

# Minutes

## Cabinet

Date: 11 February 2019

Venue: Mezzanine Rooms 1 & 2, County Hall, Aylesbury

Time: 10.30 am to 12.00 pm

### **MEMBERS PRESENT**

Mr M Tett (in the Chair).

Mr M Appleyard, Mr N Brown, Mr W Chapple OBE, Mr J Chilver, Lin Hazell, Mr M Shaw and Mr W Whyte

### **OTHER MEMBERS IN ATTENDANCE**

Mr D Watson

### **OFFICERS IN ATTENDANCE**

Ms R Bennett, Mr R Ambrose, Mrs S Ashmead, Ms R Shimmin and Mrs K Sutherland

### **1 APOLOGIES FOR ABSENCE**

Apologies were received from Mr C Harriss, Deputy Cabinet Member for Planning and Environment.

### **2 DECLARATIONS OF INTEREST**

Mr B Chapple, Cabinet Member for Planning and Environment declared that his son worked in Children's Services.

### **3 HOT TOPICS**

There were none.

#### **4 QUESTION TIME**

There were none.

#### **5 FORWARD PLAN FOR CABINET AND CABINET MEMBERS**

Mr W Whyte, Cabinet Member for Children's Services highlighted that the Early Help Review would be presented to Cabinet on 4 March.

Mr B Chapple, Cabinet Member for Planning and Environment highlighted that the Minerals and Waste Local Plan item would go to Cabinet in April rather than March.

**RESOLVED: Cabinet NOTED the report.**

#### **6 CABINET MEMBER DECISIONS**

**RESOLVED: Cabinet NOTED the report.**

#### **7 BUDGET SCRUTINY REPORT**

Mr Tett, Leader introduced the item by highlighting the Cabinet were asked to recommend the Council's final budget to County Council in February for the final decision. As part of the process there had been a public consultation and budget scrutiny led by the Finance, Performance and Resources (FPR) Select Committee had taken place across three days in January where each Cabinet Member was held to account for their respective portfolios.

Mr D Watson, Chairman of the Finance, Performance and Resources Select Committee and Mrs K Sutherland, Committee and Governance Manager attended the meeting to present the Select Committee's recommendations to Cabinet. Mr Watson highlighted the following points:

- Mr Watson thanked all Cabinet Members for taking in part in the budget scrutiny process and thanked supporting officers, in particular Mrs K Sutherland, Committee and Governance Manager.
- There were 10 recommendations in total for Cabinet to consider and a number of further recommendations that were portfolio focused.
- Mr Watson recognised there was little choice but to increase council tax, the need for which was reflected in salary inflation projected to be 2%, the inexorable rise in demand in Children's Services and Adult Social Care and cost inflation from outsourcing.
- There was an agreement to increase the unitary transition budget and also the Children's Services legal budget.

In relation to the 10 recommendations set out in the report, Cabinet raised and discussed the following points:

- Mr Whyte, Cabinet Member for Children's Services highlighted recommendation 5 which requested a realistic budget to be set for legal fees in Children's Services. Mr

Whyte was happy to accept the recommendations and additional money had been built into the draft budget.

- Mr B Chapple made reference to recommendation 2 and stated that in some cases due to commercial sensitivity full financial information could not be shared, for example the Energy from Waste contract being run by an external company meant that their profit and loss accounts could not be shared.
- Mr Shaw highlighted recommendation 8 and the increased budget for gully cleansing and weed management. Additional money would be spent on main town and village centres.
- Mr Chilver made reference to recommendation 3 and the requirement of a balance sheet and cash flow budgets to be prepared for a 4 year period. Mr Chilver stated that this was already prepared for the year ahead and that the new authority would need to consider how best to extend this to cover a four year period.
- Mr Tett highlighted that this would be the last budget prepared for Buckinghamshire County Council. Going forward there would be a consolidation of budgets with district councils. Decisions on the budget of the new authority would not be decided by Cabinet.
- Mr Appleyard highlighted the request for improved visibility of individual budgets such as the Skills Budget and that there was no budget for schools as the operating of skills improvement was carried out via the Local Enterprise Partnership (LEP). Mr Appleyard stated that all information relating to demand for school transport had been included which was welcomed by the Select Committee. Mr Appleyard also stated that the number of full time employees referred to in the recommendation was of no real consequence, but that it was more prudent to monitor the cost of the work whether that be carried out by our own staff or external bodies.
- Mr Chapple reassured that extra budget had been put into the budget for fly tipping and hoped that the new unitary authority would also save money by bringing contracts together too. Mr Tett highlighted the need to scrutinise any contracts that would go beyond next year ensuring that they did not hinder the new authority.
- Lin Hazell highlighted the budget pressures within Adult Social Care which were also a national issue. Lin Hazell stated that there were now permanent senior managers in place across the service which were becoming very effective. In relation to recommendation 6, it was confirmed that the health and wellbeing contingency budgets would be reviewed ongoing as high risk areas.

Mr Watson responded by highlighting the following:

- Over the last 5 years the Council's financial responsibilities had broadened with increased external providers and that financial reporting was yet to reflect this.
- Poor visibility of some budget areas should be tackled now rather than waiting for the new authority.
- Appreciated the increase in the roads capital budget reflecting the increase in road usage with the growth agenda.
- Please to see the increase in budget for Children's Services legal fees.
- The biggest risk facing the council was the projected increase in demand and that this needed to be looked at a local and national level.

- There was still a need to give more financial visibility in the areas highlighted including the need to keep on top of the number of people we indirectly employ.
- Delays on the Green Paper had not helped the position of Adult Social Care and appreciated the strains and risks of increased demand that could not be foreseen.
- Mr Watson stated that he would support a council tax freeze, however recognised this was not realistic given all the financial pressures of the council.

Mr Tett thanked all members of the FPR Select Committee for their work and hoped that the new authority would take on a similar process in scrutinising their budgets.

**Recommendation: Cabinet are asked to consider recommendations 1-10 as set out in the report.**

Recommendation	Agreed Yes/No
1. That additional monies should be added to the 2019-20 contingency budget, to supplement the current Unitary reserve of £7.7m. The Committee suggests that this additional sum could be taken from the County Council's share of additional income anticipated from the Business Rates Retention pilot, which all five Local Authorities in Buckinghamshire will be participating in.	YES
2. That there should be improved level of visibility in individual budget lines across all portfolios for future Budget Scrutiny Inquiries. The financial data submitted should clearly identify the major costs of running the Council e.g. Home to School Transport, the EfW plant income and costs, on street parking revenue, Skills budget, number of Full Time Equivalent (FTEs) staff, costs of agency staff/interims, key drivers of demand in Social Care and associated unit costs. A high level Budget Book to enable more transparency for Members and the Public is proposed.	IN PART
3. That a balance sheet and cash flow budgets should be prepared to support the capital, treasury investments and revenue costs over the four year period.	IN PART
4. The Committee has concerns that the root cause societal issues driving the increase of Looked After Children may continue to grow over the coming years and therefore there is the possibility that the budgeted growth in demand may not be sufficient. It is recognised that assistance from Government may be required; in the meantime a significant contingency is recommended.	IN PART
5. That a realistic figure is included in the final Children's Services budget for legal fees.	YES

6. That the Health and Wellbeing contingency should be reviewed to ensure that it offsets the risk areas outlined above. A significant contingency is recommended.	IN PART
7. That a minimum 5% per annum uplift should be applied to this budget line to take into account inflation, growth of the asset and impact of increased traffic on the highways.	NO
8. That the additional funding for gully cleansing and weed management which had been added into the budget as a result of Budget Scrutiny recommendations over the past two years, should be maintained. This will prevent further decline of the asset and should be viewed as an 'invest to save'.	IN PART
9. That a Street Lighting Survey should be undertaken to establish the location, ownership and condition of all columns in the County, including an assessment of the current status of all lights. In addition, if a further £2m could be funded from within the Capital envelope, this should be added to fund an acceleration of Column Replacement works. The use of smart technology should also be investigated.	IN PART
10. That preparations for the new authority should include both the Unitary Opportunities and Future Budget Scrutiny recommendations detailed on slides 45 to 47. The opportunity that the creation of a new Council presents should not be missed.	IN PART

A copy of the proposed recommendations with Cabinet's full responses had been tabled at the meeting and would be appended to the minutes.

**RESOLVED: Cabinet responded to the recommendations as set out above.**

## **8 FINAL BUDGET 2019/20**

Mr Tett, introduced the final budget report to Cabinet and highlighted the following:

- The Council's Strategic Plan and its priorities were taken into account when setting the budget.
- Members of the majority group had been involved in setting budgets within portfolio teams.
- Buckinghamshire County Council had been successful in their bid to become a 75% Business Rates Pilot area for 2019-20. The success of the bid would see the County Council and all four District Councils benefit by retaining 75% of the growth in Business Rates rather than the current 50%. A large proportion of this money was expected to go into the unitary reserves.
- The Council Tax Referendum threshold had been confirmed at 3%.
- Following lobbying of central government the draft budget included the assumption that 'Negative RSG' would be removed for 2019-20.

- A fair funding review was currently underway but little indication of the impact on Bucks at the time of the meeting.
- There was a level of risk in the budget assumptions.
- Budget Scrutiny recommendations had been taken into account.
- The Capital programme included additional highways funding now totalling £4m over 2018/19 and 2019/20 and the significant level of investment which was related to the Housing Infrastructure Fund (HIF) bids.

Mr R Ambrose, Director of Finance and Procurement attended the meeting to answer any member's questions and highlighted the following points:

- Since the draft budget had been out for consultation a number of changes had been made following the meeting of budget scrutiny.
- The Council had received the Local Government Finance Settlement that was broadly in line with the draft budget.
- The success in the business rate retention pilot and the use of some of those funds.
- Updates from the districts included good news on a slight surplus on collection which benefitted the council by about £0.5m in 2019/20.
- Other pressures relating to transport, in particular SEND transport and additional funding had been added to ensure that it was robust.
- Mr Ambrose highlighted the appendices that accompanied the main budget report.

Cabinet raised and discussed the following points:

- Mr Chapple highlighted that negotiations for the Household Recycling Centre contract coming to end in March were still ongoing. It was anticipated that this would be extended for 3 years. Mr Chapple stated that whatever the figure be, this would be absorbed into the current budget. Mr Tett stated that there were proposals to introduce charging for some items which was regrettable but reflected the financial situation.
- Mr Whyte highlighted the prudence of some of the portfolios had resulted in significant investments in Children's Services over the next 4 years, with £10m additional investment to be added next year alone. The budget increase was welcomed and had been challenging for the council to achieve, but for the right reasons; for example further in house residential care for our looked after children. Improvements in foster care over the last few months had also been incredible with an increase of 24% over the last 12 months.
- It would continue to be a challenging budget despite increase as there were some issues you could not foresee. However, the Service was getting better at predicting demand. It was highlighted that there had been heavy investment in Children's Services with the budget increased from £38m in 2013/14 to £76m in 2019/20.
- Mr Appleyard highlighted that the growth in special needs costs were now the rate of change reaching the levels of vulnerable children and adults too. Keeping a rein on how that grows had become a significant part of the education service. Mr Appleyard stated that understanding and managing demand had to be carried out sensitively which could in itself be at an additional cost.
- Lin Hazell highlighted the need to take difficult decisions whilst still delivering quality services. One of the largest pressures within ASC were self-funders going into care too

early, running out of money and then the council having to pick up that funding. Decisions were being made not to save money but to deliver services within the budget envelope.

- Mr Chilver highlighted the Council's work in generating in increased income, for example, a third of money in the Resources portfolio came from income. Every opportunity was being taken across the council to increase income.
- Mr Brown urged members not to forget the importance of Public Health and the reduction in central government funding for Public Health.
- Mr Appleyard highlighted the recent successes of Aylesbury Vale Academy now rated as 'Good' with other schools soon to hit higher performing targets which was an enormous lift to the education of those children living in Aylesbury.

Mr Tett asked Cabinet Members to confirm that due regard had been given to the Equality Impact Assessments to which all agreed this had been done.

**The following recommendations were set out in the report:**

- 1. Cabinet were asked to recommend to Council the Revenue and Capital budgets as set out in Appendices 1, 2, 3 and 5 to the report.**
- 2. Cabinet were asked to agree the schedule of Fees & Charges as set out in Appendix 6 to the report.**
- 3. Cabinet were asked to note the Business Unit plans set out in Appendices Ai to Aiv to the report, which supported delivery of the Revenue and Capital budgets.**

**RESOLVED: Cabinet AGREED the recommendations as set out above.**

Full Council would consider the budget at their meeting on 21 February 2019.

## **9 2018/19 Q3 FINANCIAL POSITION**

Mr Tett, Leader introduced the 2018/19 Q3 Financial Position report. Mr Tett stated that there was still a firm objective to come in on budget.

Mr Chilver, Cabinet Member for Resources highlighted the following points:

### Revenue

- At the end of Q3 the revenue position was a slight overspend of £120k, which had been an improvement of Q2 overspend of £200k and reflected the successful budget and financial management improvement programme.
- The portfolios with the largest overspend were Children's Social Care £4.9m, Education £1.9m and Health and Wellbeing £1.4m.
- There was a forecast underspend in the Planning and Environment portfolio of £1.5m
- Overall portfolio position was a net overspend of £7.1m but this was offset by corporate underspends of £7m which related to unused provisions and contingencies and Treasury Management savings. This gave a net forecast of £120k.

## Capital

- There was a net forecast capital slippage for the year of £15.9m. Main components of this figure were in the Leaders portfolio, the Local Enterprise funded schemes where the County Council were the accountable body and in Resources, in particular relating to the Aylesbury Study Centre (put on hold awaiting unitary developments) and funding for technology projects that had been put on hold pending the approval of the new Technology Strategy.
- There had been accelerated spend on school building projects in Education Capital portfolio.
- Outstanding debt had reduced from £18m to £10m since the task and finish group had been set up.

Cabinet highlighted the following points within their portfolio areas:

- Mr Appleyard confirmed that those who do not qualify for free transport largely covered the cost of providing the service and that there was an aim to make the fare totally cover the costs.
- Mr Tett highlighted the particular pressures in children's social care and health and wellbeing and the corporate contingencies that have helped to mitigate these.
- Mr Whyte highlighted the hard work of social work management teams around the looked after children population and that the numbers had steadied over the last few months which had helped. He acknowledged that it was always hard to calculate unexpected spends coming into the service and this would present budget challenges. Mr Whyte highlighted they were still progressing with the children's homes project and were still looking for additional locations in the south of the County, which not only provided a cost benefit but a benefit to the children being able to keep them in county.
- Lin Hazell highlighted pressures within Health and Wellbeing included increased service users, increased residential nursing and self-funders exhausting their own funds which then have to be funded by the County Council. Lin Hazell also highlighted that there were an increased number of cases that had more complex needs resulting in additional support required.
- Mr Tett highlighted that the slippage in the Capital programme relating to the LEP was monies held by the County Council for capital programmes commissioned for other parties, the spend of which was out of the County Council's control. Mr Ambrose confirmed that if you took the LEP slippage out of the equation and other projects that had deliberately been put on hold, overall slippage was reduced to approximately £5m and in context was relatively low.

**The report set out the following recommendation:**

- 1. Cabinet were asked to note the Quarter 3 outturn forecast for revenue and capital budgets and discuss areas of concern.**

**RESOLVED: Cabinet NOTED the Quarter 3 outturn forecast for revenue and capital budgets and discussed areas of concern.**

**10 DATE OF THE NEXT MEETING**

4 March 2019

**MARTIN TETT  
LEADER OF THE COUNCIL**