

## **Performance and Finance Scrutiny Committee**

20 January 2021 – At a meeting of the Performance and Finance Scrutiny Committee held at 10.30 am by virtual meeting with restricted public access.

Present: Cllr J Dennis (Chairman)

Cllr Montyn	Cllr M Jones	Cllr Waight
Cllr Barrett-Miles	Cllr Lea	Cllr Walsh
Cllr Boram	Cllr Smytherman	Cllr Patel
Cllr Catchpole	Cllr Sparkes	
Cllr Hillier	Cllr Turner	

Apologies were received from Cllr Bradford and Cllr Kitchen

Also in attendance: Cllr Hunt, Cllr Lanzer, Cllr Marshall, Cllr Crow, Cllr Elkins, Cllr A Jupp, Cllr N Jupp, Cllr Russell and Cllr Urquhart

### **Part I**

#### **98. Declarations of Interest**

98.1 Personal interests were declared in relation to the Revenue Budget item as follows:

- Cllr Smytherman as Chair of the Worthing Dementia Action Alliance,
- Cllr Lea as a Member of Mid Sussex District Council,
- Cllr Walsh as Leader and Member of Arun District Council.

98.2 Cllr Lea declared a personal interest in the Reset Plan item due to a professional interest in artificial intelligence and data analytics.

#### **99. Business Planning Group (BPG) Membership**

99.1 The Chairman thanked Cllr Peter Catchpole for his service as Vice Chairman of the Committee.

99.2 The Committee noted the appointment of Vice Chairman Cllr Pieter Montyn to the BPG.

#### **100. Responses to Recommendations**

100.1 The Chairman confirmed a response has been received from the Chairman of the Regulation, Audit and Accounts Committee regarding audit planning and internal control testing, and informed the committee the points were satisfactorily addressed at the recent RAAC meeting.

100.2 The committee noted the response from the Chairman of the Children and Young People's Services Scrutiny Committee to the recommendations made regarding the current situation around Children Looked After.

100.3 Resolved – That the Committee notes the responses.

**101. Revenue Budget 2021/22, Capital Strategy 2021/22 to 2025/26, and Treasury Management Strategy Statement 2021/22**

101.1 The Committee considered the Revenue Budget 2021/22, Capital Strategy 2021/22 to 2025/26, and Treasury Management Strategy Statement 2021/22 report by the Director of Finance and Support Services (copy appended to the signed minutes).

101.2 The Leader introduced the report and highlighted the challenge in budget setting for all local authorities with the backdrop of the Covid pandemic. The Budget is presented in the context of the Reset Plan and aims to deliver its priorities.

101.3 The Cabinet Member for Finance introduced the report and highlighted the work that has gone into balancing the budget and supporting residents in unprecedented times. Thanks was offered to the Finance team for their hard work in a challenging timeline, and Members for their understanding of the financial limitations faced by the council. The predicted budget shortfall in November has been mitigated by savings identified by the services, and now the provisional Government settlement has been received some of the proposed savings measures can be removed. The revenue spend has been increased year on year by 5.2% which supports key services for residents. Spending has been re-profiled to allocate extra funding to two priority areas, highway maintenance and supporting the council's aim to be carbon neutral by 2030. The funding challenge is expected to continue in 2022/23.

101.4 The Director of Finance and Support Services outlined key information to note in the budget. Key concerns in setting the budget include the uncertainty of Government funding streams, uncertainty in long term funding of adult social care, and the ongoing effects of responding to the Covid pandemic, however the budget for 2021/22 is balanced without relying on reserves which gives strength to the council's financial position.

101.5 The chairmen of the service scrutiny committees were asked to update the committee with any recommendations or comments from their scrutiny discussions on the budget proposals, as follows:

- Children and Young People's Services Scrutiny Committee (CYPSSC) chairman welcomes increased financial support for the service. Proposals for reductions in the Early Help service are out for consultation and will be further scrutinised at the appropriate time.
- Health and Adult Social Care Scrutiny Committee (HASC) chairman noted a Task and Finish Group will be established to look at the savings in adult social care. The committee noted concern regarding reductions to respite services and the resulting effect on families.
- Environment and Communities Scrutiny Committee (ECSC) chairman welcomed the removal of four key savings proposals and the committee supported the business as usual savings.
- Fire & Rescue Service Scrutiny Committee (FRSSC) chairman noted the Fire & Rescue Service were allowed to offset their savings

against the deferment of investment required to facilitate crewing arrangements. *The Cabinet Member for Fire & Rescue and Communities confirmed that this was due to significant savings having been made over the last decade and acknowledged the service requires investment to facilitate improvement.*

101.6 The Committee made comments in relation to the Revenue Budget 2021/22 proposals including those that follow. It:

- Expressed concerns regarding the significant external risks to the council's budget, particularly the Comprehensive Spending Review, and the long term impact on the economy as a consequence of Covid and Brexit.
- Recognised the exceptional difficulty of setting a balanced business as usual budget given the ongoing financial uncertainty around the Government's Fair Funding Review and levelling up agenda.
- Expressed disappointment at the ongoing lack of clarity from the Government on future funding of adult social care and the funding freeze of the Public Health Grant. Highlighted the need to continue investment in prevention and encouraging residents to live healthy lives given the effects of Covid.
- Urged continued lobbying of Government and West Sussex MPs for improved certainty and additional funding. *The Cabinet Member for Finance confirmed the council continues to lobby the Government, MPs and via the County Council Network.*
- Commented that the Reset Plan prioritises and focuses resource towards vulnerable residents but other residents may receive reduced services. *The Cabinet Member for Finance stated vulnerable residents and statutory services must be protected, and reiterated that assistance is available via District and Borough councils for residents experiencing general hardship during the pandemic.*
- Raised concerns on the impact to families from the proposed redesign of Early Help and the preventative services provided. *The Cabinet Member for Children and Young People confirmed the proposal will be considered following the public consultation taking place this summer.*
- Queried the deferred investments in the Fire & Rescue Service budget and the resulting impact.
- Welcomed the additional investment in highway maintenance.
- Supported the inclusion of the Fees and Charges decision within the Budget report.
- Asked about the measures being taken to improve economic restoration and mitigate against employment risks. *The Cabinet Member for Economy and Corporate Resources confirmed the Economic Reset Plan has been improved and work is being undertaken to manage the economic situation. Government help for particular economic sectors has been requested i.e. aviation and tourism.*
- The attendance of Cabinet Members at the meeting was welcomed as this resulted in questions being largely answered during the meeting.

101.7 The Executive Director of Place Services introduced the Capital Strategy 2021/22 to 2025/26 report which outlines the principles,

priorities, delivery and governance of the programme. A thorough review of the Capital Strategy has been undertaken and highlighted the extra investment in highway improvements and allocation of funds to climate change initiatives to support the council's priorities.

101.8 The Committee made comments in relation to the capital strategy, including those that follow. It:

- Expressed concern that little progress has been made with managing the council's surplus assets and that the council's property portfolio could be better utilised. Commented that PropCo projects should make progress with more pace and encouraged extra resource be provided to the property team. *The Cabinet Member for Finance confirmed PropCo projects are moving forward to maximise returns and best value for money at the right time. A number of assets are due to complete shortly, and some have been used to support housing and intentionally homeless initiatives. Suitable assets have been identified to go into the proposed Joint Venture (JV) in due course, and the JV will come to this committee for pre-decision scrutiny at its March meeting.*
- Queried if the council will be able to bid for funds from the National Infrastructure Strategy in order to reduce the use of Capital Programme funding. *The Executive Director for Place Services confirmed an update will be provided on the Fund once the Government decision on the allocation of funds is known.*
- Queried in relation to the flexible use of Capital Receipts Strategy whether this is the capitalisation of salaries for the Transformation projects. *The Director of Finance and Support Services explained that an element is capitalisation of salaries but it includes a number of other projects as outlined in Appendix E.*
- Queried the £1m included for climate change and what this will be used for. *The Executive Director of Place Services confirmed the money would be used to implement measures included within the Carbon Management Plan and also to enhance buildings to be more environmentally friendly.*

101.9 The Financial Reporting Manager introduced the Treasury Management Strategy Statement 2021/22 report and outlined key information on debt, investments, external and internal borrowing, and use of short-term money market funds.

101.10 The Committee made comments in relation to the Treasury Management Strategy Statement, including those that follow. It:

- Queried the counterparty risk associated with borrowing in relation to money laundering mentioned at 6.5 in the report. *The Financial Reporting manager confirmed this is generic wording and there is no risk to the council as risky lenders are avoided.*
- Thanked Treasury officers for a comprehensive and high quality report, and for their hard work during the year.

101.11 Resolved – That the Committee:

- 1) Note the significant external risks to the budget, particularly the Comprehensive Spending Review and the impact on the economy as a consequence of Covid;

- 2) Recognise the exceptional circumstances and challenges in setting this budget and support the continued lobbying and challenge of central government to secure additional funding, particularly for adult social care funding and the Public Health grant;
- 3) Raise a number of concerns about the proposed provision of services, including particular concerns on the Early Help redesign; and
- 4) In relation to the Capital Strategy, highlight the need to appropriately manage the surplus county assets in the property portfolio.

## **102. West Sussex Reset Plan and Key Performance Indicators**

102.1 The Committee considered the West Sussex Reset Plan report by the Chief Executive (copy appended to the signed minutes).

102.2 The Leader introduced the Plan which outlines what the council aims to achieve for its residents in the period 2021/22 to 2025. The Plan reflects the priorities of residents and has been developed collaboratively with staff, Members, council partners and stakeholders. Its focus is post-Covid and it has been developed alongside the 2021/22 Budget presented to the Committee. The Plan will report on a quarterly basis and be updated annually.

102.3 The Chief Executive introduced the report and noted the committee's feedback on the Plan's key performance indicators (KPIs) at its previous meeting has been listened to. The Plan is a live document, ambitious but realistic, and it will be flexible to change as needed.

102.4 The chairmen of the service scrutiny committees were asked to summarise the discussion and outcome of the debate at their January meetings to review the Reset Plan and key performance indicators (KPIs) relevant to them, as follows:

- Children and Young People's Services Scrutiny Committee (CYPSSC) chairman confirmed the committee agreed the KPIs are appropriate and challenging but base data was needed to provide a context in relation to the targets included. It was suggested that adding a measure on the Early Help work be considered.
- Health and Adult Social Care Scrutiny Committee (HASC) chairman confirmed the committee had requested more challenging KPI targets to ensure good monitoring of the services. It was suggested KPIs for healthy weight at mid-life, healthy life expectancy of BAME residents and a KPI in relation to Mental Health should be added.
- Environment and Communities Scrutiny Committee (ECSC) chairman confirmed most of that committee's suggestions had been included within the Plan and the KPIs provide a good framework.
- Fire & Rescue Service Scrutiny Committee (F&RSSC) chairman confirmed committee were satisfied with the KPIs and they are consistent with the Service Improvement Plan.

102.5 The Committee made comments in relation to the Reset Plan, including those that follow. It:

- Welcomed the Reset Plan and KPIs and supported the continued development and review of the Plan and indicators over time.
- Commented that the Committee would have liked more involvement on the development of the Reset Plan and performance indicators, and that a full and detailed review has not been possible due to the limited time frame. Similarly the Committee has not been involved in the development of the Quarterly Performance Monitor. It was recognised that the documents will continue to develop over time, and it was requested that scrutiny members are involved in any further review of performance monitoring or reporting to help ensure effective scrutiny.
- Looks forward to reviewing the Reboot Plan at the appropriate time with details of how the performance aims will be achieved.

102.6 The Committee made comments in relation to the proposed KPIs, including those that follow:

- Regarding KPI no. 18 (A and B road maintenance) that the target percentage should be reviewed as it is not stringent enough to encourage a real improvement across the counties roads.
- Regarding no. 24 (growth deals in place) that as growth deals are already in place the indicator is not useful. *The Cabinet Member for Economy and Corporate Resources noted it demonstrated a level of commitment to the economy in difficult times but will consider this feedback.*
- Regarding no. 41 (killed and seriously injured casualties) that the measure should not be removed and improvement is needed.
- Regarding no. 45 (Member induction) that the KPI should be about on-going Member training, not just induction.
- Regarding no. 46 (Governance) that consideration is needed on how to measure the qualitative aim of understanding. *The Cabinet Member for Economy and Corporate Resources confirmed there will be a change to nos. 45 and 46 to ensure they are influenced by the cross-party Member Development Group.*
- Regarding no. 49 (productivity of assets) that it carries the risk of compacted usage reducing productivity.
- Regarding no. 50 (Value for money) that this is a core issue for the council, that little information is provided on this in the quarterly Total Performance Monitor (TPM) report, and encouraged including a value for money KPI for all key council services. *The Director of Finance and Support Services explained that obtaining proper comparisons for a value for money indicator is extremely difficult, however officers are working on what composite data sources could be used.*
- Reiterated the feedback at the December meeting that value for money indicators which link to financial management should be included in the Reset Plan, and encouraged that this be in relation to individual service areas rather than overall.
- Commented that the Fire & Rescue Service already has regular performance measures in a balanced scorecard approach and encouraged that this be considered for other council services.
- Queried if the council's Public Satisfaction Survey had been run recently, and if so supported inclusion of an overall 'customer

satisfaction' type indicator based on consultation feedback from residents. This is an important measure to gauge how well services provided by the Council are received. *The Chief Executive confirmed surveying of residents occurs regularly and it will be added in future if needed. It is important to be mindful that 80% of the council's income is spent on 20% of residents which can affect perception.*

102.7 Resolved – That the Committee:

- 1) Recognise the Plan and KPIs have been developed at pace and there has not been time to enable a full and detailed review of the KPIs, nor has the Committee been as involved in the performance monitoring reporting and the development of the Quarterly Performance Monitor report as would have been preferred;
- 2) Recognise that work will continue to develop the performance indicators, and welcome the improvement on the existing performance measures and agree these are moving in the right direction;
- 3) Reiterate the principles agreed at the December meeting of the Committee on including value for money indicators which should link to financial management, and welcome more information included on this area; and
- 4) Recommend that developing the different style of KPIs afforded to the Fire & Rescue Service be considered for other council services to produce a balanced scorecard approach.

### **103. Endorsement: Broadbridge Heath Retail Scheme**

103.1 The Committee considered the draft Endorsement: Broadbridge Heath Retail Scheme decision report by the Director of Property and Assets (copy appended to the signed minutes).

103.2 The Cabinet Member for Finance introduced the report and highlighted that the Highways Depot site has been redundant since being declared surplus in 2018. The development design holds good potential for generating income and aligns with the commercial and retail use as designated in Horsham District Council's Local Plan. The proposed tenants are secure blue-chip retail companies and a pre-let agreement will be signed before development begins.

103.3 The Director of Property and Assets introduced the report. It was highlighted that the council regenerating the site ensures autonomy over its design, will increase employment in the local area, and provides the council with a revenue return.

103.4 The Committee made comments in relation to the draft Broadbridge Heath Retail Scheme decision report, including those that follow. It:

- Reflected on the effect of out of town retail developments on the economic decline of High Streets. *The Cabinet Member for Finance*

*reiterated the area is designated for retail in the Local Plan and that the potential tenants would not consider High Street units.*

- Supported increasing revenue income to the council for future budget setting, and welcomed the predicted 6.91% yield on the development.
- Raised positive and negative views about the effect of the pandemic and related national lockdowns on the retail industry in the changing economic environment.
- Noted the viability study for the development was undertaken in 2019, suggested this be reviewed to ensure it is still viable before taking the scheme forward, and recommended that a sensitivity analysis be undertaken to ensure the scheme remains financially viable when different variables and risks are taken into account. *The Director of Property and Assets confirmed officers are confident in the predicted development costs and hold planned contingency funds which should not be required, and that the investment return will be constantly monitored.*
- Encouraged that tenants be locked in before development begins. *The Director of Property and Assets confirmed tenants will be locked in via an Agreement to Lease*
- A Member suggested amendments be made to strengthen the recommendations in the draft decision report. There was agreement that recommendations 1 and 3 be amended and that a further recommendation 6 be added that both recommendations 3 and 4 be contingent and provisional on the other [as detailed in the recommendations below].
- Highlighted the use of private vehicles by shoppers to access out of town retail units and raised concerns on whether the proposed development supports the council's commitment to tackling climate change. Suggested mitigation measures be considered to relieve the carbon footprint and increase the site's green credentials, which could include electric vehicle (EV) charging points and solar panels. Including a significant number of EV points was particularly highlighted in relation to the Government's focus on ending manufacture of petrol and diesel vehicles. *The Director of Property and Assets confirmed that as many measures as practical will be included to relieve the carbon footprint of the development which may include solar panels on the roof if appropriate.*
- Noted concern about a potential increase to litter and encouraged measures be put in place to prevent or penalise litter on the highway.

In order to consider the Restricted Appendices A and B, the public and press were excluded from the meeting under Part I of Schedule 12A of the Local Government Act 1972, paragraph 3 Financial or business affairs, and the Committee entered private Part II discussion. The public meeting was paused at 3.58pm and resumed at 4.59pm. The Part I public summary of the Part II restricted discussion is as follows. It:

- Discussed the viability of the retail development in the current and future economic climate.
- Discussed options for developing the land and commented on balancing risk against revenue income.
- Sought reassurance the property team had the capacity to progress the project.



- Highlighted issues regarding impact on the highway.
- Made suggestions about the format of future property decision reports.

103.7 Consensus was reached by the Committee to support the retail scheme development and make recommendations to the Cabinet Member for Finance. Cllr M Jones and Cllr Lea wished it recorded that they do not support progressing the scheme.

103.8 Resolved – That the Committee:

- 1) Recommend the Council's climate change policy should be taken into account when developing the site and measures taken to reduce the carbon footprint, with particular reference to the provision of electric vehicle charging points and solar panels;
- 2) Recommend amendment to the draft decision report recommendations, to be included as follows;

That the Cabinet Member:

- i. Subject to revalidating viability, approves the regeneration of an under-utilised asset to deliver a Retail Park at Broadbridge Heath, Horsham with the allocation of £15.47m from the capital programme to fund the completion of the project to construct a development on this site consisting of up to four units;
- ii. Authorises entering into pre-let arrangements by way of conditional Agreements to Lease with the four preferred retailers; the Agreements will commit the County Council to the construction of this scheme, to the retailers' specifications, conditional upon satisfactory planning permission and completing the works. The terms of the agreements remain commercially confidential;
- iii. Delegates authority to the Director of Property and Assets with the Director of Law and Assurance to finalise the terms of the agreements to lease which have sufficient terms to guarantee cost recovery;
- iv. Authorises the commencement of procurement for the construction contract;
- v. Subject to receipt of satisfactory planning permission delegates authority to the Director of Property and Assets to award the construction contract; and
- vi. That both recommendations 3 and 4 be contingent and provisional on the other.

- 3) Recommend that future property decision reports include a sensitivity analysis and use risk adjusted rates to calculate the gross/net development value (GDV/NDV).

#### **104. Possible Items for Future Scrutiny**

104.1 No additional items or decisions were identified for addition to the committee's work programme.

104.2 The Chairman informed the committee that it has been agreed with members of the Recommissioning of Support Services Task and Finish Group (TFG) that the TFG be disbanded as scrutiny of the next stages of the decision will be brought before the full scrutiny committee at its 11 March meeting.

### **105. Date of Next Meeting**

105.1 The Committee notes its next meeting will take place on 22 February 2021, commencing at 10.30am.

The meeting ended at 5.04 pm

Chairman