Performance and Finance Scrutiny Committee

27 November 2023 – 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 Gibson, left 1.11pm	Cllr Sparkes
Cllr Baldwin	Cllr Lord, left 2.02pm	Cllr Turley
Cllr Boram	Cllr McDonald, left	Cllr Wall
Cllr Britton	2.32pm	
Cllr Elkins	Cllr McKnight	
	Cllr Milne	

Apologies were received from Cllr Linehan

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

22. Declarations of Interest

22.1 In accordance with the code of conduct, the following declarations of interest were declared:-

22.2 Cllr Milne in respect of item 5, a personal interest as Cabinet Member for Planning and Infrastructure at Horsham District Council.

22.3 Cllr Gibson in respect of item 6, a personal interest as a member of Mid Sussex District Council.

23. Minutes of the last meeting of the Committee

23.1 Resolved – That the Minutes of the meeting held on 7 September 2023 be approved as a correct record and that they be signed by the Chairman.

24. Urgent Matters

24.1 No urgent matters were raised.

25. Responses to Recommendations

25.1 The Committee received responses to its recommendations at recent meetings.

25.2 A member clarified that the question around CR61 was whether the risk level had changed in the Property and Assets Risk Register after the Reinforced Autoclaved Aerated Concrete (RAAC) announcements. The Chairman reassured the Committee that the risk level had changed within the Property and Assets Risk Register.

25.3 A member raised a point on page 15 regarding information on property team performance to deliver school places being included in the PRR. The member had actually raised a concern about the timeliness of delivery of school places and felt the measure did not capture the implications of projects being delayed but delivered within the academic year. **Action**: The Cabinet Member for Finance and Property agreed to consider the matter and report back to the Committee.

25.4 Resolved – That the Committee notes the responses.

26. End of September 2023 (Quarter 2) Quarterly Performance and Resources Report

26.1 The Committee considered the Quarter 2 Performance and Resources Report (PRR) by the Director of Finance and Support Services summarising the position on finance, performance, risk and workforce as at the end of September 2023 (copy appended to the signed minutes).

26.2 Two corrections were tabled to the papers, which would be appended to the signed minutes, on page 27 Table 4 the Highways and Transport underspend should be coloured green not red. On page 30 the bullet points under point 47 do not align with Table 5 which has the correct data.

26.3 Members of the Committee asked questions and a summary of those questions and answers follows.

- A member welcomed the opportunity to consider value for money but suggested that, as the service scrutiny committees would review their portfolio areas, that this Committee should focus on overall value for money with comparative data at the end of the financial year, or another appropriate time, being provided in the PRR. **Action**: The Cabinet Member for Finance and Property agreed to take the idea forward and would discuss with officers.
- The additional £6.3m income received into the 2023/24 Business Rates and Collection Fund exceeds the budget prediction set in January. This now reflects actual income received above the estimate from the district and borough councils.
- Under the Government's current statutory override, the Dedicated Schools Grant (DSG) balance can be held off the balance sheet and therefore shows as an Unusable DSG Reserve balance. This deficit is forecast to be approximately £67m by the end of the financial year. **Action:** The Director of Finance and Support Services agreed to provide further information in relation to the £16m of transfers to/(from) General Fund on Appendix 2.
- The Cabinet Member for Finance and Property was confident that, at this point in time, all the projects in the Capital Programme would be delivered. The Assistant Director Property and Assets explained that there were a range of different

reasons why the Capital Programme projects were showing as red in their RAG status and provided an up-date on those projects listed in Table 7. The Cabinet Member for Finance and Property highlighted that there were many other Capital Programme projects, not shown in this report, that had a green RAG status, including approximately 36 school projects. Some projects were delayed due to water neutrality problems, particularly in the Horsham area. Projects that have seen an increase in cost due to delays will be reviewed to ensure they are still viable, but at present expect all to continue as planned.

Finance and Property Portfolio

- Reinforced Autoclaved Aerated Concrete (RAAC) – Following the Department for Education (DFE) guidance, 112 schools had been required to complete a stage 1A (walkthrough) inspection. This led to a few schools requiring further inspection which confirmed that RAAC was not present. Approximately 12 schools undertook a stage 1B inspection to understand the building better. No RAAC was found through the stage 1B inspections. One academy school had been identified as having RAAC in external buildings. The County Council has also used the DFE guidance for inspecting its corporate assets and no presence of RAAC had been found in any building to date.
- The projected overspend on reactive maintenance had arisen because more staff were using offices again after covid and therefore identifying areas in need of reactive maintenance, as well as the County Council having an ageing property stock. There was no benchmarking available in this area against other local authorities, although through networking groups it was considered that the County Council was at a mid-point on the scale of reactive maintenance expenditure.
- The Experience West Sussex campaign does not have a cost on the County Council. The campaign is about recovery of the local economy. The latest data set showed visitors were at about 81% of where they had been pre-covid, showing a strong recovery for West Sussex. Work was also underway with East Sussex and Brighton and Hove councils to stimulate the economy. This could lead to an opportunity for more structured partnership work with organisations such as Visit Britain and Visit England, through which Government funding could be bid for.
- KPI 15 – Phase 1 of the Digital Futures West Sussex had not been as successful as hoped in engaging businesses, so the programme was moving to Phase 2, which involved working with existing audiences and providing digital upskilling.
- The One Public Estate (OPE) programme is a Government funded scheme to support reviews of sites where there is shared ownership in order to make best use of resources. This is distinct from the property Joint Venture (JV) which is a partnership with a commercial company to generate financial returns on appropriate development sites. The JV has separate and clearly set out governance arrangements, including scrutiny.

Support Services and Economic Development Portfolio

- No difficulties had been experienced in implementing the upgrade to 5G **Action**: The Cabinet Member for Support Services and Economic Development agreed to speak to the Communications Team to see what was showing on social media, etc, to see if there were any trending themes.
- Social workers appointed from overseas were not tied to the County Council through contractual or visa arrangements, however relocation expenses paid had a payback period. Work to develop communities for the international social workers is critical to make them feel welcome and comfortable and this aided retention. This work will be regularly monitored.
- KPI 51 – Plans were in hand to move more Customer Services Centre calls to digital channels, but they were not closing non-digital channels. Advances in digital technology meant most calls could be answered that way.
- The target for KPI 20 has increased by a significant amount, this is considered to be stretching but achievable.

Workforce Information

- Significant work was under way to understand the increase in short-term sickness levels, including improving the quality of data. The Service was looking to increase the number of mental health first aiders, improve the support offered by the occupational health providers and provide better signposting for staff to further support. Work was also being undertaken on the performance of the occupational health provider as some staff had experienced delays in arranging appointments.
- The Director of HR and Organisational Development reported that there was close work with services to ensure HR was not providing a generic response to issues, but considered factors individual to a team or service, e.g. public facing or back office staff. He highlighted that many front-line staff were among the lower paid and it has been recognised that there were more incidents of stress and anxiety in this staff group, however this is often related to pressures such as increases in the cost of living and not necessarily work related. **Action:** The Director of HR and Organisational Development agreed to check the figures in Table 1 for the lines Adult Services & Health and Adult Services.
- Members welcomed the recommendations from the Task and Finish Group on staff retention being taken forward, particularly work on apprenticeships. The Committee was informed that two apprenticeship work streams had been developed, one of which was specifically a scheme for care leavers. In an up-date to the information provided in the PRR approximately 20 new apprenticeships had joined the Council in quarter three and members were keen to understand the age profile of those who had taken up apprenticeships. **Action:** Director of HR and Organisational Development to let the Committee have data on the age profile of apprentices.

26.4 Resolved – That the Committee

i. Requests that on a regular basis the Performance & Resources Report should include comparative data on performance to enable members to be able to better assess/consider value for money.
ii. Welcomes the extra information in the report on capital projects and the work being done to keep projects on-track. The Committee will continue to monitor progress on these through future Performance & Resources Reports.
iii. Confirms the position with regard Reinforced Autoclaved Aerated Concrete (RAAC) and that no sites have been found to contain RAAC at the present time.
iv. Recognises that the County Council has a number of ageing properties which has an impact on the rising costs of reactive maintenance.
v. Stresses the need for inflation and overspend issues to be fully explored and reflected when setting the 2024/25 budget.
vi. Welcomes the work being done on the reasons for sickness absence and the extra information now included in the Reinforced Autoclaved Aerated Concrete on this.
vii. Welcomes the extra work and initiatives being put in place to support staff suffering from stress/mental health issues.
viii. Supports the update on the actions related to the recent recruitment and retention Task & Finish Group and the importance given to staff as they are a key resource across the County Council.

27. Update on Council Plan, Medium-Term Financial Strategy and Preparations for 2024/25 Draft Budget

27.1 The Committee considered the preparations for refreshing the Council Plan, proposals for the draft 2024/25 revenue budget and the updated Capital Programme.

27.2 Members of the Committee asked questions and a summary of those questions and answers follows.

- The Cabinet Member for Finance and Property confirmed that there was confidence that the savings planned for 2024/25 were deliverable. Work was ongoing with all service directors to ensure that if 2023/24 savings were at risk of not being delivered that mitigations needed to be found and put in place. Service pressures would be accounted for when setting the 2024/25 budget.
- The proposed budget for 2024/25 had been calculated using the latest inflation forecast figures from the Office of Budget Responsibility and the latest forecasts for interest rates, these figures would be kept under review.
- At this stage in the budget setting process the County Council had not included any funding for the New Homes Bonus in the figures as the Government had not yet confirmed that the scheme would continue.
- The rising costs of home to school transport for school children was a national issue and had been discussed extensively at a recent County Councils Network meeting, who had agreed to continue lobbying the Government.

- The planned budget stakeholder event would involve key partners, including district and borough officers, voluntary sector representatives, statutory and non-statutory partners. It was reported that the online budget consultation had received a good response so far with three more weeks to run. Analysis would be available for the Committee in January 2024.
- The recent Autumn Statement from the Government had given an increase in the minimum wage that was higher than the County Council had budgeted for. This would have an impact on care providers who were seeking additional finance from the County Council. The continuing lack of clarity over the Adult Services precept was recognised as a concern and needed continuing lobbying to Government to resolve.
- Once the core funding settlement is announced the County Council will establish how much funding needs to be raised through the Council Tax levy. It is currently budgeted at the maximum increase level, which is expected to fall in 2025. The County Council has been working with the County Councils Network providing feedback for them to lobby the Minister. A decision on the level of Council Tax funding would be made at the County Council meeting in February 2024.
- The level and cost of capital borrowing was confirmed to be £468m at an annual cost of £18.8m in 2023/24. The Capital Programme is currently under review to ensure borrowing is sufficient, this will be presented to the committee in January 2024.

27.3 Resolved – That the Committee:

i. Seeks reassurance that savings included in the budget proposals are achievable.
ii. Welcomes the work being done around the budget including monitoring the continuing service pressures and mitigating actions.
iii. Supports the lobbying of Government in terms of increasing local authority funding.
iv. Supports the continuation of plans to replenish the level of reserves.
v. Looks forward to receiving the outcomes of both the on-line budget consultation and the stakeholder event when it scrutinises the Council Plan and draft budget in January.
vi. Looks forward to receiving the detailed budget report in January which will finalise figures and build on the assumptions currently being made.
vii. Recognises that inflation rates and changes continue to be an important factor to consider when setting the budget.

28. Insourcing of Support Services

28.1 The Committee reviewed the report on the outcomes and lessons learnt from the insourcing of support services.

28.2 Members of the Committee asked questions and a summary of those questions and answers follows.

- Members welcomed the insourcing work and recognised that this would produce a £300,000 saving on costs and acknowledged that the funding allocated for the insourcing project had not been fully used. Savings have been found through more efficient working and by departmental team hierarchies resulting in fewer management layers
- Staff capacity would always be a challenge when completing large, corporate projects, therefore thought must be given to the prioritisation of tasks which will have the biggest impact for residents.
- Members asked that learning from the project be shared across the County Council and officers confirmed that learning was being shared with leadership teams, other management teams, digital project teams and the Smartcore programme internally and externally through networking groups.

28.3 Resolved – That the Committee:

i. Welcomes the report and thanked officers and Cabinet Members.
ii. Welcomes the Value For Money achieved through the insourcing in terms of lower costs and higher quality services.
iii. Recognises that there are capacity issues in a lean organisation and therefore the need to prioritise resources.
iv. Supports the lessons learnt from this project being transferred to other programme areas, particularly around being clear about objectives and outcomes from the outset of any project.
v. Supports the continuing review of contracts across the organisation in order to benefit from the lessons learnt.

29. Call-in of decision Property and Assets: Declaration Surplus FP04 23/24

29.1 The Committee received the request for call in to part of the proposed decision Property and Assets: Declaration Surplus FP04 23/24 by the Cabinet Member for Finance and Property, Cllr Hunt, concerning Tangmere Perimeter Track (Part), Tangmere Airfield, Tangmere, Chichester, published on the Executive Decision Database on 9 November 2023.

29.2 The Committee received statements from Cllr Oakley outlining the reasons for the call-in request and from the Cabinet Member for Finance and Property on his reasons for taking the decision.

29.3 Members of the Committee asked questions and a summary of those questions and answers follows.

- No decision had yet been made on the future of the land requested to be declared surplus. Disposal for sale was just one option open to the County Council.
- The Cabinet Member felt that, in the current economic climate, it would be better to release the site rather than keep spending large sums of money on the upkeep of this private track.

- A member of the Committee asked how much consultation had there been with the local member on the site? The Cabinet Member confirmed that consultation had taken place but agreed to take this point away for consideration in relation to whether this could be improved for future sites.
- Members of the Committee were keen to understand how they could scrutinise any future decision on the surplus land and the Cabinet Member agreed to take this point away.

29.4 Resolved – That on a show of hands the majority of the Committee supports the decision as it stands, but makes the comments and recommendations below for the Cabinet Member to consider when taking any further decision in relation to this site:-

i. The Committee requests that it be given the opportunity to scrutinise any future decision in relation to this site at the appropriate time. The decision should consider alternative uses for the site, sustainability requirements, compliance with corporate policies and any mitigating actions required as a result of the decision.

ii. That the Cabinet Member for Finance and Property and officers should consider the 4 points in the Focus for Scrutiny report when deciding what to do with the this land in future and that this is clearly set out in the decision report: -

- Whether due consideration has been given to opportunities to promote active travel through the management and planning for this area of land.
- In considering future options for this site, how environmental, climate change and transport aims have been balanced against budgetary considerations.
- Whether it is important to give fuller consideration to improving the public rights of way network as part of the decision-making for this site.
- How best to ensure future maintenance of this part of the perimeter track to a standard that ensures the long-term viability of the recycling site.

iii. Active Travel and maintenance of the asset to be a clear consideration when considering future options for the land.

iv. More generally the Committee recommends that the process around declaring assets surplus to operational requirements is looked at to ensure it is clear and meets governance requirements, including effective consultation with local members and when scrutiny could take place.

30. Work Programme Planning and possible items for future scrutiny

30.1 The Committee considered the Work Programme and the extract of the Forward Plan of key decisions (copies appended to the signed Minutes).

30.2 The Committee welcomed the funding received from Government for Digital Innovation work.

30.3 Resolved – That the Committee notes the Forward Plan of key decisions and its work programme.

31. Date of next meeting

31.1 The Committee notes its next meeting will take place on 24 January 2024, commencing at 10.30am.

The meeting ended at 2.46 pm

Chairman