

Performance and Finance Select Committee

21 January 2016 – 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

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

Apologies for absence were received from Mrs Kitchen and Mr R Rogers.

Part I

Declarations of Interest

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

- Mrs Millson as a member of PropCo in relation to the PropCo Business Case item.
- Mr Tyler as an Adur District Council member in relation to the PropCo Business Case item.

Part I Minutes of the meeting held on 3 December

224. Resolved – that the part I minutes of the Performance and Finance Select Committee held on 3 December 2015 be approved as a correct record, and that they be signed by the Chairman.

Refreshing the Future West Sussex Plan 2015 to 2019

225. The Committee considered a report by the Executive Director Corporate Resources and Services and Director of Workforce, Organisational Design and Delivery (copy appended to the signed minutes).

226. The Leader introduced the item and explained that the Future West Sussex Plan was in draft. Comments were sought from the Committee which would be incorporated in the final version for approval at County Council in February.

227. The Head of Performance & Intelligence confirmed that the Future West Sussex Plan agreed in February 2015 had worked well. The 2015-2019 plan hoped to build on the progress made and did not seek to change any of the agreed priorities.

228. The Principal Manager spoke through the draft plan and the changes that were planned. The West Sussex Matters Successes would be expanded and a new section added entitled Serving You Better. It is intended that the plan will be in a digital form and links will be included to relevant service areas. The Committee were informed that there were 23 corporate goals in the plan that would be used to monitor progress on key areas.

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

- Queried the decision to remove the goal on unemployment for people aged 50 – 64, and asked if it was possible to track employment levels for more age groups, especially considering the rise in retirement ages. – *The Leader commented that the goal could be retained, and measures for other age groups explored.*
- Felt that the A27 improvement works should refer to all necessary areas and not just Chichester. – *The Leader confirmed that the Highways Agency were responsible for the A27 improvements. Chichester was first in the schedule of works, but background work was also happening in Arundel and Worthing. The plan would be updated to reflect all works.*
- Requested clarity and more emphasis on the work with District and Boroughs councils. – *The Leader explained that collaboration with the District and Boroughs would be included within the work on devolution.*
- Asked how new businesses and inward investment would be attracted to West Sussex and if a specific team was being set up to work on this or whether professional advice was being sought. – *The Leader reported that more collaborative work was being undertaken with partners and that the work with Novartis was a good example of how businesses would be attracted. A small team was being developed to work on this area that would receive external advice.*
- Felt that the ambition to increase apprenticeship numbers annually was not stretching enough and that a more challenging target was needed.
- Stressed the importance of all age groups in the County and that all these needed to be reflected in the plan, particularly in relation to improving the percentage of children leaving school with 5 GCSEs or more.
- Sought clarity on how the Business Support Grants worked. – *The Leader reported that this was work to help people source appropriate grants to improve their business, for example from the Local Enterprise Partnership.*
- Commented that the guiding principle to 'Minimise the burden of local taxation' needed updating to reflect the intention to increase Council Tax. – *The Leader confirmed that this needed work and would be amended for the final version.*
- Commented that the sentence 'We want the economy of West Sussex to be vibrant and resilient' suggested it wasn't currently; also that it needed to be made clearer that the speech bubbles were comments from the public; and that the same graphics should not be repeated on multiple pages. – *The Leader agreed with the comments and proposed adding 'continue' to the sentence.*
- Queried the aspiration to deliver phase two of the Better Roads programme as the programme was complete. – *The Leader confirmed that the programme had been completed within the timeframe of the plan and the wording would be updated to reflect the work was complete.*

- Questioned if the public would read the plan and if the information could be condensed to make a shorter document. – *The Leader confirmed that data showed that the plan and the dashboard were accessed by the public and that it was important to make the County Council's intentions clear for the public. Changes in the format could be considered for the future.*
230. The Chairman summarised the thoughts of the Committee:-
- Employment figures for over 50s should be monitored and consideration should be given to other age bands and groupings.
 - Apprenticeship targets needed improvement.
 - The A27 wording should be updated to include all relevant areas.
 - More detail was needed on partnership working and the efficiencies that could be made. Work was needed on the 'minimise taxation' section.

231. The Chairman confirmed that no comments had been received from the wider membership and so there was no Appendix 3.

232. Resolved – That the Committee:

- (1) Supports the proposed Future West Sussex Plan, subject to the proposed amendments.

Medium Term Financial Strategy 2016/17 to 2019/2020 including Revenue Budget 2016/17 to 2017/18 and Capital Programme 2016/17 to beyond 2020/21.

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

234. The Cabinet Member for Finance introduced the report and expressed disappointment with the Financial Settlement as it has resulted in a much steeper reduction in funding than was predicted. The change in funding calculation has also resulted in a settlement that is about ability to raise Council Tax rather than need which led to the County Council being in a worse position than predicted. The Cabinet Member for Finance, the Leader and the Executive Director Corporate Resources and Services had met with Minister Marcus Jones to express the concern with the new allocation formula.

235. The reduction in Revenue Support Grant ultimately leads to a £153m funding gap for the next 4 years. The proposal from Cabinet is therefore to maintain the budget as planned and utilise any damping that may come from the Government.

236. The Executive Director Corporate Resources and Services confirmed there was no national support for the living wage increase, this would need to be met by the County Council. The Executive Director Corporate Resources and Services spoke through a handout that clarified the changes from the initial Medium Term Financial Strategy (MTFS) presented in December which identified a gap of £143m to the current gap of £153m (copy appended to the signed minutes).

237. The Service Select Committee Chairmen were invited to summarise the budget debates that had happened at their meetings. The Chairman for the Environmental and Community Services Select Committee (ECSSC) reported that the Committee had not endorsed the budget based on the lack of detail that had been provided on the saving plans. The Chairman of the Children and Young People's Services Select Committee (CYPSSC) reported that the Committee felt the financial settlement formula was wrong and raised concerns that too much contract squeezing may force contractual partners out of the market. The Chairman of the Health and Adult Social Care Select Committee summarised their discussion which included concerns for prevention outcomes and if the NHS would see the benefit of the proposals rather than the County Council.

238. The Committee made comments on the budget section of the report including those that follow. It:

- Queried the proposed large rise in Council Tax since the initial MTFS was presented in December as the funding gap is £10m which is less than would be generated by the tax increase. – *The Executive Director Corporate Resources and Services explained that options had been considered to address the funding gap and that savings and Council Tax rises were the only options.*
- Raised queries on the changes in the budget in light of the financial settlement. The pre-settlement MTFS was balanced with savings and efficiencies and so the query was how the funds generated by a rise in Council Tax would be used to mitigate the larger funding gap and if this has resulted in any changes to the savings plan. – *The Executive Director Corporate Resources and Services confirmed that there had been no substitutions of savings for Council Tax. The settlement had led to a different approach being required for the 4 year MTFS. The Committee requested to see the changes from the pre settlement, balanced MTFS. The Executive Director Corporate Resources and Services agreed to circulate this to committee members.*
- Recognised the support through the settlement for social care but questioned where this would leave other services provided by the County Council.
- Queried the reliance on the growth in Business Rate recovery to balance the reduction in Revenue Support Grant and what risk analysis had been undertaken. - *The Executive Director Corporate Resources and Services confirmed that work had been done to forecast trends in Business Rate growth in order to ensure realistic assessments had been used. The Budget Management Reserve could be utilised to mitigate any errors in assumptions if necessary.*
- Queried if the £2.6m reduction in Business Rate top up changed the County Council's rationale for funding economic support projects. - *The Executive Director Corporate Resources and Services confirmed that this was another assumption included in the Business Rate growth calculations and that generating growth continued to be a key driver for the County Council. The Leader added that developing the economy and providing jobs was a key priority and was important to increase Gross Value Added (GVA) in the county.*

- Noted the proposed legal service collaboration and asked what strategic thinking was taking place to find other internal and external collaboration options that could be considered. – *The Leader reported that the child adoption and foster teams were being considered to be merged. All savings options had been looked at in order to drive out costs in a balanced way. It was noted that some options would require long term planning.*
- Raised concerns that the budget could be over optimistic and that Business Rates could reduce and the County Council could continue to see difficult financial settlements. – *The Leader reported that West Sussex County Council was the 4th worst hit authority by the settlement. It was hoped that devolution would be a good opportunity to help increase efficiencies. The Executive Director Corporate Resources and Services explained that work had been done to prepare for the settlement, but reported that the formula change had not been submitted by Government for prior consultation and had therefore been a surprise to the authority.*
- Queried whether there was a maximum ratio of revenue spend on debt to total budget. - *The Executive Director Corporate Resources and Services explained that there was no maximum number on this measure and that it would be up to each council to monitor this carefully and decide what was affordable.*
- Sought reassurance that the proposed 2% tax rise for adult social care services would be ringfenced. – *The Leader confirmed that this would be ringfenced and the Government would expect a report back to outline how it had been used.*

239. The Committee made comments on the savings section of the report including those that follow. It:

- Supported tailoring the services provided more to the needs of clients and sought reassurance that any savings to Short Term Breaks was through contractual efficiencies not a reduction in service. - *The Leader confirmed this would be the case.*
- Queried the savings for Democratic Services and how this may impact local links, member engagement and democratic accountability. – *The Cabinet Member for Corporate Relations explained that alternative arrangements could be considered in order to engage communities. A member led approach was being considered which would begin in 2017.*
- Asked if the criteria for Community Initiative Funding could be changed to help the proposed reduction in Prevention and Wellbeing grants. – *The Cabinet Member for Finance confirmed that grants' criteria were being reviewed.*
- Supported a review of the property estate to ensure any surplus assets were disposed of and buildings were utilised by more than one service to improve efficiencies.
- Raised concerns that the multiple entries relating to Highways Contract savings could be double counted. – *The Executive Director Corporate Resources and Services confirmed that the entries related to different works and were not duplicates. Members requested that entries were clarified to ensure it was clear what had already been achieved and what was still to be achieved.*

- Sought clarity on the Finance savings entry. – *The Executive Director Corporate Resources and Services explained that this related to a reduction in department size following SAP optimisation improvements. It was confirmed that the Internal Audit team would not be reduced.*
- Queried the savings to reduce the Highways Structures maintenance. – *The Cabinet Member for Finance confirmed that this was being looked at with the Cabinet Member for Highways and Transport.*
- Asked if there were any savings that could be made in Planning by delegating work to District and Borough Councils. – *The Cabinet Member for Finance felt that this was something that could come from devolution.*
- Asked for details on what the Transport review would cover. – *The Executive Director Corporate Resources and Services explained that this work included contractual reviews. The Chairman for ECSSC confirmed that the committee had raised concerns on the reductions to the Highways and Transport budget and felt that it needed safeguarding. The Cabinet Member for Finance noted the concerns from ECSSC.*
- Raised concerns on the reprocurement of Special Educational Needs (SEN) transport; service provision should be based on need and it may therefore not be possible to merge all journeys for pupils based on geography. – *The Cabinet Member for Finance acknowledged the specific needs of SEN pupils with regard to transport.*
- Felt the proposed savings for re-procured waste seemed too aspirational. – *The Executive Director Corporate Resources and Services explained that this referred to the current contract negotiations with Biffa. Changes in EU legislation had led to delays in the negotiations.*
- Queried the Fire and Rescue savings and if the Cabinet felt that this service would be absorbed by the Police and Crime Commission in the future. – *The Leader commented that previous discussions on this topic had led to the belief that Fire and Rescue should be retained within the County Council.*
- Sought detail on the savings that had been realised from commissioning. – *The Executive Director Corporate Resources and Services explained that there was no specific detail on this and that each service would have looked at different approaches and efficiencies which may have led to savings through different ways of delivering services. The Leader added that the intention of commissioning was not purely to seek savings but to consider new ways of working that had better impacts within the resources available.*
- Queried why joint working with Surrey and East Sussex had not been considered previously. – *The Leader explained that this was an example where devolution could be used to find ways of working together and gain access to new opportunities.*

240. The Chairman summarised the debate and reiterated the concerns raised by the committee on the financial settlement formula calculation.

241. The Committee voted on each of the Officer recommendations in the report in turn.

242. Recommendation a was agreed by a majority.

243. Recommendation b was agreed unanimously.

244. Recommendation c was agreed unanimously.

245. Resolved – That the Committee:

- (1) Endorses the County Council Draft Budget and Savings Proposals for 2016/17, including the specific portfolio areas for which the Committee has responsibility for.
- (2) Agrees that the discussed comments should be taken into account when the Cabinet considers the Draft Budget and Savings Proposals for 2016/17 on 2 February 2016.

Total Performance Monitor

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

247. The Executive Director Corporate Resources and Services introduced the report which set out the County Council's performance and risk position as at the end of November 2015. It was confirmed that savings had been sought within individual portfolios in order to avoid the use of contingency funds. It was reported that the Balfour Beatty Living Places invoice backlog had been resolved.

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

- Raised concerns on the £6.5m overspend in the Children's portfolio and asked how the monthly monitoring would help and whether this was a continuing upward trend. - *The Executive Director Corporate Resources and Services acknowledged that it was not possible to give full assurance that the monitoring would reduce further overspend. Money had been added to the budget next year to address the problem. Children Looked After (CLA) costs were high and a Children's Commissioner would be appointed to look into the cost of CLA placements. Agency staff usage continued to cause a rise in costs.*
- Asked whether the disparity between the costs of internal and external foster carers was a continuing problem. - *The Leader confirmed that experienced foster carers were difficult to recruit and that work was being undertaken with other LAs to try and address the balance.*
- Queried the work of the Think Family programme which looked to keep families together and if this had an impact of the level of CLA cases. – *The Cabinet Member for Finance explained that there had been an increase in complex cases associated with Prevent and child sexual exploitation. The Think Family programme was a long term process working with families to prevent an escalation of future issues and therefore tended to be dealing with less complex cases. It was confirmed that the Corporate Parenting Panel had also looked into this and discovered there was a high number of babies being taken into care which were expensive placements.*
- Queried how the County Council worked with the Family Courts and that increased collaboration may help.

249. The Committee agreed to refer the issue of CLA costs to the CYPSSC.

250. Resolved –

- (1) That the Monitor be noted.
- (2) That the issue of CLA costs should be referred to the CYPSSC for investigation and scrutiny.

Treasury Management Strategy 2016/17

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

252. The Executive Director Corporate Resources and Services introduced the report and confirmed that no change in investment strategy was proposed, he explained that the pooled funds with Payden and Investec were being withdrawn.

253. The Chief Accountant introduced the strategy and sought questions and comments from the Committee.

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

- Queried if deposit lengths were appropriate given the current market volatility. – *The Chief Accountant confirmed that borrowing limits were generally only extended with low risk institutions. Arlingclose, the County Council's treasury advisors, advised on appropriate deposit lengths.*
- Commented that the Governor of the Bank of England gave free economic advice similar to that provided by Arlingclose and therefore questioned if the advisors were necessary. - *The Executive Director Corporate Resources and Services reported that Arlingclose gave a lot of information and market intelligence to the County Council. Arlingclose were considered good value for money for the services received.*

255. Resolved –

- (1) That the Committee supports the content of the 2016/17 Treasury Management Strategy Statement ahead of submission for County Council approval in February 2016.

Business Planning Group Report

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

257. The Senior Advisor introduced the report and drew attention to the proposed appointments for the Housing Provision for Care Leavers Joint Scrutiny Task and Finish Group.

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

- Queried the Licensing of Microsoft Products decision in the Forward Plan and why it was being taken before the IT Design and Investment decision. - *The Executive Director Corporate Resources and Services confirmed that the decisions were different and could be taken independently.*

- Queried if the Approval of Investment in the Merston Solar Farm would be taken before the opportunity for scrutiny. – *The Senior Advisor informed the committee that the decision was scheduled for scrutiny at the 25 February committee meeting and confirmed that the decision would not be taken before this.*

259. Resolved – That the Committee:

- (1) Supports the updates to the work programme and notes the latest Task and Finish Group rolling programme.
- (2) Agrees Mr Smytherman and Mr Oxlade as the County Council representatives for the Housing Provision for Care Leavers Joint Scrutiny Task and Finish Group.

Forward Plan of Key Decisions

260. The Committee considered the Forward Plan of Key Decisions February – May 2016 (copy appended to the signed minutes).

261. The Committee noted the plan to preview the Merston Solar Farm at the February meeting and requested that the report contained detail on the £4.5m surplus cash and clarity on the projects it would be intended for.

262. The Forward Plan was noted.

Date of Next Meeting

263. The Committee noted that its next scheduled meeting will take place on 25 February 2016 at 10.30am at County Hall, Chichester.

Exclusion of Press and Public

264. 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 2.58 p.m.

Chairman

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

Part II Minutes of the meeting held on 3 December 2015

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

The Committee agreed the Part II minutes of the meeting held on 3 December 2015.

PropCo Business Case

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

The Committee scrutinised the PropCo Business Case for the land at Angels and Hyde Nurseries in Barnham. The Committee analysed the report and made recommendations to the Cabinet Member for Finance.