

## Agenda Item No. 2

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

### Performance and Finance Select Committee

18 January 2018 – At a meeting of the Select Committee held at 10.30am at County Hall, Chichester.

Present: Mr Montyn (Chairman)

Mr Barrett-Miles	Mr Elkins	Mr Turner
Mr Boram	Mr Lea	Mr Waight
Mr Crow*	Mrs Mullins	Dr Walsh
Mrs Dennis	Mr Smytherman	

In attendance by invitation: Ms Goldsmith\*\* (Leader), Mr Hunt\*\* (Cabinet Member for Finance and Resources), Mr Hillier\*\* (Cabinet Member for Children and Young People), Mrs Jupp\*\* (Cabinet Member for Adults and Health), Ms Kennard\*\* (Cabinet Member for Safer, Stronger Communities), Mr Lanzer\*\* (Cabinet Member for Highways and Infrastructure) and Mrs Urquhart\*\* (Cabinet Member for Environment).

Apologies for absence were received from Mr Bradbury, Mr Cloake, Mrs Kitchen and Mr Burrett (Cabinet Member for Education and Skills, and Deputy Leader).

\* Mr Crow arrived at 10.54am and left at 1.55pm.

\*\* Ms Goldsmith, Mr Hunt, Mr Hillier, Mrs Jupp, Ms Kennard, Mr Lanzer and Mrs Urquhart left at 1.48pm.

### Declarations of Interest

138. Mr Lea declared a personal interest in relation to the Revenue Budget 2018/19 as a member of Mid Sussex District Council.

139. Mr Smytherman declared a personal interest in relation to the Total Performance Monitor (Children's Social Care) as a Regulation 44 Inspector of private Children's Homes in West Sussex and as a Trustee of Coastal West Sussex MIND.

### Minutes of the Previous Meeting

140. On behalf of Mr Cloake, the Chairman highlighted an amendment to point number 127, fourth bullet. The figure for current provider take up of Free Entitlement has been confirmed as 53% not 92% as stated.

141. Resolved – That the minutes of the Performance and Finance Select Committee held on 8 December 2017 be approved as a correct record, subject to the correction above, and that they be signed by the Chairman.

### Response to Recommendations

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142. The Committee noted the responses from the Cabinet Member for Environment, Cabinet Member for Highways and Infrastructure and Chairman of the Children and Young People's Services Select Committee.

### **Medium Term Financial Strategy 2018/19 to 2021/22 and Revenue Budget 2018/19**

143. The Committee considered a report by the Director of Finance, Performance and Procurement, (copy appended to the signed minutes). Members received a Supplementary Paper summarising proposed changes to the draft Revenue Budget 2018/19.

144. The Leader introduced the item and explained that the supplementary paper was required due to the late announcement of the Local Government Finance Settlement by the Government on 19 December 2017 in relation to Council Tax increases. The Leader noted this announcement regularly comes at a very late stage in the budget process and that pressure will continue to be applied for this announcement to come earlier.

145. The Cabinet Member for Finance and Resources introduced the report which previews the draft Budget for 2018/19. There has been little new support provided and no extra funding for social care costs. The Minister accepts the Council's concerns regarding the negative Revenue Support Grant and Government are expected to issue a consultation paper in the spring which the Council will respond to in addition to continuing to campaign for a fair funding settlement. The maximum increase to Council Tax, without necessitating a referendum, is 3% (plus 2% for the adult social care precept) and the Cabinet Member explained that whilst the Cabinet are not happy to ask for more Council Tax from residents they have little other option in securing funding for Council services.

146. The Cabinet Member for Finance and Resources explained the report sets out the provisional budget, with the supplementary document detailing the amendment for a 4.95% increase in Council Tax and stating the funds will be directed to closing the budget gap and bringing forward planned initiatives. The Cabinet Member highlighted that savings are being made but spend is being increased in the Adults and Health, Children and Young People and Environment portfolios. A balanced budget is projected and the Cabinet Member expressed his gratitude to officers for their work.

147. The Director of Finance, Performance and Procurement summarised key points of the report and noted that the Medium Term Financial Strategy (MTFS) came to this Committee in October, followed by the saving proposals and Capital Programme in November. The MTFS sets the national and local outlook for the next four years during which an increased demand for services is predicted. The Revenue Support Grant falls into a negative number in 2020. The savings gap will be addressed through savings work and the service transformation programme that began last year which aims to make up-front investment to enable sustainable change in future years.

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

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- Queried whether any feedback was received from the Minister regarding the unsuccessful business rate pooling bid which would help the Council's application for 2019/20. *The Leader explained the Chief Executive has had a number of talks with the Department of Communities and Local Government (DCLG) and laid good groundwork for applying for the second tranche of the scheme. The Chief Executive explained that pooling was already in place with the District and Borough councils; all have a say in how the monies are spent and were part of the application for the pilot scheme. It is hoped the application for the second tranche will be successful.*
- Queried why the maximum increase in Council Tax for Adult Social Care was not applied whilst lobbying Government for extra funding. *The Director of Finance, Performance and Procurement explained that this is the second year of the Social Services policy and that a 6% increase is allowed over three years. The Council has therefore decided to implement a 2% increase over three successive years.*
- Commented that cross-party lobbying of the Government was needed regarding funding of the Council's social care budget. *The Leader agreed that social care is not funded properly nationally and needs to be tackled by the Government. The elderly population proportion is increasing and is a valuable resource to the county, but proper support is needed. The Leader discussed concerns with the then MP Damian Green in December who was supportive of going back to Government for further funding.*
- Expressed concern that Headteachers regularly report the current level of education funding is not sustainable, and that no extra Government funding is coming into schools in 2018/19. Furthermore, development within the county necessitates school places and the associated infrastructure helps to maintain our current level of provision and performance, but not to get ahead of need and improve. *The Cabinet Member for Finance and Resources highlighted that the Capital Programme approved at Full Council in December included £110m for basic need. The Director of Finance, Performance and Procurement stressed the importance of the green paper on infrastructure investment as it is important that education is provided for as towns grow. The Leader reported a recent encouraging school places meeting and the support of Tim Loughton MP. The County has a £189m bid underway for infrastructure, and there are regular Leader Boards for infrastructure in relation to currently expanding towns. The Leader will continue to lobby the Government.*
- Commented that points 4.4 and 4.5 in the report show funding pressures increase significantly in later years. The proposed rise in Council Tax provides investment but members expressed concern that this is not allocated solely to the top three spend areas. Resident contacts regularly cite Highways and Transport as a key area requiring investment and whilst members support funding the top three spend areas, poor highway infrastructure affects all residents. *The Cabinet Member for Highways and Infrastructure explained that the revenue budget underspend in the directorate during 2017/18 will be used to help the overall budget, however the imminent new highway contract will provide for a higher level of service.*
- Queried the meaning and effect of a negative Revenue Support Grant figure. *The Director of Finance, Performance and Procurement explained*

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*the negative grant figure is subtracted from the business rate base line grant so that a lower amount is received.*

- Queried the Single Operating Model (4.34) and how this will help deliver savings. *The Chief Executive explained this tries to address the short term impact of how the Council is funded and avoid short-term thinking. Individual transformation projects are to align with the West Sussex Plan for the authority, changes are to be connected to the long term vision for the authority and decisions made through working in a partnership manner.*
- Expressed concern regarding the reduction in spending on support for carers (Annex 3). *The Director of Finance, Performance and Procurement will seek clarification on the specifics of this change.*
- Commented that the initiative to tackle homelessness is welcomed but emphasis should also be put on preventing homelessness in partnership with District and Borough councils. Members queried whether Council land could be provided for affordable housing for key workers (e.g. Police, teachers and NHS workers). *The Leader stated officers are working closely with District and Borough councils and there is interest from the Local Enterprise Partnership (LEP) too. There is a growing number of homeless, particularly aged 65-70 or over, and this is an important issue.*
- Commented on the proposal to raise Council Tax by an extra 1%. Pressure is being felt by families on both lower incomes and in higher Council Tax bands so the Committee sought to understand what other options had been considered, for example whether Council Tax could instead be raised by an extra 0.5% to cover just the budget gap, without the extra for bringing forward planned initiatives. *The Leader explained that the Cabinet do not want to add the extra 1%, as they understand families are under pressure, however maintaining focus on preventative schemes and investment in essential services must continue.*
- Queried why the funds allocated to the Reserves general fund and Budget Management Reserve are increasing yearly. *The Leader explained the County has experienced unexpected events over previous years such as flooding in Chichester in 2000 and the Shoreham air crash in 2015. Events such as these cannot be anticipated therefore reserving general funds is essential due to the necessary costs involved in dealing with emergencies. Financial help from the Government can be received however monies are often needed up front.*
- Queried whether officers are satisfied with the reserves earmarked for the PFI contracts. *The Director of Finance, Performance and Procurement stated a review had been undertaken this year, and the Council were also audited upon this, and were satisfied a reserve is in place to pay for the PFI contracts.*

149. The Chairman called for a vote on the recommendations. The recommendations were agreed.

150. Resolved –

(1) That the Committee endorses the Medium Term Financial Strategy 2018/19 to 2021/22 and draft revenue Budget for 2018/19; and

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(2) That the Committee requests the Cabinet take into account the Committees comments as follows:

- The Committee's concern regarding levels of Government funding for schools and social care for adults and young people, and urges further lobbying of the government for increased funding,
- The Committee ask that Cabinet consider the provision of affordable housing and recognise that work is underway with partners to address this issue.

### Total Performance Monitor

151. The Committee considered the Total Performance Monitor (TPM) report by the Director of Finance, Performance and Procurement, which reflects the position as at the end of October 2017, (copy appended to the signed minutes).

152. The Director of Finance, Performance and Procurement introduced the report and noted key information. Changes over the year were highlighted as due to the timing of the voluntary severance scheme. There is further pressure in the Adults and Health portfolio but this is being managed using the Improved Better Care Fund (IBCF). The expected winter demand and Delayed Transfers of Care (DToC) remain within expected limits. Savings from disability related expenditure have been realised slower than expected but remain on track.

153. The Committee made comments in relation to the TPM report including those that follow. It:

- Queried whether the additional demand in adults with learning disabilities was predictable demand or as a result of new individuals moving into the county. *The Director of Finance, Performance and Procurement confirmed that officers plan for the expected demand, but the rise is mostly due to new individuals moving into the county or those who previously self-funded now coming back into the system. Information will be provided for the Committee on the geographical areas where demand has risen.*
- Commented on using the IBCF for business as usual expenditure as this should ideally be used for transformation. *The Cabinet Member for Adults and Health confirmed that work is underway with the Clinical Commissioning Groups (CCGs) around possible investment in relation to the IBCF.*
- Commented that concerns raised with a local member suggest young people with a mental health need are not receiving an assessment within the 4-week target.

154. The Head of Performance and Intelligence summarised the Performance aspect of the October TPM and noted key information. Demand for young people's mental health services has increased but this trend was expected. The Cabinet Member for Children and Young People explained that Tier 4 crisis help was a priority, as well as identifying issues and gaps in provision and promoting lower tier and preventative work.

155. The Committee made comments in relation to the TPM report including those that follow. It:

- Commented that the dashboard is missing data in respect of measure 1 young people's mental health, and members requested further

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information on the referral trends across the year. *The Head of Performance and Intelligence will provide this information.*

- Queried whether there are plans to review mental health crisis beds to ensure there are a sufficient number within the county. *The Cabinet Member for Children and Young People will continue this discussion with the interested member, and commented that there may be an all-Member Day at the end of July and a possible Task and Finish Group (TFG) on this, for which information is being currently gathered. Dr Walsh commented that he is due to attend a meeting of the Sussex Foundation Trust with a proposal around beds and will report back to the Committee.*
- Requested a breakdown of unemployment rates for 18-25's. *The Head of Performance and Intelligence will provide this information.*
- Commented that the layout of the Performance report could be restructured to look at financial performance as well as general service performance. *The Chief Executive commented that the performance indicators currently relate to the previous Future West Sussex Plan, the layout could be looked at as part of a review following adoption of the indicators and targets for the new West Sussex Plan. The Leader suggested the Committee may wish to convene a short TFG to look at improvements to reporting.*

156. Resolved:

- (1) That information be provided to the Committee regarding the geographical pressures on the learning disabilities service;
- (2) That officers provide information on the specific member questions as outlined above;
- (3) That following a number of questions around young people's mental health members of the Committee await details of a Member Day (with the outcome of such to go to a joint meeting of HASC/CYPS), and a possible TFG; and
- (4) That consideration be given to the format and layout of the TPM report to better link finance and performance, with the possibility of a TFG being formed.

### Support Services Outsourcing Contract Variation

157. The Committee considered the report by the Director of Finance, Performance and Procurement which outlines the proposal to transfer a small number of administrative and Human Resources (HR) related services to the County Council, (copy appended to the signed minutes).

158. The Director of Finance, Performance and Procurement introduced the report and noted key information. A reduction in the contract price with Capita has been negotiated and the services will be delivered in-house for the same costs, with the only additional cost being enrolment to the Local Government Pension Scheme (LGPS) as this is an additional entitlement. The (Interim) Director of Human Resources and Organisational Change explained the changes would enable admin and HR to be more responsive and employees are due to

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transfer back to the Council in February so that they are included within a service restructure.

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

- Queried whether any other services are being considered for insourcing back to the Council, in particular schools personnel. *The (Interim) Director of Human Resources and Organisational Change explained that the schools contract is different as schools contract through the County Council to Capita, and that there will be no change to this arrangement. The Director of Finance, Performance and Procurement confirmed there would be a further report on the wider Capita contract due to come to the March meeting of this Committee.*
- Commented that members receive frequent reports of poor performance by Capita, particularly in relation to Pensions Administration, and that Capita need to be held accountable.
- Agreed that the recommendation should be “supported” by the Committee rather than reviewed.

160. Resolved – That the Committee supports the proposed decision in respect of the variation to minor elements of the HR and administration support services outsourcing contract.

### Forward Plan of Key Decisions

161. The Committee considered the Forward Plan of Key Decisions February to May 2018, (copy appended to the signed minutes).

162. Mr Smytherman queried whether the Health and Adult Social Care Select Committee (HASC) will look at the variation to the Shaw Healthcare contract decision. Mr Turner confirmed that Committee will not look at phase 1 of the decision so as to allow more flexibility and prevent delay.

163. Mr Boram commented in respect of the planning school places decision that Sir Robert Woodard Academy needs to expand. The Senior Advisor agreed to establish the timing of this decision for Mr Boram.

164. Resolved – That the Committee notes the Forward Plan.

### Possible Items for Future Scrutiny

165. Mr Lea noted the DCLG had issued new rules on councils borrowing to invest and suggested this as a possible future item for consideration by the Committee. *The Chairman explained this had previously been referred to the Committee. The Director of Finance, Performance and Procurement stated that there is a consultation on this which closed in December and officers are currently awaiting the outcome of this.*

166. Mr Waight highlighted that following the recent collapse of Carillion, whom the Council has solar farms contracted with, the company are reportedly taking 120 days to pay contractors. Mr Waight asked if lessons could be learned for future Council procurements from this, and suggested that any future supplier should be closely tracked as lots of public money is invested in this. *The Director*

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*of Finance, Performance and Procurement explained that the contracts the Council has with Carillion are ongoing and would likely be sold; in addition the contract is not exclusive so the Council's business could be taken to another supplier. The Chairman suggested that future and existing supplier contracts might be considered under a proposed TFG on contracts, the formation of which he will also consider.*

167. Mrs Dennis reported that residents in her division are querying Sixth Form provision in the area, and she would appreciate understanding the numbers coming through, and the availability of academic and vocational training.

### **Date of Next Meeting**

168. The Committee noted its next scheduled meeting will take place on Wednesday 21 March 2018, commencing at 10.30am.

The meeting closed at 2.02pm.

Chairman.