

Performance and Finance Scrutiny Committee

3 December 2020 – Held by virtual meeting with restricted public access.

Present:

Cllr J Dennis (Chairman), Cllr Catchpole, Cllr Barrett-Miles, Cllr Boram, Cllr Bradford, Cllr Hillier, Cllr M Jones, Cllr Kitchen, Cllr Lea, Cllr Montyn, Cllr Smytherman, Cllr Sparkes, Cllr Turner, Cllr Waight and Cllr Walsh

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

Part I

88. Declarations of Interest

88.1 Cllr Smytherman declared a personal interest regarding the Total Performance Monitor [Care Commissioning Groups] as a member of Worthing Dementia Action Alliance.

88.2 The following Members declared a personal interest regarding the West Sussex: Reset Plan and Budget Update items:

- Cllr Boram as Cabinet Member for Health and Wellbeing at Adur District Council
- Cllr Hillier as Cabinet Member for Economic Growth at Mid Sussex District Council
- Cllr Lea as a member of Mid Sussex District Council
- Cllr Jones as a member of Crawley Borough Council
- Cllr Lanzer as a member of Crawley Borough Council
- Cllr Smytherman as a member of Worthing Borough Council
- Cllr Waight as a member of Worthing Borough Council
- Cllr Walsh as Leader of Arun District Council

89. Minutes of the last meeting of the Committee

89.1 Cllr Boram noted that the Committee had received a short report on the Children's Services recovery programme and had asked for a programme for the delivery of improvements so it could monitor timeliness and costs, and asked that officers check this is included.

89.2 Cllr Hillier updated the Committee that it had been decided it was not necessary at present to have a task & finish group on home to school transport as the service was aware of the issues and is working to resolve them.

89.3 Resolved – That, subject to clarification at 89.1 above, the Minutes of the meeting held on 10 September 2020 be approved as a correct record and that they be signed by the Chairman.

90. Responses to Recommendations

90.1 The Committee received a response from the Chairman of RAAC regarding the Committee's recommendations concerning audit planning

and internal control testing. The Chairman will request further clarity from the Chairman of RAAC.

90.2 The Committee received a response from the Cabinet Member for Economy and Corporate Resources regarding the recommendations on the IT Outsourcing contract from the Recommissioning of the Contract for Support Services TFG.

90.3 Resolved – That the Committee notes the responses and the Chairman will follow up the Committee's concerns with the Chairman of RAAC.

91. Quarter 2 Total Performance Monitor (TPM)

91.1 The Committee considered the quarter 2 Total Performance Monitor (TPM) report to end of September 2020 from the Director of Finance and Support Services (copy appended to the signed minutes).

91.2 The Cabinet Member for Finance introduced the report and highlighted key information for the Committee. The report addresses concerns around the financial aspects of service delivery and the challenges faced. The projected in-year overspend is considerably less than predicted last quarter, particularly in Children's Services. The overspend is down from £16m to £5.5m and can be covered by use of the contingency budget without the need to use reserves. Covid costs have risen slightly but there has been an increase in the Covid grant to cover this.

91.3 The Director of Finance and Support Services introduced the finance aspect of the report and highlighted key information. The Covid-19 grant received up to October is outlined in an appendix, however as the pandemic continues demand on the council services will continue to change. The impact of the pandemic on children's services was reviewed as the impact of Covid-19 on placement activity and costs became clearer. An underspend in the Children's Services Improvement Programme and additional grants received have helped offset the increased costs. There has been a significant change in the numbers of older people's residential (reduced) and non-residential services (increased) and future budget setting will kept under review.

91.4 The scrutiny committee chairmen were asked to outline any financial risk or performance issues highlighted by the scrutiny committees, as follows:

- The Children and Young People's Services Scrutiny Committee (CYPSSC) will consider proposals for Early Help at their January meeting, and will look at current and future service demand expectations for intentionally homeless persons and the effect of Covid.
- The Health and Adult Social Care Scrutiny Committee (HASC) highlighted the effect of Covid on social care provision, residential care beds required, and future care place planning. The Shaw contract is being monitored, in addition to some quality of care issues. The committee is also monitoring Government proposals to abolish Clinical Commissioning Groups.

- The Environment and Communities Scrutiny Committee (ECSC) noted in the budget the funds to tackle the necessary Ash Dieback works in 2021/22.
- The Fire & Rescue Service Scrutiny Committee (F&RSSC) noted the service response to the Covid pandemic.

91.5 The Committee made comments in relation to the TPM finance report including those that follow. It:

- Welcomed the work by council services to identify savings.
- Expressed concern that plans for Children Looked After (CLA) to exit care have been delayed due to Covid, highlighted the importance that children exit care at the appropriate time, and asks CYPSSC to look into this matter.
- Noted the delay in children's cases going to Court due to Covid and the extra financial burden this causes, this is outside the council's control, and queried whether any children's services tribunal costs have been funded by the Government. *The Director of Finance and Support Services will clarify the tribunal cost details for the Committee.*
- Highlighted that increasing demand for Education and Health Care Plans (EHCP) for children in the county results in a deficit of £9m in the Dedicated Schools Grant (DSG), and agreed this should be highlighted to the Department for Education. The Chairman will seek information from the Cabinet Member for Education and Skills. *The Director for Finance and Support Services confirmed funding is slightly higher this year than last, however it is not sufficient for the current levels of demand so the DSG overspend will continue.*
- Expressed concerns regarding the significant rise to the number of young people not in education, employment or training (NEETs). Requested a breakdown from the Cabinet Member for Education and Skills of the trend and numbers of NEETS. *The Director of Finance and Support Services explained the measure has changed to include those of 'unknown' status, therefore is perceived as an increase.*
- Queried when Admiral dementia nurses would be available in the south of West Sussex. The Chairman of HASC will take this point forward as services differ across the county.
- Echoed the concerns of the HASC Chairman that care homes are underperforming and queried if the Council has any influence on this. The Chairman will ask the Cabinet Member for Adults and Health for reassurance. The HASC Chairman confirmed the Shaw contract is on that committee's work programme for 2021/22.
- Questioned the escalation of adult social care costs over the previous six months, including over the maximum rates, and queried the expected total overspend at the end of 2020/21. *The Director of Finance and Support Services confirmed costs have risen over the period and will provide the figures.*
- Expressed concern that the backlog in financial assessments prior to in-sourcing the service could impact on the ability of families to pay.
- Asked whether the projected National Concessionary Fares underspend used for Ash Dieback felling works could have been carried over to 2021/22 to save cutting concessionary services in the budget, and requested a response on this from the Cabinet Member for Highways and Infrastructure. *The Director of Finance*

and Support Services highlighted that the council's priority is to balance the budget for this year.

- Highlighted that some identified savings are judged to be 'red', not achievable, and requested all scrutiny committees consider the savings relevant to their remit to understand why some are not being made or mitigated.
- Commented that ensuring value for money across council services is essential and that this could be included in the TPM report. *The Director of Finance and Support Services confirmed value for money is really important and benchmarking to statistical neighbours is undertaken regularly to monitor this as well as being regularly reviewed by senior officers.*
- Queried whether there is an understanding of the effects of Brexit on the council in terms of residential and business finances. *The Director of Finance and Support Services explained the effect is hard to estimate but the main concern is a general increase in prices.*
- Expressed regret that a number of the committee's questions were not able to be answered as not all of Cabinet were in attendance.

91.6 The Chairman introduced the performance section of the TPM report, commenting that the Committee hope to see the measures which are suspended to the end of 2020/21 soon.

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

- Expressed concern regarding performance measure 39 (Effective CLA Permanency Planning) and requested that CYPSSC consider it.
- Questioning regarding indicator 29 [economically active 16-64 year olds in employment] whether aiming for 80% is acceptable. Queried whether the council is working with business and employers to aid recovery. *The Cabinet Member for Economy and Corporate Resources clarified the council's role, supported by the Economic Reset Plan, is to influence and encourage initiatives including diversification and re-skilling employees. The Council are regularly lobbying Government on the economy.*

91.8 The Committee considered the risk aspects of the report and made comments including those that follow. It:

- Expressed great concern that corporate risk 61 (death/serious injury of a child (Council failing in their duty)) and corporate risk 69 (Children's services fail to deliver an acceptable provision to the community) remain high risk. Given the work on the Improvement Plan some improvement in these measures should be seen.
- In relation to corporate risk 68 (Covid and the risk to delivery of the Council's services), suggested the recent report from the HASC Covid-19 TFG be shared with internal audit to assist their review.
- Queried how many care homes in West Sussex are struggling to maintain an economically viable number of residents due to the effects of Covid. *The Director of Finance and Support Services will confirm the current figure.*
- Expressed concern that corporate risk 39a (Cyber security) remains a high risk. *The Cabinet Member for Economy and Corporate Resources stated cyber security is taken seriously by the council, all staff take mandatory online training and all Members are*

encouraged to. Additional Government funding for cyber security has been announced and the detail is awaited.

91.9 The Director of Human Resources and Organisational Development introduced the Workforce section of the TPM and highlighted key information for members. The requirement for staff to remain working from home where possible continues to show a decrease in sickness rates, however it is notable that the main reasons for sickness are now muscular-skeletal (MSk) issues. Staff are being encouraged to assess their workstations, take breaks, and avoid the temptation to be "always on". *The Cabinet Member for Economy and Corporate Resources reiterated the advice is relevant to elected Members as well as staff.*

91.10 The Committee made comments in relation to the TPM workforce report including those that follow. It:

- Welcomed the continued fall in levels of sickness.
- Expressed concerns regarding the effects of MSk issues on staff, especially if there is a move post-Covid to encourage more regular home working. *The Director of Human Resources and Organisational Development explained the New Ways of Working group aims to encourage staff to take responsibility for their health when working from home and look after themselves; additional help will be provided where needed.*
- Commented that if the future expectation is staff remain working from home then this should be resourced to the same standard as working from the office. *The Director of Human Resources and Organisational Development is aware of the issues and the need for a balanced approach. The Cabinet Member for Economy and Corporate Resources recognised that home circumstances differ for all staff and home working results in higher costs for heating and home energy.*
- Queried if officers are looking at the long-term impacts of Covid in relation to the need for office space. *The Director of Human Resources and Organisational Development confirmed the intention is to build back better, with flexible and agile buildings and spaces.*
- Highlighted the notable decrease in induction completion rates and management training completed in Children's Services. *The Director of Human Resources and Organisational Development confirmed this is being investigated. The Chairman requested an update be provided on this in due course.*
- Commented that the increase in council headcount and agency staff usage is concerning whilst the council are under pressure to deliver more for less cost.
- Queried why the levels of stress have fallen during home working and whether investigations will be undertaken to determine why. *The Director of Human Resources and Organisational Development would take this work forward.*

91.11 The Committee noted its thanks to officers for a good, informative TPM report which has improved in format over previous years.

91.12 Resolved – That the Committee:

- 1) Recommend value for money and benchmarking information be included in future TPM reports;
- 2) Request that scrutiny committee chairman review the savings at risk within their portfolio areas;
- 3) Recommend CYPS review the arrangements around Children Looked After and Children Exiting Care particularly around the effects of Covid and how quickly children can exit care. The review should include benchmarking with other Councils;
- 4) Reiterate the need for information on the progress of achieving the targets and outcomes in the Children's Improvement Plan; and
- 5) Welcome the reported fall in sickness due to stress, but request consideration be given as to why.

92. Quarter 2 Capital Programme Performance Monitor Report

92.1 The Committee considered a report by the Executive Director of Place Services (copy appended to the signed minutes).

92.2 The Capital Programme Manager introduced the report and summarised key aspects of the report including the pipeline. The number of pipeline projects rated amber is currently high due to delayed school and a children's residential projects, all expected to be approved in December. It was suggested that the second national Covid lockdown had not disrupted project delivery to the same extent as the first.

92.3 The Committee made comments in relation to the Capital Programme performance report including those that follow. It:

- Noted the benefit for the electric vehicle chargers project was not achieved and queried the calculation on which the benefit was based. *The Capital Programme Manager will check and provide this information to the Committee.*
- Queried whether the council will need to repay the funding for the six tranche 1 emergency active travel fund (EATF) schemes, and whether the fund is capital or revenue funding. *The Capital Programme Manager will request this information for the Committee.*
- Commented that the tranche 2 funding should not prevent future capital programme schemes coming forward from the council. *The Cabinet Member for Finance commented that the council's projects have to be fitted around the tranche 2 funding as it is ring-fenced for such improvements.*
- Queried the nature of the compliance issues highlighted for the White House Farm project and whether this will increase costs to the council. *The Capital Programme Manager confirmed it is a developer-led project and there is a discrepancy between the council's expectation and what has been provided by the developer, and that the issues are being addressed.*
- Thanked officers for a good, informative report and their ongoing work.

92.4 Resolved - That the Committee notes the Quarter 2 Capital Programme Performance Monitor report.

93. West Sussex: Reset Plan

93.1 The Committee considered the West Sussex Reset plan report from the Chief Executive (copy appended to the signed minutes).

93.2 The Leader introduced the report and highlighted that the challenges presented by Covid will continue to be seen in the coming year. It is appropriate to reset the council's priorities post-Covid and include stakeholders in developing this. Appropriate indicators will be developed to measure the council's performance against the priorities and the Committee's feedback is welcome.

93.3 The Chief Executive confirmed that engagement is underway and the next phase is delivery planning. The Committee's advice on the priorities is welcome and the Committee's feedback on the draft key performance indicators (KPIs) will be sought at a future meeting.

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

- Highlighted the disconnect between the Reset Plan and the council's budget proposals for 2021/22, and achieving the council's climate change aims. *The Chief Executive commented that the Reset Plan enables Members to make choices in the budget process.*
- Commented that it is a good high-level document. More substance is needed in order to consider how to monitor performance.
- Commented that visual representations of trends would be helpful.
- Commented that the KPIs should be SMART [specific, measurable, achievable, realistic and timely] as well as measuring performance in a holistic way. Operational KPIs are needed as well as those to ensure adherence to council policies and should also be related to financial management.
- Suggested that the KPIs should be flexible to the council's need and that some measures could benefit from a formula approach, i.e. by a percentage.
- Suggested that individual scrutiny committees should consider the more detailed plans and this Committee look at the high-level overview.
- Commented that the principles of the Fire & Rescue Service Performance and Assurance Framework be considered to ensure effective progress on the Reset Plan.
- Queried how resilient the Reset Plan is to future events.
- Highlighted that the timeliness, accuracy and reliability of performance data are key to the Plan's success.
- Requested that the proposed KPIs be shared with the committees at the earliest opportunity.
- Agreed that an informal meeting of scrutiny chairmen and minority leaders be arranged to ensure the measures are appropriate for each committee, are SMART, holistic and integrated, and are consistent across the committees.

93.5 Resolved – That the Committee:

- 1) Recommends the key performance indicators (KPIs) be considered by the appropriate scrutiny committee for them to identify and take ownership of their priorities for scrutiny;
- 2) Recommend the KPIs should be SMART, include value for money, link with financial management, and also provide benchmarking information;
- 3) Recommend that a co-ordinated approach to performance management is needed to link together both our corporate plan and financial management;
- 4) Recognise that there is a need to understand the Council practice and performance measures and whether target outcomes are being met;
- 5) Recognise it is important to ensure the right things are measured and that information on progress is being shared with scrutiny members in a timely manner; and that
- 6) Following consideration of the proposed KPIs at individual scrutiny committee meetings in January, an informal meeting of scrutiny committee chairmen and minority leaders be arranged.

94. Budget Update

94.1 The Committee considered the budget update report by the Director of Finance and Support Services (copy appended to the signed minutes).

94.2 The Cabinet Member for Finance introduced the report, and highlighted for Members that the council's comprehensive spending review was published recently which provided more detail and confirmed the Local Government finance settlement awarded to the council. The spending gap for 2019/20 was over £40m; £20m in potential savings have been identified but this leaves a funding deficit of £23m. Concerns expressed about the savings identified do not take into account the £600m invested in supporting the council's aims, and focus should instead be on what the council can do with its budget.

94.3 The Director of Finance and Support Services introduced the report, highlighting the aim to create a sustainable budget over the next four years. Achieving value for money remains important. The Comprehensive Spending Review, fair funding review and Business Rates Review which is expected next year will provide some certainty for future years, however it is likely not be favourable to the council due to our council tax raising powers. There is great uncertainty on whether costs will decrease or remain high post-Covid. Initial information on the council's Local Government finance settlement is expected mid-December with final confirmation in January.

94.4 The Committee made comments in relation to the budget update report including those that follow. It:

- Queried whether initiatives whose Government funding had ceased will be maintained by the council funding them or if they will be

closed. *The Cabinet Member for Finance explained that once central government funding for grants and initiatives is removed that funding cannot be sustained as this widens the budget gap.*

- Queried whether the Cabinet and officers are confident the Government will meet the council's Covid-related costs. *The Leader confirmed the council is lobbying the Government directly as well as via the County Council Network (CCN) and MPs network. £1.5bn has been set aside by the Government so this council will continue to monitor and report its costs to central Government.*
- Reiterated the links between the aims in the Reset Plan and the savings in the budget update, and how the budget will meet the Plan's priorities. *The Cabinet Member for Finance welcomed any suggestions from Members during the budget process or directly. The Leader highlighted that of the £600m revenue collected from council tax, the council spends £200m to support adult social care and £100m to support children's social care, so it is important to deliver effective services.*
- Expressed concern regarding the proposed removal of the Community Infrastructure Fund (CIF).
- Discussed the opportunities offered from increased home working to review county building assets, balanced with the need for services to retain a team dynamic. *The Cabinet Member for Finance confirmed that all county sites will be reviewed.*
- Commented on the possible consequences for staff welfare of closing the Martlets canteen at County Hall.
- Suggested that it would be helpful for the business as usual savings [page 161] to be detailed by portfolio area, and encouraged the scrutiny committees to consider how the savings trends have impacted the performance of services over recent years.
- Queried what happens if further service savings cannot be made and the council is unable to balance its budget. *The Director of Finance explained the legal requirement to deliver a balanced budget and the process if this is not possible. The Cabinet Member for Finance clarified this council is some way from being unable to balance the budget, but the process does illustrate the importance of replenishing council reserves to plan ahead for times of need.*
- Recognised that the setting of the council's budget is an incredibly difficult task and expressed thanks to the Cabinet Member for Finance and Director of Finance and Support Services for their work.

94.5 Resolved:

- 1) That the Committee notes the ongoing uncertainty around the detail to bridge the gaps to deliver this balanced budget due to the lack of clarity and detail as yet in the funding reports from central Government;
- 2) That the Committee notes the budget details to treat the priorities are difficult and acknowledges the need for flexible options at present;
- 3) That the Committee notes the savings currently being worked up and requests further detail on these in due course;

- 4) That the Committee supports the continued lobbying of government on funding;
- 5) That the Committee recognises the need for the budget to meet the priorities in the Reset Plan and welcomes the detail of this at the appropriate time; and
- 6) That the Committee suggests it would be helpful for the business as usual savings to be detailed by portfolio area, and encourages the scrutiny committees to consider how savings trends have impacted the performance of services over recent years.

95. Requests for Call-in

95.1 Resolved – That the Committee note the report from the Director of Law and Assurance in relation to the rejected call in of Award of contract: Enabling works contract, Horsham Enterprise Park OKD39 (20/21).

96. Work Programme Planning and Possible Items for Future Scrutiny

96.1 The Committee made comments regarding the work programme planning including those that follow. It:

- Agreed to scrutinise the Broadbridge Heath Retail Scheme decision due to be taken in January 2021.
- Agreed to schedule an additional formal meeting on 22 February 2021 for scrutiny of the Horsham Enterprise Park development.
- Commented that the information on the People Framework received so far has been very high level, that the Committee would like more information on how its aims will be achieved, and agreed that the People Framework be scheduled for further scrutiny at the March 2021 meeting. The Chairman noted the previous suggestion to have a liaison member of this committee work closely with the Director of HR and Organisational Development on the Framework and report back to the committee, and asked that this request be chased up. *The Cabinet Member for Economy and Corporate Resources confirmed officers are working on performance indicators specific to the People Framework and these are due to be presented to public Cabinet on 27 January 2021.*
- Agreed to scrutinise the Review of Fees and Charges decision (January 2021) at the January committee meeting as part of the Budget item. The report should cover exception reporting only (changes above inflation). *The Director of Finance and Support Services will clarify if the report will be sufficiently progressed for the January meeting.*

96.2 Resolved – That amendments to the Committee's work programme be made as agreed above.

97. Date of Next Meeting

97.1 The Committee notes its next meeting will take place on 20 January 2021, commencing at 10.30am by virtual meeting.