

Performance and Finance Select Committee

5 October 2018 – At a meeting of the Performance and Finance Select Committee held at 10.30 am at County Hall, Chichester.

Present: Mr Montyn (Chairman)

Mr Barrett-Miles	Mrs Kitchen	Mr Turner
Mr Cloake	Mr Lea, left at 1.02pm	Mr Waight
Mr Crow	Mrs Mullins	Dr Walsh
Mrs Dennis	Mr Smytherman, left at 1.02pm	

Also in attendance: Ms Goldsmith, Mr Hunt, Mr Lanzer, Mr Bradford, Mr Catchpole, Mr Edwards, Mr Elkins, Mr Fitzjohn, Mr Hillier, Mrs Jupp, Mr Jupp, Ms Kennard, Mrs Millson, Dr O'Kelly, Mr S J Oakley, Mrs Purnell and Mrs Russell

Part I

47. Declarations of Interest

47.1 Dr Walsh declared a personal interest in relation to the Medium Term Financial Strategy and Angel's Nursery Barnham as a local Councillor for Arun District Council and Littlehampton Town Council.

47.2 Mr Cloake declared personal interest in relation to the Medium Term Financial Strategy and Total Performance Monitor items as his wife is employed as a Social Worker for the Council, and he and his wife are foster carers.

47.3 Mr Lea declared a personal interest in relation to the Medium Term Financial Strategy as a local Councillor for Mid Sussex District Council.

47.4 Mr Jupp declared a personal interest in relation to the Medium Term Financial Strategy as a local Councillor for Horsham District Council.

48. Minutes of the last meeting of the Committee

48.1 Mr Lea commented in relation to the Quarter 4 Capital Programme Monitor and Annual Report item. Mr Lea had queried whether officers analysed data from all of the projects in order to decide which ones to highlight in the report, and the Cabinet Member for Finance and Resources confirmed this is the case. The Chairman commented that the minutes are intended to reflect the flavour of the debate rather than verbatim, and requested that Mr Lea's comment be recorded here.

48.2 Resolved – That the Minutes of the Performance and Finance Select Committee held on 9 July be approved as a correct record and that they be signed by the Chairman.

49. Response to Recommendations

49.1 The Committee received a response from the Cabinet Member for Finance and Resources regarding the Committee's recommendations concerning the Contracts Management Task and Finish Group.

49.2 Resolved – That the Committee notes the response from the Cabinet Member for Finance and Resources.

50. What Matters To You? Survey

50.1 The Committee considered a report by the Head of Communications and Engagement (copy appended to the signed minutes).

50.2 The Head of Communications and Engagement introduced the report, explained that the survey was undertaken every two years, and outlined key findings. It was noted that for the first time the District and Borough Councils were invited to input into the recent survey. The key priority for residents remains for West Sussex to be a strong, safe and sustainable place. Residents were surveyed on attitudes to local taxation and a medium level of increase was supported (i.e. 44% agreed with a rise of between 2.1 and 4.98%, whilst 31% agreed with a maximum 4.99% rise). It was noted that whilst findings were similar to the last survey, it isn't possible to draw direct comparisons as a new West Sussex Plan has been implemented since the last survey containing different corporate priorities.

50.3 The Committee made comments in relation to the What Matters To You? Survey including those that follow. It:

- Expressed a desire to understand the level of resident satisfaction with the Council, and how the comments in the survey will be translated into tangible actions within the portfolio areas that residents will see.
- Expressed concern that whilst the information gained from the survey is very interesting, that it may not be very useful, and that some of the questions asked invited agreement. Members expressed concern that only 35% of respondents agreed that the Council provides good value for money and only 43% agreed to overall satisfaction with Council services. Members would like these ratings to be significantly higher, and suggested that the grants received from Government need to be explained more openly to the public so that they are informed on how and to what level the Council is funded by central Government. Some Members suggested that some of the responses may show the effect of previous Cabinet Member decisions, quoting in example that a rise in anti-social behaviour could be considered to be linked to the closure of youth services.
- Queried the percentage of survey respondents that were employees of the Council, noted the positive response to a raise in Council Tax rates, and queried whether the rate of responses from Council employees may unduly influence the acceptance of increases to Council Tax rates. *The Head of Communications and Engagement confirmed 5% of respondents identified as working for the Council.*

This is less than previous years, as staff completion of the survey hadn't been promoted as much as it has been in previous years. The Head of Intelligence and Performance explained all the percentages given are unweighted and the data will be provided to members of the Committee so they can be satisfied in relation to Council Tax rise feedback.

- Expressed disappointment in the low numbers of West Sussex residents taking part in the survey, queried whether this was a good basis for making decisions affecting all residents, and suggested a breakdown by District/Borough area would have been helpful. *The Leader notes that it is the members making the decisions and this survey is one of many sources of information which inform those decisions being made. The Head of Communications and Engagement explained that more interest in the survey was shown on social media this year, however a notable number of respondents began the survey but did not finish it so the team will work on engagement to improve completion rates. In order to widen participation in the survey focus groups were undertaken with minority groups, and for the first time a Children and Young People's version of the survey was produced resulting in 253 responses. The Head of Intelligence and Performance will provide a breakdown by area.*
- Commented that of the District/Borough Councils invited to input only two responded and queried whether these responses added value. *The Head of Communications and Engagement confirmed all the local Council's helped to disseminate the survey in their areas. Extra questions were asked dependent upon the area in which the respondent identified themselves, which provided useful information however this benefit needs to be balanced against the overall length of the survey.*
- Noted that more residents voted in the local elections than responded to the survey, therefore more weight should instead be given to delivering the agenda and objectives promised at that time. Members commented that the survey results can be used as feedback prior to the next election round or to nuance changes where necessary.
- Commented that the cost of undertaking the survey did not include substantial officer time, and queried whether external opinion surveying would be more cost effective. *The Head of Communications and Engagement explained the team are reluctant to outsource this work however this could be explored if this was in line with Members wishes.*

50.4 The Chairman then invited observing Members to speak on this item and comments were made including those that follow:

- Members queried whether the Council are communicating effectively enough to residents the breadth and extent of services the Council provides. *The Head of Communications and Engagement confirmed there is good local news coverage of both services and the survey, however the team will engage with other authorities on ways to encourage survey response rates.*
- Commented that some of the survey questions asked multiple things within one question which leads to difficulty in providing a

single answer, and that separating into singular direct questions could provide better answers.

- Commented regarding the difference between statutory versus non-statutory services and that residents are not aware of a great number of functions the Council undertakes that they do not see evidence of.
- Highlighted in relation to the different channels residents use to contact the Council that contact through the local Member is not included. *The Head of Communications and Engagement accepted this comment and will look at including this in future surveys.*
- Commented that residents choosing telephone contact may be older people or those who find the County website difficult to navigate, in comparison to easier and intuitive sites such as Amazon for example. Apps such as Love West Sussex are good reporting tools but provide poor feedback. *The Cabinet Member for Corporate Relations welcomed feedback on the website, noted that the navigation can be amended if Members can provide examples of where it could be better, and accepted the comment regarding anticipated demand navigation.*
- The Leader thanked the Committee and wider Members for their comments, and asked the Committee whether it felt there would be benefit in a small Task and Finish Group (TFG) being established to help devise the next survey. Members of the Committee considered this and recommended a TFG be established ahead of the next survey.

50.5 Resolved:

- 1) That the Committee welcomes the findings of the survey as a snapshot of resident feedback and that further geographic/demographic information be provided as noted above;
- 2) That the Committee recommends questions in future surveys be more direct and not combine multiple questions in one in order to improve the responses;
- 3) That the Committee requests contacting the Council via the local member be included as a method of contact in future surveys;
- 4) That the Committee recommends consideration be given to using an external opinion polling company for future surveys; and
- 5) That the Committee recommends a Task and Finish Group be established to help devise questions ahead of the next survey.

51. Medium Term Financial Strategy 2019/20

51.1 The Committee considered a report by the Director of Finance, Performance and Procurement (copy appended to the signed minutes).

51.2 The Cabinet Member for Finance and Resources introduced the Medium Term Financial Strategy 2019/20 (MTFS) report which sets out the budget challenges over the next four years. £216m of savings have been made over the last four years including efficiency savings; a further

£145.1m gross (£92.3m assuming the predicted rise of Council Tax) of savings are needed over the next four years in order to close the budget gap, which equates to 10% of the Council's budget. The savings decisions which now need to be taken are very difficult, but are necessary in order to protect other Council services and the Cabinet Member does not wish to use Council reserves to bridge the gap.

51.3 The Director of Finance, Performance and Procurement introduced the report and accompanying presentation (copy appended to the signed minutes), detailing the impact of eight years of austerity upon this Council and how this compares to other authorities. The Council currently has sufficient levels of reserves, of which some is earmarked for designated spending, however the focus is on avoiding unplanned use of reserves as has happened in other authorities. It is hoped the Government's draft finance settlement figure may be released before Christmas with the final settlement figure being confirmed in January 2019.

51.4 The Committee made comments in relation to the Medium Term Financial Strategy including those that follow. It:

- Commented that the effects of austerity are continuing to affect residents and the Council should be doing all it can to loudly and clearly lobby central Government for increased funding.
- Queried the figures in Table 8 Summary Budget Gap; if no Council Tax rise is made for 2020/21 why the total funding rises by £22m by 2021/22. *The Director of Finance, Performance and Procurement explained that the 2020/21 figures assume a balanced 2019/20 budget and therefore expenditure is increased to cover that budget. If Council Tax were then kept at the same level with no rise in 2020/21, the base expenditure for the same services would be at that higher level; effectively the starting point would be increased.*
- Members queried whether service provision would be lower if Council Tax was not increased. *The Director of Finance, Performance and Procurement confirmed that in 2022/23 if no Council Tax increase was agreed real cuts to services would need to be made due to inflation. Council Tax needs to increase to maintain or slightly reduce current services. The total expenditure detailed in Table 8 of £625.4m for 2022/23 is as predicted in order to protect services at the current level of provision.*
- Commented that the expenditure to provide the same services rises between 2019/20 to 2022/23 by £45m. This context needs to be borne in mind and needs very careful explanation to residents by both officers and Councillors so it is clear what is being asked of Council Tax payers.
- Queried whether success in applying for the 75% Business Rate retention pilot would bring uncertainty, and whether the need to hold bigger reserves due to this could be justified when there is great service need. *The Director of Finance, Performance and Procurement explained there is no assumption of success in the pilot bid, and that if it is successful the additional income would be earmarked for improving the digital infrastructure within the county. The Cabinet Member for Finance and Resources confirmed that the reserves would not be increased. The Leader stated that the reserves are necessary to protect against unexpected events, and that volatility is to be expected following Brexit and this should be*

planned for. Effort is being put into growing the local economy to reassure businesses. Representations on the Council's funding have been made to Government and Ministers, alongside working with the County Council's Network and lobbying MP's. The Cabinet Member for Finance and Resources urged members to provide an update at their Parish Councils on the Council's budget to highlight the challenges.

- *Queried the presentation slides which show us reducing our reserves. The Cabinet Member for Finance and Resources explained the apparent reduction is due to using reserve funds that have been earmarked for specific purposes as expected, unlike other authorities who have used reserves to balance their budgets. Earmarked reserves are continually reviewed to ensure they are appropriate and proportionate; currently it is 3% of the annual budget which is considered very prudent and robust.*
- *Expressed concern about the unintended consequences of the 30% reduction in real terms spending since 2010/11, with reductions in adult social care and troubled families initiatives moving the costs elsewhere or to other authorities.*
- *Requested information regarding what the funding gap would be if Council Tax was increased above the 1.99% Government cap in future years. The Cabinet Member for Finance and Resources confirmed to the committee that every 1% increase in Council Tax rates would raise £4.4m of funding.*
- *Queried in relation to the £26m of savings being looked at through the Select Committees, whether if these measures are rejected the savings have to be found elsewhere. The Leader confirmed this is the case and difficult decisions would have to be made by Cabinet Members. All non-statutory services will be under consideration.*
- *Commented that as there is a strong link between the capital budget and the revenue budget it would be helpful for both to be presented to Committee at the same time. The Cabinet Member for Finance and Resources confirmed that capital and revenue budgets will both be considered at the January meeting of this Committee.*
- *Commented that Members were concerned to see savings decisions added to the Forward Plan but were reassured that these will receive member involvement and appropriate scrutiny.*

51.5 The Chairman then invited observing Members to speak on this item and comments were made including those that follow:

- *Queried in relation to working with district/borough Councils to co-operate on savings and minimising impacts, whether all seven local Councils were supporting and engaging this and what the positive impact has been. The Leader confirmed all local Councils are being engaged with, in particular regarding supported housing. The work is ongoing and due for discussion at the Leader's Board in November.*
- *Noted the difference between the statutory services the Council must provide and the non-statutory services the Council would like to continue to provide.*
- *Queried why the Council are bidding to be included in the 75% Business Rate pilot scheme when Surrey County Council are part of the current 100% scheme and are experiencing financial difficulties. The Director of Finance, Performance and Procurement commented*

that it isn't possible to say why Surrey's bid was chosen, however it was notably open about tackling their financial issues via the pilot scheme. The Leader commented that most bids were predicated around adult social care needs; Surrey has a bigger adult social care need than this Council which may have helped their application.

- Expressed concern regarding the economy of West Sussex if no deal is reached on Brexit, particularly for agricultural workers, and commented that it would be helpful for the report to cover the scenario if no deal is agreed. *The Cabinet Member for Finance and Resources explained that more should be known over the coming weeks and the report can be updated ahead of the February County Council meeting.*
- Commented that the County Councils Network have been very successful in promoting the pressures in social care, and stressed a need to engage local media and public in the same way as reductions to services and supported living grants may have unanticipated consequences.

51.6 Resolved:

- 1) That the Committee notes the forecast and assumptions leading to the current budget gap as presented in the report, and notes the council tax assumptions for 2019/20;
- 2) That the Committee recognises the need to continue to lobby the Government for increased funding, and the need to more effectively communicate the Council's budget pressures to residents and businesses; and
- 3) That the Committee broadly supports the indicative timetable for drawing up a budget for 2019/20.

52. Total Performance Monitor as at end of June 2018 and July 2018

52.1 The Committee considered the June and July TPM reports from the Director of Finance, Performance and Procurement (copies appended to the signed minutes).

52.2 Mr Crow, Chairman of the recent TPM TFG, outlined changes to the report following the Group's feedback. Monthly reporting will be more concise and report performance by exception, and this will be complemented by a larger quarterly report.

52.3 The Cabinet Member for Finance and Resources introduced the June and July TPM reports and outlined key information for the Committee. The June TPM provides additional workforce information. The July report shows continued financial pressure and an overspend of less than 1% of the net budget, but the overspend is being mitigated.

52.4 The Director of Finance, Performance and Procurement introduced the finance aspect of the TPM reports and highlighted key budget pressures including school transport and procurement of the new Highways contract. Pressures exist within Waste Services and Facilities

Management, and vacancy control is in place to reduce staff cost across the Council alongside miscellaneous spend control.

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

- Queried whether there is a risk of the projected overspend continuing. *The Director of Finance, Performance and Procurement explained that some underspends may come to light in January-March however it is likely there will be an overspend at year end. Contingency funds are likely to need to be used due to winter health and highways spend pressures.*
- Commented that a number of school transport arrangements were for taxis transporting only one child, queried if this was necessary, and suggested that parents be approached to offer payment for transporting the children in their own vehicles. *The Cabinet Member for Finance and Resources confirmed that many of these journeys are for Special Education Needs children for whom solo travel is necessary and that the Cabinet Member for Education and Skills is looking at this issue. The suggestion will be considered alongside other innovative suggestions and the budget determined accurately.*
- Expressed concern regarding the ongoing costs to the Council of the Beechfield Secure Unit, and commented that the children are now looked after elsewhere at a higher cost. *The Leader explained the children are receiving and benefitting from therapeutic care. The Director of Finance, Performance and Procurement confirmed the overall number of Children Looked After up to age 18 was now stabilising, with some housed after 18 receiving a reduced package.*

52.6 The Head of Intelligence and Performance introduced the performance aspect of the TPM reports and highlighted key changes including improved performance in Key Stage 1 and 2 results, increased take up of apprenticeships and solar energy. Levels of social isolation have worsened and action is being taken on this.

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

- Queried whether the 31 grants given under Crowdfunding were more or less in number and value than in previous years under the former grant scheme, and requested more detailed information on this in the TPM once the scheme has run for six months. *The Head of Intelligence and Performance explained the grants have changed in principle and are therefore difficult to compare, however guidance will be provided to members and better information should be available by the next quarterly report. Mr Barrett-Miles, Chairman of the Environment, Communities and Fire Select Committee, confirmed that the Committee will look at crowdfunding grants at its June 2019 meeting.*
- Expressed concern on the levels of self-harm and whether this was an unintended consequence of reducing child and adult mental health services. Members queried whether there was concern regarding self-harm in ex-service personnel and requested an age breakdown for self-harm. *The Head of Intelligence and Performance will provide this information to the Committee.*

- Expressed concern regarding levels of social isolation, and suggested officers look at the frequency of visits and contact time within the home in comparison to that from attendance at day centres. Concern was expressed that social isolation feeds into increased hospital admissions and decreased wellbeing if not managed well. *The Cabinet Member for Adults and Health stated that the Director of Public Health has raised similar concerns and this will be looked at.*
- Highlighted that there are discrepancies on the performance dashboard between June and July, for example measure 5 for which the numbers remain the same but the RAG status has changed from amber in June's report to red in July's report. *The Director of Finance, Performance and Procurement commented that the change occurred as the Executive Leadership Team agreed the status of the issue should be upgraded, and noted the member comments regarding the need for consistency.*
- Queried in relation to page 102 point 11, whether the net reduction of 25 older people needing social care was attributable to the research and pilot schemes undertaken, and noted that the research results haven't been reported to HASC. *The Cabinet Member for Adults and Health will follow up this point.*
- Queried in relation to indicator 46 Household waste sent to landfill, whether updated figures are available for 2018/19. *The Head of Intelligence and Performance explained there is no updated information but he will provide further information indicating the direction of travel.*

52.8 The Head of HR Business Partnering and Organisational Change introduced the Workforce section of the June TPM and highlighted key information for members. A new Director of Human Resources and Organisational Change has joined the Council and is developing a people strategy with key aspects summarised in the report; surveying of staff opinion will inform the progress of this.

52.9 The Committee made comments in relation to the Workforce information including those that follow. It:

- Queried why the trade union engagement framework was being reviewed. *The Head of HR Business Partnering and Organisational Change explained engagement has been inconsistent in the past so ongoing work to produce a framework for engagement aims to provide more structure.*
- Expressed concern regarding targeted action to reduce non-disclosure of protected characteristics in staff records and commented that staff have a right to confidentiality. *The Cabinet Member for Corporate Relations accepted this point and commented that staff have a right to not disclose if they wish or to disclose and receive equal treatment. The Head of HR Business Partnering and Organisational Change explained that the disclosure rate has reduced since a change to the detail captured during the staff recruitment process, and that it is the process being targeted for improvement not Council staff.*
- Expressed concern that the rate of appraisals returned by Managers was notably lower than that for staff, and requested for clarity this info be shown separately in future reports. *The Cabinet Member for*

Corporate Relations commented that appraisals were beneficial and the completion rates are disappointing.

52.10 Resolved:

- 1) That the Committee requests further information on grant funding in the half-yearly report;
- 2) That the Committee asks officers to look at the changes to the RAG ratings on the Performance Dashboard between June and July; and
- 3) That the Committee asks officers to provide updates where requested above to be circulated outside the meeting, including an age breakdown in relation to self-harm, household waste landfill rates, and manager level completion of appraisals.

53. Capital Programme Quarter 1 Performance Report

53.1 The Committee considered a report by the Executive Director of Economy, Infrastructure and Environment (copy appended to the signed minutes).

53.2 The Capital Programme Manager introduced the report and summarised key aspects of the report including the pipeline.

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

- Queried in relation to the A259 Corridor Improvement project whether the project is still on track following a revision of the cost estimate. *The Executive Director of Economy, Infrastructure and Environment explained that statutory undertakings will begin and that the project is part funded by the Coast to Capital Local Enterprise Partnership (LEP).*
- Queried whether the whole Northgate Primary School project was completed by the end of September 2018. *The Capital Programme Manager confirmed this was the intention and that officers are awaiting the end of September report for confirmation.*
- Commented that the Appendix B Capital Monitor was a useful addition to the report, and that it would be helpful to understand the value of the capital pipeline for the current and next year. *The Cabinet Member for Finance and Resources confirmed this has been raised with officers and the information will be provided from the Quarter 2 report onwards.*

53.4 Resolved - That the Committee welcomes and notes the report.

54. Exclusion of Press and Public

54.1 Resolved – That under section 100(4) of the local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that it involved the likely disclosure of exempt information as defined in Part I, of schedule 12A of the Act by virtue of paragraph 3, and that, in all circumstances of the case, the public interest

in maintaining the exemption of that information outweighs the public interest in disclosing the information.

54.2 The Committee continued its discussion in Part II, for which a Part I summary is available. The discussion in Part II took place from 3.04pm until 3.50pm.

55. Part II Minutes of the last meeting of the Committee

55.1 Resolved – That the part II minutes of the Performance and Finance Select Committee held on 9 July 2018 be approved as a correct record and that they be signed by the Chairman.

56. Angel's Nursery, Barnham

The Committee considered and commented on the update regarding Angel's Nursery in Barnham in Part II.

Resolved - That the Committee reviewed the update on Angel's Nursery in Barnham, and made recommendations to the Cabinet Member for Finance and Resources for consideration.

57. Business Planning Group Report

57.1 The Committee considered a report by the Chairman of the Business Planning Group (BPG), (copy appended to the signed minutes).

57.2 The Senior Advisor introduced the report which provides an update from the latest BPG meeting held on 13 September 2018 setting out the key issues discussed, and highlighted key information for the Committee. Alterations to improve the information in the Capital Programme report have been agreed and will be included in the Quarter 2 report due to be presented at the November meeting of the Committee. The BPG agreed the request to consider a Contract Negotiation Task and Finish Group (TFG) and, following a subsequent letter from the Chairman of ECFSC raising specific concerns about the Highways Contract procurement process, the BPG will consider at its November meeting a TFG covering large-scale contract procurement. The budget timeline was provided and savings decisions listed in the Forward Plan will receive scrutiny by the relevant Select Committees.

57.3 Resolved:

- 1) That the Committee endorses the content of the report and supports the update to the work programme as recommended by the BPG; and
- 2) That the Committee notes the latest Task and Finish Group rolling programme.

58. Forward Plan of Key Decisions

58.1 The Committee considered the Forward Plan of Key Decisions (copy appended to the signed minutes).

58.2 Resolved – That the Forward Plan be noted.

59. Date of Next Meeting

59.1 The Committee notes its next meeting will take place on 22 November 2018, commencing at 10.30am.

The meeting ended at 3.58 pm

Chairman