

**Performance and Finance Select Committee**

16 May 2014 – At a meeting of the Select Committee held at 10.30 a.m. at County Hall, Chichester.

Present: Mrs Urquhart (Chairman)

|            |               |            |
|------------|---------------|------------|
| Mr Acraman | Ms James*     | Mr Turner  |
| Mr Burrett | Mrs Kitchen   | Mr Tyler** |
| Mrs Evans  | Mr Lamb       | Mr Waight  |
| Mr Glennon | Mr R T Rogers |            |

In attendance by invitation: Ms Goldsmith (Leader) and Mr Brown (Cabinet Member for Finance).

Apologies for absence were received from Mr Metcalfe, Mrs Millson and Mr Watson.

\*Ms James left at 1.00pm

\*\*Mr Tyler left at 1.00pm

**Declarations of Interest**

1. In accordance with the code of conduct, the following personal interests were declared:
  - Mr Burrett as the Crawley Borough Council Cabinet Member for Housing in relation to the PropCo Business Plan.
  - Mr Turner as a Worthing Cabinet member for Regeneration in relation to the PropCo Business Plan.
  - Mr Tyler as having spent his youth in East Grinstead in relation to the Wallis Centre Petition.
  - Mr Brown, Mr Burrett and Mrs Urquhart as members of the Support Services Outsource (SSO) contract Partnership Board in relation to the Call in of the Additional Services under SSO contract decision.
2. In accordance with the code of conduct, the following prejudicial interest was declared:
  - Mrs Evans as the wife of the Cabinet Member for Children – Start Of Life in relation to the Future of the Wallis Centre petition item. Mrs Evans left the table for the discussion.

**Minutes of the 26 March Meeting**

3. Resolved – that the minutes of the Performance and Finance Select Committee held on 26 March 2014 be approved as a correct record, and that they be signed by the Chairman.

**Part I Minutes of the joint meeting held on 1 May 2014**

4. Resolved – that the Part I minutes of the joint meeting of the Committee with the Environmental and Community Services Select Committee held on 1 May 2014 be approved as a correct record, and that they be signed by the Chairman.

### **Responses to Recommendations**

5. The Committee considered responses from the Cabinet Member for Children - Start of Life and the Cabinet Member for Finance to the Chairman of the Troubled Families Task and Finish Group on the recommendations agreed at the previous meeting of the Select Committee (copy appended to the signed minutes).

6. The Committee welcomed the responses and noted their content.

### **Appointment of Business Planning Group Members**

7. Resolved – that the Committee appoints Mrs Urquhart (Ch), Mr Turner, Mr Waight, Mr Glennon and Mrs Millson to its BPG.

### **Future of the Wallis Centre**

8. The Committee considered a petition that had been received regarding the closure of the Wallis Centre in East Grinstead. The Committee considered a report by the Head of Law and Governance outlining the debate process for petitions; a written statement from the petitioners urging the County Council to review plans to close the Wallis Centre and to continue funding to support the local community; and a report by the Director of Finance and Assurance previewing the decision regarding future options for the Wallis Centre (copies appended to the signed minutes).

9. The Chairman informed the committee of the process for the debate. The petitioner would begin with five minutes to make their opening statement, followed by the Cabinet Member for Finance. The Committee would then debate the petition for thirty minutes followed by each party making a three minute closing statement.

10. The Lead Petitioner made her opening statement outlining the different groups that were using the Wallis Centre and the difficulties they may face if the centre is closed.

11. The Cabinet Member for Finance made his opening statement which explained that developing the Wallis Centre would raise funds that were required in order to help maintain frontline services. It was explained that the County Council would help relocate the current users to alternative venues that were fit for purpose.

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

- Queried if the groups had tried to purchase the Wallis Centre when the Community Asset Transfer opportunity had arisen. – *The Lead Petitioner explained that there had been difficulties in working with the local Town Council and that the allotted time had elapsed. They were working on a new proposal to try the process again.*

- Queried the state of the building and the costs that would be required to bring it up to standard. – *The Valuation Team Manager informed the Committee that the building required work and estimated the cost of bringing the building up to standard would be between £300,000 and £400,000.*
- Enquired if the Community Right To Bid process had been engaged. – *The Cabinet Member for Finance explained that the Wallis Centre was not currently for sale and so this was not an option. The Service Manager for Youth Support & Development Service confirmed that the Town Council had been approached but had ultimately decided not to consider purchasing the property.*
- Raised concerns on the suggested alternative locations for the groups as they are not close to the town centre, this is particularly relevant to groups such as Age Concern due to users not being able to easily travel beyond the town centre. There was a concern that there was a lack of usable facilities in the town centre. – *The Cabinet Member for Finance suggested that provision to aid affected groups could be considered, such as financial grants or a minibus.*
- Queried what would have been considered for the Wallis Centre if PropCo had not been established. – *The Cabinet Member for Finance stated that the site would still have been developed but, rather than in house, an external developer would have been procured. The Leader reported that the Fernleigh Centre in Chichester had been a similar situation and that the affected groups using the centre had all been relocated.*
- Queried if developing the site for dual use, for example a community centre on the ground floor with residential accommodation above, had been considered as a development option. – *The Cabinet Member for Finance confirmed that professional advice had been sought on this example but it was deemed unfavourable due to the reduced profit made on such rental properties.*
- Queried if the profit to be made on surplus assets would always override community responsibilities, should options be considered that achieve lower profits but meet community interests. – *The Cabinet Member for Finance said that the current financial climate was making maintaining frontline services a priority compared to five years ago where other options may have been considered.*
- Queried the accountancy treatment of using capital receipts for revenue spending and if the predicted investment return was accurate. – *The Director of Finance and Assurance informed the Committee that there was flexibility on the process to record the profit separately from the capital receipt.*

13. The Lead Petitioner made her closing statement, raising doubts over the possibility of relocating all the groups currently using the Wallis Centre which would force some groups to close down.

14. The Cabinet Member for Finance made his closing statement which had a more optimistic view for relocating the groups and confirming that additional financial resources could be sourced to aid the transition of venue for affected groups or provide refurbishment costs to ensure venues were fit for purpose.

15. Resolved – That the Committee:
- (1) Agrees that it is not viable to continue maintaining the Wallis Centre.
  - (2) Requests that every effort is made to find alternative locations for the relocated groups with funding sourced to aid this process if necessary.
  - (3) Proposes that the Wallis Centre is investigated with regards to its potential for either onward development or sale.

### **PropCo Business Plan**

16. The Committee considered a report by the Director of Finance and Assurance and the Valuation and Estates Manager (copy appended to the signed minutes).

17. The Committee welcomed the Principal Consultant from EC Harris of whom it was explained was a consultancy company helping PropCo to utilise County Council assets for profit.

18. The Cabinet Member for Finance introduced the report and informed the Committee that a site in Barnham had received planning permission and would be the first site developed for investment by PropCo.

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

- Queried the profit levels predicted and if increased social gain would justify less profit being generated. – *The Director of Finance and Assurance explained that margins were calculated on a site by site basis. Social gain was a factor but appropriate profit levels would be a priority.*
- Questioned how improved social gain would be measured. – *The Director of Finance and Assurance confirmed that feedback from local employers and trade would be investigated. The Cabinet Member for Finance also informed the Committee that local labour would be used on site developments and that for large projects using national contracts, clauses could be implemented encouraging the use of local trades.*
- Queried the market research that had been used to show the investment opportunity for rental properties. – *The Principal Consultant confirmed that there was significant demand in this sector. The Cabinet Member for Finance informed the Committee that if any properties were not rented, they would be sold and the proceeds would be invested into other developments, reducing the need to borrow money.*
- Queried who would manage the affordable housing properties in the developments. – *The Valuation and Estates Manager explained that this would be a Registered Social Landlord.*
- Queried where strategic and replenishment land purchases sat in the PropCo Business Plan. – *The Leader explained that this was a process in place before PropCo had even been established, but acknowledged the lack of detail and resolved to update the committee on this process.*

- Queried how PropCo has developed beyond improving the rental sector housing market since it was first scrutinised by the Committee and that there were no timescales or real targets to assess success. – *The Leader confirmed that PropCo had developed to meet a new Economic Strategy which would be presented at a future meeting of the Committee. The Director of Finance confirmed that the success of PropCo should be measured by achievement of the cashflow forecasts over the next four years.*

20. Resolved – That the Committee:

- (1) Requests that the Land Replenishment Strategy is clarified for a future meeting.
- (2) Requests that annual scrutiny of PropCo is established, outlining cash flows, future plans and achievements.
- (3) Requests that individual cases are considered by the Business Planning Group for future Committee meeting scrutiny.

#### **Total Performance Monitor to March 2014**

21. The Committee considered a report by the Director of Finance and Assurance (copy appended to the signed minutes).

22. The Cabinet Member for Finance introduced the report which set out the County Council's end of year performance and risk position.

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

- Noted the improved process of pothole repairs on the highway.
- Queried why the cardiovascular health checks had finished on target for the first time. – *Reasons for this were speculated by the Committee, such as end of year billing process or online health checks recently becoming available.*

24. Resolved – That the Monitor be noted.

#### **Business Planning Group Report**

25. The Committee considered a report by the Chairman of the Business Planning Group (copy appended to the signed minutes).

26. The Senior Advisor introduced the report and welcomed the Committees comments on the Work Programme and the Task and Finish Group Programme.

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

- Requested that extensive data is prepared for the Badger Petition to be considered at the next meeting. – *The Senior Advisor confirmed that the County Council officers were preparing for the item.*
- Acknowledged that overlapping Task and Finish Groups should be avoided due to Member and Officer workloads.

28. Resolved – That the Work Programme and Task and Finish Group Rolling Programme are agreed.

### Call-ins

29. The Committee considered a Call in request that had been received for the Proposed Decision 'Additional Services under Support Services Outsource (SSO) Contract FIN01 (14/15)' (copy appended to the signed minutes).

30. The Chairman informed the Committee that the Call in had been accepted by the Business Planning Group. The process for the debate was explained to the Committee. Mrs Mullins would speak first on behalf of the Labour Group who requested the Call In. Mrs Guest, Chairman of the 'Don't Cut Us Out' campaign, would then be invited to speak to the Committee in relation to the decision. The Cabinet Member for Finance would then speak followed by the Committee debate.

31. Mrs Mullins introduced the concerns raised by her Group on the lack of consultation for the decision and the negative implications for vulnerable service users.

32. Mrs Guest outlined similar concerns regarding the changing working arrangements that would affect the service users.

33. The Cabinet Member for Finance informed the Committee that the decision had been proposed in order to make efficiency savings that would protect frontline services. It was reported that the same staff would be employed by Capita if the decision was made, and that the service remaining in house would not make it any safer from change.

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

- Supported outsourcing to find efficiency savings as the same staff would provide the service but with a different employer.
- Queried how well Capita was operating a similar service in Swindon. – *The Head of Business Improvement, Service Operations reported that the provision in Swindon was being managed well and County Council officers had been to the Swindon Capita Partnership..*
- Queried how the contract would be monitored. - *The Head of Business Improvement, Service Operations informed the Committee that the Service Assurance Team would set and monitor Key Performance Indicators (KPIs) and would be assisted by an Intelligent Client who will be an in house expert employed to monitor the services received. Performance would be monitored operationally on a monthly basis and then reported to the Partnership Board quarterly.*
- Queried who made the initial decision to outsource the particular teams to Capita. - *The Head of Business Improvement, Service Operations confirmed that the decision had been made by the Director of Public Health, Commissioner for Health & Social Care, the Director of Adults Services and the Chief Operating Officer & Director of Service Operations before a recommendation had been made to the Cabinet Member.*

- Queried the lack of clarity in the Forward Plan entry for the proposed decision. - *The Head of Business Improvement, Service Operations agreed the entry should have contained more detail and resolved to make any future entries clearer.*
- Queried if the KPIs had been agreed with Capita. - *The Head of Business Improvement, Service Operations confirmed they had been agreed with Capita based on the current service with additional KPIs added to cover areas where the Council did not currently gather data.*
- Queried if the reassurances raised in the report over outsourcing concerns would be stipulated in the contract. - *The Head of Business Improvement, Service Operations confirmed the contract would make clear outlines for expected service and also include elements that contractually should not happen.*
- Raised concerns at what would happen at the end of the proposed contract. - *The Head of Business Improvement, Service Operations confirmed that at the end of the contract there would be freedom to bring the service back in house or procure a new contract.*
- Queried why in house staff couldn't redefine the service to find efficiency savings. – *The Head of Business Improvement, Service Operations confirmed that the contract specification is based on outcomes rather than outputs and therefore Capita would determine how best to provide the services but this would include IT developments that the County Council is unable to resource.*
- Queried whether there is any data available from staff who had already been outsourced to Capita. – *The Head of Business Improvement, Service Operations confirmed that Capita carry out staff surveys but that the data cannot be specifically broken down for the West Sussex partnership.*

35. Mrs Mullins summarised her remaining concerns, raising final comments over the lack of involvement of elected members in the proposed contract and changes to staff terms and conditions as new officers are employed.

36. The Cabinet Member for Finance summarised his support of the decision, stating the efficiencies that were predicted with the proposed contract. It was reiterated that freedom would be retained to return the services in house at the end of the contract if it was the better option.

37. Mr Lamb requested that his vote against the proposed decision be recorded.

38. The majority of the Committee agreed new recommendations for the proposed decision for consideration by the Cabinet Member.

39. Resolved –:

- (1) That the Director for Service Operations has authority to enter into contractual agreements with Capita to extend the scope of the Support Services Outsource contract, by transferring to Capita additional services within the scope of the original OJEU notice, subject to consultation with the Cabinet Member for Finance, and relevant CLT members; ensuring that future related Forward Plan entries explicitly mention the services to be outsourced.

- (2) That the transfer of additional services in relation to the Financial Adult Safeguarding service and Welfare Benefit Advice service be approved, subject to contract signature and proposed KPIs and monitoring arrangements being reviewed by the Health and Adult Social Care Select Committee's Business Planning Group.

### **Forward Plan of Key Decisions**

40. The Committee considered the Forward Plan of Key Decisions June – September 2014 (copy appended to the signed minutes).

41. The Committee queried which Select Committee would be most suited to preview the Adult Learning Provision that was in the Community Wellbeing portfolio. – *The Senior Advisor resolved to investigate the decision and inform the relevant Select Committee Chairman.*

42. The Forward Plan was noted.

### **Date of Next Meeting**

43. The Committee noted that its next scheduled meeting will take place on 4 July 2014 at 10.30am at County Hall, Chichester.

### **Exclusion of Press and Public**

44. Resolved - That under Section 100(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I, of Schedule 12A, of the Act by virtue of the paragraph specified under the item and that, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

### **Summary of Matters discussed in the absence of the Press and Public**

#### **Part II Minutes of the joint meeting held on 1 May 2014**

45. Resolved – that the Part II minutes of the joint meeting of the Committee with the Environmental and Community Services Select Committee held on 1 May 2014 be approved as a correct record, and that they be signed by the Chairman.

The meeting closed at 3.05 p.m.

Chairman.