

# FINANCE AND SERVICES SCRUTINY COMMITTEE

17 FEBRUARY 2020

**PRESENT:** Councillor M Rand (Chairman); Councillors J Chilver, R Newcombe, M Smith, R Stuchbury and A Waite.

**APOLOGIES:** Councillors B Everitt, N Blake, J Bloom, S Lambert and M Stamp.

## 1. MINUTES

RESOLVED –

That the Minutes of the meeting held on 11 November, 2019, be approved as a correct record.

## 2. FINANCE DIGEST: APRIL TO DECEMBER 2019

The Committee received the Quarterly Financial Digest for the period to 1 April to 31 December 2019, which represented the position after the first 9 months of the 2019-20 financial year. The digest was attached as Appendix 1 to the Committee report, and Members referred to it during discussions.

As at the end of December 2019, the Council was reporting a net overspend against budgets of £1.595m. While a number of risks and issues had been identified and their impact was being monitored and managed, it was anticipated that after allowing for lower financing costs there would be forecast overspend of £1.067m for the financial year. The year to date forecast position currently assumed some use of reserves to offset agency costs for planning where there were unusual pressures. The use of further reserves would be assessed during the year.

The overspend would be met from higher retained Business Rates generated through the Government's business retention system and Business Rate Pooling Pilot which Bucks authorities signed up for in 2019/20. The Forecast expected gain from Business Rates Retention had been estimated at £4.05m and balance of this gain (£2.983m) would be added to the Retained Business Rate Reserve.

The main change reported for Q3 related to an increased shortfall of Garden Waste Income of £0.5m, offset by other net budgetary improvements detailed in Section 3.15 of the Committee report.

There were a number of exceptional factors in 2019/20 for the Council, with the transition to the single unitary council in April 2020. Whilst every effort was being made to deliver to the current year's approved budget and remained focused on continuity of service delivery, the decision had made a significant impact on the cost of service delivery. Furthermore, the decision had created significant uncertainty over the direction of work programmes and uncertainty for staff which had impacted on the financial picture for 2019/20.

The forecast level of unallocated balances for the financial year was reported as £2.344m. This was marginally higher than the Council's assessed minimum and was due to the financial outturn for 2018/19 being better than forecast. In addition to unallocated balances, the Council also holds Earmarked reserves. These are held for legitimate reasons and the use of earmarked reserves is an essential part of sound financial planning.

Detail of significant cost pressures and efficiencies for the period to date and impacting on the forecast year end position include:

- Net savings against budget in relation to transitional relief for business rates (£113,009) for the Waterside car park.
- Budget savings arising as a result of the delay in implementation of the taxi token scheme (£25,020).
- Within the Economic Development Portfolio, the net overspend to date was made up of net £42,040 increased income offset by £28,043 increased agency spending and £63,096 higher accommodation costs.
- Within the environment and leisure portfolio, an overspend on staff of £156,107 relates to the use of agency staff working on planning enforcement whilst work processes were being reviewed to realise service improvements. Additionally, lower than planned income and increased horticulture contract costs had create a net overspend of £24,684. The overspends were offset by £68,124 reduced costs and higher income for Communities and Community Centres.
- For the Finance and Resources portfolio, a net year to date overspend of £46,281 was reported. This combined savings from vacancies, transfers to the unitary project and agency costs to maintain service provision amounting to £163,420, offset by £117,139 year to date overspend against budget to maintain services in the housing benefit department to cover operational requirements.
- Pressure on SEED income due to the impact of unitary decisions had resulted in a year to date net income shortfall of £39,661. Whilst pipeline council to council income remained strong, the ability to deliver it was reducing pending Unitary. Resources in the team were also being diverted to support other corporate priorities.
- Budget pressures across the planning and building control teams remains an issue, with £600k applied from reserves to offset higher staffing costs, most of which were due to increased agency costs. Shortfalls in current year planning income of £557K were reported.in year to date figures. Work continued in this area to review working practices and spend levels whilst maintaining service provision.
- The Council was reporting a year to date overspend of £812,029 against the waste budgets. This related to £316K higher waste disposal fees arising from current contracts. This had been highlighted as a future financial risk.
- A further 2019/20 overspend of £509K was associated with changes in the accounting treatment of the Garden Waste service, meaning that income received was aligned with service delivery costs. This was not a loss of income but was recognising the income in the accounts later than presently. This change only impacted 2019/20; assuming that take-up of the Garden Waste service was achieved.

There were many other less significant variances across the Council and budget holders were reviewing these on a monthly basis. The report also contained information on the use of agency/temp staff that had been discussed as a separate agenda item at a recent scrutiny meeting. The spend on high cost agency staff continued to be monitored and managed in order to minimise overspends on salary budgets. The use of agency to cover vacancies and service pressures incurred a premium and often resulted in an adverse variance to agreed budgets.

Members were informed that agency spend had fallen from previous levels. Total agency spending at the end of December 2019 was 12.7% lower than the same point in 2018/19 and 57.7% lower than the similar period for 2017/18. Planning agency spending was 7.1% lower than the same point in 2018/19 and 27.1% lower than the similar period for 2017/18.

The Digest at page 14 detailed the reserves and provisions currently held by the Council against specific risks and commitments. The level of reserves held would change during the financial year as commitments are confirmed and approved.

Page 15 of the Digest reported on the level of capital spend to 31 December 2019, with there being a spend of £3,812,703 to date, with projected slippage of Capital Projects of £8.3m forecast at the year end.

Members were informed that no new borrowings had been taken out so the current level remained at £18.5m. The council had £45.2m invested at the end of September, in a combination of banks, building societies and money market funds.

Members sought additional information and were informed:-

- (i) that the Officers would be asked to provide an explanation of why it appeared that very few planning applications were now being reported to the Planning Committees for decision.
- (ii) that it was not anticipated that the changes to the waste collection arrangements for the south of the county would impact on service delivery in Aylesbury Vale.
- (iii) that the Cabinet Member for Planning and Enforcement had made a statement to the Council meeting on 5 February, 2020, on the improved performance of the Planning Service, whilst also acknowledging that there was still a backlog of some applications that the service was working on to determine.
- (iv) Total Portfolio Expenditure (General Fund) – that the spend against portfolios did not have an even profile over the financial year, with the year to date figures reflecting that. It was anticipated that year end transactions would reduce the variance between the overall actual and current budgets as the annual cycle is completed.
- (v) Civic Amenities portfolio – that the underspend was due to the Council receiving transitional relief on car parking business rates costs, and was a saving compared to the forecast budget.
- (vi) Finance and Resources portfolio – Housing Benefits – that the current overspend was due to budget profiling not being linear over the year. It was anticipated that this overspend would be reduced when year end transactions were processed.
- (vii) Environment and Leisure portfolio – Environmental Services – that the overspend of £156K related to increased costs in strengthening the Planning Enforcement team.
- (viii) Leader Portfolio – Business Strategy – that the overspend of £40K related to a reduction in SEED team income streams offset by savings in salaries and running costs.
- (ix) General Fund Revenue Reserves and Provisions – an explanation was provided of the table and balances.
- (x) an explanation was provided of how garden waste subscription income was now accounted for. It was confirmed that the new Garden Waste charge was a fixed fee of £45 for the service, that was chargeable irrespective of the time of year that the subscription was taken out. The objective was to encourage the uptake of subscriptions at the beginning of the service year. Current subscribers would

now all be annually billed and at the same time. This change had created the budget pressure only in the current year.

- (xi) that some agency staff could be carried over to work for the new Council after 1 April depending on their role and contract, whilst others would cease their employment at 31 March, with each role assessed on its activity and service requirements.
- (xii) Capital Programme – that Members could be provided with additional information on the projected slippage of capital projects of £8.3m. This information had been provided to the Shadow Authority to use for budget setting for 2020-21.
- (xiii) that financial management reports for AVDC would still need to be produced at the end of Quarter 4 2019-20. A statement of accounts for AVDC for 2019-20 would also be produced and reported to the new Council in due course.
- (xiv) that the Shadow Executive had proposed that some New Homes Bonus monies would be allocated to the new Community Boards and could be used to fund Parish projects. The monies would be apportioned to the Boards according to the growth in the different areas.
- (xv) Commercial Properties – that tenancy income had reduced at 66 High Street and also at the Gateway offices due to the top two floors of the East Wing being reorganised to be used as the offices for the new Buckinghamshire Council management team.
- (xvi) that AVDC was anticipating being paid a year end dividend by Aylesbury Vale Estates.

RESOLVED –

That the contents of the Finance Digest and the position for the Council after the nine months of the 2019-20 financial year be noted.

### **3. FINANCE AND SERVICES SCRUTINY COMMITTEE**

The Chairman thanked everyone present for attending the last ever meeting of the AVDC's Finance and Services Scrutiny Committee. He also thanked Members for their participation in the working of the Committee over a number of years, and thanked Officers for the support and advice that they had provided.