

Performance and Finance Scrutiny Committee

24 January 2024 – 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)

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| Cllr Burrett | Cllr Linehan | Cllr Wall |
| Cllr Baldwin | Cllr Lord | Cllr Hunt, Left at 13.25 |
| Cllr Boram | Cllr McDonald | Cllr Marshall, Left at 13.25 |
| Cllr Britton | Cllr Milne, Left at 13.24 | Cllr Waight, Left at 13.25 |
| Cllr Elkins | Cllr Sparkes | |
| Cllr Gibson | Cllr Turley, Arrived at 11.06 | |

Apologies were received from

Absent: Cllr McKnight

Also in attendance:

Part I

32. Declarations of Interest

- 32.1 In accordance with the code of conduct, the following personal interest was declared: -
- 32.2 Cllr Waight in respect of item 5, Council Plan and Draft Budget 2024/25 – as a member of Worthing Borough Council.

33. Minutes of the last meeting of the Committee

- 33.1 Resolved – That the Minutes of the meeting held on 27 November 2023 be approved as a correct record and that they be signed by the Chairman.

34. Responses to Recommendations

- 34.1 Resolved – That the Committee notes the responses.

35. Council Plan and Draft Budget 2024/25

- 35.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).
- 35.2 Summary of responses to members' questions and comments: -
- The Council Plan and Budget 2024/25 is stated as being underpinned by a cross cutting theme of protecting the environment as opposed to tackling climate change as in

previous years – as a result of a review of the Council Plan this has been changed to widen the Plan's focus, concentrate on the county of West Sussex and to give residents a greater understanding of what climate change encompasses. The change covers a wider range of issues with an identifiable set of actions whilst maintaining the environment as a priority issue for the Council.

- Projects included within the Capital Programme support the environment and climate change remaining an important priority for the Council. An extra £50k is being put into the revenue budget to support the delivery of protecting the environment by working with partners on the local nature recovery strategy, biodiversity and flooding etc in order to tackle climate change and increase biodiversity. Two Members of the committee did not support the change of wording for the priority.
- In the recent public consultation undertaken on the priorities included in the Council Plan and the draft budget proposals, Adults' Social Care (including Public Health) was the second most common service area selected for less funding, but the Council has to meet its statutory duties in these areas meaning it has to spend 64% of its budget on this service area
- It was difficult to make the distinction between statutory and non-statutory services in the consultation. It was hoped this would be made clearer in future – **Action:** The Chief Executive to share the consultation survey with the Committee
- The Council Plan does not mention the possibility of an additional runway at Gatwick Airport and the impact that could have on the county's economy **Action:** to be considered for inclusion in a future review of the Plan
- The Council Tax base is calculated by taking into account a variety of factors including the number of projected new homes, number of Council Tax reduction claimants and other discounts schemes available in each District/Borough Council
- There has been a smaller increase in the Council Tax base than in previous years. The impact of water neutrality regulations on planning applications has resulted in lower than forecast increases in those areas affected
- Actual tax base figures won't be available from the district and borough councils until April/May so the County Council has assumed a 0.5% Council Tax base increase for future years in the 2024/25 budget, officers will continue to monitor and adjust the projections as appropriate
- The 12.6% increase in the charge for cycle training is above inflation in order to fully recover costs. There has been an under-recovery in previous years.
- Additional Government funding which was set aside to cover the required adult social care reforms has now been provided to fund other things. It is assumed in the Medium Term Financial Strategy that when the reforms do come through, they will come with additional Government funds
- The one-off loss of property rental income from vacant property is assumed to be for one year - if property is vacant for longer it will be considered again in the 2025/26 budget setting process

- The Council has allocated a precept of £400k for Littlehampton Harbour Board which will be finalised in due course
- The Council welcomes the transfer of the functions of the Local Enterprise Partnership (LEP) as this fits with the strategic role of the Council as it works in collaboration with the District and Borough Councils. Government has indicated that there is likely to be initial funding of £240k allocated to each upper tier authority for taking on the work of LEP. It is not clear at the moment what this will be expected to cover and if this funding is for all of Sussex or the West Sussex allocation. As the Council is taking on this new role it would expect the funding to continue but this will be assessed as and when any changes occur. The Council also expects to receive funding when it takes on the responsibility for the Growth Hub. Both lots of funding are expected to be received from April 2024
- Contracts may be insourced or outsourced depending on which is determined to be the most efficient way to deliver services
- The County Council is leading work with Worthing Borough Council on the Beach Project to deliver 5G capacity across the seafront area of Worthing with funding from the government
- £5m has been added to the budget for additional highways maintenance with expenditure increasing by £4m – the £1m difference is to fund the existing Highways works
- Spending on public health is funded by the government, not the Council, and is used across all portfolios where there are public health outcomes

- The Chairman of the Health & Adult Social Care Scrutiny Committee provided input saying that his Committee: -
 - broadly welcomes the work done to date, the process, public engagement and being able to feedback on the budget
 - will monitor challenges through the Performance and Resources Report
 - has concerns around savings and how they might be delivered and whether this year's shortfall will be carried forward
 - understands the work being done around supporting strategies and the Care Quality Commission assessment process of Adults' Services and is particularly concerned about the impact the increase in the minimum wage will have on the Council, its partners and service providers
 - welcomes the extra investment in the adult social care programme but is keen that lobbying of government for more money for adult social care continues
 - is concerned that the Council may have to pay more for social care when the adult social care reforms come into being
 - is concerned about the impact of recruitment and retention difficulties within the Council and its partners
 - wonders how the underspend in the Public Health grant would be spent and whether the grant will be sufficient in future years

- The Chairman of the Children and Young People's Services Scrutiny Committee reported that his Committee: -

- recognises the need for enough budget provision to support the foster care and kinship schemes

and received the following responses to its questions: -

- In-house residential care schemes are full and on track
 - The foster care redesign package is about recruitment to get foster carers back in house
 - Extensions and adaptations to foster carer properties are grants for families with children with complex needs
 - The Council is getting external help to write educational psychologist reports and recruiting more staff to help the Special Educational Needs and Assessment Team and expects the Education, Health and Care Plan backlog to be cleared by the end of the year
 - The Council tries to fill capacity in all its schools and is looking at extra capacity where needed - a feasibility study is taking place in Shoreham-by-Sea with the Sir Robert Woodard academy about a site in Middle Road
 - The Mainstream Schools Additional Grant is being merged into the mainstream schools high needs budget
- The Chairman of the Communities, Highways & Environment Committee reported that his Committee: -
 - recognises the national economic backdrop, inflationary pressures, and difficulties with staff recruitment and retention

and received the following response to its question: -

- There is a savings proposal (which is out for consultation) to close the Record Office on Saturdays due to diminishing use. However, the overall service will be improved by a better online offer with a new website later this year
- The Chairman of the Fire & Rescue Service Scrutiny Committee received the following responses to questions from his committee: -
 - The planned budget reductions of £0.5m across the Fire and Rescue Service are efficiencies not service cuts and are not expected to impact on performance. There will also be additional income generated by the new training facility.
 - Investment in fire prevention is showing positive signs in terms of no fire deaths in five quarters and few fire injuries
 - District and borough councils will receive capital funding from the government to pay for new waste trucks and bins when the new food waste legislation comes in to force in Spring. The County Council will not be getting any money as the government's view is that it is cheaper to dispose of food waste than ordinary black bag waste so disposing authorities will save money

- A lot of the additional funding in the highways budget will be used to catch-up with general road maintenance such as re-painting white lines, sign cleaning and drainage work so funding the whole highway network not just highway repairs
- The treasury income the Council has lost due to lower investment amounts as a result of the Dedicated Schools Grant (DSG) deficit cannot be included in the deficit amount
- The increasing DSG deficit is unsustainable and is driven by the large number of Education Health & Care Plans to be cleared
- The impact of the DSG on the Council's cash balances was not previously noticeable due to the initial low deficit level at a time when average returns on investments were only 0.1%, but it is now given the increased deficit and current average returns of around 5% - investment income. The deficit occurs because the grant received each year is not sufficient to fund the cost of services required to support young people with SEND and therefore Council balances are used which would otherwise be invested and generate investment income
- The Interest Smoothing Reserve will be used to manage risks when the override for the Department for Levelling Up, Housing and Communities Pooled Investment Fund ends in March 2025
- Capital reserves were at £27.4m on 1 April 2023 but the forecast balances for 31 March 2024 and 2025 are £0 because when setting the budget assume funding will be required for the capital programme, at financial year end expect to utilise reserves to fund transformation projects and the capital programme – the outturn report will clarify the position – reserves can only be used once. May be able to use capital receipts in future years to fund expenditure.
- The £1.3m of planned reserve transfers (service specific) is made up of a combination of the Private Finance Initiative waste contract coming into the base budget and £4m from lane rental going back into reserves
- During 2024, 2025 and 2026 the Council will be using £12.6m from reserves for one-off spending pressures and highways maintenance to balance the budget - this will be replenished incrementally, £5.4m in 2026/27 and £1.8m in the subsequent four years
- Most of the £16.6m taken from the main reserves have been transferred to other reserves
- The Council's use of reserves is seen as a medium-term risk that will be managed – there is a contingency in place for this year
- Lane Rental Scheme income is overseen by a Board which includes external stakeholders that decide how it will be spent, it is not the Council's money but designated funding
- The Committee was assured that there was enough money to complete the Woodlands Mead College project
- The Capital Programme expenditure for 2024/25 is known, the figures for the next four years are based on the best current forecast and will be kept under review
- The special schools sufficiency allocation reduces to £3.771m from £8.025m because it is assumed that in future this will be covered by grants from the Department for Education

- The Capital Programme's funding of up to £5m towards the Joint Venture is for operating costs for Edes Estates
- There was a request for the Committee to see the business plan for Edes Estates – Action: The Cabinet Member for Finance and Property to see if this is possible
- Some Joint Venture schemes have been delayed due to issues with water neutrality

35.3 Resolved – that the Committee

- i. Thanks officers for the work undertaken in producing the detailed report and especially for the Treasury Management Strategy
- ii. Understands and supports the Director of Finance and Support Services' opinion around risks and issues as set out in the budget pack on pages 68-69
- iii. Notes that the majority of the budget consultation respondents agreed with the priorities set in the Council Plan but did not agree with how the budget was allocated across services
- iv. Seeks clarity on whether a distinction was made between statutory and discretionary services in the public consultation document and whether this could be made clearer in future consultations so respondents have a fuller understanding of the services provided
- v. Notes the importance of any change to Gatwick airport on the economy and whether greater emphasis was needed on this in the Council Plan
- vi. Recognises the need for Council Tax growth rate assumptions to be re-visited and reviewed at the appropriate time when further information is received from the district and borough councils
- vii. Recognises the risks and pressures being experienced across the whole Council, but particularly in Adults' and Children's Services, and the work being done to manage both these pressures and the continually increasing demand for services
- viii. Supports the continued monitoring of these issues and risks by each of the scrutiny committees through the quarterly Performance and Resources Report during 2024/25
- ix. Recognises the risks to the budget assumptions included in the report if any Adult Social Care reforms are announced
- x. Notes the increase in savings for "support services" in both the Finance and Property and Support Services and Economic Development portfolio areas since the Committee reviewed the budget proposals in November 2023
- xi. Welcomes the update in relation to the Local Enterprise Partnership funding and requested more information on this in due course
- xii. Welcomes the explanation of the Public Health Grant and how this is spent to support a range of Council services
- xiii. Expresses great concern over the level of the Dedicated School Grant deficit and the impact this has on the investment income for the Council

- xiv. Recognises the Dedicated School Grant deficit as a big risk for the Council and awaits Government guidance on how this will be dealt with
- xv. Welcomes the prudent approach and assumptions currently being made
- xvi. Recognises that the Capital Programme figures are a "snapshot" in time and would be reviewed each year with the expenditure figures for schemes included for future years being strengthened and clarified as certainty over scheme requirements are developed
- xvii. Seeks clarity on how the Equality Impact Assessments will be completed as part of the budget process and the commitment agreed by the Council to consider care leavers when completing these whilst recognising that work is still to be undertaken in completing these assessments

36. Work Programme Planning and possible items for future scrutiny

- 36.1 The Committee considered an extract of the Forward Plan of Key Decisions and Work Programme (copies appended to the signed Minutes).
- 36.2 Resolved – that the Committee notes the Forward Plan of Key Decisions and its work programme.

37. Date of next meeting

The Committee notes its next meeting will take place on 8 March 2024, commencing at 10.30am.

The meeting ended at 1.26 pm

Chairman