be sufficient
- Mid Sussex District Council was taking part in a one year pilot scheme to reduce food waste going to landfill by collecting it separately from households - £2m was set aside to encourage district/borough councils to collect food waste separately which would be a legal requirement in the next few years
- The Council needed to replenish its reserves to remain resilient
- There was now a Joint (County Council and NHS) Strategic Director of Commissioning who would help joint working especially regarding the NHS Long-term Plan
- The 'Proud to Care' website had information about working in the care industry and listed vacancies – this could help recruitment if numbers dropped after Brexit
- Bed blocking had been eased in West Sussex by social care teams working in hospitals and the 'Home First' and 'Discharge to Assess' initiatives
- The refreshed Dementia Strategy included ways to prevent people with dementia being admitted to hospital unnecessarily
- Work was ongoing with providers to address the shortage of mental health professionals
- The Children First improvement programme will receive funding in 2020/21 of £12m - £5.1m on a permanent basis and £6.9m temporarily
- Rationalisation of the buildings that the Early Help Service operates from will be done safely and appropriately

- £1.8m was allocated to the Children & Young People portfolio to cover the consequences of housing children in temporary accommodation when children's homes were closed
- Ways were being looked at to reduce the cost of home to school transport and the Special Educational Needs & Inclusion Strategy might help, but it would be difficult as children needed to be accompanied to school
- Corporate risk would be discussed at the scrutiny committees' business planning groups in future to identify issues for committees to scrutinise
- A paper for the Committee's March meeting will show the lessons learnt so far in the Whole Council Design process and details of its new governance arrangements going forward
- A strategy and action plan were being produced for the Council to be carbon neutral by 2030
- A Member Day was planned for April that would showcase green initiatives
- The need for people to prove they were West Sussex residents in order to use waste disposal sites was not expected to increase fly-tipping as this was mainly carried out by organised criminal gangs
- Large potholes were repaired quickly due to safety concerns, even if this had to be a temporary measure
- The reporting system for potholes was being revised so that duplication of reporting was avoided and repairs could be carried out quicker
- A Government surface treatment study was looking at innovative ways to fill potholes
- A Government Select Committee was looking at a five-year plan for funding for long-term problems including potholes – the Council would make every effort to get the maximum funding possible
- Money for white line replacement had to come from the revenue budget as repair and maintenance projects could not be capitalised
- If contractors were given the discretion to make pothole repairs in addition to those authorised in an area there was a risk that the overall costs to the Council could be larger than expected leading to a budget overspend
- Undergrowth was cleared where it affected visibility, but might be left in other areas to encourage wildlife
- Greater control over Amazon business accounts was aimed at improving purchasing power, not dealing with rogue spending
- The reversal of staff charged to capital was as a result of a holistic review of resources charged to capital to ensure the Council was compliant with accounting rules
- Directors and executive directors were being asked to sign-off their budgets to get complete buy-in across the Corporate Leadership Team to financial management
- Capital projects could be delayed for many reasons, but it was important that business cases and planning permissions came forward in a timely manner
- The cost of employing multi-disciplined consultants compared to employing a large department of staff with the appropriate skills was something that could be explored
- Even if all projects in the Capital Programme became valid, the Council could not afford to do them all, so the Cabinet had begun prioritising those that fit best with the West Sussex Plan, especially around highways and climate change

- Up to £20m is in the budget for Woodlands Meed, this is split over four years to 2024 for budgeting purposes
- The timescale for completion of the Woodlands Meed project in the Capital Programme previously (by 2021) was over optimistic as there were significant problems with planning permission and site access, but the Council would aim to resolve this as quickly as possible
- Money from the sale of Courtmeadow had already been spent and monies received from the sale of the Beechfield Secure Unit would be spent in Children's Services so neither was a source of money for Woodlands Meed
- Exploratory work was taking place on potential sites for community hubs
- There was no capital funding for One Public Estate (OPE) – the Council had secured, with its OPE partners, Government money to undertake the feasibility of rationalising the overall public estate where sites were shared to release money to invest in other facilities for the public sector. It was then up to the councils and other public sector partners to then decide if they wanted to go ahead with projects. The sites are complex and it takes time to go through governance in each organisation to see if the projects are viable for each party. Officers will provide a written briefing to Littlehampton Members on a possible community hub involving blue light services and libraries in Littlehampton
- Procedures were causing delays to the A29 realignment project
- Available funds in the budget would not be enough to reduce the backlog in the Annual Works Programme
- Income generating ideas would only be pursued if they had robust business cases and would be subject to scrutiny in the usual way
- Borrowing would peak in 2025 then reduce considerably
- £200m was available for new road schemes
- Over the next year there would be a review of the West Sussex Plan and priorities which would then be reflected in the Capital Programme
- There was a centralised learning & development budget for general training and services had their own budgets for specialised training
- Training needs were identified through appraisals which were monitored and checked at year end

48.3 Resolved – that the Committee:

- i. Supports the budget process that had been used to develop the 2020/21 budget and recommends that this process of early and improved Member engagement is repeated in future years
- ii. Strongly supports the continuing lobbying of Government to undertake a funding review and provide fair funding to the County Council
- iii. Recommends that the West Sussex Plan and priorities are reviewed by Cabinet and that the proposed plan is brought to PFSC for scrutiny as soon as possible
- iv. Recognises the lack of transparency and complex nature over the future of Business Rates and supported the requirement to seek clarity over this
- v. Requests that the Cabinet Member for Environment considers introducing methane targets and supports the promotion of the food

- waste reduction programme following the results of the pilot project currently being undertaken
- vi. Requests that the Chief Executive provides a briefing on the requirements of the budget accountability for Executive Directors and Directors
 - vii. Recommends that the corporate risk register is reviewed by the scrutiny committees' Business Planning Group meetings in order to identify future priorities for scrutiny
 - viii. Supports the need to develop a long-term plan for Adult Services and supports progressing plans around independent living
 - ix. Notes that the Children First Strategic Approach is still to be scrutinised and that Performance and Finance Scrutiny Committee members would be invited to the Children & Young People's Services Scrutiny Committee meeting on 4 March to contribute to the debate
 - x. Requests that officers provide further information on the split between permanent and temporary funding for 2018/19, 2019/20 and 2020/21 included within the Children First improvement programme
 - xi. Recognises the pressures on home to school transport and support a review and scrutiny in this area whilst ensuring the needs of children are maintained
 - xii. Recognises that it will be receiving a report in March 2020 on the Whole Council Design Programme Review and future focus and requested that the report includes information on how much has been spent to date and the savings made as well as future spend and savings targets
 - xiii. Expresses concerns over the One Public Estate programme and the progress being made
 - xiv. Recommends that the Cabinet Member for Highways and Infrastructure carry out a review on the systems and processes around the repair of potholes including the quality of repairs, timeliness and inclusion of all repairs required in an area into one job
 - xv. Requests that when the Environment & Communities Scrutiny Committee scrutinises highways maintenance standards at a future meeting that potholes, white lines, signage and cats' eyes are included within the review. Also requests that the committee examine the outcomes achieved of the £30m investment in highways undertaken approximately five years ago
 - xvi. Requests that the Business Planning Group consider the effectiveness of using consultants to deliver the capital programme
 - xvii. Recommends that the Cabinet Member for Finance reviews the resources needed to meet the Capital Programme
 - xviii. Requests that the transparency and messaging around specific projects within the capital programme are improved
 - xix. Requests further information on the progress of community hubs and One Public Estate Projects be shared with the committee
 - xx. Requests that the Environment & Communities Scrutiny Committee reviews the funding of the backlog of highways works in the capital programme and review whether the capital budget is sufficient to meet need
 - xxi. In relation to the knowledge and training of capital programme project managers the committee request that appraisal monitoring

figures are included within the future quarterly workforce reports to the Performance & Finance Scrutiny Committee

49. Procurement for the Provision of Agency Workers Recruitment Services

49.1 The Committee considered a report by the Director of Law and Assurance and the Director of Finance and Support Services (copy appended to the signed minutes).

49.2 Summary of responses to Members' questions and comments:

- The Committee expressed concerns over the viability and attractiveness of the contract to suppliers
- The possibility of children's services being run by a trust would mean that an option for the trust to purchase staff from the framework would be built into the contract terms
- A lot of agency spend at the moment is linked to improvement programmes, especially in Children's Services, this should reduce as more permanent staff are employed
- Vendor neutral companies want to help authorities bring down their agency spend and are willing to leave their technology behind to be used by authorities when contracts end
- A contract with a vendor neutral company would include access to both temporary and specialist interim staff which would broaden choice and reduce costs for the Council compared to using separate specialist providers with higher rates

49.3 Resolved – that the Committee asks the Cabinet Member for Economy & Corporate Resources to include options in the tender for knowledge and IT transfer and for no transfer, giving contractors the option to tender on both or one of the options.

50. Possible Items for Future Scrutiny

50.1 Two items were proposed for consideration by the committee's Business Planning Group:

- The Chartered Institute of Public Finance and Accountancy's report into its financial review of the Council
- CAPITA

51. Date of Next Meeting

51.1 The next meeting of the committee will take place on 19 March at 10.30.

52. Update on Procurement of Joint Venture Partner in Property Development

52.1 The Committee considered a report by the Director of Property (copy appended to the signed minutes) which was introduced by Andrew Edwards, Director of Property who told the Committee that the Council's Joint Venture partner would be structured in the same way as those used

by other authorities. Initial sites had been identified and would be tested for viability. The Council was ready to go out to tender.

52.2 Summary of responses to Members' questions and comments: -

- The Council was looking at low risk sites that were all in local development plans and was working with district and borough councils to test their viability
- It was anticipated that costs would be around £460k (including preparatory site work) at the end of set-up, which is within the budget of £700k
- There would be more than one site being developed at a time
- The joint venture would be a stand-alone commercial company that would get the best possible returns for the Council on its assets – the Council would not set any standards for houses built
- Consultants Gardner & Theobald could help by ensuring economies by getting standard building designs for all sites
- The Council will put land into a venture - when the project starts the Council will receive the current market value of the land
- Executives at Hertfordshire felt the model had been successful
- To decide whether sites are sold through the joint venture or by conditional sale, the limited liability partnership would refer details to the limited liability company, which would pass these to the Council for a decision by PropCo on how to proceed, if at all
- The Committee would like to look at this again once the proposed partner was known

52.3 Resolved – that the Committee: -

- i. Stresses the importance of consulting the local council and planners at the early stages of feasibility works
- ii. Expresses concern over the time it will take for the Council to receive any monetary gains
- iii. Requests that a further report is brought to the Committee when more certainty over the joint venture arrangements have been designed and that the decision report, when it comes for formal scrutiny, contains a clear outline of the governance arrangements to be put in place
- iv. Requests that the Chairman of the Committee contacts other scrutiny chairmen in other appropriate local authorities to seek their views on the success of joint venture arrangements

53. Horsham Enterprise Park

53.1 The Committee discussed a report by the Executive Director Place Services and Director of Property and Assets and made recommendations to the Cabinet Member for Finance on the way forward.

The meeting ended at 4.34 pm

Chairman