

**Performance and Finance Select Committee**

03 December 2015 – At a meeting of the Select Committee held at 10.30 a.m. at County Hall, Chichester.

Present: Mrs Urquhart (Chairman)

Mr Burrett*	Mr Lamb	Mr Turner
Mrs Evans	Mr McAra	Mr Tyler
Mr Glennon	Mr Metcalfe	Mr Waight
Ms James**	Mrs Millson**	Mr Watson
Mrs Kitchen	Mr R Rogers	

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

\* Mr Burrett arrived at 11.19 a.m.

**Part I**

**Declarations of Interest**

171. In accordance with the code of conduct, the following personal interest was declared:

- Mrs Urquhart as a member of the Capita Partnership Board in relation to the Capita Contract Reset – Follow up report item.

**Minutes of the meeting held on 19 October**

172. Resolved – that the minutes of the Performance and Finance Select Committee held on 19 October 2015 be approved as a correct record, and that they be signed by the Chairman.

**Part I Minutes of the joint meeting held on 11 November**

173. The Committee agreed an amendment to the minutes to correct the venue for the meeting; County Hall North, Horsham.

174. Resolved – that the Part I minutes of the joint meeting of the Performance and Finance and the Environmental and Community Services Select Committees held on 11 November 2015, amended as above, be approved as a correct record, and that they be signed by the Chairman.

**Response to Recommendations**

175. The Committee considered a response from the Cabinet Member for Finance in relation to the recommendations made at the 19 October meeting on the Capital Programme 2015 – 2021 (copy appended to the signed minutes).

176. The Committee welcomed the response and noted the contents.

## **Corporate Plan and Medium Term Financial Strategy 2016/17 to 2019/20: Updated**

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

178. The Cabinet Member for Finance introduced the report and confirmed that the Chancellor of the Exchequer's Spending Review announcement had been generally in line with the officer expectations in the report.

179. The Executive Director Corporate Resources and Services gave a presentation to the Committee (copy appended to the signed minutes). The presentation highlighted the estimated impact of the Spending Review announcement on the Medium Term Financial Strategy, noting that much detail would not be available until the local government finance settlement due in mid-December.

180. The Chairman thanked officers for their work to update members on the Spending Review implications.

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

- Queried the effect of offices becoming residential and what impact this would have on the level of business rates. – *The Executive Director Corporate Resources and Services reported that District and Borough Councils had been asked to give an idea on the impact of this trend. No significant issues had been currently flagged.*
- Asked about the plans for surplus assets and how they would be utilised or disposed of. – *The Cabinet Member for Finance confirmed that assets would be utilised to ensure best value for the County Council. PropCo was a good example of how assets could be used to generate income. It was confirmed that such income could only be used for capital projects, and could not be used to support pressures within the revenue account.*
- Welcomed the review of reserves but felt more detail on the specific reserve position would be helpful. – *The Cabinet Member for Finance resolved to send this information to the committee members.*
- Queried how business rate recovery would be managed. – *The Cabinet Member for Finance confirmed that a consultation would be coming from the Government. Officers would work to submit a statement requesting as large a share as possible for the County Council as it had a key role in supporting the economy.*
- Asked what public consultation had been planned for the budget. – *The Leader confirmed that social media had been utilised to generate awareness of the budget and financial position, with a plan to follow this with consultation in 2016.*
- Queried the plans to raise Council Tax to fund Adult Social Care and if a public debate was needed to understand the public's opinion on further rises to meet service pressures. – *The Leader noted the concerns for Adult Social Care and gave reassurance that no stone would be unturned when looking for ways to address the strain. Looking forwards, devolution plans could aid long term aspirations and yield new ways of working more efficiently.*
- Asked if a unitary authority would be an approach that could help with the financial pressures. – *The Leader felt that plans for devolution would*

*bring more benefits and outcomes for residents. Members were reminded to attend the Member Seminar on the 16 December to understand the plans for devolution.*

182. The Committee welcomed the discussion and noted the plans for maximising asset value. The Committee noted the risk to business rates due to the increase in the domestic use of office buildings. The Committee noted the plans for public consultation on the budget and acknowledged the proposal for a County Council debate on tax increases.
183. The Committee noted the planned member engagement for the budget, but felt it was difficult to know if this was sufficient due to the current lack of detail. The Committee agreed to consider requesting further engagement after the Select Committee meetings if it was necessary.
184. Resolved – That the Committee:
- (1) Notes the report and supports the proposed next steps on the budget timetable and the proposals from the review of reserves.
  - (2) Requests details on the breakdown of reserves.

### **Capital Programme Governance**

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

186. The Executive Director Corporate Resources and Services introduced the report and explained that the governance arrangements needed to set out the appropriate route for the Capital Programme approval to ensure necessary member engagement. It was also important to ensure the Programme was not stalled and that committee agendas were not clogged.

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

- Requested clarity over the plans for officer delegation, as the thresholds in the report seemed to overlap. - *The Executive Director Corporate Resources and Services noted the confusion in the report and resolved to add clarity to the paper for its agreement at Full Council.*
- Asked what would happen if a project overspent at different points in its life. – *The Cabinet Member for Finance confirmed that the overspends would be aggregated and considered cumulatively.*
- Queried how the new process would help eliminate situations such as the Shoreham Footbridge overspend reoccurring. - *The Leader explained that a longer Capital Programme would help with cost planning. Costs would be known from an earlier point whereas the Shoreham project had seen an underestimate of costs from the start which had led to the discussed problems. The introduction of quarterly monitoring reports would also highlight any issues early in a projects lifespan and corrective action could be taken.*
- Sought confirmation on the agreement process for the Capital Programme. – *The Executive Director Corporate Resources and Services confirmed that Full Council would agree the programme. Final agreement*

*on projects would be down to the production of viable business cases and the Select Committees would be able to scrutinise projects as appropriate.*

188. Resolved – That the Committee:

- (1) Welcomes the arrangements and hopes that the 5 year capital plan with quarterly reviews will ensure the necessary governance and management of the Capital Programme.
- (2) Requests that detail is added to the paper before Full Council to add clarity to the officer delegation protocol.

### **Capita Contract Reset – Follow up report**

189. The Committee considered a report by the Executive Director Corporate Resources & Services and the Head of Commercial Services (copy appended to the signed minutes).

190. The Executive Director Corporate Resources & Services introduced an update on the reset work currently being undertaken and advised that any decisions as a result of the reset would follow in a report next year and would need to be reflected in the commercial arrangements with Capita. Work was being done to look at KPIs to ensure they effectively monitored the customer experience. Capita had begun projects to measure workflow processes to look for efficiencies.

191. The Branch Secretary for UNISON gave a presentation to the Committee (copy appended to the signed minutes). UNISON welcomed the work to improve KPIs and gave highlighted details from the recent UNISON's research. Issues had been identified around low staff morale and dissatisfaction with Capita services such as 'One Way To Buy'. A high staff turnover was also reported within Capita, with 40% of County Council TUPE'd staff leaving. It was also reported that UNISON was working with the County Council and Capita on the reset work to help improve the partnership.

192. The Partnership Director from Capita reported that Project Vegas had been introduced which would monitor 2000 processes and identify efficiencies. Capita recognised the need to deliver a service that was fit for purpose, rather than meeting targets. The contribution from UNISON was welcomed as it was noted that engaged staff would yield better performance and results.

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

- Queried what process problems had been identified and what solutions were being proposed as a result of the reset. - *The Executive Director Corporate Resources & Services confirmed that DHP had been contracted to investigate County Council and Capita processes to look for improvements and savings. This had led to Capita measuring workflow processes, Project Vegas, the outcomes of which would be studied to see how processes could be improved. The exercise has already recognised end-to-end process issues in the payroll system. The aim will be to get the service required not just meeting KPIs whilst also improving staff training.*
- Questioned if the right outcomes had been achieved for customers and staff. - *The Executive Director Corporate Resources & Services explained*

*that the reset work was still on-going and confirmed that UNISON and Capita were monitoring the people and data side respectively to ensure that the right outcomes would be achieved. KPIs could be used to monitor staff turnover and the staff survey to monitor staff morale.*

- Asked who had paid for the reset costs and who would pay for any future reset costs. - *The Executive Director Corporate Resources & Services reported that the costs had been shared between the County Council and Capita. DHP had been a shared cost and other project costs had been paid for by individual parties. A future reset was not planned, therefore any future costs would be discussed if necessary.*
- Queried the hidden costs that had been identified in the UNISON research. - *The Executive Director Corporate Resources & Services explained that DHP had highlighted that not all staff adopted the same approach to processes which had led to inefficiencies, this in turn could lead to hidden costs.*
- Asked whether contract reset was considered best practice and would this be introduced for other long term and high value contracts. - *The Executive Director Corporate Resources and Services confirmed that the reset was good practice and that a review of this exercise would be undertaken to determine whether the process could be used for other contracts.*
- Raised issues with problems experienced with IT. Mr Glennon volunteered to be a case study for Members' IT which Capita could use to understand what issues Members experienced and how they could be resolved.
- Reported experiences from service users having difficulty with areas such as payroll. Members were reminded of the email address that had been set up for members to raise issues and queries directly with Capita.

194. Resolved – That the Committee:

- (1) Welcomes and notes the work of the reset and recognises the direction of travel. The Committee asked to preview the decisions to be taken as a result of the reset, including the staff survey findings, when these are available.
- (2) Welcomes the improved outcomes that are planned from the reset.

### **Total Performance Monitor**

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

196. The Cabinet Member for Finance introduced the report which set out the County Council's performance and risk position as at the end of October 2015. It was confirmed that the County Council manages the Local Growth Fund Grant on behalf of the Local Enterprise Partnership and would be sending them £0.2m for generated interest. Concerns were raised on the capital invoicing and officers would need to monitor progress carefully going forwards.

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

- Queried what more could be done to monitor the capital programme. - *The Executive Director Corporate Resources and Services confirmed that the quarterly monitoring reports being introduced would give an earlier indication of any problem areas.*
- Queried the rising workforce figures and whether this had been anticipated. - *The Cabinet Member for Finance confirmed that new workforce monitoring data would be available shortly and would be used to effectively monitor both workforce numbers and costs.*
- Queried the work behind the Performance Measure for Appropriate Admissions to Residential Care and if further pressures were expected. - *The Executive Director Corporate Resources & Services confirmed that the Executive Director Care Wellbeing & Education had been working with officers to prepare for winter pressures.*
- Asked if the Mechanical Biological Treatment facility (MBT) was now running and if it was considered a good investment. - *The Executive Director Corporate Resources & Services confirmed that the MBT was now operational and work was being undertaken with Biffa to determine how it would be used. The Cabinet Member for Finance stated that the MBT was considered a good investment. The Leader reported that work was needed to maximise waste management for the long-term.*
- Queried the Your Energy Sussex (YES) scheme and work to accelerate programmes to avoid the reduced Feed-In-Tariff (FIT). – *The Leader confirmed that plans were in place to push through as many projects as possible before the FIT was reduced. The Chairman requested that the Committee should see the business cases for the projects in order to understand the potential investment risks. The Leader agreed to circulate the business cases and reiterated that the speed had only been increased on these projects due to the reducing FIT in January.*

198. The Committee noted the concerns on Capital invoicing and also the work to understand winter pressures. The Committee also noted the increase in workforce numbers and welcomed the introduction of metric data when it was available.

199. Resolved –

- (1) That the Monitor be noted.

### **Treasury Management – Mid Year Review**

200. The Committee considered a report by the Executive Director Corporate Resources & Services and the Deputy Director of Finance (copy appended to the signed minutes).

201. The Cabinet Member for Finance introduced the report and confirmed that the Regulation, Audit and Accounts Committee had been happy with compliance. The Pooled Funds would be withdrawn at a time when no capital losses would result for the County Council. The funds would be invested into Local Authority funds which were secure.

202. The Committee requested an update on Volkswagen investments. – *The Cabinet Member for Finance confirmed that the advice from the County Council Treasury Advisors, Arlingclose, was to leave the investment but not invest any more. The investment was considered to be secure due to the assets held by Volkswagen.*

203. Resolved – That the Committee notes the report.

### **Scrutiny Work Programme**

204. The Committee considered a report by the Executive Director Corporate Resources & Services and the Director of Law, Assurance and Strategy (copy appended to the signed minutes).

205. The Head of Democratic Services introduced the Work Programme. The Committee were reminded that the Performance and Finance Select Committee has the overall responsibility for the programme before it goes for approval at Full Council.

206. The Chairman of the Children and Young People's Services Select Committee (CYPSSC) reported that the Special Educational Needs and Disability (SEND) Task and Finish Group (TFG) would be looking into self assessments against framework, and proposed that the outcomes could be the subject of a Full Council debate. CYPSSC also raised a potential cross cutting issue with the Environmental and Community Services Select Committee (ECSSC) relating to the Prevent Agenda, particularly in relation to elective home education and the potential for radicalisation.

207. The Chairman of the Health and Adult Social Care Select Committee (HASC) reported upcoming work on mental health seminars and scrutiny of the South East Coast Ambulance Service.

208. The Chairman of ECSSC reported planned work on the Fire and Rescue Service, Bus Subsidies and the Cycling and Walking TFG. The Committee was monitoring airport expansion plans and the issues that could arise if Gatwick was picked for expansion, along with service change proposals as a result of budget pressures.

209. The Chairman suggested that the Committee should consider upcoming work on Devolution, Partnership Working and the consideration of maximising revenue opportunities.

210. The Committee queried the waste strategy following the planned contract review. The Committee agreed to add another joint meeting of PFSC and ECSSC to the work programme to take place after the contract negotiations are complete.

211. Resolved – That the Committee

- (1) Requests that a further Joint Waste meeting for PFSC and ECSSC be added to the work programme before its submission for approval at Full Council.

## **Call Ins**

212. The Committee noted the declined call in request for 'CR05 (15/16) – Proposal for new customer experience' on the grounds that no new information had become available since the Committee's considerations.

## **Forward Plan of Key Decisions**

213. The Committee considered the Forward Plan of Key Decisions December 2015 – March 2016 (copy appended to the signed minutes).

214. The Forward Plan was noted.

## **Date of Next Meeting**

215. The Committee noted that its next scheduled meeting will take place on 21 January 2016 at County Hall, Chichester. The timing was currently scheduled for 10.30 a.m. but this could change if a Member Session was scheduled for the morning. Members would be informed if the time changed.

## **Exclusion of Press and Public**

216. 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.

The meeting closed at 2.22 p.m.

Chairman

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

### **Part II Minutes of the joint meeting held on 11 November**

(Exempt, paragraph 3, Financial or business affairs of any person (including the authority))

The Committee agreed the Part II minutes of the joint meeting held on 11 November. An update was also given by the Leader relating to a site acquisition. The Committee considered the information and welcomed the update.