

## **Performance and Finance Scrutiny Committee**

5 December 2019 – At a meeting of the Performance and Finance Scrutiny Committee held at 10.30 am at County Hall, Chichester.

Present: Mrs Dennis (Chairman)

Mr Catchpole	Mrs Kitchen	Mr Turner
Mr Barrett-Miles	Mr Montyn	Mr Waight
Mr Edwards	Mr Smytherman	Dr Walsh
Mr Jones	Mrs Sparkes	

Apologies were received from Mr Barling and Mr Hunt

Also in attendance: Mr Lanzer, Mr Marshall and Mr Jupp

### **29. Declarations of Interest**

29.1 In accordance with the code of conduct the following personal interests were declared: -

- Mr Smytherman in relation to item 5 (Forward Plan of Key Decisions) as the Council's representative on the West Sussex Alternative Provision College Governing Body
- Mr Waight in relation to item 5 (Forward Plan of Key Decisions) and item 9 (Capital Programme 2019/20 – 2023/24 Quarter 2 Performance Report) as a member of Worthing Borough Council
- Mrs Sparkes in relation to item 5 (Forward Plan of Key Decisions) and item 9 (Capital Programme 2019/20 – 2023/24 Quarter 2 Performance Report) as a member of Worthing Borough Council
- Mr Montyn in relation to item 5 (Forward Plan of Key Decisions) as a member of the Chichester Southern Gateway Growth Board
- Mr Barrett-Miles in relation to item 6 (Medium Term Financial Strategy Update 2020/21 and 2023/24) as a member of Burgess Hill Town Council

### **30. Minutes of the last meeting of the Committee**

30.1 Resolved – that the Minutes of the meeting held on 3 October 2019 be approved as a correct record and that they be signed by the Chairman.

### **31. Responses to Recommendations**

31.1 The Committee received responses from the Cabinet Member for Finance and the Cabinet Member for Highways & Infrastructure regarding the Committee's recommendations from its 3 October meeting.

31.2 Resolved – That the Committee: -

- i. Requests the Cabinet Member for Highways and Infrastructure to provide details on weed inspections explaining the meaning of risks being reviewed on a regular basis and which budget is used to fund the expenditure
- ii. Further reinforces the need for decision reports to include consideration of unintended consequences
- iii. Committee Chairman was requested to write to the Cabinet Member for Highways and Infrastructure to raise concerns about changes to the gritting arrangements across the county

## **32. Forward Plan of Key Decisions**

32.1 The Committee considered the Forward Plan of Key Decisions (copy appended to the signed minutes) and raised the following concerns: -

- That the Special Educational Needs and Disabilities Strategy did not mention the Alternative Provision College
- That the review of on-street parking charges and related policy did not mention enforcement or cost
- That the Transport for the South East draft Transport Strategy did not include improvements to the A27 around Worthing and Chichester, these need to be a central part of the decision – the Council’s response to the consultation would be discussed at the Environment, Communities and Fire Select Committee in January
- That Community Infrastructure Levy money would be available in time for the completion of the Worthing Public Realm Works - Adur and Worthing Growth Programme

32.2 Resolved – That: -

- i. The Cabinet Member for Education & Skills will arrange for the Alternative Provision College to see the Special Educational Needs and Disabilities Strategy at the earliest opportunity
- ii. The Committee notes the Forward Plan of Key Decisions

## **33. Medium Term Financial Strategy Update 2020/21 and 2023/24**

33.1 The Committee considered a report by the Cabinet Member for Finance (copy appended to the signed minutes) which was introduced by Katharine Eberhart, Director of Finance and Support Services who highlighted the following: -

- The calling of a general election meant that the local government funding settlement would be delayed, probably till January
- There was a projected upturn in local government spending
- There was continued investment in Children’s Services including a one-off grant and some money in the Dedicated Schools Grant for special educational needs and disabilities
- The share of local business rates that the Council could retain in future would affect its income
- Assumptions re inflation and council tax rates would be finalised in the next few weeks and savings plans would be robust to ensure a sustainable budget was produced in February

- The Capital Receipts Strategy would be used flexibly to help balance next year's budget, but would not be used to cover the £2.2m deficit unless necessary

### 33.2 Summary of responses to Members' questions and comments: -

- The Council had to base its budget assumptions on current circumstances until the result of the general election was known. It is important to set a budget that is sustainable.
- The Council needed to be reactive to unpredictable demands and be realistic about the increased demand and complexity of Children's and Adults' Services whilst ensuring good value is achieved.
- The Capital Programme is focussed on core services and challenges
- The Council was tracking Government guidance on investing its funds in commercial property
- Raising money via a charitable trust was mentioned – **ACTION:** Katharine Eberhart to examine the feasibility of doing this
- The £26.4m expenditure for Non-Portfolio – Additional Responsibilities was to offset the rise from £79.3m to £104.6m in funding based on the increase in business rate retention from 50% to 75% as the Government says the increase has to be fiscally neutral
- The new Adults' Vision and Strategy would promote independence in later life
- Children & Family Centres, foodbanks and Furnihelp would still be funded through the Local Assistance Network
- Concerns were raised over: -
  - economic forecasts worsening depending on the Brexit outcome which could lead to more strain on the budget, especially Adults' Services
  - achieving savings around on-street parking if dependent on the road space audit as setting-up controlled parking zones was slow and been rejected by Burgess Hill Town Council

### 33.3 Resolved – that the Committee: -

- i. Recognises the difficult financial position and the budget gaps that are forecast over the next few years
- ii. Seeks assurance that savings are robust and that value is achieved from the extra money being spent in services – particularly Children's Services
- iii. Welcomes the review of the Capital Programme to ensure focus is on core services and the challenges being faced
- iv. Raises concerns over the figure for on-street parking included in the budget

## 34. Whole Council Design

34.1 The Committee considered a report by Katharine Eberhart, Director of Finance and Support Services (copy appended to the signed minutes) who told the Committee that the review of the Whole Council Design programme was ongoing and would simplify it by focussing on four main workstreams leading to more certainty around savings in the budget.

### 34.2 Summary of responses to Members' questions and comments: -

- The use of a new consultant was queried as work had already been done and there was a risk that a £19m investment might only achieve £17m of savings
- Non delivery of savings would not invalidate work done by the previous consultants as many savings were to be made in areas of Children's Services, such as using ipads to update cases on the road, which had subsequently needed increased spending in administrative support
- Savings from the programme were at significant risk as the projects hadn't reached delivery stage, but advances in IT meant the position to make progress had improved and there was confidence that the programme would achieve savings
- The projected overspend of £1.5m was reported in the Total Performance Monitor and would be mitigated or balanced from reserves
- The governance of the programme was being reviewed to improve it after changes to senior management and the effects of the OFSTED report on Children's Services
- A further report on the programme with details of costs and savings would come to the Committee in January

34.3 Resolved – that the Committee: -

- i. Expresses concern over the programme and the predicted savings
- ii. Looks forward to receiving a further report in January setting out the findings of the review and the future of the programme – the report should include governance arrangements of the programme and provide the Committee with a strong understanding of the costs, timeline and benefits

### **35. Total Performance Monitor - September 2019 (Quarter 2 2019-20)**

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

35.2 Katharine Eberhart, Director of Finance and Support Services introduced the finance aspect of the report and highlighted the following:-

- Taking into account pressures in Children's Services, non-delivery of savings and the mitigations to deal with those, the total overspend had increased from £15.3m to £15.9m
- The use of £7.355m from the budget management reserve to mitigate overspending meant that the Council had slipped down the Chartered Institute of Public Finance and Accountancy's resilience index
- The Council needed to implement controls so that it made the right purchasing decisions to mitigate costs where reasonable

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

- Replenishment of the budget management reserve would be built into future budget forecasts
- A query was raised over the alternative plans in relation to supported independent living provision for 16-25 year olds – **ACTION:** Katharine Eberhart to supply information on the alternative plans

- The extra demand on the High Needs Block of the Dedicated Schools Grant would be explained in the Cabinet Member decision report on the Special Educational Needs & Disabilities Strategy - **ACTION:** Katharine Eberhart to circulate the decision report to members of the Committee
- Sophisticated methods were used to predict demand in Adults' Services including taking into account the initiatives that were aimed at maintaining independence for longer (such as reablement) but the connection with financial drivers could be improved
- A lot of information on market provision came from agencies and the Council's commissioners
- Children Looked After from outside the county remained the responsibility of the originating authority
- The cost of looking after asylum seekers was broadly met by central Government

35.4 Martin Farrell, Head of Intelligence and Performance introduced the performance aspect of the Total Performance Monitor report and highlighted key information including a presentation of recently released Department for Education school performance data for 2019: -

- Attainment at Key Stages 1 and 2 in West Sussex was below Hampshire (the closest demographic authority to West Sussex) and at or just below the national average
- Attainment at Key Stage 4 in West Sussex was above Hampshire and the national average overall, but with large variations between schools
- 55% of measures were expected to be rated 'Green' by the end of the year with action plans in place to recover those rated 'Amber' or 'Red'

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

- The School Effectiveness Strategy contained plans to raise attainment, especially in the poorer performing schools
- The Children & Young People's Services Select Committee would look at the differences between attainment at primary level compared with secondary level
- Concerns over those killed or seriously injured on the roads would be discussed at the Environment, Communities and Fire Select Committee in January – **ACTION:** All Members of the Council to be invited to attend this meeting
- Air quality was monitored by roadside monitors including near airports – aviation pollution was monitored by Reigate & Banstead Borough Council – **ACTION:** Martin Farrell to circulate this information to the Committee
- Concern was expressed as to whether the corporate targets were considered when decisions were taken

35.6 Jamie McGarry, Head of Human Resources Business Partnering & Organisational Change introduced the workforce section of the Total Performance Monitor and highlighted key information for Members: -

- There had been an increase in agency staff in both Children's and Adults' services which is monitored by the service
- Mental health issues such as stress and anxiety were the main causes of long-term staff absences from work and were more prevalent than in

other organisations – to address this there had been a staff survey, engagement with senior managers, a wellbeing plan for staff and agency staff used to help with large social worker caseloads –

**ACTION:** Jamie McGarry to share the results of the staff survey and update the workforce information in the next Total Performance Monitor with action taken

- The Children's Services Improvement Plan should improve the working environment for children's social workers, which would help with recruitment and retention of permanent staff and reduce the need for agency staff
- The use of agency staff was included in budget plans
- The incentive scheme for social workers had been very successful and the vacancy rate was now down to between 1% and 2%
- Agency staff were involved in specific work including introducing best practice and embedding graduates into the service
- The link between appraisals and increments had been paused, appraisals and appraisal training were continuing - 60% of managers had been formerly trained with others being upskilled in team meetings by trainers
- There were challenges around supportive supervision for children's social workers and whether people with disabilities and/or from ethnic backgrounds would be disadvantaged by performance related pay schemes – a year's worth of data needed to be assessed to ensure the scheme was fair
- The appraisal completion rate for the past year was 71% overall, but only 55% in Children's Services, efforts were being made to improve these figures
- There were concerns over an attack on a social worker – **ACTION:** Jamie McGarry to provide the Committee with fuller details
- Disciplinary cases were about conduct, not performance – there were no cases related to safeguarding issues

35.7 Resolved – that the Committee: -

- i. Recognises the issues with forecasting demand in services
- ii. Expresses concern over the reliance on reserves to balance the budget
- iii. Is disappointed in the number of savings that are now at risk and emphasises the need to ensure due diligence is carried out when setting future budgets
- iv. Is disappointed in the education performance statistics and asks that the Children & Young People's Services Select Committee looks at these in more detail
- v. Asks that all Members be invited to the January meeting of the Environment, Communities and Fire Select Committee where the Safer Sussex Partnership will be discussed
- vi. Questions whether there will be a refresh of the West Sussex Plan and the targets being measured against it in the Total Performance Monitor
- vii. Expresses concern over the health and wellbeing of staff and the high increase in sickness due to stress and anxiety
- viii. Requests further information at the next meeting in relation to appraisal training

- ix. Confirms its support of the importance of carrying out appraisals for all staff

### **36. Capital Programme 2019/20 - 2023/24 Quarter 2 Performance Report**

36.1 The Committee considered a report by the Executive Director of Place Services (copy appended to the signed minutes) which was introduced by Matt Hall, Capital Programme Manager who made the following points: -

- The current position was similar to this time last year with the number of projects in delivery slightly up
- Updates on Basic Need school place benefits would be reported in the quarter 3 performance report

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

- Figures in the Total Performance Monitor reflect programme-level updated profiles for pipeline and delivery projects, whilst the Capital Programme Performance Report focuses on project development – **ACTION:** Katharine Eberhart/Matt Hall to provide a briefing on how changes in profiled spend are reported
- There was concern over the funding for the Worthing Growth Programme in the face of rising costs – **ACTION:** Queries on this to be directed to the Cabinet Member for Highways & Infrastructure who was joining the Worthing Growth Board
- Updated costs based on completed feasibility studies for the Adults' In-House Social Care Day Centres programme were intended to be addressed in the 2020/21 Capital Programme. It was noted that the costs reflected the scope required by the service to deliver against the agreed service strategy
- Uncertainty remained regarding the target cost for the A284 Lyminster Bypass. Funding across the Highways Major Projects programme was due to be addressed in the 2020/21 – 2024/25 programme, with works to progress the A284 project progressing as planned – **ACTION:** Matt Hall to liaise with Highways to provide a briefing for Arun members
- There was concern over delays to LED streetlighting conversions – **ACTION:** Matt Hall to liaise with Highways to provide an update to the Committee

36.3 Resolved – that the Committee is concerned: -

- i. Over slippage in the Capital Programme
- ii. About the serving of legal notices delaying projects

### **37. Treasury Management Mid-Year Review 2019/20**

37.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes) which was introduced by Vicky Chuter, Financial Reporting Manager who told the Committee: -

- There had been no breaches of the strategy in the first six months of the financial year
- Interest rates were expected to rise to 1.25% by March 2022, although this could be subject to the outcome of Brexit
- The Council's operational boundary was £587m with the authorised borrowing limit of £650m in line with that agreed in February 2019
- The Council had taken out two loans over 50 years at an average rate of 2.2%
- Underlying borrowing need was forecast to be £618m at March 2020 – it was anticipated the Council would continue with internal borrowing for the rest of the year, as not expecting to do any further borrowing with Public Works Loan Board (PWLB) as its interest rates had increased by 1% in October making borrowing less attractive
- The investment balance at the end of September was £305m – of which £40m with other authorities and £64m with externally managed pooled funds
- The forecast was for £116m of investments for non-treasury activities at the end of the year
- The Council's PWLB debt in 2019/20 was expected to increase by £1.9m due to the additional cost of borrowing and would be offset by better investment returns

37.2 Resolved – that the Committee notes the Treasury Management Mid-Year Review 2019/20

### **38. Review of Fees and Charges 2020-21**

38.1 The Committee considered a report by Katharine Eberhart, Director of Finance and Support Services (copy appended to the signed minutes) who told the Committee that fees and charges were updated annually and reflected in the budget. Statutory fees could not be changed by the Council – others could be changed within rules set by the Government.

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

- The Committee was assured that all fees and charges were for cost recovery purposes only
- The increased charge for the Home to School transport service was for those who did not qualify for concessionary fares
- The increased charge for using computers in libraries would be for non-library members and non-residents only
- The charge for a fire vehicle and crew was for attending private and commercial events, not small local events or fundraising activities and had been brought into line with that charged by other fire authorities
- The decision re licence charges for tables and chairs on the highway and its effect on policies would be previewed by the Environment, Communities and Fire Select Committee

38.3 Resolved – that the Committee: -

- i. Requests clarity over the fees and charges for fire and rescue vehicles and crews attending events



- ii. Recommends that the decision in relation to licences for tables and chairs on the highway includes information on the number of licences issued, any fines imposed and unintended consequences
- iii. Seeks assurance that cost recovery is reasonable and fair
- iv. Reinforces the concept of looking at unintended consequences

### **39. Appointment to Business Planning Group**

39.1 Mr Catchpole proposed that Mr Waight fill the Conservative vacancy on the Committee's Business Planning Group. The proposal was seconded by Mr Smytherman and Mrs Sparkes. No other nominations were proposed.

39.2 Resolved – that Mr Waight be appointed to the Committee's Business Planning Group.

### **40. Business Planning Group Report**

40.1 The Committee considered a report by the Chairman of the Business Planning Group (BPG) (copy appended to the signed minutes) which was introduced by Susanne Sanger, Senior Advisor who highlighted the following BPG decisions: -

- There was no need to look at the Chartered Institute of Public Finance and Accountancy (CIPFA) report as it was on operational matters
- Updates on Whole Council Design should come to the Committee in December and January
- The Total Performance Monitor should be strengthened
- Contract Management information raised no concerns
- Scrutiny of the Business Management Solution would be decided at a future BPG meeting

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

- The CIPFA report was favourable towards the way the Council's finance and finance team operated, but highlighted a training need for budget managers for which an action plan was in place – **ACTION:** Katharine Eberhart to make the CIPFA report available to any Member on request and to take the training action plan to the next Business Planning Group meeting
- The relevant parts of the risk register went to relevant select committees

40.3 Resolved – that the Committee endorses the contents of the report, supports the updates to the work programme and notes the latest Task and Finish Group Rolling Programmes.

### **41. Possible Items for Future Scrutiny**

41.1 A request was made to examine the remit and contract arrangements of multi-disciplinary consultants, Faith & Gould and test whether the Council was getting value for money.

41.2 Resolved – That the Committee agrees that this should be considered by its Business Planning Group.

#### **42. Date of Next Meeting**

42.1 The Committee notes its next meeting will take place on 22 January 2020 commencing at 10.30am.

The meeting ended at 2.45 pm

Chairman