

Unconfirmed minutes – subject to approval/amendment at the next meeting of the Performance & Finance Select Committee

Performance and Finance Select Committee

19 January 2017 – At a meeting of the Select Committee held at 1.30pm at County Hall, Chichester.

Present: Mrs Urquhart (Chairman)

Ms James	Mrs Millson	Mr Tyler
Mrs Kitchen	Mr Montyn	Mr Waight
Mr Lamb	Mr R Rogers	
Mr McAra	Mr Turner	

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

Apologies for absence were received from Mr Cloake, Mr Glennon, Mr Metcalfe and Mr Watson.

* Mr Tyler left at 3.05pm.

** Ms Goldsmith left at 3.39pm.

Declarations of Interest

128. None declared.

Minutes of the Previous Meeting

129. The Committee agreed an amendment to minute number 106. to correct the response given by the Director of Finance, Performance & Procurement to the Committee's query regarding whether the borrowing would be repaid at the end of its term or rolled over. The amendment shall read "The Director of Finance confirmed the plan would be to roll over the debt".

130. Resolved – that the minutes of the Performance and Finance Select Committee held on 1 December 2016, subject to the amendment agreed in minute 106. above, be approved as a correct record and that they be signed by the Chairman.

Total Performance Monitor as at end of November 2016

131. The Committee considered a report by the Director of Finance, Performance & Procurement (copy appended to the signed minutes).

132. The Cabinet Member for Finance introduced the item and highlighted positive change since the October Total Performance Monitor (TPM). The Chief Accountant introduced the revenue and capital finance aspect of the report which set out the County Council's finance and risk position as at the end of November 2016. It was confirmed that the projected forecast overspend is now reduced to £0.1m and that there had been a reduction in the forecast overspend

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in the Education and Skills portfolio. Spend across portfolio areas was summarised and it was confirmed that the next full report on Workforce will be due in the December TPM.

133. The Head of Performance & Intelligence introduced the Performance aspect of the November TPM and explained that the presentation of the TPM had been altered slightly to link to the Performance Dashboard available online. It was confirmed that there has been an improvement to the target for young people's mental health referrals and that the service is now above target. It was confirmed that the 2019 target for pupil achievement at Key Stage 4 has already been reached and that the target for apprenticeships in West Sussex has also been exceeded for this year. Achieving the target set for Health Checks remained a challenge as the County Council do not control the measure directly, however proactive work is continuing with delivery partners to support this target.

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

- Queried the information given regarding the A259 and A284 as members believed the two projects were no longer linked and that the A259 works were now going ahead. *The Director of Finance, Performance & Procurement explained that this had happened since the November TPM was published but that she would get clarification of this point and report back to the Committee.*
- Queried whether the slippage in capital spend for Highways & Transport was caused by a lack of skills within County staff. *The Director of Finance, Performance & Procurement confirmed that skills had not been identified as a cause for slippage, though there are occasional capacity issues, and that the question will be referred to the Director of Highways & Transport for further response.*
- Noted the slippage on the Capital Programme and commented that this needs to be controlled to prevent further slippage through the years. *The Cabinet Member for Finance explained that whilst the amount of slippage will always vary, more work is required to understand why it has occurred, how it is being managed, and to learn lessons for the future.*
- Expressed a serious ongoing concern regarding the use of agency staff in the Children – Start of Life portfolio, in regard to the efficacy and increased cost. *The Executive Director of Children, Adults, Families, Health & Education explained that a package of pay and benefits to assist in recruiting and retaining staff was under way and due to launch within approximately the next 4 weeks, in addition to extending the academy model for recruiting from the next University graduation round and incentives to encourage agency staff to move to County employment.*
- Queried what effect the removal of the adoption funding from Government has had upon services. *The Executive Director of Children, Adults, Families, Health & Education confirmed this funding has been removed and the exact figure will be provided to the Committee. Funds have been moved from elsewhere in the portfolio to minimise the impact of this.*
- Expressed an ongoing concern regarding the high cost of court proceedings in the Children – Start of Life portfolio. The Committee has highlighted this previously and queried whether the Leader could write to lobby the Government regarding this. *The Leader confirmed she would gladly write to lobby the Government on this point.*

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- Highlighted the further slippage in the Social Care Savings Monitor and queried whether the County Council are confident of being able to make the required savings in 2017/18. *The Executive Director of Children, Adults, Families, Health & Education confirmed the slippage but explained that project plans were in place for all that have rolled over. Some savings have changed in nature and will be made in a slightly different way as it is a service that manages changing demand. The Director explained that she was comfortable to report at this stage that the savings would be made in 2017/18. The Leader also confirmed that Adult Services was a big budget pressure and that the preventative work being done would produce long term savings.*
- Expressed concern with the Key Stage 1 and 2 results and queried what was being done to improve. Queried the information provided for Key Stage 4 and what this means in real terms. *In respect of Key Stage 1 and 2 the Executive Director of Children, Adults, Families, Health & Education confirmed the Director of Education & Skills has a school improvement plan which will be circulated to the Committee. In respect of Key Stage 4 the Director explained that 54% of students achieved the attainment measure which puts West Sussex in the top 20% of achievements nationally and third out of 34 Shire-plus counties.*

135. Resolved –

- (1) That the Monitor be noted and that the Leader be asked to write to the Government regarding the funding of court proceedings for children.
- (2) That there are no issues required for further scrutiny by this Committee.
- (3) That there is no requirement for further scrutiny of the report by other select committees.
- (4) That the Committee would like an update to the social worker recruitment/retention package to be presented to the next Business Planning Group.

Refresh of the Future West Sussex Plan

136. The Committee considered a report by the Director of Finance, Performance & Procurement and the Head of Performance & Intelligence (copy appended to the signed minutes).

137. The Leader introduced the item and explained that the Plan is a long term vision of the Council's key priorities, covering the start of life, through the working life and then to later life. The Head of Performance & Intelligence introduced the report and explained that this updated version has taken into account the priorities of West Sussex residents fed back through the "What Matters To You" survey. The success measures have been updated and a new measure introduced in response to survey feedback. The format has been updated slightly to improve accessibility and stronger links to the Performance Dashboard on the website have been added. The Cabinet Member for Finance explained that following feedback the pictogram on 'How we manage your

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money' will be simplified into a bar chart in order to better show how the County Council are addressing the budget gap.

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

- Queried whether the deletion of the reference to keeping Council Tax low under the Guiding Principle of 'Minimising the burden of local taxation' had been made due to the expected rise in Council Tax for 2017/18. Also asked what work had been done to understand residents' views on an increase to Council Tax, particularly in regard to those residents who are just about managing their financial situation. *The Leader and Cabinet Member for Finance stated that this was not the case, that there was no change to this measure and that the County Council always aims to minimise the burden of local taxation. The emphasis on "our means" refers to the County Council's Budget. The Leader explained that in the "What Matters To You" survey participants supported a Council Tax rise of 3.95% and that is the basis for the planned rise in 2017/18. The Cabinet Member for Finance explained that an additional 1% on Council Tax for Social Care announced by the Government had not been proposed as this would put the burden on Council Tax payers earlier.*
- Supported the updated draft and informal language used, and liked the proposed alterations to the way it is organised. The Committee queried whether the Future West Sussex Plan is used by the general public, and who is the target audience for the document.

139. Resolved –

- (1) That the Committee supports the changes proposed to the Future West Sussex Plan.
- (2) That the Committee will issue the comments it has made to the Cabinet to take into account when it considers the refreshed Future West Sussex plan on 24 January 2017.

Draft Budget 2017/18

140. The Committee considered a report by the Director of Finance, Performance & Procurement (copy appended to the signed minutes).

141. The Cabinet Member for Finance introduced a complete Draft Budget, Medium Term Financial Strategy and Capital Programme which will go before Cabinet on 24 January 2017. There have been challenges as there is a £17m saving to make on last year in addition to some outstanding savings from 2015/16 which were not met, however work to negate this is ongoing and the savings will be met in-year. The Cabinet Member outlined the Government option to add a social care precept to Council Tax in 2017/18, of up to 6% over three years. It is felt that residents may be under pressure if inflation rises and as the County Council has already balanced the budget it is preferable not to burden residents with the extra 1% allowed under the Government option. The Cabinet Member noted that the County Council has made good progress with the required savings and, as recommended by this Committee, some reserves have been used to balance the Budget but will seek to replenish these in the future.

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142. The Committee received a tabled document, Agenda Item No. 6 Appendix 4, summarising the comments made in the morning Member Session of 19 January 2017 (copy appended to the signed minutes).

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

- Queried how the 2% adult social care precept and the £3.3m grant would be spent. *The Cabinet Member for Finance confirmed that the grant should not be built into the base budget, spending has not yet been identified, but that it is to be held in a ring-fenced Adult Social Care reserve whilst any conditions attached to the precept are notified. The Executive Director of Children, Adults, Families, Health & Education confirmed it will be a one-off spend, likely aimed at investing to build capacity or towards prevention. The 2% Council Tax increase is a continuation from last year and will be spent on preventative measures.*
- Queried the Prudential Indicator for Actual Debt/Operational Boundary spending figure which shows an increase in the level of debt of over 50% from 2016/17 to 2021/22. The Committee expressed an ongoing concern about the increased level of debt being taken on. *The Cabinet Member for Finance explained that the Income Generating Initiatives (IGIs) are spent in a staged manner in order to achieve capital returns in the long term. He also confirmed that the initiatives were subject to the production of a business case which needs approval before the project goes ahead. The Director of Finance, Performance & Procurement explained that the prudential indicators reflect the projected capital programme over 5 years, and that they adopt a prudent position when considering funding so this projection is a worst case scenario. The Budget shows the full anticipated programme cost for completeness, but does not detail expected income.*
- Queried the funds used to balance the budget, in 2017/18, including Tangmere Solar Farm and the Think Family reserves. *The Director of Finance, Performance & Procurement explained that this has been balanced using unused funds that are not now required for the purpose they were originally earmarked. Base funding of £2.3m has been established for the Think Family initiative from 2017/18 onwards.*
- Queried how confident the County Council is of balancing the budget for Residents Services following the realignment of Waste, the introduction of charges and any effect of fly tipping. *The Acting Executive Director Economy, Infrastructure & Environment confirmed this has been assessed and the County Council are confident of making the required saving. Regarding fly tipping, two posts are being recruited to, with officers expected to be in post by the start of the new financial year.*
- Expressed concern about the potential volatility of Business Rates over the next two years and queried whether it is now the right time to use £9.4m from reserves. *The Director of Finance, Performance & Procurement explained that following the Committee's recommendation reserves have been used from the Think Family project this year, and that she is comfortable using these reserves before a transformation savings programme is introduced.*
- Sought reassurance that the Think Family project will continue, and that there is an intention to replenish the reserves in general following the balancing of the budget. The Committee commented that the use of reserves to balance the budget is not a long term plan. *The Director of Finance, Performance & Procurement confirmed that the Think Family*

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project would have no reduction in service and that its funding is protected within the baseline. The Medium Term Financial Strategy will replenish the reserves in general, though the report is very high level at this time.

- Welcomed a coordinated service for Start of Life pathways to alleviate a long term problem.
- Expressed concern regarding the serious issue of Adult Social Care funding, supported the Leader pressing the Government for assistance, and requested that information is brought back to the Committee to inform how the £3.3m Adult Social Care grant will be used.
- Expressed a safety concern regarding the suggestion that Parish and Town council volunteers could be trained to assist with pothole repair in their areas.
- Expressed concern over whether Fire and Rescue Service equipment funded from capital spend would be refunded to the Council should the service transfer under the control of the Police and Crime Commissioner.

144. Resolved –

- (1) That the County Council Draft Budget and Savings Proposal for 2017/18, including the specific portfolio areas for which the Committee has responsibility, be endorsed.
- (2) That the strategic issues referred to the Committee from the morning Member Session be noted.
- (3) That the comments of the Committee in minute 143. above be submitted to the Cabinet before it considers the Draft Budget and Savings Proposals for 2017/18 on 24 January 2017.

Treasury Management Strategy 2017/18

145. The Committee considered a report by the Director of Finance, Performance & Procurement (copy appended to the signed minutes).

146. The Chief Accountant introduced the report, which builds upon the previous Strategy and outlines the Council's external borrowing. During 2017/18 the County Council will be considering the long term capital borrowing requirements and adopting an internal borrowing strategy. External borrowing for IGIs will be on a case by case basis. The Strategy 2017/18 builds upon the 2016/17 investment strategy of diversification and following the bail-in legislation moves to secured investments, however this limits investment opportunity. Due to the reduction in the base rate in August 2016 the County Council will diversify further in 2017/18. It is anticipated that the Budget will be balanced in 2017/18.

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

- Requested that a high level breakdown by service of the £1.7bn assets mentioned in the Treasury Management Strategy be provided. *The Chief Accountant will provide this to the Committee.*
- Expressed serious concern regarding the plan for externalising new debt over the five year period ending 31 March 2022 and the plan to repay

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external debt by the use of future capital receipts. The Committee expressed concern that more work be done to address how the debt would be repaid and how taking on further debt would be minimised. *The Cabinet Member for Finance explained that this is set out in a high level way and that the intention is not to repay the total debt at this stage. The County Council is looking at what borrowing can prudently be afforded in order to maintain service provision but accepts this level of borrowing is not sustainable in the long term. This is a continual challenge but the borrowing supports a prudent capital programme to maintain the County Council's infrastructure, there are no vanity projects included. The Leader explained that by 2020 the County Council will be more reliant on business rates and so need to encourage new businesses and funding in to West Sussex by investing. There is an element of pragmatic risk to this.*

- The Committee expressed concern that there are no plans in place to repay debt as this was considered essential. *The Cabinet Member for Finance explained that plans are being developed but more work is to be done on these. The capital programme is investing for the future and remains within affordable levels.*

148. Resolved – That the Committee supports the content of the 2017/18 Treasury Management Strategy Statement.

Business Planning Group Report

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

150. The Senior Advisor summarised the report to the Committee. It was confirmed for the Committee that the property themed meeting proposed for 10 February 2017 has been cancelled as there will not be sufficient information at that stage to update the Committee.

151. The Committee made comments including those that follow. It:
- Agreed to an informal session following the March Committee meeting to gather lessons learned and the Committee's priorities for the coming year.
 - Queried whether the property themed February meeting cancellation was due to a lack of staff and expressed concern that work is being duplicated due to staff turnover. *The Cabinet Member for Finance confirmed that staff shortages are not the reason for the cancellation. The interim Management Structure is now coming to an end having recently recruited a permanent Executive Director and so the meeting has been cancelled in order that better information can be provided to the Committee once the final Management Team is in post and ready to report. There has been a level of duplication but this will reduce once the permanent team is in place. The Senior Advisor confirmed that the team will be in a position to report to the Committee after the May elections, but that the Director of Economy, Planning & Place is due to provide a verbal update to the Business Planning Group at its meeting on 1 February 2017.*

152. Resolved –

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- (1) That the Committee supports the updates to the work programme as recommended by the Business Planning Group and reflected in the updated work programme at Appendix A.
- (2) That the Committee notes the latest Task and Finish Group Rolling Programme.

Forward Plan of Key Decisions

153. The Committee noted the Forward Plan of Key Decisions February 2017 – May 2017 (copy appended to the signed minutes).

154. Resolved – That the forward Plan be noted.

Possible Items for Future Scrutiny

155. Mr McAra requested the Committee examine levels of local member involvement in the prioritisation of schemes and funding in the Section 106 process. The proposal was seconded by Ms Kitchen. The Chairman agreed this matter would be appropriate for scrutiny by the Environmental and Community Services Select Committee (ECSSC) and will refer this to the ECSSC Chairman. The Chairman also suggested Section 106 would be a good item for a member briefing on the select committee induction programme.

Date of Next Meeting

156. The Committee noted that its next scheduled meeting will take place on Wednesday 15 March 2017 at 10.30am at County Hall, Chichester.

The meeting closed at 3.48pm.

Chairman.