

## **Performance and Finance Select Committee**

18 May 2018 – At a meeting of the Select Committee held at 10.30am at County Hall, Chichester.

Present: Mr Elkins (Chairman)

Mr Barrett-Miles

Mr Boram

Mr Bradbury

Mr Cloake

Mr Crow

Mrs Dennis

Mrs Kitchen

Mrs Mullins

Dr Walsh

In attendance by invitation: Ms Goldsmith (Leader), and Mr Hunt (Cabinet Member for Finance and Resources).

Apologies for absence were received from Mr Montyn (Chairman), Mr Lea, Mr Smytherman, Mr Turner and Mr Waight.

### **Part I**

#### **Chairman**

**1. The Committee noted that as Mr Montyn had given apologies for absence, the Committee's Vice-Chairman, Mr Elkins, was in the chair for the meeting.**

#### **Declarations of Interest**

2. Mr Bradbury declared a personal interest in relation to the February TPM (SEND) as a Trustee of Sussex Learning Trust.

#### **Minutes of the Previous Meeting**

3. Resolved – That the minutes of the Performance and Finance Select Committee held on 21 March 2018 be approved as a correct record and that they be signed by the Vice Chairman.

#### **Business Planning Group (BPG) Appointments**

4. Resolved that the Committee appoints Mr Montyn, Mr Elkins, Mrs Dennis, Mrs Mullins and Dr Walsh to the BPG for the period of one year.

#### **Response to recommendation**

5. The Committee noted the response from the Cabinet Member for Finance and Resources in relation to the recommendation made regarding the Call-in on Fees and Charges Executive Decision of 21 March 2018 (copy appended to the signed minutes).

#### **Total Performance Monitor**

6. The Committee considered the Total Performance Monitor (TPM) reports by the Director of Finance, Performance and Procurement, which reflect the position as at the end of February 2018 and the 2017-18 Outturn position, (copies appended to the signed minutes).

7. The Chairman thanked officers for their work to bring the Outturn TPM papers to this meeting on a short deadline, to enable the Committee to view the data at a more timely stage rather than at the next meeting of the Committee.

8. The Chairman drew members' attention to two items within the February TPM papers; the decision request noted for the Cabinet Member for Finance and Resources (Item 7a Annex Document, point 19), and the Transformation Paper as previously requested by the Committee (Item 7a Annex Document Appendix 2). The Chairman also drew members' attention to a decision request noted for the Cabinet Member for Finance and Resources in the Outturn 2017-18 TPM (Item 75 Annex Document, point 20).

9. The Cabinet Member for Finance and Resources introduced the reports and highlighted key points. The Council has finished the financial year 2017/18 in a good position despite challenges and has minimised budget overspend to 0.075% of the 2017/18 net budget. Controlling the costs within Adults Services remains challenging, and pressure remains within the schools budget. There has been an underspend in Children's Services for which the Cabinet Member thanked the team, however acknowledged that further challenges are expected in the current year. Proposed carry forwards are outlined (pages 20-23 of Item 7b Appendix 1b) which forms part of the February TPM, as well as reserves which are regularly being monitored for relevance and prudence. Appendix 1d shows a transfer of £540,000 to the Highways portfolio which is dedicated to providing approximately 2,000 extra pothole repairs.

10. The Director of Finance, Performance and Procurement introduced the reports and outlined risks predicted in the current year as highlighted in the Outturn TPM. Learning Disability costs in the Adults portfolio has been estimated in the 2018/19 budget to be at similar levels with extra funding allocated as part of Budget preparation, as has Children's Services. Special Education Needs (SEN) Transport has been a significant pressure, and controlling activity has been undertaken to manage this but further challenge is expected in the current year. A slight underspend in Waste has been shown, this is largely due to poor weather affecting disposal rates so £0.5M of the associated underspend has been held over to mitigate a potential rise at the start of this year. An assessment of reserves has been undertaken and it is proposed to add the underspent funds to the general reserve to bolster the reserve and strengthen the Council's financial resilience. The Director highlighted the Transformation report (Item 7a Appendix 2) which builds upon the budget report. £18m has been put into the programme and positive benefits have been seen as outlined in the report.

11. The Head of Intelligence and Performance outlined the Outturn TPM performance targets. Success has been seen in the child healthy weight measure and the Think Family programme. Much has been learned in young people's mental health, comments have been taken into account and the team are awaiting the March figures for the complete annual picture. Success has also been seen in the Later Life portfolio, with good performance in care home quality maintained and residents having choice over their own care which reflects the desired outcomes in the resident survey. The Economy measures have shown a positive improvement in earnings however the effect of the introduction of Universal Credit and Brexit remain uncertain. The officer noted that future

performance targets coming to this committee in the TPM will be the new West Sussex Plan measures.

12. The Committee made comments in relation to the February TPM including those that follow. It:

- Commented that there was pressure for key worker housing within the county, and queried in relation to the provision of 2,000 new homes within the One Public Estate (OPE) scheme whether lower-end key worker housing will be provided to help recruitment and retention. *The Leader commented that key worker housing is an important issue, has been discussed by the Cabinet and suggested further information will come to this Committee in due course. A pilot scheme is being worked upon and homelessness is also a key issue.*
- Expressed concern regarding the aim to have 2% more than the national average of SEND children taught in mainstream schools by 2022, commented that the needs of the child must be looked at carefully and noted that schools are already under pressure. *The Leader explained that officers are not pushing but trying to accommodate the child's best needs where possible. Some children perform better in mainstream schools and it demonstrates for all children the differences between people.* A member commented that mainstream schools have a good record of catering for SEND children.

13. The Committee made comments in relation to the Outturn TPM including those that follow. It:

- Commented that papers coming out after the main dispatch can make review difficult for members, affects the quality of scrutiny and requested that this is considered by the Business Planning Group. *The Cabinet Member for Finance and Resources highlighted that in agreement with the Chairman the Outturn TPM papers were agreed to be sent as a to follow item for this Committee meeting in order to review them more promptly rather than waiting for the next meeting, however understood the general comment. The Chairman noted that officers are looking at measures to address this issue including the timing of meetings.*
- Commented that the Gross Value Added (GVA) figures were improving and queried how a balance of maximum revenue for the Council and pressure to provide land or building for small businesses was managed. Members requested the GVA lowest to highest figures be provided. *The Leader explained that historically the County's GVA was very low, however close working with the Local Enterprise Partnership (LEP) has driven this up. OPE is a very important part of this, by utilising unused buildings and maximising development for housing and business, and there is a possible joint project with the LEP. The Chairman noted that OPE is currently scheduled to come to this Committee's July meeting.*
- Commented that the levels of reserve funds are positive.
- Queried why the reduction of printing and postage costs in Facilities Management and Contracts had not been previously recorded as a saving rather than a mitigation at the end of year. *The Director of Finance, Performance and Procurement explained that the decrease in print and postage costs is an in-year underspend rather than savings or mitigations.*
- Expressed concerns regarding performance indicator 21- Appropriate admissions to residential care, and whether individuals are placed further from their local area and family in order to save costs. The person's needs should come first in a care decision. *The Leader agreed the individual's*

*needs should come first and commented that there are challenges in recruiting to care work and care homes. A Peer Review in Adults Services is currently underway with a similarly challenged County. The Leader would be happy to discuss this further with the member outside of the meeting.*

- Expressed concern regarding the downward trend in assessments by the Children and Adolescent Mental Health Service (CAMHS) being completed within the target timescale. Commented that when a referral is required it needs to happen quickly, that early intervention prevents longer term problems which cost more to manage, and queried whether bringing the service back in-house would improve the rate of assessment. Queried whether there was a way for the parents of the young person to get help or support. *The Chairman will refer these concerns of the Committee to the Children and Young People's Services Select Committee (CYPSSC).*
- Queried in which District/Borough council areas of the county was pupil achievement underperforming and were any trends emerging. *The Head of Performance and Intelligence will provide this information.*
- Queried what action was being taken to improve primary educational achievement. *The Director of Finance, Performance and Procurement will request the Director of Education provide this information.*
- Queried why the 'unknown' destination of 16-17 year olds in education, employment or training remains high at 8.1% and what is being done to reduce this. *The Cabinet Member for Finance and Resources will request this information for the Committee.*
- Commented that the general picture of education in the county is poor, queried whether this was to do with performance or the targets set and stressed the importance of the IPEH project for improving school readiness. *The Leader explained that the county has lagged in education and that a quantum leap was made last year, however the same leap was also made by others which doesn't reflect the improvement made. 85% of schools (including Academies) were judged as good which is positive but further improvement is required.*
- Queried the reason for the decline of national concessionary fare bus usage, and whether this is due to insufficient bus services or a preference to use personal vehicles. *The Leader will request this information for the Committee.*

14. The Committee expressed its thanks to the Head of Strategic Finance, who is shortly to leave the authority, for his valued work with this Committee.

15. Resolved:

- (1) That the February 2018 TPM and the 2017-18 Outturn TPM be noted;
- (2) That member comments in relation to late papers be noted;
- (3) That the proposed decisions for the Cabinet Member for Finance and Resources in respect of approving carry forward requests/transfer to reserves and approving drawdowns from the contingency budget be supported;

- (4) That the concerns raised regarding assessments by CAMHS be referred to the Children and Young People's Services Select Committee; and
- (5) That an update on keyworker housing be brought to this Committee at an appropriate time.

## **Pensions Administration**

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

17. The Cabinet Member for Finance and Resources introduced the report, highlighting that Capita recognised the Council's concerns regarding the service supplied for pensions administration. Changes to legislation making pensions administration more complex and a significant growth in employee numbers have meant providing the service to the agreed service levels has become challenging. Options for addressing the challenge have been considered, and it has been concluded that the service should move to a shared service supplier. The Pensions Panel have supported the need to move the function to provide a service that is fit for purpose.

18. The Committee made comments including those that follow. It:

- Commented that members are aware of the underperformance and receive anecdotal reports that administration is unsatisfactory.
- Commented that a large company such as Capita should be equipped to manage changes to legislation.
- Expressed concern that the service hasn't been considered for bringing back in-house rather than outsourcing to a neighbouring Council. *The Cabinet Member for Finance and Resources confirmed that insourcing the service was considered. A team to administer just this Council's members would be very small, less resilient and require a great deal of investment so was not considered a viable option.*
- Sought clarity on why Hampshire County Council (HCC) had been chosen over the other options. *The Cabinet Member for Finance and Resources explained that HCC was a large and established pension administrator. The Director of Finance, Performance and Procurement explained that LGPS schemes provide identical, transactional specialist services and efficient economy of scale is provided by joining HCC.*
- Commented that there was a failure of service with Capita and queried what measures have been taken to ensure the same issues do not occur with the new provider. *The Director of Finance, Performance and Procurement confirmed that regular performance reviews would be undertaken. The Chairman noted that underperformance would be a matter for the Pensions Panel.*
- Sought clarity on the expected impact upon the staff in this service. *The Cabinet Member for Finance and Resources explained that the effect upon staff members has been considered, however this is not shown in the report and concern for staff members must be balanced against the best outcome for the service and the 70,000 members of the scheme. HCC's team is based in Winchester and staff will be offered the opportunity to TUPE to HCC if they wish.*
- Queried whether the transfer of the service by March 2019 was achievable and how the service would be affected. *The Director of Finance,*

*Performance and Procurement confirmed that there is a clear expectation of good service from Capita until the transfer is complete and officers from Capita and HCC are confident the timeline is achievable.*

- Expressed concern regarding the administration systems and whether a contingency is built into the transfer costs to provide for potential difficulties. *The Cabinet Member for Finance and Resources confirmed a contingency has been built in. HCC had a new system in 2014, Civica, and have transferred their own systems across so have previous experience of performing a transfer; the system has also been used in transfers by other authorities so has been shown to be effective. The timeline has been set to accommodate the triennial valuation, and officers have spoken to the actuary who provided reassurance that if there is a slight delay this would not present a problem.*
- Queried what were the 2012 costs of transfer from in-house to Capita. *The Director of Finance, Performance and Procurement will provide this information to the Committee but highlighted that the cost would be incurred either now or at the end of the Capita contract.*

### **Exclusion of Press and Public**

19. Resolved - That under Section 100(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves 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 the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

20. The Committee continued its discussions in Part II, for which a Part I summary is available. The discussions in Part II took place from 12.15 p.m. until 12.40 p.m.

25. Resolved – that the proposal to transfer the existing pension administration service to the Pensions Administration Service run by Hampshire County Council be supported.

26. Dr Walsh and Mrs Mullins asked that it be recorded that they abstained from voting on this resolution.

### **Forward Plan of Key Decisions**

27. The Committee considered the Forward Plan of Key Decisions dated 9 May, (copy appended to the signed minutes), and the tabled summary of changes made since publication of the papers, (copy appended to the signed minutes).

28. In relation to the A259 Dualing Site Preparation Acceleration decision in the Prosperous Place priority; the dualing was welcomed but a member expressed concern that the involvement of the legal team in regard to the necessary compulsory purchase orders (CPO) appears to come late in the process of the works which may delay the project. The member queried whether legal should be involved earlier in the process in order to minimise the possibility of delay, for example public enquiry following the CPO. *The Leader commented that this particular case has been challenging, however the member's concern will be related to the Cabinet Member for Highways and Infrastructure.*

29. Resolved – That the Forward Plan be noted.

### **Possible Items for Future Scrutiny**

30. A member expressed concern regarding the timing of the West Sussex Plan, savings proposals, Capital Programme and Revenue Budget coming to Committee/County Council. Previously all the items came together which gave members a comprehensive view of the financial position. Last year the items came to separate meetings which some members feel is disjointed. *The Cabinet Member for Finance and Resources explained that the elements of the Budget were coming separately in order to agree the Budget in parts starting with savings proposals first; this enables the agreed savings to then be carried through in the subsequent Budget papers and minimises the need for officers to amend the Budget on a very tight timescale. The Chairman noted that the presentation of the elements of the Budget is due to be discussed at the next meeting of this Committee's Business Planning Group (BPG), that the feedback will be noted and considered at the BPG, and that a report from the BPG will come to this Committee's July meeting.*

### **Date of Next Meeting**

31. The Committee noted its next scheduled meeting will take place on Monday 9 July 2018, commencing at 10.30am.

The meeting ended at 1.00pm.

Chairman.