

Minutes

EXAMINATION OF THE BUDGET AND MEDIUM TERM PLAN (MTP) TASK & FINISH GROUP

MINUTES OF THE EXAMINATION OF THE BUDGET AND MEDIUM TERM PLAN (MTP) TASK & FINISH GROUP HELD ON WEDNESDAY 20 JANUARY 2010, IN MEZZANINE ROOM 2, COUNTY HALL, AYLESBURY, COMMENCING AT 9.00 AM AND CONCLUDING AT 4.30 PM.

MEMBERS PRESENT

Mrs P Birchley, Mr M Brand, Mr A Busby, Mr T Butcher, Mr P Hardy (Chairman), Mr N Hussain, Mr D Polhill and Mr P Rogerson

IN ATTENDANCE

Mrs C Gray, Senior Democratic Services Officer
Mr T Egleton, Chairman of the Overview & Scrutiny Commissioning Committee
Mr W Chapple OBE, Deputy Leader
Mr F Downes, Cabinet Member for Resources
Mr D Shakespeare OBE, Leader
Mr M Tett, Cabinet Member for Planning & Environment
Mr G Winwright, Head of Planning, Environment and Development
Mr M Chard, Policy officer - Overview and Scrutiny, Buckinghamshire County Council

1 APOLOGIES FOR ABSENCE/CHANGES IN MEMBERSHIP

There were no apologies for absence.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 LEADER OF THE COUNCIL: DAVID SHAKESPEARE

David Shakespeare was welcomed to the meeting. The following questions were asked:-

Will the proposed budget for 2010/11 and the medium-term plan for subsequent years enable the Council to continue to provide the level of services expected by Buckinghamshire residents?



INVESTOR IN PEOPLE



It is a priority to balance the budget. There are difficult challenges and choices ahead and to combat this, the Council have been working on the Transformation and Pathfinder Programme. Savings from the Programme should be realised in 2011/12 but progress has been slower than expected.

In relation to the sheet on budget monitoring pressures and various over and under spends do you think the budget will balance?

A balanced budget is anticipated by identifying savings in some areas and counteracting overspends which are inevitable e.g. baby p case has changed the risk assessment and now more children are in care. Some children who have more difficult needs could be sent to specialised establishments which could be out of County and could cost up to £200- 250,000 per year per child.

Trying to match the public's expectations in this financial climate must be difficult e.g. the recent snowfall – how can this be managed?

There will be a need to make careful choices – the need to look at core business and discretionary, mandatory and statutory spend, thereby focusing on what the Council needs to do by law. Discretionary services may be eroded significantly.

What are the biggest risks?

The Council now has to draft their budgets three months before it is agreed and there are so many uncertainties – different pressures emerge after the budget has been drafted. As explained earlier safeguarding has escalated and it was unclear whether this was a one off or a trend that would last. If it continues to increase there will be severe pressure on the budget next year. Insurance provisions have been put in place but this would not cover the worst case scenario.

In addition the Government are introducing free care for the elderly, which is estimated at £670 million per year – there is a feeling that this is underestimated by £250 million. This initiative does not appear to cover residential care. Buckinghamshire has higher than average self funders and if all residents claimed for free care, even though they could afford to pay for it, it could cost the Council up to £27-28 million on the budget, with the Government contributing very little.

If this impacted on residential care, this would create a difficult situation. Some older people had chosen expensive residential homes because they could afford to pay for them and it suited their lifestyle. This could cost up to £900 per week whereas the Council spent £450-500. When the money ran out would you move the older person to standard accommodation and incur the stress of moving or would you let the older person stay where they were but put extra burden on the taxpayer?

Is the overspend on safeguarding under control?

This is a difficult situation. Does the Council make an informed judgement to take less children into care which could have an impact on their safety? However if the trend continues this would create a large increase on the budget.

Looking at next year's budgets there is a variance across the portfolios with some staying constant, some increasing and some decreasing. What is the reason for this?

This is a much more difficult time than was anticipated – if you are in work you could be facing a salary decrease but at the moment there is a reduction in mortgage payments and rates, but this will not continue. According to the Daily Telegraph the Bank of England are saying that this situation will change and mortgages and taxes will go up while you are still living on a reduced salary. The standard of living will fall and it is important for the Council not to put an

extra burden on residents with a large Council tax. The Council needs to deliver the best services it can in the resources available. Children and adult services are important but the public expect us to have high quality roads and deal with poor weather. During the snow the gritters were out every day working non-stop. This was the worst weather that the Country has experienced in 30 years but we managed to keep the main roads open. There was no capacity to deal with minor roads. £2 million has been allocated from reserves to pay for pot holes which were caused by the snow.

So are the Council priorities driven by external factors rather than being able to respond to the public's expectations from the recent public consultation on the budget?

The public priorities remain the same and the Council knows what is important to them and will try to deliver to the best of its ability. The next five years these will need to be reprioritised so that the Council can live within its means. After 2011/12 there is little information about how much funding will be available.

What about the surpluses predicted from transformation?

The Transformation Programme is there to help the long term gap in the budget. The Council is investing in new systems and new ways of working to achieve long term savings which should be realised in later years. If those surpluses are achieved the Council can make choices about the best way to utilise these savings rather than reacting to external pressures.

Looking at capital issues – you have £70 million backlog on property and £120 million is required to bring the County's road back to a good standard but you are only putting forward £5million for Prudential Borrowing – how can capital be used to mitigate future revenue spend?

It is more the other way round – the Capital Programme puts pressure on the revenue budget. If the Council borrowed £10 million they would have to make £1million extra cuts, paying interest is not an easy answer. Capital receipts have dried up and if any property were sold there would not be a good return because of the depression in the property market. The Government used to give supported borrowing but as Buckinghamshire is a floor authority it does not attract any help from Government and has to pay the interest on the loan plus the minimum revenue provision. For £5million prudential borrowing £0.5 million cuts have to be made. High borrowing would mean that future generations would be paying off today's debts.

What future plans have you got for £5million and why have you taken £2million from revenue reserves to pay for potholes?

£5million has been chosen because the more the Council borrows the bigger impact on the revenue budget. £2million is a one off boost from the revenue reserves because of the lack of funding for the Capital Programme.

What reserves has the Council got?

The Council has earmarked reserves to pay for specific programmes. It is also used as a 'sinking fund'. This gives the Council a safety net for unexpected pressures e.g. safeguarding.

If roads were not rebuilt would the cost of maintenance grow out of proportion?

The best savings are always made if you have the funding behind you – same with property and roads. Capital money pays for the structure of the roads. Buckinghamshire's road structure is better than average in the UK. The long-term structure of the roads is higher than average. The top surface of the road will inevitably suffer from extreme weather and this has impacted on everyone. The Council did not run out of salt, some Council's nearly did, because of planning reserves.

What about the maintenance of schools, some fundamental work is required across the County. Should we not take advantage of low interest rates to reduce pressure on the budget?

The Council has to prioritise working on its current assets rather than investing on new projects and buildings. Frontline services would have to be cut to pay back debts on capital borrowing.

How many reserves are left to deal with external pressures?

Earmarked reserves are used for contingencies so they can act as a safety net. The worrying thing is the uncertainties of the future e.g free personal care. This issue is being discussed currently with the Department of Communities and Local Government at a national level.

With these overspends can the Corporate Plan be delivered?

As explained earlier with a restricted budget the Council has to decide on its priorities and what will be delivered. They need to look at any areas of discretionary spend and also at the larger areas of spend e.g adult services. Any reduction in service for adults, children and highways is obviously going to have the hardest impact. The Government makes new laws that impact on local authorities and then do not fund them adequately and this puts external pressures on the budget which are out of the control of the Council. Vulnerable people are the highest priority.

What about ringfenced grants?

There could be up to 20% reduction in ringfenced grants.

Will the Transformation Programme impact on the Council's ability to deliver?

The headcount may reduce by 4-500 posts but transformation has to deliver in order for the budget to balance. Transformation is looking at ways of delivering more efficiently and if the Programme fails then the Medium Term Plan cannot be delivered. £33 million has to be spent in order to make savings by looking at new smarter systems and to pay for redundancy costs. Transformation is regularly assessed at the Achieving Outstanding Performance Board.

Shared Support Services is a Pathfinder Project and is on a smaller scale and the Council would have to subsidise District Councils in implementing new systems. Each partner had individual pressures and what is right for one partner may not be the solution for the other. Because of the partnership working the savings were not as significant, whereas transformation was a County Council project.

In answer to the first question asked about the budget and the MTP providing the level of services expected by residents – do you think it will?

I doubt it, unless public perceptions can be reversed back to match the funding being offered by Government.

David Shakespeare was thanked for attending the Meeting and agreed to return at the end to answer any strategic questions that had been raised in discussion with individual Cabinet Members.

4 DEPUTY LEADER OF THE COUNCIL: BILL CHAPPLE

Will the proposed budget for 2010/11 and the medium- term plan for subsequent years enable the Council to continue to provide the level of services expected by Buckinghamshire residents?

The people of Buckinghamshire should not have to pay a high council tax and the Council has to be prepared with the reduction in funding to look after residents to the best of its ability by decreasing back office services. There is a huge difference for Councils in the North who get most of their funding from the Government rather than the Council tax payer. In Buckinghamshire the Council tax payer has to contribute 79% of the Councils total funding. Buckinghamshire is perceived to be a rich County but it has areas of deprivation.

With budget reductions how will you meet the aspirations of the Corporate Plan?

The Corporate Plan was agreed in September last year which was later than normal. The Plan was put together when the budget was on the horizon, Members knew that it would be a difficult budget but not to what extent. The Corporate Plan reflected that budget at that time. The Corporate Plan will need to be reviewed alongside the budget, as the budget will now have to influence policy.

How many local area co-ordinator posts are being reduced?

Two in total but one per year. These posts had to be cut to deal with the pressures on safeguarding.

How will you deliver on Locality Services?

The Council has to do the best within the resources available; with restricted budgets it is hard to improve services.

Are you expecting the District Councils to contribute to Locality Services?

This is a new initiative and will take time to implement. Locality working is one of the fields that Buckinghamshire is leading on. Officers have to give up their time to attend the Local Area Forums (LAF) and 17 of these are now running across the County. A recent meeting was held with LAF Chairman and they confirmed that attendance and enthusiasm was high.

In view of the recent weather could you use Community Engagement to help improve service delivery? The County Council could help facilitate an emergency plan?

Extreme cold weather has not been experienced since 1963 and the Local Area Forums would be good ways of getting the community more involved in clearing the snow and helping others – also including farmers and use of their ploughs. This issue will be discussed at the next round of Local Area Forums.

The Annual Sustainability report was encouraging – how can we reduce CO2 and the cost of fuel when 70% of the users are schools?

4% is achievable by working with the Council buildings and replacing boilers etc. The rising cost of oil is a worry. It would be good to replace school boilers over the next 25 years and make more use of wood burning fuels, which are cheaper. However, these boilers are more costly to put in which is difficult in the current financial climate. Wood burning fuels can also be locally grown and will boost the local economy. Sustainability should be self funding.

Is Buckinghamshire times money well spent? It costs £114,000 could it be self-funding?

Yes it delivers information on Council services across the whole County which cannot be achieved by the local press. 45% of the residents like the way the publication is put together. A post has just been deleted from the Communications section to help reduce costs and therefore the work on producing Buckinghamshire times is being spread across other posts. The publication is free and officers try to maximise advertising. Work is being undertaken to look at doing things differently e.g. looking at producing a joint newsletter with pathfinder authorities.

Where are your efficiency savings?

This portfolio covers:-

- the democratic function which includes Member Services and Development, Legal and Democratic processes.
- Sustainability
- Trading Standards
- Safer Communities
- Locality Working
- Drug Action Team
- Communication and Organisational Development

Costs are kept to a minimum and a number of posts have been cut back. The portfolio provides good value for money and for example funds this Group, which is examining the budget. There has been positive feedback on the new Overview and Scrutiny structure. The aim is to be not bureaucratic but democratic in its approach. Most of the portfolio spend is staffing costs and staff have just gone through the Transformation process. Legal and Democratic Services work under a trading account and specialist advice is given by an external law firm, when required, through a Service Level Agreement.

Could further cuts be made on Locality Services to help frontline services such as 'We're working on it' budget?

£216,000 is being cut from the Locality Services budget. £336k is for ringfenced amounts, which is paying for the Local Involvement Network and the Local Priorities Budget (delegated to Local Area Forums). £70,000 is only been used to run Local Area Forums to cover room hire, servicing meetings etc.

What is the split between Locality Services and safer communities?

£0.5 million is spent on safer communities and £300,000 is spent on Police Community Support Officers. Localities are part of Safer Communities. £665,000 is spent on Locality Services operational costs.

Is our presence at the County Show good value for money?

Yes, although we may have to stop attending the Chilterns Show. The Council previously bought a dome, which has paid for itself. However, this may have to be sold as costs of £2,000 are incurred each year in putting the dome up at the County Show. There will be reductions in what materials are given out at the County Show. The County Show is an important event, particularly as Buckinghamshire is so rural.

Bill Chapple was thanked for attending the meeting.

5 SUMMARISE FINDINGS

Leader

- There are hard times ahead and a number of unknowns in the budget as follows:-
 - The pathfinder initiative.
 - Free personal care, the small amount of Government funding will barely cover the cost.
 - Impact of baby p and the additional numbers of children who have gone into care.
 - Transformation needs to deliver savings.
- Does the budget stand up to these uncertainties? The budget looking forward to 2011/12 need to address these issues on an ongoing basis.
- The budget has to be a work in progress not a definitive document – there are external forces which are out of the Council's control. Members need to revisit the financial profile at regular intervals, particularly taking account of the general election.
- Managing the resident's expectations. There are risks with the budget proposals being putting forward. With the shape of the budget this year and next, there is no new money to organise.
- The larger portfolios bear the brunt of the burden. This needs to be developed with Lin Hazell and Marion Clayton. Further thought needs to be given to the impact of below the line information. There is a need to identify high risk in all portfolios and separate the less high risk/discretionary areas to adjust accordingly between portfolios. What is in their portfolio that can be given up as a saving which could be spread around equally?
- A priority is to protect vulnerable people

- Some judgements are presented as facts. Strategic thought needs to be given on the budget to make it into a medium term 3 year plan rather than a one year budget. Further clarification needs to be given on the level of reserves and how capital and revenue are apportioned. What reserves were earmarked – it would be useful to have a breakdown of this information?
- Transformation has to be delivered to the right level and reassurance would be welcomed on this area. There are surpluses predicted in future years as a result of transformation – how does this square with the tough years now?
- There are so many strands of change which have the potential to destabilise the organisation and there was some uncertainty on whether they would be delivered. £33 million would be spent over 4 years – in addition to this £30 million savings were required which meant a 20% cut in the budget.
- There is an overspend on the current budget because of the baby p issue putting pressure on other services.
- The principle of invest to save was important and there needed to be a clearer capital strategy to invest in the future of the County – e.g. school and road maintenance, looking after the Council's assets. Is this a national problem? Not spending strategically now could catch Members out later – but there were Cabinet concerns about not having big interest payments and making further debt for the children of Buckinghamshire to address. However, borrowing could be used as a solution to combat rising costs. £5 million had been put forward for borrowing but further clarification was needed on why this amount was chosen.
- The Council tax had been kept low for residents at 2% and consideration needs to be given as to whether this is the right shape budget in responding to low council tax.
- Does this budget provide the level of service required – there were so many unknowns it was difficult to be positive in answer to this question.

Deputy Leader

- Some of the Deputy Leader's services were not frontline but there was a requirement to have the democratic services function. Some service areas could be delivered by other portfolio areas.
- Sustainability issues – in 3 years, funding of £20-30,000 would be required to restart initiatives and the long term budget needed to be addressed.
- Localities – the budget included contributions from partners but this may not be realistic with current thinking. The Strategy could only be delivered as a partnership and whilst it was welcomed in some areas, other areas were resistant to this way of working. The principles of the Locality Strategy were generally supported but not its delivery – some Councils felt that use of local forums was not required as existing structures could produce the same result. There were cuts to this service which also could impact on whether the strategy would deliver. Did this provide value for money?
- Clarification was required on the budget split between safer communities and localities.
- Services such as Trading Standards, Drug Action Team and Safer Communities were considered important.
- There could be more room for efficiency savings.
- Expectation management
- Could Bucks times be self funding?
- Whilst there were financial pressures on the budget, a small increase in the Council tax needed to deliver priorities set by residents.
- Delivering on the corporate plan.
- Ability to invest in recession.
- How much of a strait jacket has been self imposed with a 2% Council tax now and surpluses predicted for future years?

6 CABINET MEMBER FOR PLANNING AND ENVIRONMENT: MARTIN TETT

Will the proposed budget for 2010/11 and the medium-term plan for subsequent years enable the Council to continue to provide the level of services expected by Buckinghamshire residents?

This portfolio had a direct impact on residents. The disposal of waste is done to a satisfactory level and the Waste Strategy supports local Districts. There is a separate food and green waste collection. In terms of Aylesbury growth 27,000 houses are being built which is above the trajectory and is better than Milton Keynes. Jobs are being lost in Aylesbury from Lloyds banking and work is being undertaken with AVDC on supporting residents who had been made redundant and helping businesses rather than dealing with corporate issues. Wycombe had also lost employment, there had been no big closures but many firms were making staffing reductions which had a big impact overall. Country Parks were a valued facility for residents and are a great place for leisure. The Cabinet Member was confident that they would continue to deliver on priorities in the budget.

Are there pressures on your budget?

There has been an underspend on the budget for the following reasons:-

- Waste volumes – District Councils are paid credits for recycling and composting. However, it is very difficult to forecast waste volumes which were lower than expected e.g. weather patterns have an impact, bad weather and wet summers will decrease the volume of waste.
- Economic recession – people are buying less consumer goods which reduces waste. The portfolio were clamping down on expenditure overall. There were pressures to save to help fund safeguarding which was experiencing unprecedented demands.

Can the budget be reduced next year as it was underspent this year?

Work was being undertaken with District Councils on the new waste model on disposal, recycling and composting. In remodeling projected waste volumes we had factored in recent service demands causing underspends (e.g. economic recession) along with all other influencing factors. As a result the waste treatment/disposal budgets have been reduced for 2010/2011 from the levels identified in the previous MTP process.

Recycling credits are paid to avoid LATS and it is important to invest in a good waste strategy now to avoid LATS in future years. Good recycling would also reduce collection costs. There were 12 different scenarios for waste collection. If LATS and disposal costs could be avoided then money could be freed up. The cost of landfill tax ratchets up in the next four years and this has been allocated for in the budget. No funding had been put into LATS for 2011/12 but £250,000 had been allocated for 2012/12 – LATS was charged on a three year period.

There was an underspend this year to help with pressures in safeguarding and other areas. However there were pressures on the budget next year such as LATS and waste treatment. Funding was going to be taken out of the legal and finance external budget. However, specialist advice was considered essential for large scale procurement (energy from waste plant) and would be a false economy.

What is the risk of building the energy from waste plant outside of the County? The new Electricity Act would mean that the Government would have the power to decide on national planning matters.

Two bidders had been considered – WRG and Covanta and Covanta had been selected as the preferred bidder through higher scoring on the criteria set. As the proposed plant may be built in Bedfordshire planning permission would be considered by a different authority and was not a guarantee, therefore a risk. The risk would be that a delay in timescales would mean an increase in the cost and volume of LATS and the cost of extended professional support. The costs put in the Medium Term Plan are as realistic as possible bearing in mind the complexity

of the project. The bigger risks come at the end of the project when the plant is delivered. If the Project slips the costs could be substantial. There is a Project Board which meets regularly to look at ongoing issues and provide reassurance that the right action is being taken.

What about the impact of transformation?

This has an impact on staff as it is a people/knowledge based team. The Cabinet Member had concerns about strategic planning and economic development. Planning and Environment had a headcount of 90 people and consultations were currently being undertaken with unions and staff. 14 posts had been removed as a result of transformation and therefore the structure had to be radically changed. 9 new posts had been created (therefore - 5 posts lost) and another 7 posts had been lost as a result of MTP with cuts totaling 12 fte posts overall out of approximately 90 posts. There would be a move away from functional specialisms such as planning, waste etc to create a resource pool of expertise to cover commissioning and project management. Staff should develop greater skills over a wider area but there would be greater risk because of the lack of functional specialists.

What about savings on public meetings?

The portfolio always looks at the best way of doing things – £270,000 was allocated on the Minerals and Waste Strategy public consultation including public meetings and £210,000 was spent, saving £60,000 due to new and better ways of consulting the public.

What about your capital strategy?

Members noted that the £545k appeared on five separate occasions because it came under different headings e.g. new bids, corporate funding. This funding was for proposed Waste Transfer Stations. This funding was already reserved for waste projects of this nature and was not new money; it had been funded from a variety of different sources. Capital reserves had been allocated to Waste transfer for the energy from waste plant. A specific amount had been allocated to Waste Transfer Stations. It had been determined where they were likely to be, but the figuration of those may change. Rail options are being considered which if achievable could help reduce road traffic.

Is it reasonable to ring fence money for your area?

Cabinet were very supportive that capital should be ring fenced for the energy from waste project as 'a spend to save' project, fundamental to the future of Buckinghamshire. LATS trading was also a risk for the future.

What about the increased parking charges for Go Ape is this achievable?

The increase in car parking charges was going ahead to obtain funding of £48,000 in 2010/11 and is considered achievable. There had been a recent increase in the use of Country Parks because it was a cheap day out for families.

With your role in economic development are you happy that the infrastructure will be delivered so that Aylesbury can grow into a centre of excellence?

No but they would try to the best of their ability to achieve this. They would also work in partnership with District colleagues, Learning and Skills Council, educational establishments with support from SEEDA. There was pressure from recent job losses and it was important to attract business to the area therefore an Investment Manager had been recently appointed who had a lot of experience in this area and would identify any gaps. One of the immediate areas to be addressed was to develop the website to include information on developer sites available and support packages. Transport was key to this. For smaller businesses it was important to provide broadband and to lobby British Telecom to invest in Buckinghamshire. Discussions were being held with the National Enterprise Academy about being based next to the new Aylesbury theatre, which could mean that new entrepreneurs could potentially stay in Buckinghamshire. By working with the Districts accommodation could be rented to small businesses.

Martin Tett was thanked for attending the meeting.

7 SUMMARISE FINDINGS

- There was evidence of working strategically – which was important for this portfolio e.g. building waste disposal units takes time. In order to do this earmarked capital is important.
- High risk energy from waste project – risk escalates towards the end of the plan period when the plant is built.
- There was an under spend this year with some unpredictability in this budget e.g. volumes of waste cannot be predicted, number of public inquiries etc. Was there some margin in the budget?
- There was increased costs year on year – outtake on waste due to successful composting. There was an overestimation on the sum of money required for recycling credits. Should this underspend be taken off the base budget and recycled into other budgets?
- This is a high profile public facing services going through a rapid change. The recycling rates could be improved using more sophisticated methods. Further consideration could be given to what materials are more cost effective for the Council to collect e.g. plastics.
- Biggest risk was landfill tax and the increase in LATS in the near future.
- Residents did not want waste recycled near where they lived and also transported by road near to their house.
- The County Council was the strategic authority and lead on priming the economic development infrastructure. Further consideration should be given to improving the website – there are a lot of Councils chasing knowledge based industries.
- There had been some good work with small businesses and understanding the needs for Aylesbury in the future e.g. knowledge led entrepreneurial based.
- There was evidence of efficiency savings and service reductions.
- Ringfenced capital should be highlighted – some Departments were unable to ring fence capital.

8 CABINET MEMBER FOR RESOURCES: FRANK DOWNES

Will the proposed budget for 2010/11 and the medium-term plan for subsequent years enable the Council to continue to provide the level of services expected by Buckinghamshire residents?

There are uncertainties about the economic situation and this portfolio is involved with services across the Council and external forces. The portfolio itself covers 7 services; transformation, human resources, property, ICT, customer contact, legal and democratic services.

Why are there large inflation costs on gas and electricity as these figures were renegotiated last year and should be included in contract prices?

Inflation values and interest rates have been taken into account and their impacts on the portfolio. Inflation is unpredictable. The charges have increased significantly in the renewal of contracts; this is a catch up increase as it was lower than the current market price.

Will transformation mean that expertise is lost from the Council?

It is not good to lose staff but the Council has to improve the way things are done and to make better use of IT. This is the only way to make savings. A reduction in headcount also produced savings on facilities. In terms of staff leaving, the Council looked for voluntary redundancies first and were providing workshops for staff threatened by redundancy and help with CVs and interview techniques. There had been a large uptake on these courses. There would be a report back on the success of these courses as to whether staff had found another job.

Will transformation deliver on all the strands? The spend on transformation and the savings expected could mean a 20% reduction in the Council's total budget?

Savings are required and savings from the first two years will need to fund the remaining parts of transformation. One of the strands of transformation is 3rd party spend and the Council is on track to deliver these savings to help fund further strands. The Cabinet Member would provide information on how the costs for each strand were broken down and the savings expected. The early stages of transformation were looking at easy wins such as more efficient procurement e.g. having one contract for providing meals for schools and older people. Transformation was monitored very carefully and if savings were not expected other areas would be investigated.

With your service reductions will this transfer costs elsewhere in the Council?

2 fte equivalents had been made redundant and this would marginalise costs. Specialists would be bought in when required and savings would be made as they were not required full time. Services had been advised of this.

Are the costs on health insurance new entrants to the Scheme?

Further clarification is being sought and would be reported back to the Group.

Are the savings on the integration of the contact centre shown in the budget?

Yes it should be in the budget.

Will there be savings from HAYS of £56,000 in the first year?

This depends on how much they are used and how long transformation takes to improve services.

Why are there no comments attached to the high risk on the risk register in relation to externally commissioned services?

There was a risk of litigation on employment matters. This was being addressed with partners and measures had been put in place to mitigate the risk. Further information will be provided against this risk. In terms of risks in relation to the Pension Fund, this was not part of this portfolio and stood alone. An increase in contributions would be spread across the Council, not just the resources portfolio.

Why are there areas in your budget that relate to other portfolios eg localities and safer communities and planning and environment?

The Resources Portfolio did cover areas such as property, which was also covered in planning and environment. The budget was linked to Strategic Directors budgets, which made it more difficult to understand across other portfolio budgets. There were 3 Strategic Directors responsible for areas in the Resources Portfolio.

What is your capital strategy in dealing with property disposal and managing maintenance?

Will borrowing money now stop problems for the future?

The strategy is to decrease the backlog over the next five to ten years, including the schools portfolio. The schools have devolved capital to deal with maintenance issues but they sometimes spend it on other areas e.g. sports hall rather than using it for replacing their window frames. Property is of a high standard even though there is a backlog.

What about Building Schools for the Future? There are many schools reaching their 50 year anniversaries and will they fall behind in their state of repair?

£32 million has been spent on Cressex School in the form of a government grant. There is revenue for minor works and this will include essential items. There is £5million from Prudential Borrowing half of which can be used for maintenance and buildings. There are a number of schools that have been declared surplus to requirements e.g. the school in Stokenchurch was put on the market in 2008 but the bidder pulled out. Since then the financial situation has become worse and the school remains empty.

Is £5million adequate for Prudential Borrowing bearing in mind £120 million is needed to resurface the roads? What is your Strategy?

The Capital Programme will never be adequate. One of the recent problems is the reduction in capital receipts and not being able to sell surplus property in the current market. Other ways of funding the Capital Programme need to be identified. As this Council is a floor authority there is no supported borrowing and the Council is still paying back debt. Borrowing £5million was a judgement made by Cabinet based on the current situation. Funding is also achieved from the treasury management activity where government grants are deposited and interest on these deposits can be used - £27 million was made last year. However there is now a reduction in interest rates so this funding cannot be depended on. There is also a huge burden on revenue costs with money borrowed for capital. The £5million has been borrowed to address the immediate problems of the Council's highways and property maintenance (half of the budget going to each) to catch up with the backlog. In terms of selling property small plots were doing well but no property developers were currently investing in larger plots of land. The total estate of the Council cost £800 million of which £25 million was declared surplus. There is a Property Strategy report which is being submitted to Cabinet on 8 February 2010. With the agricultural estates if the lease came to an end the property was offered to the tenant to buy.

What about utilisation of office space?

There was the new ways of working initiative which looked at areas such as hot desking. 3 floors had been refurbished – 6th, 7th and 11th. This should increase the building capacity by 20/30% and created a better working environment. The Council was currently working with partners such as police and health to make better use of public property.

What is our long term debt?

Information would be provided to the Group on this issue.

Why was finance re-structured before the shared services model was looked at?

Finance was restructured last year to produce savings for the first year of the MTP. It was structured in accordance with the shared services model. The Partner Authorities were currently meeting to discuss whether to go through the next procurement phase and 2 bidders were currently involved.

Is the landlord aware that you are re negotiating rents for the Amersham Area Office?

Yes.

Has the increase in national insurance contributions been factored into the budget?

Yes

Frank Downes was thanked for attending the Meeting.

9 SUMMARISE FINDINGS

- There were a lot of different areas in this portfolio which sometimes resulted in a lack of clarity in some areas of the budget. This budget had been split up into Directors areas rather than Cabinet Members. There was some expenditure in this portfolio relating to other portfolio areas which were not the responsibility of the Cabinet Member eg Localities.
- Some early wins in transformation would help fund the project but there was a higher risk in later elements and again uncertainty as to whether this would be delivered.
- A central procurement team was being set up to avoid piecemeal procurement. Some concern was raised about people centre services such as adult services which dealt with vulnerable people – this needs to be devolved to people who understand all the issues.

- There were a number of concerns regarding the capital programme, debt budgeting the next three years and deteriorating assets. What is the right structure for estate asset management, it would not be good value for money getting rid of £24 million of property in a depressed market? Property should be invested in now.
- There needs to be a clear capital strategy.
- Building maintenance needs to be fit for purpose and facilities improved to the required standard.

10 DATE OF NEXT MEETING

21 January 2010 at 9am

CHAIRMAN