

Performance and Finance Select Committee

25 February 2016 – At a meeting of the Select Committee held at 10.30 a.m. at County Hall, Chichester.

Present: Mr Turner (Chairman) in the absence of Mrs Urquhart

Mrs Evans	Mr McAra	Mr Waight
Mr Glennon	Mr Metcalfe	Mr Watson
Ms James**	Mrs Millson	
Mr Lamb*	Mr Tyler	

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

Apologies for absence were received from Mr Cloake, Mrs Kitchen, Mr Rogers and Mrs Urquhart.

* Mr Lamb arrived at 10.39 a.m and left at 12.30 p.m.

** Mrs James left at 12.35 p.m.

Declarations of Interest

271. None declared.

Part I Minutes of the meeting held on 21 January 2016

272. Resolved – that the Part I minutes of the Performance and Finance Select Committee held on 21 January 2016 be approved as a correct record, and that they be signed by the Chairman.

Part II Minutes of the meeting held on 21 January 2016

273. The Committee agreed that as they had no comments on the minutes it was not necessary to enter Part II to discuss their content.

274. Resolved – that the Part II minutes of the Performance and Finance Select Committee held on 21 January 2016 be approved as a correct record, and that they be signed by the Chairman.

Appointment of Business Planning Group Members

275. Resolved – that the Committee appoints Ms James to its BPG in place of Mr Glennon.

Approval of Investment in the Merston Solar Farm

276. The Committee considered a report by the Executive Director for Residents and Environmental Services and the Director of Law, Assurance and Strategy (copy appended to the signed minutes).

277. The Director of Law, Assurance and Strategy introduced the report and explained that Close Brothers, who were considering financing the scheme by

approximately £3m, had commissioned a due diligence report to investigate the details of the scheme and the security of the investment. This report would be shared with the County Council officers in order to help provide reassurance on the investment. The additional information could be presented at a future committee meeting if requested.

278. The Leader gave an introduction to the report, explaining that it was a different approach from the Tangmere Solar Farm. The Merston Solar Farm would be a community driven project that was aiming to create sustainable energy and reinvest back into the community, rather than financial returns for the County Council being a priority.

279. The Senior Advisor, Your Energy Sussex (YES), gave a presentation to the Committee (copy appended to the signed minutes). The presentation showed maps of the location of the solar farm and outlined details and deadlines for the scheme.

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

- Raised concerns on the low financial returns from the scheme at a time when the County Council was undergoing economic strain. Queried how this scheme would reduce the revenue budget pressures.
- Asked about the impact on the Minimum Revenue Provision (MRP) that was required on all borrowing and why the County Council should invest in this scheme rather than build another solar farm, similar to that built at Tangmere already. *The Executive Director Corporate Resources and Services confirmed that the MRP is for the capital financing element of the scheme, that this model is more like arrangements set up in relation to PFI projects and that there would be no loss to the Council from the slower build-up of repayments from the scheme.*
- Sought clarity on the weight of influence of the County Council's representative on the Board of Directors and how this impacted the choice of how the community investments would be distributed. As a major shareholder could the County Council have more influence on the Board. Asked whether the objectives of the YES Programme could be built into the considerations of the Board when deciding which community projects to fund. – *The Cabinet Member for Finance confirmed that this was being investigated to ensure the County Council had control that was appropriate for the size of its investment.*
- Queried the risk to the County Council investment if the scheme encountered problems and asked if a loan would be more secure than buying shares. – *The Cabinet Member for Finance confirmed that Close Brothers, as an investment bank, had high security against their investment and would get first share of assets if the project failed. The County Council would be second and therefore there would be no higher security from a loan than shares.*
- Sought clarity on the returns schedule and how costs had been factored. – *The Executive Director Corporate Resources and Services explained that low debt payment would be expected in the initial years in order to ensure immediate returns for investors. The Group Manager - Commercial Finance confirmed that costs had been factored into the figures contained within the report already.*
- Requested detail on how it would be ensured that only local labour would be used, as outlined in the report. – *The Partnership Manager, YES,*

confirmed that Arun Construction had been employed to build the solar farm. The Cabinet Member for Finance proposed new wording for the final report; 'West Sussex based company' in place of 'local labour force'.

- Queried if the warranties for the equipment provided necessary security. - *The Partnership Manager, YES, confirmed that the warranties were industry standard and would provide necessary cover.*
- Requested details of the costs of the delivery team. - *The Partnership Manager, YES, explained that the YES team cost £130,000 per annum and that income from this, and similar schemes, would contribute to meeting this cost.*
- Asked about the costs of decommissioning the site at the end of the scheme. - *The Senior Advisor, YES, confirmed that maintenance costs and decommissioning costs were already built into the system.*
- Queried the recent change in the Treasury Management Strategy to permit the investment in the solar farm. – *The Executive Director Corporate Resources and Services confirmed that the strategy had been adjusted in order to allow an investment of up to £5m in schemes such as this. The Committee were reassured that the Strategy required the Council to take into account the security of investments.*
- Asked for details on the deadlines of the scheme. - *The Partnership Manager, YES, confirmed that the feed-in tariff had been secured providing that the installation was complete by June.*
- Queried if it would be possible for the County Council to sell its shares. – *The Director of Law, Assurance and Strategy confirmed that it would be possible to sell shares on, so long as the County Council had the Board's approval to do so.*
- Sought clarity on the community benefits of the scheme and how West Sussex residents would benefit. - *The Senior Advisor, YES, confirmed that 80% of the returns would be invested back into West Sussex and that the intended projects would be related to energy sustainability, such as solar panels on houses. The Leader confirmed that the scheme was being set up in order to benefit the community rather than to generate income for the Council.*
- Queried if the proposed schedule of returns would lead to the County Council still being on the Board when decisions were made on investments. - *The Director of Law, Assurance and Strategy confirmed that the County Council would have membership on the Board for the whole project.*
- Asked whether there was any other land owned by the County Council that was surplus to requirements and could be used to build other solar farms. *The Leader confirmed that all land and property assets were being reviewed to ensure the greatest value for money is achieved from them.*

281. Resolved – That the Committee:

- (1) Requests that the item comes back to the March meeting of the Committee with details from the due diligence report.
- (2) Requests that the agenda item in March also covers details on the County Council's influence on the Board and how this could relate to the YES programme's objectives, clarity on the security of the shares, greater detail on how the returns have been calculated and more detail of the community benefits to be achieved..

- (3) The report should also include a clear recommendation for the Committee to confirm if they support the investment.

Total Performance Monitor

282. The Committee considered a report by the Executive Director Corporate Resources and Services (copy appended to the signed minutes).

283. The Director of Finance introduced the report which set out the County Council's performance and risk position as at the end of December 2016. It was confirmed that the savings targets for 2015/16 were expected to be achieved.

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

- Queried how the extensive workforce information was used by officers and why there was more agency staff employed during the summer months, what are officers doing to manage and control this? – *The Executive Director Corporate Resources and Services reported that the workforce information was still a 'work in progress' and that further work was expected to analyse and utilise the information. The summer agency usage had been noted and work was being done to profile agency staffing needs better to account for increased levels of annual leave taken during the summer months.*
- Commented on the overspend in the Children's Services portfolio and raised concerns on the unknown nature of the spending. - *The Leader admitted that times were challenging as there were increased numbers and more complex issues for Children Looked After (CLA). The Cabinet Member for Finance shared the Committee's concerns and was having regular meetings with relevant service areas to monitor the budget closely. The Committee reinforced the referral made at the previous committee meeting to ask the Children and Young People's Services Select Committee to investigate rising CLA costs.*
- Asked if the recently agreed budget was robust enough to withstand the predicted overspend pressures. - *The Executive Director Corporate Resources and Services was confident that the budget reflected the issues and pressures that were currently known about.*

285. Resolved –

- (1) That the Monitor be noted.
- (2) That the Committee reinforces the referral made at the previous committee meeting to ask the Children and Young People's Services Select Committee to investigate the rising CLA costs in more depth.

Proposed Revision to Call-in Protocol

286. The Committee considered a report by the Director of Law, Assurance and Strategy (copy appended to the signed minutes).

287. The Head of Democratic Services introduced the report and explained that the proposed changes sought to improve the call-in process. Call-ins were considered an important democratic process and the changes were not intended to inhibit the process.

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

- Queried the proposed factor on whether to accept a call-in concerning 'It is a decision that the Committee can or would expect to preview'. – *The Head of Democratic Services explained that this factor ensured that Call-ins related to something that a Select Committee had the power to influence.*
- Sought clarity on the call-in criterion concerning delays to decisions that could damage the County Council's interests. – *The Head of Democratic Services confirmed that this was separate to the Urgent Action process and was included to ensure account would be taken through the call-in process of the impact of any delays. The Monitoring Officer would be consulted on this factor and advise the Business Planning Group as applicable.*
- Queried if details of rejected call-in requests were available in the public domain. – *The Head of Democratic Services confirmed that the reasons for rejecting any call-in requests were reported through the agenda for the next appropriate select committee meeting.*

289. Resolved – That the Committee agrees the proposed revisions and recommends them to Governance Committee for approval.

Business Planning Group Report

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

291. The Senior Advisor introduced the report and noted the request earlier in the meeting to have an updated report on the Merston Solar Farm back to the committee in March.

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

- Raised concerns on the process for section 106 monies and queried if there was a freeze on its use. – *The Executive Director Corporate Resources and Services was not aware of any freeze in place and resolved to circulate information to the Committee members on the work currently being carried out on S106 funding.*
- Queried the postponement of work on the Infrastructure Planning and School Capacity Task and Finish Group (TFG). – *The Senior Advisor explained that the Joint Scrutiny Steering Group had decided to give priority to the Housing Provision for Care Leavers TFG and that the Infrastructure Planning and School Capacity TFG would be reconsidered after the Local Growth Plans had been implemented. The Committee raised further concerns on Member involvement on the decisions made regarding school placements and road improvements. The Senior Advisor resolved to investigate the matter.*

293. Resolved – That the Committee:

- (1) Raises concerns on the section 106 process and requests a future agenda item if necessary.

- (2) Asks the Senior Advisor to investigate the issues relating to the planning process for school placements and infrastructure.

Forward Plan of Key Decisions

294. The Committee considered the Forward Plan of Key Decisions March – June 2016 (copy appended to the signed minutes).

295. The Forward Plan was noted.

Date of Next Meeting

296. The Committee noted that its next scheduled meeting would take place on 16 March 2016 at 10.30 a.m. at County Hall, Chichester.

The meeting closed at 12.40 p.m.

Chairman