

**Performance and Finance Select Committee**

04 December 2014 – 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 Tyler
Mrs Evans	Mr Metcalfe	Mr Waight
Mr Glennon	Mrs Millson	Mr Watson
Ms James	Mr R Rogers	
Mrs Kitchen	Mr Turner	

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

Apologies for absence were received from Mr Acraman.

\* Mr Lamb arrived at 11.10 a.m.

**Declarations of Interest**

110. In accordance with the code of conduct, the following personal interests were declared:

- Mrs Millson as the Horsham Riverside division member in relation to Athelstan Way being listed on the PropCo programme of current developments appendix for the Arrangements around selective acquisition and development activities across County Council Estates item.
- Mrs Kitchen and Mr R Rogers as members of the Planning Committee in relation to the Tangmere – Land use Options – potential Solar Farm Development item. Mrs Millson declared the same interest as a substitute on the Planning Committee.

**Minutes**

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

**Responses to Recommendations**

112. The Committee considered responses from the Cabinet Member for Corporate Relations and the Cabinet Member for Education and Skills on recommendations and comments made at the previous meeting of the Select Committee (copies appended to the signed minutes).

113. The Committee welcomed the responses, particularly the progress on IT performance.

114. Members queried the rollout timescales relating to Members being able to access County Council emails and calendars on their personal devices. - *The Executive Director of Corporate Resources and Services reported that the project was only in pilot stage and so it was not possible to give a timescale.*

## Total Performance Monitor to October 2014

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

116. 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 2014. It was confirmed that there was an estimated underspend of £6m at the end of the year. It was reported that the Director of Highways and Transportation had undertaken work to investigate how Capital Projects had been managed in Highways. The work had revealed where processes could be improved and it was hoped that similar attention could be focussed on other aspects of Capital work.

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

- Welcomed the review of Capital Projects and requested that the implications on PropCo developments should also be investigated. The Committee asked that the Terms of Reference of the review should be seen by the Committee and also the Regulation, Audit and Accounts Committee.
- Queried the processes identified in the Capital Review that required improvement, what had led to them and how they could be rectified. - *The Leader explained that the review had highlighted a level of optimism from Officers being able to resolve problems in contracts, which was not always the case. Business cases needed improving and more project management training was required. The economic recession had resulted in projects being cheaper to secure and therefore the current rise in the economy had led to increased costs which project managers needed to be more aware of.*
- Asked why the Fire and Rescue service was amber on the risk register when it had been reported that a strike was expected. The impact of the strike on service was also queried. - *The Deputy Chief Fire Officer reported that the risk register was showing as amber as steps had been put in place to manage the strike when it occurred. The strike was expected and so there had been time to work with the Business Contingency Team to make necessary arrangements. Members were also told that the strike action from staff was mitigated by reducing the least valuable pump in the area and using the surplus crew to maintain the service levels. Members were reassured that the immediate response appliances would be ready in this circumstance.*
- Questioned if underspend on road maintenance could be used to fund pavement maintenance. - *The Cabinet Member for Finance explained that this would be a decision for the Cabinet Member for Highways and Transport.*
- Queried what work was being done to improve the school achievement and skill figures on the 'Giving Children the Best Start in Life' section on the Performance Dashboard. - *The Leader reported that the Cabinet Member for Education and Skills had undertaken a review and was also working with head teachers to improve achievement. The County Council was advertising to fill the vacant Director of Education & Skills post and it was expected that the successful applicant would continue the work on this area.*

118. Resolved –

- (1) That the Monitor be noted.
- (2) That the Committee will ask the Cabinet Member for Highways and Transport to consider transferring any road maintenance underspend to pavement maintenance.
- (3) That the Committee will scrutinise the Terms of Reference of the Capital Programme Review and monitor the outcomes and actions of the review.

### **Future West Sussex Plan 2015 to 2019**

119. The Committee considered a report by the Executive Director of Corporate Resources and Services and Head of Policy and Communications (copy appended to the signed minutes).

120. An additional appendix was tabled which included comments from non-Committee Members on the Future West Sussex Plan 2015 to 2019 and the Balancing the budget 2015/16 and 2016/17 report (copy appended to the signed minutes).

121. The Leader introduced the report and explained to the Committee that the Plan was in draft and welcomed comments from the Committee.

122. The Head of Policy and Communications showed a presentation to the Committee which demonstrated an expectation as to how the Future West Sussex Plan 2015 to 2019 would look when it was formally published (copy appended to the signed minutes). Apologies were given for any drafting inaccuracies in the paper and Members were given assurance that they would be corrected for the final publication.

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

- Felt clarity was needed to show that the reduction in the number of targets from 55 to 23 was not a drop in standards but that the County Council was concentrating on the key strategic issues. Members requested that it was made clear that all targets were being reworked and not removed.
- Raised concerns about the description 'From Chichester to Crawley and from Bognor Regis to Burgess Hill...' used in the Plan as it did not cover the whole area of West Sussex. A rewording should be considered for the final version to include all areas of the County.
- Queried if specific measures such as helping women reduce alcohol consumption during pregnancy could be included. – *The Head of Policy and Communications confirmed that the Performance Dashboard could be updated to include more measures. Public Health activity could be reported through the Dashboard.*
- Enquired how the Net Migration figures had been calculated. – *The Head of Policy and Communications agreed to circulate the calculations to the Committee.*

- Raised the importance of the A27 improvements and suggested that the measure in the Plan should ensure that the issue was kept as a high concern until the issue was fully rectified. - *The Leader agreed with the comment and confirmed that continued work was required.*
- Raised concerns where indicators change over the course of the Plan which made it difficult to measure progress. It was asked if the indicators could be agreed at the start of the plan and maintained through the time period. – *The Leader agreed that indicators should remain the same where possible, but adjustments may need to be made in order to introduce flexibility to maintain focus and to reflect changes in National policy. The main drivers on each indicator would remain the same.*
- Queried if all the elements of the plan were achievable and raised concerns that the Plan could potentially promise more than it was possible to deliver due to the savings that were required in the budget. – *The Leader responded that it was important for the plan to be aspiration but reassured the Committee that the Plan had been written in conjunction with the Savings Programme and so would be financially achievable.*
- Felt that some of the indicators that had a measure of 'no deterioration' were weak and not aspirational enough. – *The Leader responded that the 'no deterioration' measure on the Gross Value Added measure was realistic as this required time to grow. The Head of Policy and Communication added that the 'no deterioration' was also used on areas where the County Council was already performing well.*
- Sought reassurance that the necessary professional expertise was being deployed to secure investors to the area. – *The Leader confirmed that the Director of Economic Growth was working well on this and had the necessary skills.*
- Queried the measure to monitor the unemployment rate for ages 50-64 and questioned the difficulties in encouraging young people into apprenticeships. – *The Leader responded that the age bracket of 50-64 was necessary to take into account the rise of the age of retirement and the need to create jobs for people in later life. The Head of Policy and Communication confirmed that the new Director of Education & Skills, when appointed, would be focussing on apprenticeships and ways of increasing the take up. The Director would also help set an appropriate target for this.*
- Expressed concern over the residential care targets and that the right resolution should be the focus not meeting the targets. – *The Leader agreed that this would always be the focus.*
- Queried the average pay indicators needed to ensure that the gap between low and high income earners was reduced and that focus was not concentrated on bringing higher earners into the County. – *The Policy & Performance Manager reported that there was a lot of data recorded for this area which could be used to provide detailed monitoring.*

124. Resolved – That the Committee:

- (1) Supports the publication of the Future West Sussex Plan 2015 to 2019, subject to the amendments and corrections identified.
- (2) Requests that the wording of the plan is strengthened and tidied.
- (3) Requests consistency and stability of measure recording.

- (4) Seeks assurance that the issues surrounding skills and apprenticeships are fully understood.

### **Balancing the budget 2015/16 and 2016/17**

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

126. The Cabinet Member for Finance introduced the report and explained that £68m needed to be saved over the next two years in order to balance the revenue budget to 2016/17. It was explained that the funding expected from the Better Care Fund placed a direct onus on the County Council to help reduce acute bed occupancy.

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

- Queried if the NHS payments would be phased or received in one payment.  
– *The Cabinet Member for Finance expected the payments to be phased which would help with the spending required to reduce acute bed occupancy. The Leader reported that the Cabinet Member for Community Wellbeing (and Deputy Leader) was working with the Health and Wellbeing Board to streamline the arrangements for this work.*
- Supported the overall strategy outlined in the paper to meet the priorities.

128. The Chairman of the Committee then asked members to comment on the specific areas of the savings plan where they had questions. Members looked through Appendix 1 and raised queries on some of the numbered savings in the schedule.

129. Members queried Saving Number 1 the 'Early Childhood Services' redesign and asked if this included the closing of any Children Centres. – *The Leader reported that there were no plans to close any Children Centres.*

130. Members queried Saving Number 3 'Placement cost reduction for Children Looked After' and the confidence officers had in negotiating the 10% cost reduction. – *The Executive Director of Corporate Resources and Services confirmed that the discussions with providers would carefully explain all processes and that professional guidance from Directors would be employed.*

131. Members queried Saving Number 14 'Share public sector buildings and staff' and why there was a delay in savings from the time Horsham District Council would move into County Hall North. – *The Cabinet Member for Finance explained that landlord rights were not being exerted by the County Council straight away as Horsham District Council needed to undertake refurbishments on their floor in the building to make it suitable for their needs and this had been part the negotiation.*

132. Members sought clarity on Saving Number 16 'Shaw capital financing savings'. – *The Principal Manager – Service Finance explained that this was the repayment of a loan and that the cost was reducing as the loan was paid off.*

133. Members queried Saving Number 20 'Focus on Prevention' and why preventative measures would not make immediate savings. - *The Principal Manager – Service Finance explained that some of these savings would arise over the long term from helping people maintain independence for longer. Other benefits would materialise in 2015/16, for example as a result of additional investment in assistive technology. Officers agreed to add more detail to the final document.*

134. Members felt the explanation behind the re-procurement of existing contracts in Saving Number 21 'Procurement and contract management' should be expanded in the final document.

135. Members queried the base budget expenditure for Saving Number 25 'Reduction in requirement for ongoing highways maintenance on unclassified roads' and how this compared to the level of savings. Members also sought assurance that maintenance work would be sustained with no future problems building up. - *The Executive Director of Corporate Resources and Services reported that the base budget was £13m. This meant the saving was a small proportion of the overall budget, and agreed that the inclusion of percentages on the final document would show the size of figures against the whole budget. Members were reassured that the Executive Director Residents' Services (interim) had worked to ensure that the savings being made would not cause future pressures on maintenance budgets.*

136. Members queried Saving Number 28 'Chichester Festival Theatre (CFT) financial support' and whether any more payments would be made from the County Council and what the alternative budgets listed in the paper referred to. – *The Cabinet Member for Finance confirmed that no further annual payments would be made to CFT and that in future if projects were commissioned from CFT they would be supported from the appropriate budget area.*

137. Members sought clarity on Saving Number 33 'Focus on Prevention'. - *The Executive Director of Corporate Resources and Services explained that this related to plans that are being developed as part of a joined-up approach with Public Health. It was agreed to add more detail and percentages to the final document to add clarity.*

138. Members reported that the 'lower specification' wording used in Saving Number 35 'Review of top contracts (including re-procurement at lower specification)' could be interpreted as a reduction in the quality of standards. – *The Cabinet Member for Finance reassured the Committee that this referred to ensuring that contracts were fit for purpose without unnecessary extra costs. The wording of this would be changed for the final document.*

139. Members sought clarity on Saving Number 41 'Review of on-street parking charges' and if it was a new review or the one that had been previously scrutinised at the Environmental and Community Services Select Committee. - *The Principal Manager – Service Finance confirmed it was part of the existing review.*

140. Resolved – That the Committee:

- (1) Agrees the recommendations made in the report, subject to the amendments and changes proposed.

## Treasury Management Mid-Year Review 2014/15

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

142. The Cabinet Member for Finance introduced the report and welcomed comments from the Committee.

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

- Queried the idea of using mortgage assets as an investment option. – *The Head of Corporate Finance explained that the investment would be buying bonds, not the property. The Cabinet Member for Finance agreed to investigate all the implications of this if it was considered as an investment option.*
- Asked if the duration limit of 100 days for unsecured deposits was safe against the chance of a default occurring. - *The Head of Corporate Finance reassured the Committee that the risks of default had been carefully considered.*

144. Resolved – That the Committee:

- (1) Agrees the recommendations in the report.

## Arrangements around selective acquisition and development activities across County Council Estates

145. The Committee considered a report by the Executive Director Corporate Resources and Services and Director of Strategic Planning and Place (copy appended to the signed minutes).

146. The Cabinet Member for Finance introduced the report and welcomed comments from the Committee.

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

- Queried where in the stages of a proposed development a robust business case was created. - *The Cabinet Member for Finance reported that identified projects were analysed for their profit making potential. A business case was created for the proposed projects before any money was spent or contracts were agreed. Business cases would then go to PropCo meetings for discussion.*
- Queried PropCo's relationship to Edes Estates and what their responsibilities were. – *The Cabinet Member for Finance explained that PropCo was responsible for projects whereas Edes Estates was the operational landlord for developments. Edes Estates had been established as a separate entity from the County Council with an independent Chairman. The County Council would be the holder of Edes Estates' shares.*
- Asked who would be the listed owner of the developments. - *The Valuation and Estates Manager explained that the County Council would own the developments and lease them to Edes Estates. Rental income from Edes Estates would generate a quarterly revenue stream.*

- Queried the wider activity of PropCo. - *The Cabinet Member of Finance assured the Committee that all development projects would be operated through PropCo and would therefore be available for scrutiny by the Committee. The terms of reference of PropCo permitted a wide range of opportunities for consideration such as building hotels or dementia care homes. The County Council would not run these establishments but act as the landlord.*
- Queried if Edes Estates would be liable for Corporation Tax. - *The Cabinet Member for Finance confirmed that it would be liable but that it was unlikely that as a management company it would make significant taxable profit.*

148. Resolved – That the Committee:

- (1) Agrees the recommendations in the report.
- (2) Requests that all Business Cases for projects be sent to the Members on the Business Planning Group.
- (3) Requests a quarterly update on PropCo activities.

### **Tangmere – Land use Options – potential Solar Farm Development**

149. The Committee considered a report by the Valuation and Estates Manager (copy appended to the signed minutes).

150. The Cabinet Member for Finance introduced the report and explained that the 29 acres of land at Tangmere had been deemed unsuitable for horticulture purposes and that the Solar Farm had been proposed as a good source of revenue. The Cabinet Member for Finance indicated that since the initial figures for the site had been calculated, Carillion had reconfigured the proposed site with a potential to accommodate a higher capacity of up to 5MWp (Mega Watt peak). If this increase was confirmed it would increase initial upfront costs but would yield a higher overall return.

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

- Queried why this project had been selected to commence ahead of other potential projects. – *The Cabinet Member for Finance explained that this project was the only one at a stage where the finances needed to be considered.*
- Requested further detail regarding the Business Case for the Solar Farm. - *The Cabinet Member for Finance had intended the appended report to stand as the Business Case for this project and provide all the necessary information. Members were invited to speak to the Cabinet Member if they had any additional queries that were not covered in the report.*
- Queried the figures in the table on Appendix B and if the energy sold figures had taken into account the expected degradation rate of the solar panel's performance. – *The Director of Strategic Planning & Place agreed to check the energy calculations and send a revised copy to the Committee Members.*

- Queried if damage to panels from seagulls had been considered as other panels in the County had suffered from this problem. – *The Director of Strategic Planning & Place said the risk had been considered but reported that the seagulls had damaged solar panels close to the sea, and as Tangmere was further away from the coast the risk was reduced.*
- Asked if grazing rights could be given on the land. – *The Cabinet Member for Finance confirmed that money could be made by selling grazing rights and that it would also be good for the land.*

152. Resolved – That the Committee:

- (1) Supports the procurement and delivery of a solar farm on land at Tangmere; subject to planning permission in preference to disposal or leasing of the land and a robust business case.
- (2) Note current progress for the scheme, the initial feasibility and benefits identified; subject to the clarification of the figures presented.
- (3) Supports the identification of the capital and revenue costs for the delivery of the scheme and supports funding as part of the PropCo programme, with future income from the sale of generated electricity aligned to corporate priorities, as may be so determined by members; subject to the clarification of the points raised.
- (4) Requests an annual progress item on how the Solar Farm is operating; subject to proposals for the farm being agreed.

153. Mrs Kitchen, Mrs Millson and Mr R Rogers asked for it to be recorded that they abstained from the Committee's resolution in accordance with Standing Order No. 36 (2).

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

154. The Forward Plan of Key Decisions January – April 2014 was tabled at the meeting, as it had been published following the dispatch of the agenda (copy appended to the signed minutes).

155. The Forward Plan was noted.

### **Date of Next Meeting**

156. The Committee noted that its next scheduled meeting will take place on 22 January 2015 at 2.00pm at County Hall, Chichester.

The meeting closed at 2.55 p.m.

Chairman.