

Performance and Finance Select Committee

9 July 2018 – At a meeting of the Performance and Finance Select Committee held at 10.30 am at County Hall, Chichester PO19 1RQ.

Present: Mr Montyn (Chairman)

Mr Elkins	Mrs Kitchen	Mr Turner
Mr Barrett-Miles	Mr Lea, left at 2.35pm	Mr Waight
Mr Boram	Mrs Mullins	Dr Walsh, left at
Mrs Dennis, left at 2.35pm	Mr Smytherman	12.24pm

Apologies were received from Mr Bradbury, Mr Cloake and Mr Crow

Absent:

Also in attendance: Mrs Brunsdon, Ms Goldsmith, Mr Hunt, Mr Jupp, Mr Lanzer, Mr S J Oakley, Mr Patel and Mrs Purnell

Part I

32. Declarations of Interest

32.1 Mrs Kitchen declared a personal interest in relation to the Submission of an Outline Planning Application for the former Novartis site as Vice Chairman of the Planning Committee and as a local Councillor for Horsham District Council.

32.2 Mr Lea declared a personal interest in relation to the Submission of an Outline Planning Application for the former Novartis site and the Capital Programme as an occasional visiting lecturer at Brighton University.

32.3 Mr Barrett-Miles declared a personal interest in relation to the Submission of an Outline Planning Application for the former Novartis site as Member for Burgess Hill North.

32.4 Mrs Dennis declared a personal interest in relation to the Submission of an Outline Planning Application for the former Novartis site as having family interest in Grade A office space in Horsham.

32.5 Lee Harris, Executive Director of Economy, Infrastructure and Environment, declared a personal interest in relation to the Submission of an Outline Planning Application for the former Novartis site as a resident living near the site.

32.6 Mr Smytherman declared a personal interest in relation to Asset Management Policy and Strategy as a Local Authority Governor of the Alternative Provision College for West Sussex, a personal interest in relation to Annual Scrutiny Performance (Joint Scrutiny) as a member of Worthing Borough Council, and a personal interest in relation to the

Forward Plan (Solar Power for Schools) as Chair of Governors for St Mary's Catholic Primary School Worthing.

33. Minutes of the last meeting of the Committee

33.1 Resolved – That the Minutes of the Performance and Finance Select Committee held on 18 May 2018 be approved as a correct record and that they be signed by the Chairman.

34. Part II Matters

34.1 Members expressed concerns regarding the exclusion of the Press and Public for the agenda item Submission of an Outline Planning Permission for the former Novartis Site, including whether this matter should be discussed in public as it relates to an application for planning permission and there is public interest in this item. Members queried whether, if necessary, exempt financial information could be included for members only in a Part II Appendix but the body of the report be discussed in Part I.

34.2 The Chairman clarified that the planning application will be in the public domain once submitted to Horsham District Council. The Leader sympathised with member's comments that where possible items should be heard openly, however the item was being heard in Part II following advice of the Monitoring Officer due to the financially sensitive information.

34.3 Mrs Mullins, Mr Smytherman and Dr Walsh asked it be recorded that they were against the hearing of the Submission of an Outline Planning Permission for the former Novartis Site item in Part II.

35. Exclusion of Press and Public

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

35.2 The Committee continued its discussions in Part II, for which a Part I summary is available. The discussions in Part II took place from 10.45am until 12.24pm.

36. Part II Minutes of the 18 May meeting

36.1 Resolved – That the Part II minutes of the Performance and Finance Select Committee held on 18 May 2018 be approved as a correct record and that they be signed by the Chairman.

37. Submission of an Outline Planning Application for the former Novartis site, Wimplehurst Road, Horsham

The Committee considered and commented on a proposed outline planning application for the Novartis site, Wimblehurst Road, Horsham in Part II.

Resolved – That the Committee reviewed the progress with the development of the former Novartis site, and made recommendations to the Leader for consideration ahead of submission of the outline planning application to Horsham District Council.

38. Adoption of the County Council's Asset Management Policy and Asset Management Strategy

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

38.2 The Cabinet Member for Finance and Resources introduced the report, noting that the Policy and Strategy documents together provide a framework for the Asset team and multi-disciplinary property development partner to manage the Council's assets in the future.

38.3 The Executive Director of Economy, Infrastructure and Environment introduced the report and notes his thanks to the officers who worked on the development of the Policy and Strategy documents - Nick Smales , Director of Economy, Planning and Place, and Jo Twine, Asset Strategy Manager - but have recently left the Council. The Policy provides the overall mission and objectives of Asset Management, which the Strategy then takes forward alongside the wider aspirations of the Council to outline a high level action plan for meeting the objectives of the Policy.

38.4 The Committee made comments in relation to the Asset Management Policy and Strategy including those that follow. It:

- Highlighted in relation to Centenary House Worthing that it was agreed prior to 2012 that the property, which is jointly owned by this Council and Sussex Police, was to be disposed of but this has not happened, and queried whether this new strategy will determine action in relation to the property. *The Executive Director of Economy, Infrastructure and Environment explained the multi-disciplinary partner has been asked to assess the viability of the property for future redevelopment and this should take place in early 2019.*
- Requested that local Members be consulted at an early stage where substantial changes to property assets in their ward are being considered. *The Executive Director of Economy, Infrastructure and Environment stated consultation with local members will happen and noted this happens at different times and in different ways dependent upon the asset. The Chairman highlighted it had been noted and minuted in previous Committee meetings that local members were to be consulted on any substantial property changes within their wards, such as a substantial change in use, surplus property declarations and key property acquisitions or disposals as appropriate.*
- Commented that it was understood an Asset Management IT system will be purchased and implemented as a result of this project. The Member sought assurance that the asset list being prepared would

list the values of the properties on the register, and would also form the foundation for the fixed asset list used to record assets for the inclusion in the Financial statements in order to avoid asset reconciliation irregularities. *The Executive Director of Economy, Infrastructure and Environment will enquire and provide this information to the Committee.*

- Commented that current working practices and ways of working differ considerably now to those in the past and urged officers not to underestimate how the workplace environment can encourage new ways of working and changes to HR practice. It would therefore be beneficial to link the asset strategy to HR work-based policies to ensure they align. *The Leader supported this view and noted the Council currently holds some unsuitable buildings for modern working. Some significant changes could be needed in order to deliver the right service to residents at the right time, and the recent Grimsey Report 2 encourages councils to come into the town centre of their communities. Subject to business cases assets will be disposed of or invested in as needed.*
- Queried how changes to assets will be scrutinised in future following adoption of the Policy and Strategy documents e.g. by area or case by case, noted there is tension between financial return and social value of County property, and commented that PropCo does not have enough drive to bring significant income. *The Executive Director of Economy, Infrastructure and Environment explained that this Committee scrutinises the Strategy, and he will monitor the action plans alongside the Leader and Cabinet Member for Finance and Resources to ensure that the objectives are being met. The Leader explained that PropCo involves lots of legal process so this takes time to establish. Assets have been managed and disposed of as required, but good corporate landlord processes are required for the future.*
- Queried whether the service area property representatives are from within the service areas or from the Finance Team. *The Executive Director of Economy, Infrastructure and Environment clarified they are from within the service areas. The Council's assets cost £25m per annum and the income received is small. The Estate therefore needs to become more efficient and if possible reduce the number of assets held in order to minimise costs whilst maintaining services, there will therefore be a challenge to the services on the property required for provision of services.*
- Noted that services and residents become attached to certain locations and urged that local Members be consulted at the earliest opportunity in order to avoid unnecessary inconvenience to residents or costs accruing elsewhere in the Council's budget as a result. *The Cabinet Member for Finance and Resources accepted this feedback and noted the service area property representatives should help to improve communication across Council services.*
- Commented that officers should also look at whether other organisations, community groups and services could share the buildings.

38.5 Resolved -

- 1) That the Committee supported the Asset Management Policy and Strategy; and
- 2) That the Committee's comments as follows be taken into account by the Cabinet Member ahead of taking his decision:
 - i. That the Committee agree assets must meet the needs of the workforce and residents;
 - ii. That the Committee reiterate the need to consult with local Members on key property changes within their area such as a substantial change in use, surplus property declarations and key property acquisitions or disposals as appropriate;
 - iii. That the Committee review the progress made as a result of the implementation of the Asset Management Policy and Strategy at an appropriate time and that key decisions on property assets be subject to scrutiny at the appropriate time;
 - iv. That service reviews should be co-ordinated with the Asset Management Strategy and Policy;
 - v. That future-proofing be considered in decisions regarding assets; and
 - vi. That consideration be given to asset sharing with other organisations through the One Public Estate programme.

39. Quarter 4 Capital Programme Monitor and Annual Report

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

39.2 The Capital Programme Manager introduced the report which provides a status position on performance as at 31 March 2018, and highlighted key information for the Committee. The full year's data from 2017/18 will now provide baseline information and enable the team to begin analysing trends in future capital programme performance.

39.3 The Chairman informed the Committee that there had been a request from Mr Lea for much more detailed information in the quarterly capital programme performance monitor reports. Mr Lea has been invited to attend the next meeting of this Committee's Business Planning Group (BPG) in order to discuss his request.

39.4 The Committee made comments in relation to the Quarter 4 Capital Programme Monitor and Annual Report including those that follow. It:

- Commented that an indication of value against the pie charts in the report and appendices would be a helpful addition, and that the Risk section would benefit from more detail, which could be a Part II appendix for Members only if necessary. Commented that it would be helpful to state if highlight reports had been submitted by all projects, and that there is some inconsistency as the report lists 63 projects in delivery but a member counted 65. *The Chairman suggested the feedback from Members will be considered by the BPG alongside Mr Lea's comments.*
- Commented that since the revised estimate of the capital programme in the September Total Performance Monitor (TPM) there has been a 14% slippage from the revised budget, and

queried whether the Cabinet Member and Executive Director are satisfied with this amount of slippage. *The Executive Director of Economy, Infrastructure and Environment was not satisfied with the amount of slippage and will seek to improve this in future years. The Cabinet Member for Finance and Resources highlighted that £4m has been saved as a result of projects coming in under budget, in addition to an enhanced rate of return from Gainshare. The £5.5m of slippage was not due to any failure of the team, there were good reasons for most of the slippage in the capital programme, and the team understand the issues and are controlling it. The key focus now is to accelerate the capital programme and get back on track.*

- Expressed concern in relation to the delay with the Lyminster Bypass project that the issues weren't identified earlier. *The Executive Director of Economy, Infrastructure and Environment explained that the delays were due to the Environment Agency altering their flooding mitigation model which has resulted in a different calculation and increased cost. The Council were aware of the initial requirements and officers are maintaining engagement with the Environment Agency regarding this.*
- Queried why the purchase of the Kamelia Kids Children's Centre in Worthing did not come to the Children and Young People's Services Select Committee (CYPSSC) for scrutiny. *The Cabinet Member for Finance and Resources confirmed this was a non-key decision within the threshold and so was taken as an officer decision. The Leader commented that there is an ongoing dialogue with the Centre and that the purchase of the site gave security to the Children's Centre, and suggested the member referred it back to CYPSSC BPG if there was any further query.*
- Commented that the Worthing School Re-organisation project was established to manage a bulge in pupil numbers. Since its development some schools in the area have experienced a reduced number of pupils following the last admissions round, and queried whether the funds allocated to the now under-subscribed schools could be reallocated and equally shared around the more popular schools in the area who now find themselves under financial pressure. Also allied to this, whether the provision of temporary classrooms could be similarly reprofiled to allocate extra capacity to more popular schools. *The Executive Director of Economy, Infrastructure and Environment explained that the commissioning of this work lay with the Director of Education and Skills and an answer will be requested for the Committee.*
- Thanked officers for the continuing improvement of the capital programme performance monitor reporting.

39.5 Resolved -

- 1) That the information included in the report and feedback from members as noted above will be reviewed by the Business Planning Group at its next meeting in September; and
- 2) That officers continue to monitor and review any slippage in the capital programme.

40. Treasury Management Annual Report

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

40.2 The Cabinet Member for Finance and Resources introduced the report and stated it is proposed that the Treasury Management Annual Report now be presented to this Committee rather than Full Council. The Treasury Management of the Council is very strong, is regularly scrutinised and Members are engaged with it which is not the case in most authorities. The Cabinet Member wished to record his thanks to the Finance and Treasury officers for their hard work and diligence.

40.3 The Financial Reporting Manager introduced the report and highlighted key information for the Committee. There have been no changes to the Treasury Management Strategy approved in February 2017, and no breaches of the prudential indicators. There is no new external borrowing, and £7m per year has been repaid for the borrowing in 2011. Investment activity and performance in 2017/18 is provided in the report and all complies with the Strategy. The need to use the interest smoothing reserve was anticipated but not required, and the reserve remains intact at £0.830m.

40.4 The Committee made comments in relation to the Treasury Management Annual Report 2017/18 including those that follow. It:

- Queried the graph at 5.2 which shows external borrowing to be less than £50m by 2033/34. *The Financial Reporting Manager clarified that this is correct based upon the current debt, as it doesn't include borrowing specific to the future Capital Programme which would increase the figure.*
- Members agreed that the explanation at 5.2 could be explained more clearly for clarity, and adding the actual versus budgeted figures would also be helpful.

40.5 Resolved – That the Committee supports the Treasury Management Annual Report 2017/18.

41. Contracts Management Task and Finish Group (TFG) Report

41.1 The Committee considered a report by the Task and Finish Group (TFG) Chairman Mr Elkins (copy appended to the minutes).

41.2 The TFG Chairman thanked the Members involved and the officers supporting the TFG, and introduced the report to the Committee summarising the work that has been done. The report makes a number of recommendations suggesting how Members can monitor, review and gain insight into the contract management process. The report has been circulated to Select Committee Chairmen for their feedback. It is proposed that the TFG reconvene in 12 months once the new model has been implemented in order to review its success.

41.3 The Chairman and Leader thanked Mr Elkins and the TFG members as their work will help improve the performance of the Council.

41.4 The Committee made comments in relation to the Contract Management TFG Report including those that follow. It:

- Commented that Members were very supportive of the approach outlined in the report, that centralisation of skills is good and emphasis on Key Performance Indicators (KPIs) is helpful. The proposed templates will provide consistency of information across BPGs.
- Supported the proposal to reconvene the TFG in 12 months to review the success of the new model.
- Commented that Members and BPGs must be careful not to micro-manage the contracts, and to remain strategic in their monitoring. *The Cabinet Member for Finance and Resources agreed that members must remain strategic, and learn from the issues with the previous model but focus on the future operation of contract management.*
- Commented that the contract negotiation stage is important as if a contract isn't right at the start it runs badly thereafter, and suggested that BPGs also oversee this as member experience is valuable. *The Director of Finance, Performance and Procurement explained that the commercial legal team were the experts when it came to negotiating contracts, so it is a robust process where lessons are learned for improvements. The Chairman suggested this be put to this Committee's BPG to discuss.*

41.5 Resolved – That the Committee support the recommendations in the report and recommended these be put to the Cabinet Member for Finance and Resources for consideration.

42. Annual Scrutiny Performance 2017-18

42.1 The Committee considered a report by the Director of Law and Assurance and Head of Democratic Services (copy appended to the minutes).

42.2 The Head of Democratic Services introduced the report and highlighted that 2017-18 was not a typical year for scrutiny as it was an election year with a number of new members being elected. In the past year there has been a Member Survey, two Member Days and a Parliamentary Committee to look at the effectiveness of scrutiny in Local Authorities. Aspects from the Annual Scrutiny Newsletter were highlighted in terms of what had worked well, including the structure of scrutiny and its support by the Cabinet, and those that had not worked quite so well, such as long meeting agendas, meetings over-running, and reports being provided late. Members have highlighted items that could be addressed or done differently including the timeliness of scrutiny, the need for decision preview and the difficulty of demonstrating the outcomes and impact of scrutiny in a meaningful and tangible way. Members indicated satisfaction with the Budget process but gave poor feedback in relation to influencing its development which officers are taking on board for the 2018/19 budget process. A need for member training on chairmanship and questioning skills has been identified and will be taken forward.

42.3 The Committee made comments in relation to the Annual Scrutiny Performance 2017-18 including those that follow. It:

- Commented that the newsletter is well presented.
- Expressed disappointment that no joint scrutiny had been undertaken with district and borough councils, and suggested the One Public Estate programme could be a suitable topic for collaboration.
- Expressed concern that only 40% of members felt they had reasonable opportunity to influence the development of the Council's budget, and 45% felt that overall scrutiny input into the budget process was effective. Members suggested this feedback was due to the tight timescales and the budget being presented in two parts, which made it difficult for new members. The revenue budget should not be considered separately to the savings proposals. Members commented that questioning is important and that budget scrutiny is best performed by each select committee rather than by this Committee on behalf of all.
- Noted that there had been a decrease in members agreeing the select committee work programme reflects issues of greatest public concern/importance, and urged all BPGs to look at their work programmes and try to improve this.

42.4 Resolved -

- 1) That the Committee recommends the Finance Team review the budget timeline and scrutiny in line with member feedback;
- 2) That Business Planning Groups be asked to consider their work programmes to ensure matters of the greatest public concern are scrutinised; and
- 3) That training on chairmanship and questioning skills be arranged for members.

43. Business Planning Group Report

43.1 The Committee considered a report by the Chairman of the Business Planning Group (copy appended to the minutes).

43.2 The Senior Advisor introduced the report which provides an update from the latest BPG meeting held on 21 May 2018, and highlighted key information for the Committee. The report on Angels Nursery Barnham was requested to come to this Committee meeting but has been deferred to the October meeting. Members of the BPG had discussed the budget timeline to see if improvements could be made to the timing, and a largely similar budget timetable was agreed.

43.3 Resolved –

- 1) That the Committee supports the updates to the work programme as recommended by the BPG; and
- 2) That the Committee notes the latest Task and Finish Group Rolling Programme.

44. Forward Plan of Key Decisions

44.1 The Committee considered the Forward Plan of Key Decisions dated 27 June 2018, (copy appended to the signed minutes).

44.2 The Committee commented as follows. It queried regarding the consultation section of the Solar Power for Schools decision, whether the Catholic Diocese of Arundel and Brighton should be consulted regarding the decision. *The Senior Advisor will query this and respond to the Member.*

44.3 Resolved – That the Forward Plan be noted.

45. Possible Items for Future Scrutiny

45.1 A Member queried whether the One Public Estate programme and in particular the sharing of buildings and property with other authorities or organisations would be a suitable matter for Joint Scrutiny with district and borough councils. *The Senior Advisor will put this matter forward for consideration.*

46. Date of Next Meeting

46.1 The Committee notes its next meeting will take place on Friday 5 October 2018, commencing at 10.30am.

The meeting ended at 2.48 pm

Chairman