

Performance and Finance Scrutiny Committee

25 January 2023 – At a meeting of the Performance and Finance Scrutiny Committee held at 10.30 am at County Hall, Chichester, PO19 1RQ.

Present: Cllr Montyn (Chairman)

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| Cllr Burrett | Cllr Elkins | Cllr McKnight |
| Cllr Baldwin | Cllr Gibson | Cllr Sparkes |
| Cllr Boram | Cllr Kerry-Bedell | Cllr Turley |
| Cllr Britton | Cllr Linehan | Cllr Wall |
| Cllr Condie | Cllr McDonald | |

Also in attendance: Cllr J Dennis, Cllr Hunt, Cllr A Jupp, Cllr N Jupp, Cllr Lanzer, Cllr Marshall, Cllr Russell, Cllr Urquhart and Cllr Waight

Apologies were received from Cllr Crow

42. Declarations of Interest

42.1 No recordable interests were declared.

43. Minutes of the last meeting of the Committee

43.1 Resolved – that with correction of a typing error in minute 37, the minutes of the meeting held on 28 November 2022 be approved as a correct record and that they be signed by the Chairman.

44. Responses to Recommendations

44.1 In response to a query about negotiations with the government over the Dedicated Schools Grant, the Committee was told that the Council could do no more as this was a national issue and awaited the outcome.

44.2 Resolved – That the Committee notes the responses.

45. Our Council Plan and Budget 2023-24

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

45.2 Summary of responses to members' questions and comments: -

- The target for the number of enterprises to be supported (Key Performance Indicator (KPI) 15) had been increased due to various schemes such as a creative Digital Hub in Bognor Regis, Experience West Sussex, Hothouse with the University of Chichester, Research

In Sussex Excellence (RISE) with the University of Brighton and the University of Sussex

- The target of 7.5km new cycling infrastructure per year (KPI17) was the minimum expected, was being exceeded and would likely be reviewed
- The target for completion of Education, Health and Care Plans within 20 weeks (KPI56) was low due to a surge in applications and a shortage of educational psychologists – it was noted that the Children & Young People’s Scrutiny Committee had queried how the Council could have a target that was below statutory requirements
- It was recognised that more work was needed to increase the number of adults using direct payments
- The target for the aggregated unit cost of the Council’s services compared to its statistical neighbours (KPI50) had gone down from 4th to 7th/8th highest as it is better value for money for residents to have a lower unit service cost
- Growth deals (KPI24) exist for each district/borough council, these will continue to evolve although the funding method may move from drawing down from a fund to individual funding agreed between the Cabinet Member for Support Services & Economic Development and the Cabinet Member for Finance & Property
- The Council will work via the integrated care system to influence enhanced joined-up working and the empowering of communities to improve health, possibly through local care networks based on district and borough boundaries
- All targets will be reviewed throughout the year to ensure they remain relevant
- £4.5m has been allocated from corporate funding (not highways base budget) to address maintenance and flooding – the Highways Team is scoping how it will be spent and will be presented to the Communities, Highways & Environment Scrutiny Committee in March
- The Traffic Management & Road Safety Task & Finish Group will look at the possibility of decreasing the threshold for intervention for repairing roads and pavements
- The Business Rate Pooling arrangement is designed to get the maximum rebate/return which will be spread across the county, this wouldn’t be possible if all district/borough councils were involved – all council leaders are involved in discussions. All districts and boroughs receive a benefit from the pool.
- The slight decrease in the County Council’s tax base in 2021/22 was due to a combination of factors e.g. the number of homes, level of discount, number of council tax reduction claimants
- There was inconsistency between the Service Specific Spending Pressures 2023/24 table and individual portfolio tables – **ACTION:** Director of Finance and Support Services make sure the tables align
- The Capital Receipts Usable Reserves balance was projected to be less on 31 March 2024 than 31 March 2023 because although there is a broad indication of what future capital receipts might be, they wouldn’t be included in the forecast until there was more certainty
- Unapplied Capital Grants are those that were received in the past that are being applied to the Capital Programme for the funding of the programme

- The Council looks at many factors to identify the service pressures across the county e.g. population and levels of need across services. The recently released census data is one source on information to feed into forecast and will be considered as part of future forecasts
- District and borough councils consider a range of factors to determine the Council Tax base – as highlighted above
- The working balance of the General Fund has increased to 5% of gross expenditure which is thought to be prudent and is in line with other authorities and guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA)
- The Council works with the NHS on patient discharge and has received a grant from the government to help with this, a third to half of people available for discharge need and are eligible for social care
- Using staff cost savings to balance portfolio budgets is feasible at present and represented current vacancy levels. Staffing costs make up a large proportion of the budget
- The Council's budget currently reflects an overall vacancy rate of 5%. The saving reflects current actual levels which are on average 6% across the Council
- The Council has set aside money to cover the rise in the National Living Wage hourly rate
- The Council's budget for next year for Adult Social Care allows for an average of 9% increase across providers but increases will be discussed with individual providers
- Staffing expenditure has reduced in the Children & Young People portfolio due to transformation & redesign of services
- The review of children's social care was expected at the end January 2023, the Council has a contingency to address any issues arising from possible legislative changes
- The Brick Kiln project will provide bespoke placement for children and is paused until the service is registered
- The Fire & Rescue Service was catching-up with a backlog of safe and well visits caused by the pandemic checking that vulnerable people have the necessary carbon monoxide and smoke detectors
- Waste collection vehicles are the responsibility of the district/borough councils, two of which were looking at using electric vehicles
- The Halewick Lane battery storage system couldn't procure second hand batteries due to demand issues, however it was found that these were more expensive than new ones – this will be reviewed in the future
- The Council was in constant liaison with bus companies looking at the best solution for residents after the cheap bus ticket deal ends at the end of March 2023
- There was a query about local authorities no longer being able to provide the role of Appropriate Body for Early Career Teachers from September 2023 – **ACTION:** Assistant Director of Education & Skills to provide details of what this means for the Council
- Member allowance increases are based on a recommendation from the Independent Remuneration Panel and were announced very late in the financial year so could not go through the usual process, instead they were publicised in the Member's bulletin – Members had the chance to say whether they disagreed with the increases

- Increases in fees and charges are usually based on the Retail Price Index in the previous September but in all cases are reviewed on a case by case basis against the market. Occasionally deep dives take place in certain areas leading to increases based on the Council's actual cost recovery such as happened with bus stop relocation and tree inspections on school premises
- Library reservation charges and cycling training course fees had increased to cover costs
- The Council has around £9m of Covid-19 grant money left – this can be carried forward to 2023/24 and used to fund ongoing pressures, particularly in social care. It was not envisaged that there would be any further Covid-19 grants and the Council would need to operate under a new 'normal' and contain pressures within Council resources
- The £13m contingency reserve was thought to be prudent
- The inflation contingency reserve had reduced from £5m to £0 because it is now part of overall corporate contingency
- Implementation of the Fair Funding Review and business rates baseline reset could lead to a £30m reduction in funding – this has not been built into the budget yet as it is still an uncertainty
- The Council Tax referendum limit and Adult Social Care precept will remain at 3% and 2% respectively for 2024/25. After that it is possible that the referendum limit may go back to 2% and there may not be an Adult Social Care precept, so the Council is basing forward projections on the lower limit and no Adult Social Care precept
- Service pressures are expected to increase in 2025/26 due to new social care reforms, the future of the dedicated Schools Grant deficit and any changes to the government funding formula. It remains uncertain if there will be any further funding
- The Council uses cash reserves so it can avoid the risks and revenue costs from borrowing externally
- There was a query as to why investments within externally managed pooled funds were less than the maximum externally managed pooled fund exposure – **ACTION**: Financial Reporting Manager to investigate
- The Council does not have to recognise any change in the capital value of the externally managed pooled funds on its balance sheet until the investments are sold
- CIPFA has tightened guidance since problems caused by the Icelandic bank collapse in 2008 to help avoid a repetition

45.3 Resolved – that the Committee

- Recognises the targets in the Council Plan will be reviewed through the year to ensure they remain ambitious enough, relevant and appropriate to the Council's key priorities
- Recognises the continuing financial uncertainties related to national challenges, legislative changes, funding decisions and increasing service demand pressures
- Notes the risks identified in terms of the budget and the on-going uncertainties
- Recognises the pressures on the budget caused by labour market issues and the effects this is having in terms of the vacancy rates

and recruitment of key posts at the Council and welcomes the efforts being made to mitigate against these issues to ensure services are not unduly affected

- v. Recognises the significant challenges and demands on the highways budget and welcomed the one-off £4.5m increase in budget

46. Recruitment and Retention

46.1 The Committee considered a report by the Director of Human Resources and Organisational Development (copy appended to the signed minutes).

46.2 Summary of responses to Members' questions and comments: -

- The Council is receiving external specialist recruitment support for six months and will judge after that whether this support needs to continue
- There will be key performance indicators introduced for the external recruitment specialist to measure the time taken to recruit staff from agencies and the number of candidates they provide. The external specialist will be passing on key learning and advice with regard future recruitment techniques to council staff
- If the Council wished to pay market supplements to staff starting in hard to fill roles, it would also have to pay a market supplement to existing staff in those roles - this would be difficult to maintain and remove
- Market supplements have on-going cost implications so are not a sustainable position. The salary benchmarking exercise will be important in recognising any problem areas
- The Council has access to the Integrated Care System's 'Staff in Mind' programme that offers psychological support to staff
- Sickness due to stress and anxiety is being closely monitored and a number of well-being actions have been undertaken including the introduction of mental health first aiders
- The Council will offer job sharing, part time/term time and hybrid working as well as using social media, creating a new localised staff benefits package and making use of mentoring to encourage recruitment and incentivise current staff to remain at the council
- A collective solution is required when different authorities compete for the same workforce
- The gap between public and private sector pay is likely to decrease, so the Council needs to emphasise what the public sector can offer to make it more attractive
- Supervision and one to ones between officers and their managers are improving, but more needs to be done on discussing career aspirations and development with staff
- The Council is monitoring the number of performance/disciplinary cases against time served in the organisation to ensure there are no particular issues with newly appointed staff and that standards and abilities do not drop
- Social workers employed from overseas will receive a comprehensive induction and will benefit from the support from their peer group

- The Council will also help them find accommodation and do what it can to encourage them to stay by offering career development opportunities
- The Council is considering the cost of further overseas recruitment to decide if this is something it wants to do again
- The staff turnover rate has risen across the Council – priority for recruitment is focussed on social care where there are most vacancies
- The Council, other local authorities and the Local Government Association would like legislation to prevent agencies from providing project teams instead of individual workers

46.3 Resolved - that

- Recognises recruitment and retention as a significant risk to the Council and welcomes the work being undertaken to mitigate this
- Recognises the growing and changing requirements in terms of recruiting to posts and made a number of suggestions on how this could be done in future including more local and community-based advertising, a focus on skills requirements and working collaboratively with other Councils
- Supports the recruitment of international social workers
- Requests an update report in a year with information broken down by service area and key risks. Also requested that more information is included in the quarterly Performance and Resources Report to provide an on-going summary of the situation

47. Forward Plan of Key Decisions

- 47.1 Resolved – that the Committee notes the Forward Plan of Key Decisions.

48. Work Programme

- 48.1 Resolved – that the Committee notes the Work Programme.

49. Date of next meeting

- 49.1 The Committee notes its next meeting will take place on 10 March 2023 commencing at 10.30am.

The meeting ended at 2.30 pm

Chairman