

## **Performance and Finance Scrutiny Committee**

28 November 2022 – At a meeting of the Performance and Finance Scrutiny Committee held at 10.30 am at County Hall, Chichester, PO19 1RQ.

Present: Cllr Montyn (Chairman)

Cllr Burrett	Cllr Elkins	Cllr Sparkes
Cllr Baldwin	Cllr Gibson	Cllr Turley
Cllr Boram, Left at lunch break.	Cllr Kerry-Bedell, Left at 12.55	Cllr Wall
Cllr Britton, Left at lunch break.	Cllr McDonald, Left at 14.31.	Cllr Payne, Arrived at 10.45
Cllr Condie	Cllr McKnight, Left at 14.25.	

Apologies were received from Cllr Linehan

Absent:

Also in attendance: Cllr Hunt, Cllr Marshall and Cllr Waight

### **Part I**

#### **32. Declarations of Interest**

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

- Cllr Sparkes in respect of item 5, End of September 2022 (Quarter 2) Quarterly Performance and Resources Report as a member of Worthing Borough Council
- Cllr Waight in respect of item 5, End of September 2022 (Quarter 2) Quarterly Performance and Resources Report as a member of Worthing Borough Council

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

33.1 It was noted that on page 7 bullet 4, 'wate' to be corrected to 'waste'.

33.2 Resolved – that the minutes of the meeting held on 26 September 2022, with the correction above, be approved as a correct record and that they be signed by the Chairman.

#### **34. Responses to Recommendations**

34.1 The Committee queried the response in relation to the internal governance arrangements for projects as its recommendation was in relation to all future large scale projects, not just Smartcore,

therefore the response should remain as an on-going issue as this was not adequately covered.

34.2 Resolved – That the Committee: -

- i. Would like the Equality & Diversity Plan to be discussed at a future meeting
- ii. Asks the Cabinet Member for Support Services and Economic Development to consider and consult on the wider issues around large project governance arrangements

### **35. End of September 2022 (Quarter 2) Quarterly Performance and Resources Report**

35.1 The Committee considered the Quarter 2 Performance and Resources Report by the Director of Finance and Support Services summarising the positions of finance, performance, risk, and workforce as at the end of September 2022 (copy appended to the signed minutes).

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

- This Performance and Resources Report reflects the position at the end of September so the effects of the 23 September mini budget will be reflected in the next report - **Action:** Director of Finance and Support Services to include up-dated national context in the Quarter 3 Performance and Resources Report to be reviewed by the committee in March
- Accelerated projects in the Capital Programme are being funded by internal borrowing and/or grant money with no impact on the cost of external borrowing
- Accelerated projects are schemes originally planned for 2023/24 that have been brought forward into 2022/23 - **Action:** Director of Finance and Support Services to provide more information on accelerated schemes
- The Committee queried whether census data showing a large increase in population, particularly in the over 65s bracket was putting pressure on Adults Services in Middle Layer Super Output Areas and whether any analysis has been done to predict future pressure areas - **Action:** Assistant Chief Executive to share analysis of this data with committee members
- Queried whether there should be linkages made in the Council Plan to encourage people not claiming Jobseekers Allowance to return to work after the Covid pandemic. It was confirmed that the Council is trying to re-engage with this group of people
- As a result of the findings of the Smarter Working Programme the Northleigh and Grange buildings on the Council's Chichester site would be mothballed whilst alternative solutions for them were sought
- Any social workers the Council employs from overseas will have to meet high criteria and be supervised by managers – **Action:** The Health & Adult Social Care Scrutiny Committee to monitor the situation

- Queried the influence the building of cycleways has on the take-up of usage and recognised that there is no one size fits all for communities - **Action:** The Communities, Highways & Environment Scrutiny Committee to monitor usage of cycleways
- The 9.1m overspend in the Children and Young People's Portfolio is due to increasing social care costs, external placements and the rising number of children requiring Education, Health & Care Plans - **Action:** The Children & Young People's Scrutiny Committee to monitor
- The Council is providing additional spaces for children with special educational needs to meet the increasing demand
- The Services Grant from Government included funding for the national insurance increase, but this has been reversed, so there will be an underspend or some of the grant will be available to fund any increased pay award.
- It was expected that all covid related grant money would be spent by the end of the financial year
- Currently there is a statutory instrument in force allowing the Council to keep the Dedicated Schools Grant deficit off its balance sheet, however, if this is not extended, the Council will need to bring the deficit back onto the balance sheet which will have a significant impact on Council finances
- The Committee queried which of the county's schools will be covered by the new Heat Decarbonisation Plans. **Action:** Assistant Director Property & Assets to investigate
- The Council believes that the £7m inflation reserve will be adequate to cover inflation in the Capital Programme – this will be monitored and take into account any slippages in the Capital Programme. The availability of contractors is an issue for the Council as many are currently unable to tender for work due to inflation and workforce issues
- None of the £7m has been used so far as inflation is built into project costs, but may be required if there is a sudden change
- Mitigating actions are in place to cover the non-delivery of procurement savings
- The decision 'Endorsement of design and procurement process: Worthing Public Realm Improvements Programme: Railway Approach Scheme', has come out of the Forward Plan of Key Decisions because the Cabinet Member for Support Services and Economic Development was asked by Worthing Borough Council to suspend the programme whilst it is looked at in more detail
- Rolling out high-speed broadband has to be commercially viable to be taken forward, where it is not, the Council, with the assistance of government Grant, looks at providing a voucher scheme or other help
- The increasing impact of inflationary rises and cost of living issues could have an impact on the demand for Council services, this will be covered in considerations for the 2023/24 budget
- The Council pays above the national minimum wage and is looking at terms and conditions and ways of working to improve recruitment and retention of staff
- The high number of people with disabilities that have left the Council coupled with fewer new starters (or transfers from CAPITA) who have not completed the equality and disability

disclosure information accounts for the lower number of disclosures this quarter and why it is expected to increase

- There has not been an increase in people disclosing mental health issues
- The figures around staff sickness were unclear – **Action:** Director of Human Resources and Organisational Development to investigate and ensure they, and the narrative around them, are correct going forward
- Details of the numbers and cost to the Council of days lost due to staff sickness by department was requested – **Action:** Director of Finance and Support Services to look at the possibility of producing this information for the Committee

### 35.3 Resolved – that the Committee

- i. Recognises that we are in fast moving uncertain times in terms of the financial situation
- ii. Requests that the Quarter 3 Performance & Resources Report includes an update in terms of the national context, particularly in relation to inflation and interest rate changes
- iii. Expresses concerns over the level of inflation and its effect on the Council's budget, the continuing issue around the Dedicated Schools Grant deficit, the Capital Programme and recruitment and retention across all services of the Council. (The Committee will receive a report on recruitment and retention, related to Corporate Risk 11, at its January meeting. That report is requested to include information re the safeguarding issues raised when employing officers from other countries)
- iv. Recognises that Corporate Risk 22 (financial resilience) is an on-going issue that it needs to keep in mind in terms of future scrutiny of the budget and further Performance & Resources Reports.
- v. Asks other scrutiny committees to take forward the following:-
  - Health & Adult Social Care Scrutiny Committee – specific issues in relation to the recruitment and retention of Social Workers
  - Children & Young People's Services Scrutiny Committee – the projected portfolio overspend, the mitigating actions required and budget considerations
  - Communities, Highways & Environment Scrutiny Committee – provision of cycleways and how this does/doesn't influence residents to take up cycling
- vi. Requests more detail in terms of the sickness absence rates by service and whether officers could give consideration to providing figures in relation to the cost of absences

## 36. Council Plan and Medium Term Financial Strategy

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

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

- The point at which people have to pay for adult social care is a statutory process and depends on the amount of their assets and is decided nationally. There are very clear rules and criteria around this. The Council has particular challenges as a result of the ageing population.
- The Council is aware that census data shows that household occupancy levels may lead to a reduction in council tax revenue and is discussing this with the district and borough councils to work out tax bases and the implications for Council funding in the future
- The Council has estimated the staff pay award for 2023/24 and has factored in 4% for this, which is similar to estimates by other authorities
- The Capital Programme is more moveable than the revenue budget as construction times are not known in advance, so the finance is heavily loaded for future years, but will come down as certainty emerges
- The Council had achieved 90% - 95% of its savings targets till covid – **Action:** Director of Finance and Support Services to look into why some back savings have been carried forward
- The New Homes Bonus of £1m is an estimated amount – it is uncertain if it will continue
- The uplift in the S31 grant to support delivery of the Government's rough sleeping strategy and provide intensive support to care leavers at highest risk of homelessness/rough sleeping is an assumption based on previous amounts and inflation
- The revenue cost of the Capital Programme was queried – **Action:** Director of Finance and Support Services to check the figures

### 36.3 Resolved – that the Committee: -

- i. Requests that the impact of a changing population on Council Tax revenue be investigated and managed
- ii. Queries the ability to deliver the Capital Programme when the market is uncertain and challenging
- iii. Expresses concern for staff in terms of the differences between pay and price inflation
- iv. Stresses the need for the savings identified to be robust and achievable
- v. Requests more information, as part of the budget process, on the review of economy objectives, key performance indicators and targets and revising down pressures

## 37. Update after first year of Joint Venture in Property Development

37.1 The Committee considered a report by the Assistant Director Property and Assets (copy appended to the signed minutes).

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

- New developments will follow national regulations, reflect the demands of customers and will be as environmentally sustainable as possible
- The Joint Venture is limited to 30 years
- Land that is not chosen for development through the Joint Venture (such as small parcels) as part of the options review process are likely to be disposed of through the property market. This will be determined by the initial review of land when it is suitable for disposal
- Income from developments will depend on build rates
- All the Council's advisers are required to ensure impartial advice on scheme viability and only support the Council
- Land values will be determined when we have 85% certainty on construction costs and planning consent has been obtained
- The Risk Register was developed after the audit report identified areas of weakness – mitigations have been and will continue to be implemented
- The Joint Venture Adviser has not been appointed yet as we are at the start of the process, but this will be required as the project gains momentum
- The issue of water neutrality is affecting some sites and a resolution is hoped for soon
- The mix of property developed in each area will be driven by local market demand and the local authority's local plan
- All housing will have air/ground source heating pumps or solar panels – **Action:** Assistant Director Property and Assets to provide information on the extent to which solar panels are used in these schemes and how
- If the Council walked away from a scheme, Lovells would be responsible for all costs to that point, however this would be reviewed to retain a working relationship
- The improved framework of governance, risk management and control will be implemented in the coming months – **Action:** Assistant Director Property and Assets to send the improved framework to committee members by email when available
- A representative from the Council's appointed partner, Lovell Partnerships Limited, will attend a future meeting of the Committee when the Joint Venture is discussed

### 37.3 Resolved – that the Committee: -

- i. Supports the overarching principles of the Joint Venture
- ii. Seeks information in relation to the building of environmentally sustainable properties and commitment to consider climate change in future
- iii. Requests a further up-date/progress report to the Committee to include a programme of site delivery, recognising that will need to be confidential, and the costs and benefits of the developments
- iv. Seeks assurance that the local need in terms of housing requirements is taken into account when developing sites
- v. Requests scrutiny of the social value charter when developed

### **38. Multi-Disciplinary Consultant - Plans for the New Contract**

38.1 The Committee considered a report by the Assistant Director Property and Assets (copy appended to the signed minutes).

38.2 Summary of Members' questions and comments: -

- The contract with Faithful & Gould will be monitored through key performance indicators
- The Council requested a review by Hampshire County Council on Faithful & Gould as Multi-Disciplinary Consultants (MDC) and it was found that their prices and programmes were within acceptable tolerances
- The Council also has access to comparable information from other local authorities
- All construction work is subject to normal procurement rules and going out to tender to achieve the best price
- Faithful & Gould has the potential to support 'works' projects undertaken by the Council.
- The costs of the MDC are included within individual project costs
- The MDC is commissioned by the Council to undertake works on a 'case by case' basis. It is unlikely to include General repair/maintenance
- A benefit of working with the MDC and big contractors is that they can appraise what is happening in the marketplace and give the Council early warning of any problems

38.3 Resolved – that the Committee accepts the working arrangements of the Multi-Disciplinary Consultant and stresses the need to monitor the achievements and benefits of the contract through the Key Performance Indicators developed.

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

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

### **40. Work Programme**

40.1 The Committee requested the following changes to the work programme: -

- A further update on the Joint Venture to come back to the Committee at a suitable time
- The inclusion of a report on recruitment and retention, linked to Corporate Risk 11 to come to the Committee in January
- The Business Planning Group to consider the proposal to include scrutiny of the social value charter when this is developed

40.2 Resolved – that the Committee agrees its work programme.

### **41. Date of next meeting**

41.1 The next meeting will take place on 25 January 2023 at 10.30am.

The meeting ended at 2.34 pm

Chairman