

Performance and Finance Select Committee

20 March 2019 – At a meeting of the Performance and Finance Select Committee held at 10.30 am at County Hall, Chichester.

Present: Mr Montyn (Chairman)

Mr Catchpole	Mr Lea	Mr Jones, arrived at 10.54am.
Mr Barrett-Miles, arrived at 10.48am.	Mr Smytherman	Ms Goldsmith, arrived at 10.52am and left at 1.25pm.
Mrs Dennis	Mr Turner	Mr Hunt, left at 1.25pm.
Mr Fitzjohn	Mr Waight	Mr Lanzer, left at 1.25pm.
Mrs Kitchen	Dr Walsh	

Apologies were received from Mrs Mullins, Mr Cloake and Mr Crow.

Absent: Mr Edwards

Part I

82. Declarations of Interest

82.1 Dr Walsh declared a personal interest in relation to Capita Partnership Performance (pensions transfer) as a Member of the Pensions Panel.

82.2 Mr Lea declared a personal interest in relation to the Total Performance Monitor (Artificial Intelligence) as a visiting lecturer at Brighton University.

82.3 Mr Fitzjohn declared a personal interest in relation to the Total Performance Monitor as his wife works for the Council.

82.4 Mr Smytherman declared a personal interest in relation to the Total Performance Monitor as a Local Authority Governor of the Alternative Provision College for West Sussex.

83. Minutes of the last meeting of the Committee

83.1 Resolved – That the Minutes of the Performance and Finance Select Committee held on 17 January 2019 be approved as a correct record and that they be signed by the Chairman.

84. Capita Partnership Performance Report Review

84.1 The Committee considered the Capita Partnership Performance report from the Director of Finance, Performance and Procurement (copy appended to the signed minutes). The Chairman welcomed Mr Dale Wood, Capita Partnership Director, who attended for the item.

84.2 The Strategic Contracts and Supplier Relationship Management Lead introduced the report which details performance in year 6 of the contract with Capita, and highlighted key information for the Committee. Performance is in line with expectation, and Key Performance Indicator (KPI) failures are detailed in the report. Data is being used to inform improvements including improvements to the management of change for the next contract year, and to enhance resource planning.

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

- Expressed disappointment that the ongoing dissatisfaction with the Pensions service was not overcome, and commented that Members hope the transfer of Pensions to Hampshire County Council will provide a better solution for members of the scheme.
- A Member highlighted that some individual active and deferred pensioners have not been informed of the change to the administrator. *The Cabinet Member for Finance and Resources commented that communications have gone out to all members of the Local Government Pension Scheme (LGPS) and officers will follow up this point with the Member directly.*
- Commented that there is customer dissatisfaction with the service offered to schools and queried what was being done to address this issue. *Mr Wood, Capita Partnership Director, explained the main concern was that there is not a dedicated resource for the provision to schools. Investments have been made and liaison officers to assist schools have been introduced. Customer satisfaction will be measured again in one year and it is hoped this will show improved satisfaction. New technology has also been put in place to automate the transfer of data from schools which will provide long term improvements*
- Commented that the overall satisfaction rate was disappointing, queried whether the satisfaction level would be improved if the feedback on the Pensions service were excluded, and queried whether the KPIs are weighted. *The Strategic Contracts and Supplier Relationship Management Lead confirmed the score would improve in that instance. Individual KPIs are weighted and they do change over time as required and agreed by the Partnership.*
- Commented that there are a consistent number of KPI failures during the years of the contract, that KPIs should be SMART and achievable, and that consistent performance levels are of less concern than erratic performance. *Mr Wood, Capita Partnership Director, highlighted that as the KPIs change direct comparison between contract years can be problematic or less effective, and noted that the KPIs are designed to be stretch targets. The Leader commented that the KPIs are worthwhile, achievable and help avoid complacency. Random sampling and trend analysis within the Partnership help to interrogate and add value to the statistics.*
- Commented that the data breaches noted in the report should also be looked at from a finance and reputational risk and materiality perspective, i.e. how significant and material is the data breach.
- Queried whether differences of opinion have occurred in the Partnership between the Council and Capita, how these are managed, and whether any major disputes have occurred. *The*

Strategic Contracts and Supplier Relationship Management Lead confirmed the governance process in place aims to escalate and resolve any disagreement or dispute. Escalations have occurred and any disputes that may arise will be dealt with through the contractual governance process.

- Queried whether the implications of the Whole Council Design (WCD) project will impact upon renewal of the Capita contract due to end in 2022. *The Cabinet Member for Corporate Relations explained officers are already considering the renewal or re-procurement of the contract from 2022 onwards which will provide improved visibility of the WCD programme, and Member feedback on this is welcomed.*
- A Member expressed concern regarding the planned use of cloud computing outlined in the IT Strategy, and requested to review the Strategy in due course before it is finalised. *The Cabinet Member for Corporate Relations highlighted that the IT Strategy has been refreshed over the last few years and is due to be reviewed by the Corporate Transformation Board. The technology is used by many organisations however the Member's comments will be fed back.*

84.4 Resolved:

- 1) That the Committee are generally satisfied with the performance of the Capita Contract and note the customer satisfaction issues are being addressed, particularly in relation to the service provided to schools;
- 2) That the Committee note Member comments on the value of Key Performance Indicators and whether trend analysis, finance and reputational risk and materiality should be reported; and
- 3) That the Committee review the IT Strategy in due course before it is finalised.

85. Total Performance Monitor as at end of December 2018

85.1 The Committee considered the December 2018 Total Performance Monitor (TPM) report from the Director of Finance, Performance and Procurement (copy appended to the signed minutes).

85.2 The Cabinet Member for Finance and Resources introduced the finance element of the report and outlined key information for the Committee. Despite the budget pressures teams are working hard to bring the budget overspend under control and this has reduced since September. Officers are aiming to not draw down from the budget management reserve.

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

- Queried what the negative impact resulting from the decreased Libraries income stream was expected to be, and what is the long term solution for mitigating reduced income from late fees. *The Cabinet Member for Finance and Resources explained that due to efficiencies and increased use of the online Library system less*

items are being returned late and incurring fees; mitigation works are ongoing. The Leader encouraged Members to learn more about the Libraries Hub plan at the upcoming Member Day.

- Noted the growth in adult residential care placements costing above the Council's usual maximum agreed rate, and queried whether this is due to care home closures pushing prices up. *The Leader explained the increased costs are due to the high value of land and it being a tight employment area. Officers are working to promote the care sector, active steps are being taken to develop the local care market, and residents who wish to remain in their own homes are being encouraged and supported. Gillian Keegan MP has been asked to set up an All-Party Parliamentary Group (APPG) on the professionalisation of carers.*
- Expressed concern regarding the current and future overspend on home to school transport, requested officers give consideration to running Council minibuses to reduce the cost of taxis, and noted the minibuses could also be used for community transport outside of school run times. Members agreed to refer school transport to the Children and Young Peoples Service Select Committee (CYPSSC) for scrutiny at an appropriate time, including the use of County minibuses which could be used outside of school hours for Community Transport. *The Cabinet Member for Finance and Resources commented that the use of solo taxis was an ongoing issue experienced by this Council and most other Authorities, and the issue is under consideration.*
- Expressed concern regarding the current and future overspend on children's care placements and queried whether this was due to children's home closures. *The Cabinet Member for Finance and Resources explained the Cabinet Member for Children and Young People is undertaking a full review of children's care homes.*
- Noted the overspend on educational psychologists and queried whether service demand is being met and plans made for future service provision. *The Cabinet Member for Finance and Resources commented that issues will be addressed through the budget process.*
- Queried whether the £6m grant from Government for road maintenance is ring-fenced and whether the works are on target. Members recommended the Environment, Communities and Fire Select Committee (ECFSC) Business Planning Group review the spending of the £6m highways pothole grant. *The Leader explained the time limit to use the grant funds has been extended as authorities struggled to resurface roads during the winter months, however the Highways team are pushing ahead with the work and the grant will be used.*

85.4 A presentation was given by officers from the Insight Team on key performance indicators in the Economy portfolio (copy appended to the signed minutes). The information gave a deep dive into the performance statistics for 2017 released by the Office of National Statistics (ONS).

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

- Commented that infrastructure across West Sussex should be made a key improvement, as the A27 is not a sufficient road link and the

rail service to London requires improvement. Members expressed concern that infrastructure is a key factor in the growing prosperity gap between the north and south of West Sussex and highlighted the need for this to be addressed.

- Noted that wages rise alongside education, and expressed concern at the rate of those who attend University in the county moving out of West Sussex for employment. *The Leader has raised this issue with the Chancellor of the University of Chichester; it is hoped that the Creative Hub at Bognor Regis, due to launch later this year, will help to retain talent within West Sussex. The Principal Insight Analyst noted that the Insight Team have purchased data regarding which higher education subjects are studied, where students are studying, what sectors students go on to work in after graduation and if they return to West Sussex to work. Nursing is studied by the highest number of students from West Sussex, though with Higher Education providers other than University of Chichester; it is also a sector in West Sussex that employs one of the highest numbers of leavers 6 months after graduation.*
- Queried in relation to the survival rate of businesses whether officers are aware of why businesses are failing, whether the Council can help to decrease failure rates, and suggested that best practice and learning could be shared with businesses to assist them. *The Principal Insight Analyst commented there is no data available on the reasons for businesses failing, however it is possible that cash flow may be a factor.*
- Queried what practical use the data is put to within the Council. *The Principal Insight Analyst explained the data is included in the evidence and SWOT analysis in the Economic Growth Plan and is used by the Economic Development team. The Leader commented the data helps show how the economy is boosted and what role the Council has played, for example by boosting the economy along the coastal strip.*
- Commented that the Tableau system provided excellent statistical analysis and encouraged its use within the wider Membership, that deep dive information is welcomed by the Committee, and that the economy information would form a good issue for a Member Day.

85.6 The Director of Human Resources and Organisational Change introduced the Workforce section of the TPM.

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

- Commented in relation to sickness absence that it would be helpful to also have information by Department in future reports in order to see where absence peaks. *The Director of Human Resources and Organisational Change explained officers do have the data and will be starting dialogue with the departments with higher sickness rates. A more in-depth analysis will be provided to the Committee twice yearly via the TPM workforce report.*
- Expressed concern regarding employee mental health as the top reason for long-term sickness absence, sought to understand the cause of this, and queried whether this has resulted from the recruitment freeze. *The Director of Human Resources and Organisational Change explained mental health is often a complex*

set of circumstances and impact by the recruitment freeze is possible. A staff wellbeing survey will be undertaken to aid understanding, and recent changes have been made to the appraisal scheme to improve the process and aid discussion of performance needs and wellbeing.

- Commented that stress at home can also impact upon performance at work and sickness absence rates, that 10 days sickness per year is a high average and queried whether a lower target figure has been set to be achieved. *The Director of Human Resources and Organisational Change explained that informed performance targets for sickness absence rates will be put in place in the coming year, and then reported in the next workforce report data.*
- Members queried whether managers will be trained on how to achieve better outcomes for staff, how staff will be incentivised for better performance, and what evidence will be required for not awarding a pay increment. Members expressed concern that it is difficult to incentivise an individual at the top of their pay scale. *The Director of Human Resources and Organisational Change commented that managers need to be trained to manage and lead their staff and then be held to account for performance. In April 2020 incremental pay progression will commence based on performance being assessed as good or outstanding. This will be separate to the cost of living Pay Award negotiated by the Unions which would be received by all staff. Mid-year and year-end assessment discussions will be used to determine whether performance objectives and outcomes are on target or have been achieved and to give an overall view of an individual's performance; this will identify any development needs and evidence will be gained through discussion between the staff member and manager. The setting of clear objectives and outcomes is therefore key to being able to measure performance.*

85.8 Resolved:

- 1) That the Committee recognise the work being done to manage the overall budget overspend, and commented as above on particular concerns regarding residential placements for both Adults and Children's services, and school transport;
- 2) That the Committee recommend that CYPSSC review school transport at an appropriate time;
- 3) That the Committee recommend the ECFSC Business Planning Group review the spending of the £6m Highways grant;
- 4) That the Committee welcomes the performance data presented and the work being done to improve the economy of West Sussex;
- 5) That the Committee recognises the need to improve infrastructure and education across the whole county, particularly in the south-west region, and highlights that transport connectivity is key;

- 6) That the Committee recommends a review of why businesses start up and survive so that best practice can be shared across businesses to further improve the county's economy;
- 7) That the Committee welcomes information on sickness absence by Department in future workforce reports;
- 8) That the Committee recognise mental health issues as a key sickness absence area and welcome the work being done to understand and address this;
- 9) That the Committee welcome more detailed information to be provided in the next quarter's TPM report, particularly the inclusion of informed targets for sickness absence; and
- 10) That the Committee support the training of managers to improve performance within Council departments.

86. Capital Programme Quarter 3 Performance Monitor Report

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

86.2 The Capital Programme Manager introduced the report and summarised key information, noting that half of the pipeline projects are in delivery and half are completed. Officers now have a full year of capital programme performance data which will provide a baseline for analysis in future years.

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

- Expressed disappointment that the Aldingbourne and Hunston solar farms were found to be not viable, queried how much has been spent on these solar farm schemes inclusive of officer time, and expressed a desire that alternative solar farms be considered elsewhere. *The Executive Director of Economy, Infrastructure and Environment will provide the details of spend for the projects. The viability studies undertaken for these sites highlighted grid capacity and site size constraints that made the projects not viable to be taken forward for delivery. The Halewick Lane, Sompting scheme is next online and currently pending planning permission. The Leader commented that solar farms are beneficial and profitable, however sites do need to be assessed for suitability and therefore costs to speculate are minimised as much as possible. Further potential sites are being identified as part of the wider programme.*
- Expressed concern regarding delays to the Manor Green Primary school project due to a slow market response to the tender, and queried why the market didn't respond as expected and how much extra cost the Council has incurred as a result. *The Capital Programme Manager explained the team wish to understand more about this issue and will be looking into this in due course. Full cost information will be available when the Full Business Case is produced.*

- Queried whether the reduction in required places at St Mary's RC Primary School in Bognor Regis could have been foreseen, and whether it is possible to plan future school place requirements more effectively. *The Cabinet Member for Finance and Resources clarified that limited budget funds must be directed towards need and, whilst officers can predict a best estimate for application numbers, by nature these works are reactive to place pressure and need.*
- Expressed concern that a press release was made regarding the One Public Estate project in East Street Littlehampton and then withdrawn, and urged caution in issuing press releases until the business case is accepted. *The Leader commented that the press release was withdrawn due to early Purdah restrictions in relation to the District Council elections.*
- Commented in relation to the Clympwick Bridge project that the A259 is already heavily congested and expressed concern that the complexity of the works may require a bridge closure which could exacerbate problems at the A27 Arundel. *The Executive Director of Economy, Infrastructure and Environment noted this feedback and confirmed this will be considered by Highways as part of the programme.*
- Noted that half of the 2018/19 projects in the Pipeline are still awaiting work on the full business cases, and queried whether the Capital Programme team have sufficient resources to begin work on these projects. *The Executive Director of Economy, Infrastructure and Environment confirmed the team does not have sufficient staff resource, however this is being managed by drawing on the resources of the Council's multi-disciplinary consultant Faithful and Gould. The team has an expertise gap which the partner is also covering, and design and feasibility for the projects are now being accelerated.*

86.4 Resolved:

- 1) That the Committee request extra cost information, to include officer time, be provided in relation to the solar farm projects deemed not viable;
- 2) That the Committee welcomes a review of why there was a slow market response in relation to the Manor Green Primary school project;
- 3) That the Committee urges caution in issuing communications regarding One Public Estate projects; and
- 4) That the Committee highlights the need for Capital Project resources in order to carry forward 2018/19 projects.

87. Business Planning Group Report

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

87.2 The Senior Advisor introduced the report which provides an update from the latest BPG meeting held on 25 February 2019 setting out the key issues discussed, and highlighted key information for the Committee.

87.3 The Committee made comments in relation to the BPG report including those that follow. It:

- Requested that when the Horsham Enterprise Park outline business case comes before the Committee in July, the financial valuation, estimates and cost information be provided within the report, including staff costs. *The Senior Advisor will clarify whether the strategic or full business case will be presented to the Committee.*
- A Member noted concern regarding the impact of the Whole Council Design project upon children's services, and will highlight this with the Chairman of CYPSSC.

87.4 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.

88. Forward Plan of Key Decisions

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

88.2 Resolved – That the Forward Plan be noted.

89. Date of Next Meeting

89.1 The Committee notes its next meeting will take place on 22 May 2019, commencing at 10.30am.

The meeting ended at 1.32 pm

Chairman