

## County Council 18 February 2016

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7 <b>MEDIUM TERM FINANCIAL PLAN, REPORT OF CABINET</b> Budget presentation attached	3 - 26
<b>EVENTS AND INFORMATION FOR MEMBERS</b> Questions and answers attached	



INVESTOR IN PEOPLE





Buckinghamshire County Council

# Facing up to our biggest financial challenge



# Buckinghamshire County Council



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***“I’m afraid there’s  
no money left.”***



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# The 2015/16 Picture



- Growth in Children's Services
- Pressures on costs and demand in Adult Social Care
- Threat of £5 million overspend
- Freeze on 'non essential expenditure'
- Forecast outturn now £1.7 m (or lower?)



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## The 2016/17- 2019/20 Picture

- Continued growth in demand from Children's Services
- Introduction of Care Act (part 2)
- Adult Care demand and cost increases
- Introduction of new National Living Wage
- Pressure on school places
- Narrowing the Gap / the changing role in Education & School improvement
- High housing growth across the county
- Social Care Precept



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# An Unexpected Christmas Present...

- Lowest funded County Council
- First County to lose all Government Grant by 2018/19
- Business Rates & New Homes Bonus to be cut
- Negative new Better Care Fund
- Changing methodology without Consultation





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## 'Team Bucks'



# What shapes MTP decision-making?

- Council's Strategic Plan
- Portfolio groups
- Budget consultation
- Budget scrutiny
- Equality Impact Assessments

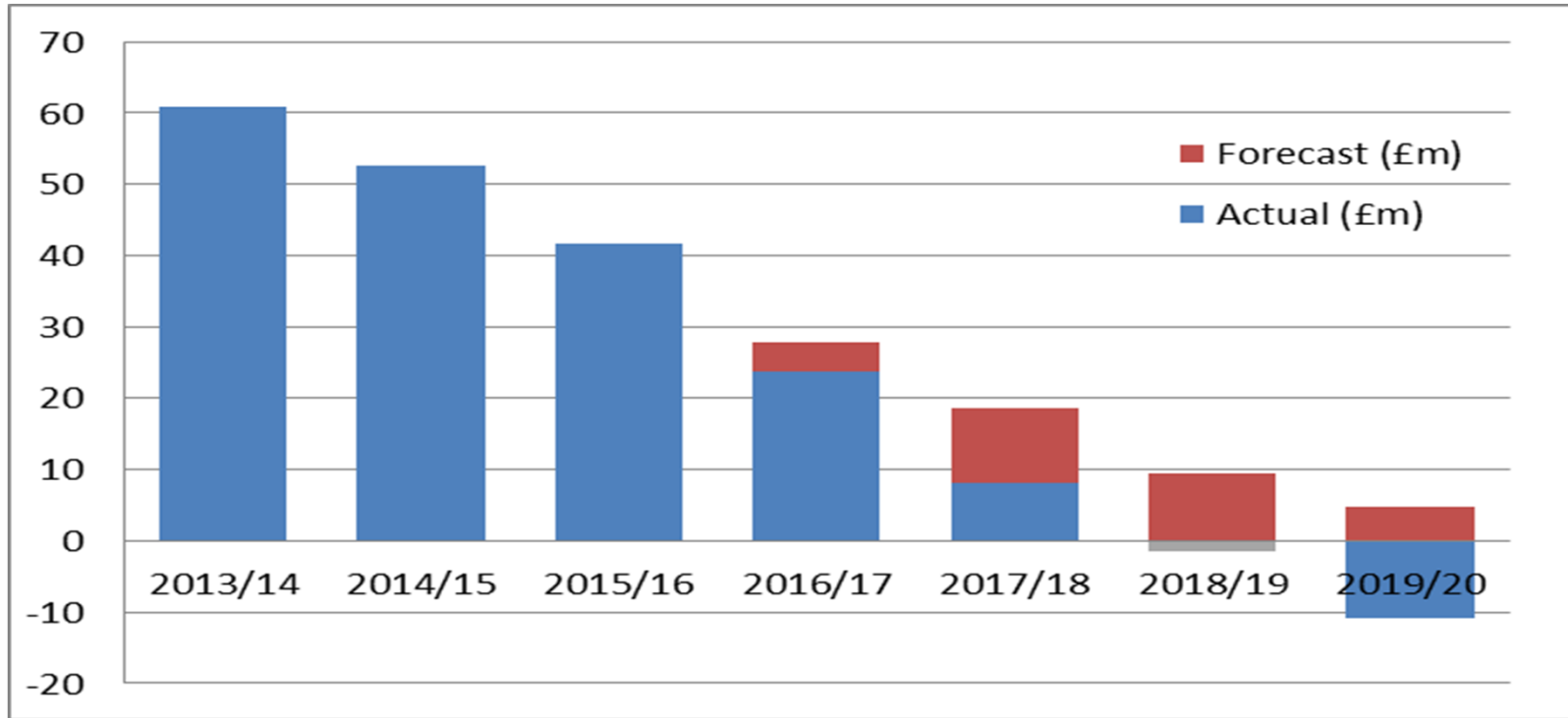


# The Revenue and Capital budgets in detail



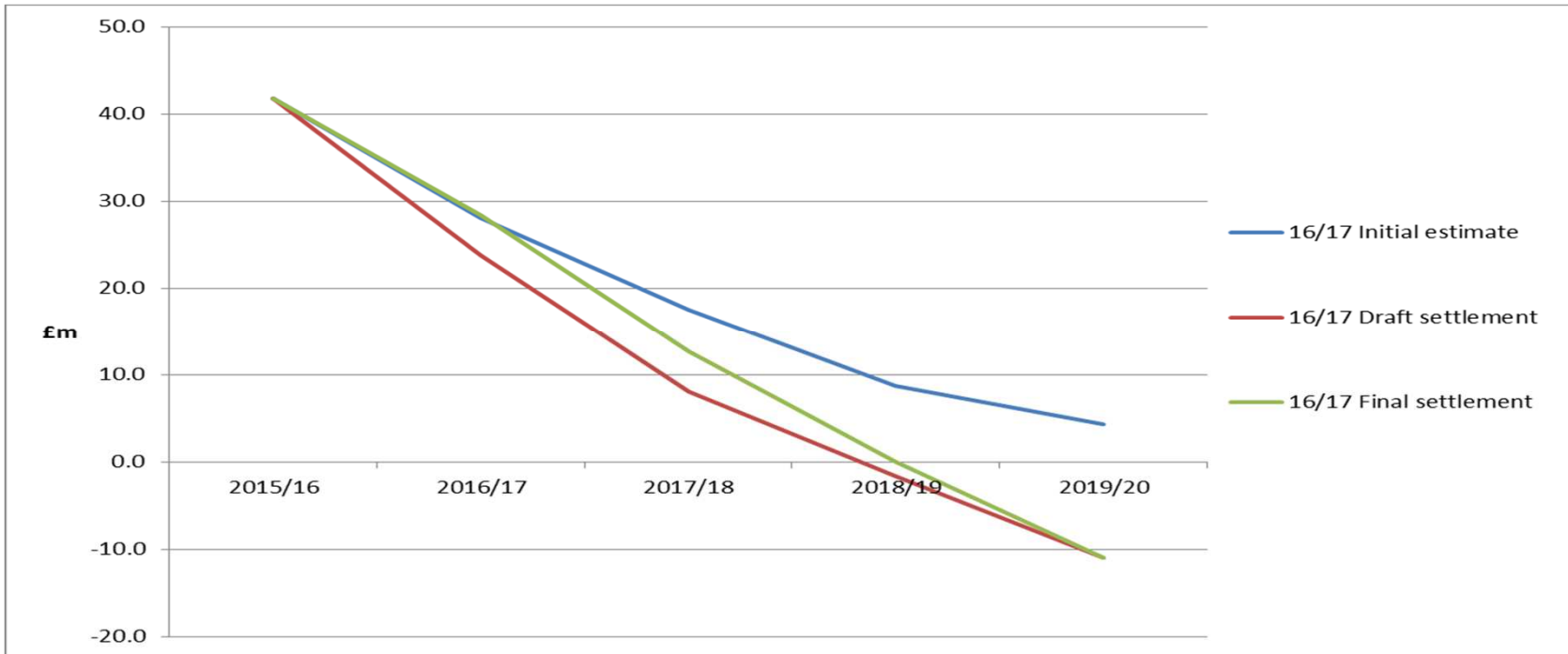
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# Revenue Support Grant (RSG)



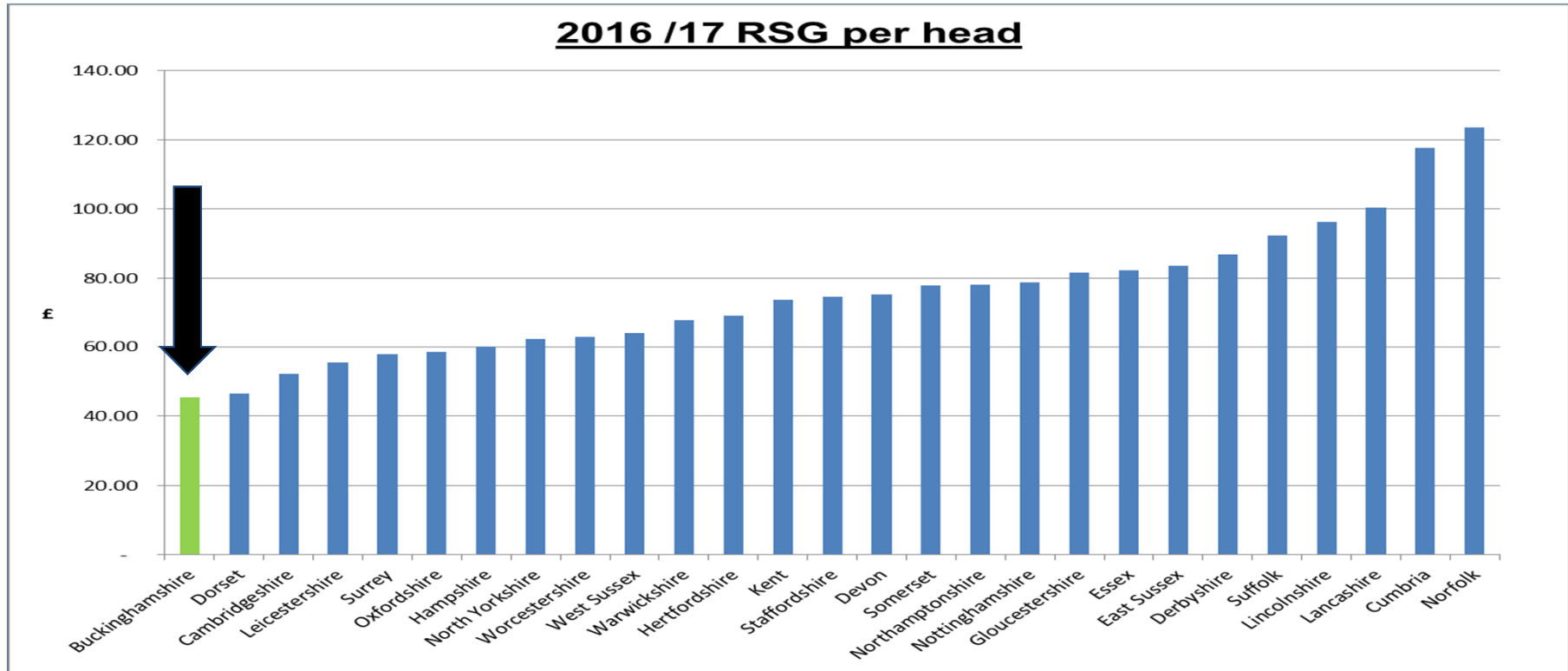
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# Revenue Support Grant (RSG)



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# BCC - Lowest RSG per head



## Headlines from the Settlement

- Cuts far worse than we had expected
- A four year settlement
- Recognition of the pressures on social care
- 2% Social Care Precept
- BCF support for health integration direct to local gov.
- Transitional relief in the final settlement

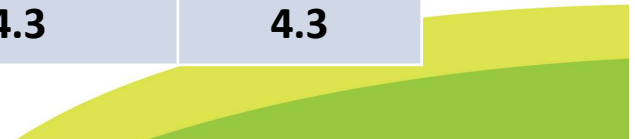
**No change in financial end point 2019/20**



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# Funding – Main Government Grants

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)
Revenue Support Grant	23.7	8.1	0.0	0.0
‘Top Up’	25.4	25.9	26.6	16.6
Education Services Grant	5.1	5.0	4.2	3.4
New Homes Bonus	3.6	3.6	2.3	2.2
Better Care Fund	N/A	0.0	0.0	0.9
Transition Grant	4.6	4.6	N/A	N/A
Other	4.8	4.4	4.3	4.3





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# Income – Business Rates

	% Received	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)
Government	50%	92.2	100.3	100.5	103.7
Districts	40%	73.7	80.2	80.4	82.9
<b>Bucks CC</b>	<b>9%</b>	<b>16.6</b>	<b>18.1</b>	<b>18.1</b>	<b>18.7</b>
Fire Service	1%	1.8	2.0	2.0	2.1



# Expenditure Pressures

	2016/17 (£m)	Cumulative by 2019/20 (£m)
Price inflation	2.91	10.20
Unavoidable growth and increased demand	24.84	41.77
Service developments	1.40	0.57



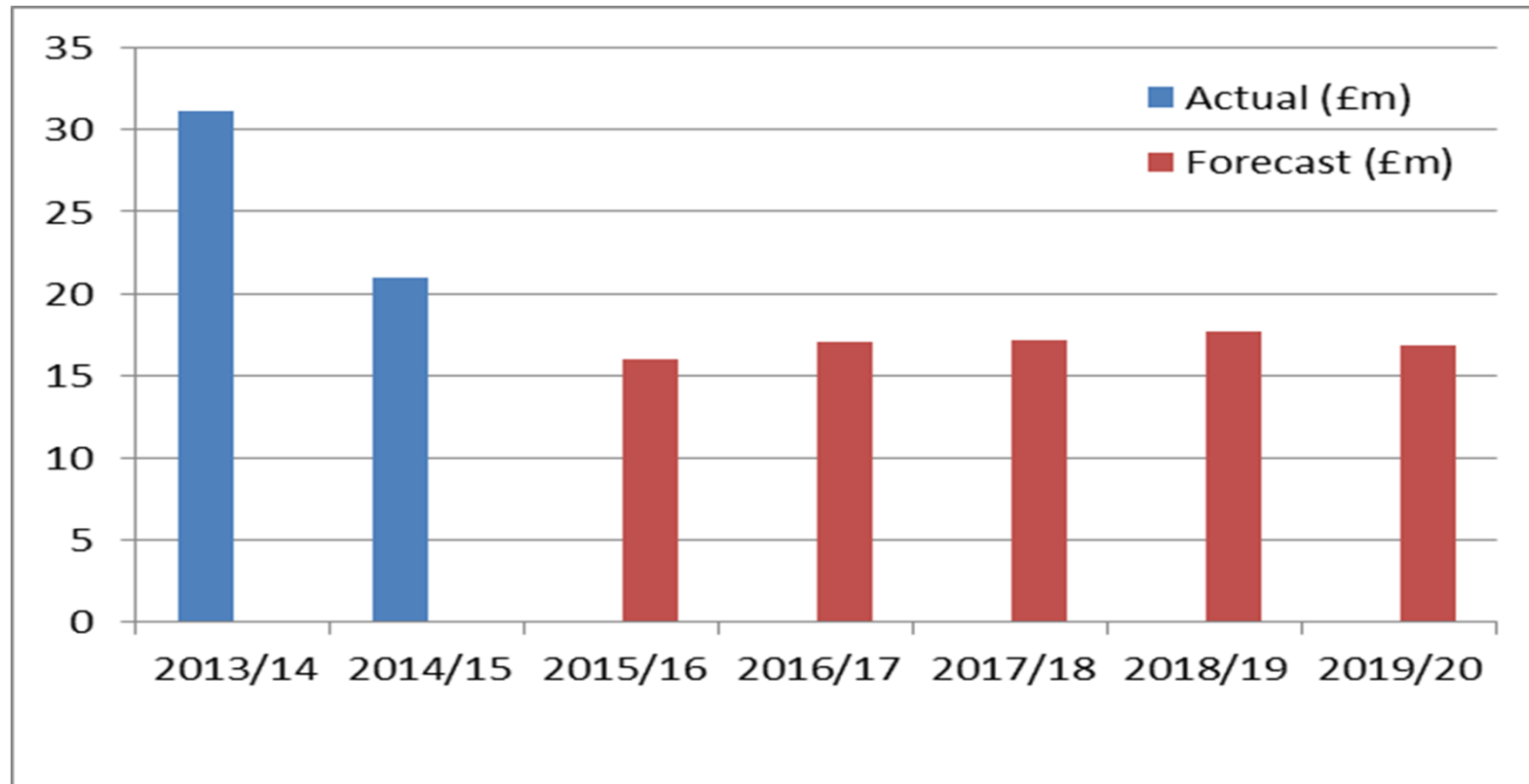
# Savings and Income

	2016/17 (£m)	Cumulative by 2019/20 (£m)
<b>Efficiencies</b>	<b>22.74</b>	<b>40.27</b>
<b>Increased Income</b>	<b>2.83</b>	<b>7.37</b>
<b>Service Reductions</b>	<b>1.75</b>	<b>4.98</b>



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# General Fund Reserves



# Capital

- 2016/17 £255m
- 2016/17 – 2019/20 £459m

## Key Programmes:

- Energy from Waste £180m
- School Places £90m
- Roads and Footpaths £51m

2016/17	2017/18	2018/19 onwards
£15m + £1m	£12m + £1m	£10m + £1m



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# Council Tax

Proposed increase:

**1.99% + 2.0% Social Care Precept  
= 3.99% overall**

Equivalent to 85p per week for a Band D Household



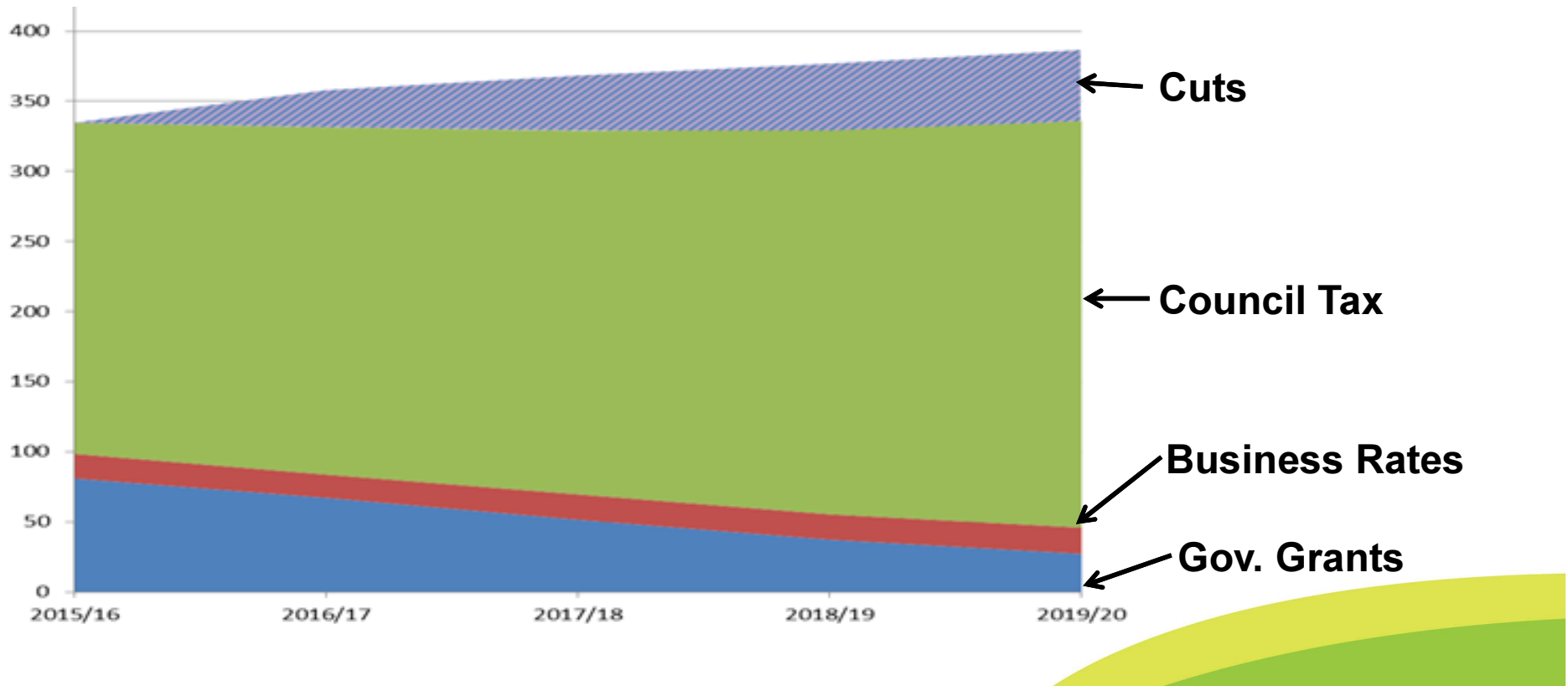
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# A County To Be Proud Of...

- Improving roads
- Growing jobs
- Supporting the vulnerable
- Energy from Waste
- HS2 mitigation

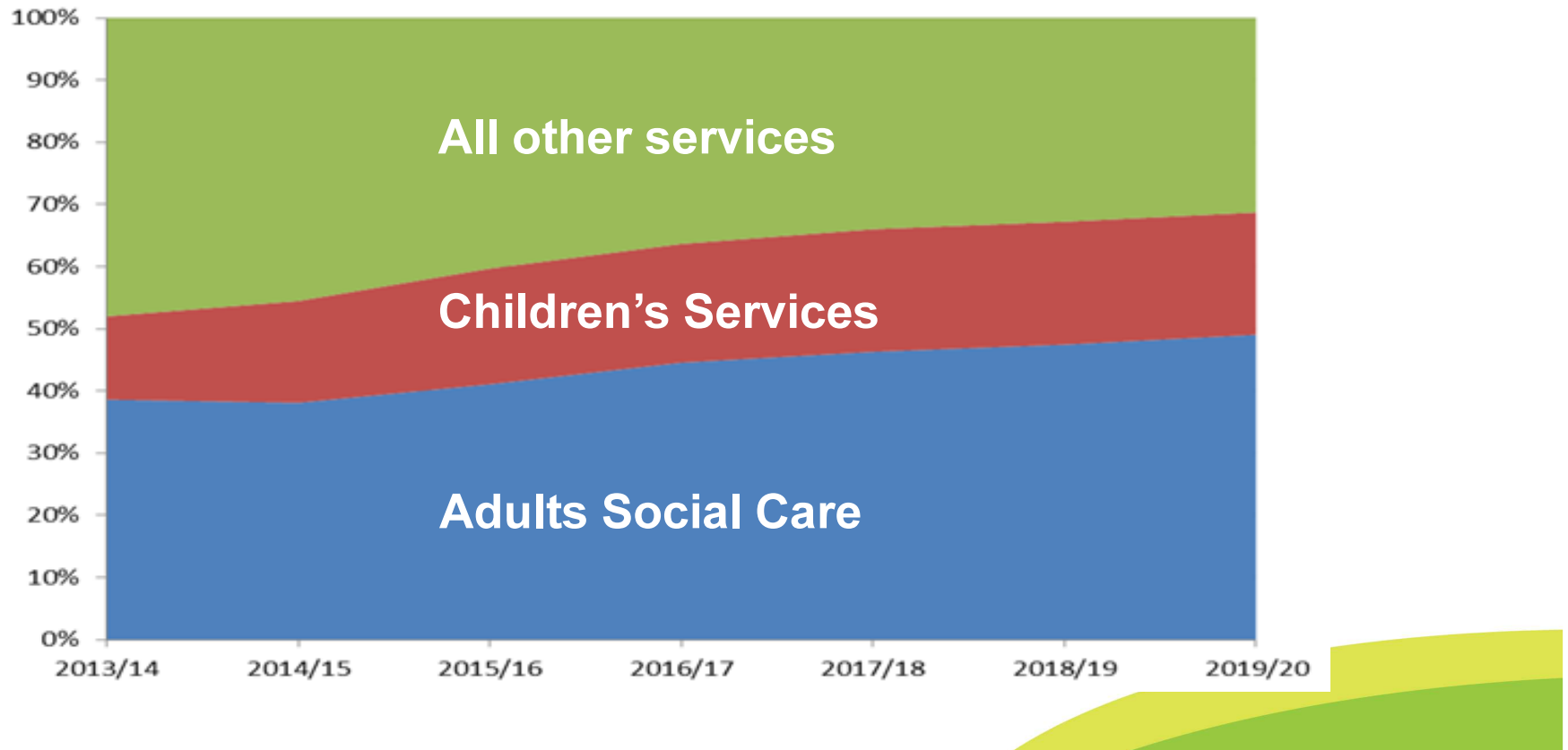


Buckinghamshire County Council  
**Our budget position – cuts, council tax, business rates and Government grants**





# Proportion of Spend on Social Care





**Written Questions & Answers for Council: 18 February 2016**

**Mr Gomm to:**

**Martin Tett, Leader of the Council - Future Shape Questions**

**Q1) Please confirm the five business units are all up and running properly...if not...why?**

The Future Shape model contained four Business Units and a lean Headquarters function (HQ). Two of the Business Units and the HQ were operational from 1<sup>st</sup> April 2015 – Business Services Plus (BSP) and Transport, Environment and Economy (TEE). The two remaining Business Units have taken longer to design due to their size and complexity. A number of potential options had to be considered including a joint commission team for the two new Business Units to ensure the effective commissioning of services from childhood to adulthood. Both remaining Business Units have, however, recently conducted extensive staff consultation on their proposed organisational design and will be moving into implementation imminently.

**Q2) I believe we were told there would be an additional cost to set the BU's up....what was that figure per unit?**

No additional costs have been incurred purely as a result of setting up the BU's. However, investment funding has been provided across the various work-streams in order to deliver the culture change required and the agreed savings targets. These work-streams include People & Organisational Change (£600k), Digital (£1.5m capital and £500k revenue) and Strategic Option Appraisals (£700k). To date only £950k revenue and £360k capital has been spent. Total revenue savings are expected to be £8.9m by 2017/18.

**Q3) We were told that the business units were designed to bring in additional income to the council....To date what additional income have they generated for the Council?**

The Business Units were set up to be given new freedoms and flexibilities to be able to operate in a more commercially minded way, one element of which was the ability to grow new sources of income. In 2015/16 additional income delivered to date is £1.6m. In 2016/17 further additional income of £2.8m is forecast. Details of these can be found within the budget papers (see Appendix 2 & 3).

## **John Chilver, Cabinet Member for Resources – Consultants Questions**

**Q4) in 2014 and 2015 how many External Consultants were employed by BCC including within TFB?**

It is extremely difficult to produce detail on the actual spend on consultancy, as this type of spend can be classified in numerous ways. There are numerous GL codes and ProClass categories that can legitimately be used in our SAP system to record and analyse the data. Considerable effort in terms of working days has to be invested to interrogate the data available from the various sources to produce the information requested. It has therefore not been possible to conduct a thorough examination of all expenditure given the short notice provided on this occasion. However, we have been able to extract high level data on the top spend on consultancy which is as follows:

<b>Business Unit</b>	<b>2014/5</b>	<b>2015/6</b>
<b>CHASC</b>	7 Consultants £120,224	18 Consultants £349,739
<b>Children's</b>	7 Consultants £406,531	4 Consultants £318,987
<b>TEE</b>	22 Consultants £722,109	33 Consultants £971,100
<b>HQ</b>	N/a	16 Consultants £596,803

**Q5) in the same period can I have a list of which departments they were in and their job role?**

Consultants would not be employed in a job role. They are usually engaged to provide advice where in house skills are not available.

Interims and Specialist Contractors are used to cover job specific roles.

For the periods requested the data is as follows:

### **2014**

<b>Business Unit</b>	<b>Interim</b>	<b>Specialist</b>
AFW	7	10
CYP	2	13
CBE	12	4
PP&C		1
Public Health		1
RBT	12	56

## 2015 (Pre Future Shape)

Business Unit	Interim	Specialist
AFW	8	3
CYP	3	
CBE	11	
Public Health		1
RBT	6	3

## 2015 (Post Future Shape)

Business Unit	Interim	Specialist
BSP	9	3
CSCL	4	
CHASC	11	2
TEE	15	
HQ	2	

## Q6) how much did this cost in each department and each year period?

Previously when data on the use of consultants has been extracted total external spend has been fairly similar across the years, and arguably low (0.8% in 2013/14). Additionally, these findings are consistent with previous research.

As for Interims, Specialist Contractors and Agency Workers, the figures are as follows:

2014	Agency	Interim	Specialist	Total
<b>Portfolio</b>				
Adults & Family Wellbeing	£2,614,803.92	£507,921.59	£265,599.64	£3,388,325.15
Children & Young People	£3,968,101.64	£178,021.26	£4,270.43	£4,150,393.33
Communities & Built Environment	£295,202.27	£355,993.79	£36,036.38	£687,232.44
Policy, Performance & Communications	£92,317.26		£20,617.35	£112,934.61
Public Health	£127,090.89		£12,617.37	£139,708.26
Resources & Business Transformation	£1,209,510.08	£404,666.49	£129,619.91	£1,743,796.48
<b>Grand Total</b>	<b>£8,307,026.06</b>	<b>£1,446,603.13</b>	<b>£468,761.08</b>	<b>£10,222,390.27</b>

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<i>2015 (Apr - Dec)</i>				
<b>Business Unit / HQ</b>	<b>Agency</b>	<b>Interim</b>	<b>Specialist</b>	<b>Total</b>
Business Enterprise & Business Services	£648,625.50	£358,186.89	£109,297.02	£1,116,109.41
Children & Young People	£4,572,425.72	£151,521.38		£4,723,947.10
Communities, Health & Adult Social Care	£1,748,434.38	£511,793.27	£84,796.82	£2,345,024.47
HQ Strategy & Policy	£33,258.44	£23,948.16		£57,206.60
Transport, Economy & Environment	£173,913.53	£359,107.35		£533,020.88
<b>Grand Total</b>	<b>£7,176,657.57</b>	<b>£1,404,557.05</b>	<b>£194,093.84</b>	<b>£8,775,308.46</b>

**Q7) in 2016 how many External Consultants are employed to date?**

Please see earlier response for data on consultants. Interim data is collated quarterly in arrears so the most recent figures are for the period ending December 2015, which are provided above. The 2016 to date figures will be available from the end of March.

**Mr Stuchbury to:**

**Zahir Mohammed, Cabinet Member for Education – Academy Questions**

**Comment - In the case of Buckingham Lace Hill Academy, AVDC undertook all planning agreements/consent owing to the change in the law which was previously undertaken by the County Council in relation to school buildings.**

*Response comment - This is not correct. There has not been a change of law.*

*The decision regarding who the planning authority is depends on who is funding and taking forward the scheme. In this case it was a developer build via S106 and the plans for the whole development sat with the District.*

**Comment - The building is still unfinished and it is not in a fit state to operate. There are many safety concerns & complaints from parents in relation to the building and playing grounds.**

*Response comment - The building is complete however, since opening issues regarding drainage and the capacity of the school hall have come to light which are being progressed with the consortium.*

**Comment - The County Council should have a stronger and more direct interest in commissioning of new school buildings in the future for both the good of the children within them and public finances.**

*Response comment - Lace Hill Academy was not a publically funded project but the funds came from the Developers through a S106 Agreement. As previously stated the LA will try to commission new school builds themselves so that we can control the design and build of the school, but we cannot legally force developers to agree to this.*

**Q8 What steps is Buckinghamshire County Council putting in place to prevent school buildings from not being completed correctly, as was the case with the Lace Hill Academy in Buckingham West?**

*Wherever possible the LA prefers to be the responsible body for the design and procurement of new schools. Whilst we cannot legally insist on this through S106 Agreements, it is our preferred route.*

*In the case of Lace Hill the building was designed and procured directly by the developers. This meant that the LA has no direct responsibility for the design and the contract with the appointed contractor. Thereby as issues have arisen since the opening of the building the LA has no power to directly instruct the contractor to rectify issues nor do we hold any retention monies which add to the ability to ensure issues get addressed swiftly.*

*We have relentlessly pursued the consortium/contractor to address issues but it has been a major battle and their lack of response and communication has been particularly problematic. It is common place for issues to arise after project handover on schemes and the LA has done all it can to persuade the consortium/contractor to rectify the issues.*

*It should be noted that the majority of snagging items have been swiftly addressed; the only two key items outstanding remain the capacity of the hall due to the restricted size of the fire doors and the drainage.*

*The LA will do whatever it can to be the responsible body for the design and build of the school however, it cannot legally insist upon this if the new school is part of a new housing development.*

**Q9 Now that the County Council is no longer the planning authority for school buildings, what powers does the County Council retain to prevent sub-standard school buildings and playing grounds in the future?**

*The County Council is still the planning authority for school schemes it takes forward and is the funding body for.*

*In the case of Lace Hill the school was being procured and built directly by the developer as part of the S106 Agreement. The design for the whole development was therefore a decision for the District Council and not the LA. However, LA officers were involved in the design of the school from the outset. Equally any issues regarding the quality of build are not the responsibility of the planning authority; they are issues between the developer, contractor and architect and must be in accordance with Building Regulations.*

*In this particular case it is the building regulations that is restricting the number of occupants of the hall. Equally the drainage issues only came to light following handover once there had been significant rainfall. This matter could not have been known at handover given the dry weather.*

*The LA has very little power in this instance to rectify the issues directly as we were not the procurer of the building. This lies with the consortium responsible for the housing development. However, the LA has been continually chasing the developers to address the issues. A meeting took place with members of the consortium, contractor and design team on 21<sup>st</sup> January to review the ongoing issues. We are awaiting an update from the consortium next week with regards to how and when they will undertake the necessary remedial works to the building.*



*It should be noted that it is not unusual for there to be ongoing snagging items that need to be attended to post occupation and indeed there are also items that will not be addressed until the 12 month defect period has been reached. The LA can also not procure its own contractors to rectify the issues as this has the potential to invalidate the 12 year latent defect warranties.*

