

Buckinghamshire Business Group

Chris M Williams
Chief Executive
Buckinghamshire County Council
County Hall
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27/1/15

Dear Chris,

Buckinghamshire County Council's 2016/17 to 2019/20 Revenue and Capital Budgets – Buckinghamshire Business Group Response

Sadly you were unable to attend our meeting on 13th January where the latest revisions to the BCC budget were discussed in detail with Martin Tett and members of your executive team. Representatives of the business community in Bucks were shocked at the scale of change being forced on to BCC (and consequently all of us), but nonetheless we were impressed that it had been possible to draw up a compliant draft budget on such a tight timescale.

We would like to offer the following observations on the plan as presented:

General Themes

BCC has received an extremely harsh settlement from Central Government, which was only announced on 17th December, and went far beyond what was expected even in a 'worst-case' scenario. Whether this latest settlement is in deliberate response to Buckinghamshire's decision not to participate in the government's 'devolution' process is a moot point, but it seems clear to the BBG that the intention of the Centre is to make life increasingly unsustainable for Shire counties without substantial structural change, to both unlock funding and increase efficiency.

Disappointingly, the changes made by Central Government disincentivise Buckinghamshire from doing the 'right thing' in two key areas, namely housing and economic growth. We support BCC's action, in conjunction with our MPs and District Councils, to pursue whatever amelioration is possible from DCLG.

The plan for England's Economic Heartland goes some way to address structural issues, but it remains unclear whether this new initiative will gain critical mass among its constituent bodies quickly enough to make real change to infrastructure costs, or to increase its attractiveness to Central Government. As a consequence, we remain worried about the sustainability of the BCC budget going forward.

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The inevitable consequence of the Central Government settlement is very severe spending cuts in non-statutory areas, and large increases in Council Tax. Both of these changes will hit lower-paid Buckinghamshire employees very hard, at a time when their incomes are only just starting to reach pre-recession levels. It is easy to see a situation arising where these employees, pushed into the arms of the State by ever-increasing employer costs and a deflationary economic environment - on top of the Council's own increased costs from the new National Living Wage – inflate the statutory load on BCC far beyond what is projected in this budget. This tsunami of costs vs shrinking revenues could sink BCC before 2020.

Council Tax

The decision to increase the BCC element of Council Tax by 3.99% provides an attractive 'get out of jail free' card for the Council, and seems unavoidable given the drastic reductions in the Central Government settlement. We are concerned, however, that the cumulative increase over the period will place unsustainable burdens on lower paid Buckinghamshire residents. These people include younger workers, whose continued employment in Buckinghamshire is essential if employers are to provide continued economic growth in the county. Some rebalancing of the overall increase away from this sector of the population, and towards those more able to afford increases would help to ensure that this sector of the population can afford to remain in Buckinghamshire.

Children's and Adult Services

These areas of expenditure remain unsustainably high. The current estimate of 60% of the total budget by 2019-20 is a frightening number, especially when one appreciates that this might be a conservative estimate. Adjustment of Councils' statutory obligations must now be pursued urgently so that service-level latitude is available to all councils with these obligations, within the bounds of acceptable standards of care. These proposals may need to consider a balance between optimum solutions and their cost to the public purse, which remain utterly incredible in relation to the outcomes.

Commercial Activities

BCC has made considerable strides in becoming a more commercially-minded organisation, especially with regard to the Energy From Waste plant, but the commercial income projections from this initiative still seem low. This may either be due to instinctive understatement in the budget projections, but we have nagging concerns that the contractual ROI might be sub-optimal from the point-of-view of the Council. In either case, the return from EFW should feature more clearly in future budgets.

BCC staff will need continuing skills development in this area and be challenged to explore every future opportunity to maximise BCC's commercial growth and efficiency gains.

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Capital

There is a dilemma regarding the provision of new Free Schools in locations to match the areas of greatest need. Organisations willing to establish new schools will need to be incentivised to do so in the areas of greatest need, and we believe that the Council must lead a head-hunting / negotiation process to guide these decisions as a matter of urgency.

In addition, a proper review of Council-held assets should be performed and the portfolio rationalised with a view to optimising the decreasing cash reserves of the council, which are now forecast to be as low as £16m by this year-end. We suspect that some assets are retained because of tradition rather than strategy.

To conclude, the feeling of the BBG is somewhat more pessimistic than it was last year. From the perspective of small businesses and employers the promised land of low taxation and high output is being supplanted by one of higher taxes and public sector funding games. What Central Government has done to Buckinghamshire seems at least careless, and it is to be hoped that the final settlement can be renegotiated to at least phase in the changes.

However, as the occasion of your retirement looms ever closer, it would be remiss of me not to pass on the appreciation of the BBG, Chris, to you for your work during your leadership to streamline, commercialise and modernise the Council. Although your successor will face significant challenges, we are sure that these would be even greater were it not for the strides you have made to improve the fitness of the Council for the future.



Sincerely

Guy Lachlan
Chair