

Performance and Finance Scrutiny Committee

22 January 2025 – At a meeting of the Performance and Finance Scrutiny Committee held at 10.30 am at County Hall, Chichester, PO19 1RQ.

Present:

Cllr Burrett	Cllr Gibson	Cllr Oakley
Cllr Boram	Cllr Lord, arrived at	Cllr Turley
Cllr Dabell	10:45am, left at	Cllr Wall
Cllr Elkins	13:40pm	Cllr Ali
	Cllr McDonald	
	Cllr McKnight	

Apologies were received from Cllr Bradbury, Cllr Baldwin, Cllr Linehan and Cllr Walsh

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

36. Declarations of Interest

36.1 In accordance with the County Council's Code of Conduct, the following declaration was made:

36.2 Cllr Gibson declared a personal interest as a Cabinet Member at Mid-Sussex District Council, under Agenda Item 5.

37. Minutes of the last meeting of the Committee

37.1 Resolved – That the minutes of the meeting held on 29 November 2024 be approved as a correct record and that they be signed by the Chairman.

38. Urgent Matters

38.1 No urgent matters were raised.

39. Responses to Recommendations

39.1 Resolved – That the Committee notes the responses to recommendations from previous meetings.

39.2 It was noted that Active Travel will be discussed at the Communities, Highways and Environment Scrutiny Committee's (CHESC) Business Planning Group (BPG). The BPG will decide the best way to scrutinise Active Travel arrangements.

40. Council Plan and Draft Budget 2025/26

40.1 The Cabinet Member for Finance and Property, Cllr Hunt, introduced a report that contained the Council Plan, draft Revenue Budget 2025/26, draft Capital Strategy 2025/26 to 2029/30, and draft Treasury Management Strategy Statement 2025/26 (copies appended to the signed minutes).

40.2 The Budget presented is a balanced budget without cuts to front line services or the use of reserves. Investment into West Sussex County Council's ("the Council") services amounts to £70 million, with additional funding given to the Highways revenue budget alongside other services.

40.3 The Leader, Cllr Marshall, introduced the Council Plan element of the report highlighting that the Plan will be revised during 2025/26. The Leader confirmed that the priorities and aims currently included in the Plan remain appropriate for the residents and businesses in the county.

40.4 A summary of responses to Committee members' comments and questions is below.

40.5 The Committee thanked officers and the Cabinet for their work on the Budget and report.

External and Internal Context

40.6 The responses from the public budget consultation generally supports the approach in the Budget for 2025/26. The Council will reflect on the responses throughout the year.

40.7 The final Local Government Settlement and any support received for the increase in employers' National Insurance may have an effect on the Budget. Any amendments required will be published separately or in the Performance and Resources Reports (PRR) that are reviewed by the Scrutiny Committees.

40.8 It is recognised that the demand for services is far greater than the funding received from Government. The potential local government funding reform will therefore need to be continuously monitored for changes and risks to the way the Council can generate or receive funding.

40.9 Local government reorganisation will have an impact on the Medium Term Financial Position, however it cannot be factored in until there is a definite date of reorganisation. Local government reorganisation will have benefits for the Council and residents in terms of funding available, but the risks must be managed appropriately to minimise them.

40.10 The increase in the employers' National Insurance and the National Living Wage will have an effect on the Council's providers. The Budget has accounted for increases in the National Living Wage. The Council will work with Government and providers on the impact of the National Insurance increase.

40.11 The Council has responded to the provisional Local Government Finance Settlement consultation and raised concern over the funding of social care, the Dedicated Schools Grant ("DSG") deficit and Special Educational Needs and Disabilities ("SEND"). The Government has stated its commitment towards providing multi-year settlements in future which will help the Council's planning and budget processes as more certainty of funding will exist. It was recognised that Government needs to think about long-term financial responsibilities in terms of funding the extra responsibilities given to local authorities.

40.12 The Committee asked for the report to clarify the wording around the reduction in national highways investment and how the Council will continue to invest separately as part of the Budget. **ACTION:** The Director of Finance and Support Services will set this out more clearly in future reports.

40.13 The extra funding for social care and SEND provided by the Government will not cover the full amount needed to maintain the services in West Sussex and across the nation. A report on funding reform is now expected in 2028.

Council Plan Refresh

40.14 The Budget is set in order to deliver the Council Plan's priorities. The priorities will not change with local government reorganisation, however, they will need to be assessed in order to ensure they continue to serve the residents and business of a unitary council. The Council Plan is due to be revised after May.

40.15 Key Performance Indicator ("KPI") 15 – The Council is involved with several partnerships and strategies to help start and support local business through the Growth Hub. The change in language for the KPI will reflect that support. **ACTION:** The Leader will provide a numerical target for KPI 15.

40.16 Key Performance Indicator 6 – The amendment is to shift the focus onto obesity within Year 6 aged children. **ACTION:** The Cabinet Member for Public Health and Wellbeing will provide a percentage target for KPI 6.

40.17 Key Performance Indicator 18c – The new KPI measuring the percentage of unclassified roads in need of maintenance is welcomed by the Communities, Highways and Environment Scrutiny Committee.

Funding

40.18 Council Tax collection is a critical part of the Council's income and is the responsibility of the District and Borough Councils across West Sussex. The yield for collection will increase by 2.3% (roughly £8 million) due to additional charging on second homes and long lets. This increase will equalise over the years. **ACTION:** The Director of Finance and Support Services will provide the collection rates of Council Tax for all the District and Borough Councils.

40.19 Support schemes for Council Tax that are available through the District and Borough Councils do impact the Council's income. These

schemes are monitored. **ACTION:** The Director of Finance and Support Services will provide a list of support schemes available through the District and Borough Councils and what impact they have on the Council.

40.20 Concern was raised over the increased fees of SEND school meals compared to other schools' meals. **ACTION:** The Director of Finance and Support Services will provide more detail.

40.21 Clarification was requested over the difference between the exclusive of Value Added Tax ("VAT") and inclusive of VAT prices for a small marriage or civil partnership in the Worthing ceremony room. **ACTION:** The Director of Finance and Support Services will provide more detail.

40.22 Fees and charges are an important part of income generation for the Council. Changes can however drive behavioural change which needs to be carefully considered when changing the price rates. Increased demand for services and survey responses are a few ways in which behavioural changes can be measured. Comparison with other counties is also used to examine West Sussex's fees and charges.

40.23 Cost recovery through fees and charges is measured on an individual basis by the relevant department. Some fees and charges are closely linked, and the measurements are combined. The monitoring of fees and charges is used to measure cost recovery against residents' ability to access or afford a service. This is done to ensure the majority of West Sussex's residents can access the Council's services.

Analysis of Changes and Balancing the Budget

40.24 The £6.2 million of savings that have been carried over from last year's Budget are accounted for in the net expenditure Budget 2024/25 total figure.

40.25 Crossing patrol vacancies are difficult to recruit to. The Council is looking at different ways to recruit to these roles. Schemes that make crossings safer such as 'Active Travel to School' and 'School Streets' are being supported by the Council as well.

40.26 The Council is working with District and Borough Councils on staffing levels of the Accommodation and Youth Homelessness Prevention Teams. The partnership is ongoing with regular updates provided to the Cabinet Member. **ACTION:** The Cabinet Member for Children and Young People, Learning and Skills will provide clarification around the proposed staffing levels reduction to two full time equivalents ("FTE").

40.27 The responses from the Budget consultation have been noted in relation to highways. More investment has been given to the Highways budget to maintain and improve the quality of West Sussex roads.

40.28 There are a variety of reasons why the material used on the roads may be different after an electric vehicle charging point installation. **ACTION:** The Cabinet Member for Highways and Transport will provide more detail on specific installation points.

Portfolio Area – Finance and Property

40.29 The increase in the insurance budget is not a matter of concern and is in part being used to maintain the insurance reserves at an adequate level. The Durban House flooding did have an effect on the Council's insurance cover. **ACTION:** The Director of Finance and Support Services will provide more detail on the trends of claims on the Council's insurance cover and reserves.

Portfolio Area – Support Services and Economic Development

40.30 Factual information can be gathered to measure the impact of the Autumn Budget 2024 on small to medium size enterprises in West Sussex. **ACTION:** The Leader and the Cabinet Member for Support Services and Economic Development will compile information on the national Budget's effect and write to the Chancellor of the Exchequer.

40.31 The potential uses of the budget set aside for the 2025 elections have not been discussed yet. The Council is waiting to receive a decision on whether the elections will be deferred or not. If the 2025 elections are deferred, it is expected that there would be mayoral elections in 2026 and unitary authority elections in 2027.

Portfolio Area – Adults and Health

40.32 It is vital that the Government provides a sustainable funding solution for social care. The rise in costs and demand for social care will have a substantial effect on the Council's Budget this year and in future years. The Council has increased the Adult Social Care budget to meet the demand of the service, but the budget still requires challenging savings to be met. The various services that the Council provides to the users of adult social care are important and fundamental to the wellbeing of West Sussex residents. The work by the Council's employees, alongside the strategies in place, continue to provide exceptional service under difficult conditions. The Health and Adult Social Care Scrutiny Committee will continue to monitor the pressures and challenges for this budget.

Portfolio Area – Community Support and Fire and Rescue Services

40.33 Long term investment and development of the Fire and Rescue Service has resulted in improvements within the service as shown by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services Inspection Report.

Portfolio Area – Environment and Climate Change

40.34 The West Sussex Waste Partnership joint communications fund is funded by District and Borough Councils and the Council together. This is used to encourage recycling across the county. The Council is reducing its funding this year as the focus of the partnership is shifting to food waste. The District and Borough Councils will be leading the promotion of recycling food waste as there are different requirements relevant to each District or Borough Council area. The materials that have been produced previously will continue to be used to promote recycling.

40.35 The Simpler Recycling Regulations introduced a tax for manufacturers to pay so that their packaging can be disposed of correctly. The money generated has been given to the District and Borough Councils and the Council to meet their obligations under the Extended Producer Responsibility grant. There is no guarantee that this grant will be a continuous source of funding.

40.36 Solar farms have performed very well, with the Tangmere Solar Farm having paid back its initial costs. Most of the expenditure in relation to the Council's solar projects involve placing solar panels on school, and other Council owned buildings' roofs with the aim to save money for the schools by reduced electricity rates. Schemes are also available to place solar panels on community buildings.

40.37 The majority of the Capital Programme funding for Environment and Climate Change is used for battery storage facilities.

40.38 The solar and battery storage projects in Table 2 – financial performance of commercial and economic development projects 2025/26 are not laid out individually due to the source of capital financing.

Portfolio Area – Highways and Transport

40.39 Questions were raised over the Blue Badge scheme net expenditure being significantly less in this year's Budget compared to last year.

ACTION: The Cabinet Member for Highways and Transport and the Cabinet Member for Support Services and Economic Development will provide more detail on this.

40.40 The Committee praised the Blue Badge scheme's decreased waiting times. Several members of the Committee had impressive interactions with the scheme and had their applications resolved promptly.

40.41 There is an additional funding of £1 million in the Highways revenue budget for 2025/26. Alongside the £4 million additional funding that was granted in the current year (2024/25), this brings the investment in the Highways revenue budget to a total of £5 million over the two years.

40.42 The Government's additional funding for the pothole repairs will be placed in the capital financing budget when it is received.

40.43 The majority of the Highways budget is spent on recovery of the roads. There is an aim for improvement of the roads which is being supported by additional funding from the Council. The Council uses reserves to manage the recovery of roads after damaging events such as flooding. The increased expenditure requirements on highways is a national issue with Councils struggling to maintain their roads with the funding that the Government provides across the country.

40.44 The West Sussex Lane Rental Scheme charges organisations who want to carry out road constructions on West Sussex highways during peak times. This was put in place to manage disruptions to roads and encourage works to be scheduled for quieter times. It was not intended to be used to generate income. There is an expected drop in funds received as organisations will be working to avoid this charge and work at non-peak

times. The income from this scheme is ring-fenced and will be used for investment into West Sussex roads. **ACTION:** The Director of Finance and Support Services will provide an analysis of the gross expenditure, and the income generated in 2024/25 to 2025/26.

Portfolio Area – Public Health and Well-being

40.45 The Committee suggested that the Public Health and Wellbeing revenue budget is presented differently in future reports due to the net expenditure for 2024/25 and 2025/26 both showing as zero. **ACTION:** The Cabinet Member for Public Health and Wellbeing will consider different ways to present this in future reports.

Portfolio Area – Dedicated Schools Grant (“DSG”)

40.46 The DSG deficit is due to the overspend on the High Educational Needs Block which should be fully funded by the DSG. However, the funding received does not cover the increasing number of children with Education Health and Care Plans. The DSG deficit is a national issue, and many Councils are facing the same problem.

40.47 A Statutory Instrument is in place to allow the DSG deficit to be kept off the balance sheet. This is set to end in March 2026 and the Government has not announced an extension yet due to the need to find a national solution. There is also a possibility for a multi-year settlement. The DSG deficit is on the Risk Register for the Council.

40.48 There is no support set out for the education sectors in relation to the employers’ National Insurance rise. Individual schools will experience budget challenges with this increase. The Council has submitted a call for evidence to the Public Accounts Committee to raise awareness off the absence of increased funding for schools.

Reserves and Contingency

40.49 The Council’s General Fund Reserves are £36.3 million (slightly below 5%). The reserves are monitored and adjusted based on current, future, and potential risks to the Council. The Section 151 Officer (Director of Finance and Support Services) is satisfied by the level which the General Fund Reserve is currently at. The reserves will be monitored over the next five years to ensure that the current level is adequate in respect of the increased expenditure and risks facing the Council.

40.50 The intention to replenish the reserves is very strong within the Council. Decisions will be made throughout the year, and in the future, as to whether there are adequate funds to support the services and also replenish the reserves.

40.51 The contingency budget set out for Adults and Children’s Social Care in the 2024/25 Budget has been allocated into the main 2025/26 budget for social care. The Council recognises the pressures that the services face and have made this change to set out a clear budget to manage expenditure.

Medium Term Financial Position

40.52 The large increase in the opening expenditure from 2025/26 to 2026/27 is due to various factors, including increasing pressures and inflation. It is expected that there will be a medium term settlement announced in 2026 that will end some of the core funding streams for the Council.

40.53 The other corporate changes that affect the total forecast expenditure are due to contributions to reserves, the Medium Term Financial Strategy, capital financing and the impact of the Dedicated Schools Grant deficit on investment income.

Treasury Management Strategy Statement 2025/26

40.54 The trend ratio for the revenue impact on debt servicing and the recommended borrowing strategy is being monitored and managed appropriately. In 2029/30, the Council will have to start borrowing externally to manage the Dedicated Schools Grant deficit unless a solution is provided by Government. The external borrowing will affect the ratio and the borrowing strategy that is used. **Additional post meeting note:** technically, borrowing is not currently allowed for revenue spend.

Capital Programme

40.55 There are several flood prevention and recovery schemes that the Council is funding. Several schemes are being worked on and will be in place from next year. Operation Watershed is a scheme available to support community projects to prepare and protect against flooding and flood issues. The criteria of Operation Watershed will be reviewed following the Local Flood Risk Management Strategy. The Council urges local communities to apply to this scheme to ensure that flooding protections are in place.

40.56 The Treasury Management Team are monitoring interest rates for borrowing to fund the Capital Programme. There is a potential to borrow forward with the preferred lower interest rates. More funding will have to be borrowed in the next 2 to 3 years to refinance previous Public Works Loan Board loans.

40.57 The University of Brighton Academies Trust has made a request for re-brokering which the Government will have to resolve. The Department for Education will be undertaking the transitions of the schools' trusts and it is unlikely that there will be any changes before September 2025. The County Council will be a consultee to the proposed arrangements. The new building for the Bedelands Academy will continue to go ahead, with discussions taking place with the contractor.

40.58 Section 106 allows the Council and District and Borough Councils to seek contributions from developers to help with the costs of providing and maintaining community infrastructure if the new development adversely affects the infrastructure in the surrounding area. The Council monitors this funding to ensure it is being used effectively on future planned expenditure.

40.59 The Community Infrastructure Levy ("CIL") is similar to Section 106 and is enforced by the District and Borough Councils of West Sussex.

There are set rates and set times a developer must contribute to the community infrastructure of the area if it is adversely affected by their development. The District and Borough Councils have a mutual agreement of contributing some CIL funding into the Capital Programme. **ACTION:** The Director of Finance and Support Services will provide detail on the projected funds of CIL and how it will support the Capital Programme.

40.60 The decrease in Capital Reserves is due to applying spend on projects. The Capital Reserves are encouraged to be used on maintaining assets and capital investments to receive revenue benefits and better service delivery. **ACTION:** The Director of Finance and Support Services will provide further detail on the Capital Reserves forecast.

40.61 The external financing contributions including Section 106 for the Environment and Climate Change Capital Programme in 2025/26 decreases to zero as there are no projects that need starter funds in 2025/26. The projects that will be delivered in 2025/26 were accounted for in the 2024/25 Budget and have received their funding.

40.62 The figures shown in future budgets for the revenue impact of the Capital Programme borrowing strategy reflect the Dedicated Schools Grant deficit's effect on the amount of internal borrowing that the Council can do. **ACTION:** The Director of Finance and Support Services will provide clarification on the increasing figures for the Net Revenue Expenditure, especially the figure for 2029/30.

Equality Act Considerations and Other Issues

40.63 Care Leavers should be treated and considered as having a protected characteristic as in line with the Council's commitments as previously agreed by the Full Council. **ACTION:** This recommendation will be considered in future reports.

40.64 Resolved – That the Committee: -

1. Thanks officers and Cabinet for the comprehensive report and work done to present a balanced budget.
2. Recognises the risk and consequences to the Council around the increased employers' National Insurance, National Living Wage, potential funding reforms and continuing increased demand for services.
3. Continues to recognise the risk in relation to the Dedicated Schools Grant deficit and the impact this has on the Council's finance and budget position.
4. Recognises the importance of receiving funding when any Government legislative changes occur.
5. Welcomes the work being done on fees and charges to ensure the Council's charging regimes are appropriate and maximise income generation.

6. Requests School Streets schemes are encouraged to help with issues around school crossing patrol vacancies.
7. Requests that the Cabinet Member for Support Services and Economic Development and the Leader write to the Government to express concern about the national Budget changes and the impact this will have on small and medium enterprises in the county and the effect this will have on economic growth.
8. Recognises the effect of devolution and local government reorganisation on the cost of elections and when these costs may be incurred.
9. Recognises the increasing service pressures and challenges within Adult Social Care which the Health and Adult Social Care Scrutiny Committee will continue to monitor through 2025/26.
10. Recognises the pressures in the Highways maintenance budget.
11. Welcomes the level of reserves being monitored to ensure adequacy in future years.
12. Recognises the importance of the Operation Watershed fund in alleviating flooding and encourages communities to apply for this.
13. Welcomes interest rates being continually monitored in order to manage the costs of borrowing.

41. Oracle Fusion Progress Update

- 41.1 The Cabinet Member for Support Services and Economic Development, Cllr Waight, introduced a report that updated the Committee on the progress with the Oracle Fusion Programme (copy appended to the signed minutes).
- 41.2 A summary of responses to Committee members' comments and questions is below.
- 41.3 The Oracle Fusion project is on target in terms of timeline and is on-track with the key milestone plan. The spending for this project is on course as well.
- 41.4 A Human Resources Strategy is in place to manage the expenditure on staff for the Oracle Fusion project. Recruitment has been successful so far, with many external employees being recruited via the Matrix contract.
- 41.5 The Oracle Fusion system can be adapted to serve a unitary authority, and an expansion of the system is viable. However, the details of a system adaptation will be discussed by a working group closer to the date of merger for a unitary authority. Licencing, integration of data and IT systems from the District and Borough Councils, and the cost of those actions, are flagged as potential risks if/when the system needs to adapt for local government re-organisation.

41.6 Funding for this project was through the flexible use of Capital Receipts. Concerns were raised about how the report compares the actual spending costs of the project against the planned costs set out in the budget for the relevant years. **ACTION:** The Cabinet Member for Support Services and Economic Development will provide this information in future reports.

41.7 Resolved – That the Committee: -

1. Welcomes the report and the reassurances given in terms of timeline and workforce capacity, along with reassurance that the system will be robust enough to manage any local government reorganisation as it is capable to be expanded.
2. Recognises that plans will need to be made when more detail has been received on re-organisation.
3. Requests more information on budget spend to be included in future reports.

42. Careers and Skills Executive Task and Finish Group - Progress Update

42.1 The Cabinet Member for Support Services and Economic Development, Cllr Waight, introduced a report that summarised the progress of the recommendations made from the Careers and Skills Executive Task and Finish Group (copy appended to the signed minutes).

42.2 A summary of responses to Committee members' comments and questions is below.

42.3 The Committee recognises the work of the Task and Finish Group and commends the Cabinet Member and officers for the progress that has been made, especially in regard to creating a more diverse workplace and becoming an employer of choice and thereby attracting a higher calibre of candidate.

42.4 There has been increased usage of the Council's Apprenticeship Levy which has resulted in a decrease in the amount of expired levy funding being returned to HMRC ("His Majesty's Revenue and Customs"). Apprenticeships are used to attract new employees and also to develop the skills of current staff. Apprenticeships support the organisation's workforce becoming more diverse in their skills.

42.5 The reduction in agency spend and turnover rates shows that West Sussex County Council ("the Council") is now a more desirable place to work.

42.6 Social media is being used to advertise job vacancies and speak to prospective candidates. Council employees who use and speak to candidates on social media have received specific training to do so in line with the Council's brand image.

42.7 The quality of Council employees has not been compromised through the changes implemented. All candidates are assessed appropriately for their roles.

42.8 Job descriptions are made to be readable, understandable, and only two pages long. This is to attract a diverse range of candidates across the communities in the county.

42.9 Resolved – that the Committee: -

1. Thanks the Task and Finish Group for their work and the Cabinet Member and officers for their implementation of the recommendations.
2. Recognises the progress made and results achieved in relation to the Task and Finish Group recommendations, particularly in terms of the Council now being viewed as an employer of choice and the benefits of social media.
3. Welcomes the progress in employing staff from across the community and development of job specifics to be more inclusive.

43. Requests for Call-in

43.1 The Committee considered the reasons for rejection of a call-in request relating to the decision on Joint Venture Development Funding FP10 24/25 (copy appended to the signed minutes).

43.2 Resolved – That the Committee notes the reasons for rejection of the call-in request.

44. Work Programme Planning and Possible Items for Future Scrutiny

44.1 The Committee considered an extract of the Forward Plan of Key Decisions and Work Programme (copies appended to the signed minutes).

44.2 Resolved – That the Committee notes the existing Work Programme.

45. Date of next meeting

45.1 The Committee notes its next meeting will take place on 7 March 2025, commencing at 10.30am.

The meeting ended at 2.44 pm.

Chairman