

Chapter 6.  
**Medium Term Resource Plan**

## 6.1 Medium Term Plan

### Introduction

The County Council has developed this Corporate Plan within a medium term resource framework to reflect changes both in the way the Council works and the environment in which it operates. Planning over the medium term (three years) will help to align policy to resource availability over the life of the next administration and achieve value for money in the delivery of its services.

### Priorities

Whilst the Corporate Plan sets out the policy framework for the next four years to develop Council services that meet national and local requirements, the Council recognises that the demand for more and better services will always outstrip the availability of resources to deliver them.

In order for resources to be allocated to the areas of most priority, reductions from areas of less priority have to be made. Through consultation with members of the public and discussion with partners, Members have identified the services that are most important and therefore those they wish to develop and improve further.

Resource planning over the medium term is the tool that the Council will use to help it manage the competing priorities. Whilst it will cover a three-year period some of these priorities may alter over the life of the Plan. The Plan will therefore be refreshed annually to take account of changing circumstances.

The Cabinet has expressed its aspirations into three categories:

### Services or Areas for Investment

The Council has decided that the following services need to be developed and improved and therefore need to be allocated additional resources:

| Portfolio                 | Service or Area  |
|---------------------------|--|
| Adult Social Care         | <ul style="list-style-type: none"> <li>Supported Living</li> <li>Nursing and Residential Care</li> <li>Assessment and Care Management</li> <li>Implementing the joint Audit Commission/ Social Services Inspectorate Action Plan (including the Vision for Adult Social Care)</li> </ul> |
| Strategic Planning        | <ul style="list-style-type: none"> <li>Strategic Planning</li> <li>Waste and Recycling</li> </ul>  |
| Transportation            | <ul style="list-style-type: none"> <li>Improving Public Transport</li> </ul>   |
| Resources                 | <ul style="list-style-type: none"> <li>Improving repairs and maintenance of buildings</li> </ul>   |
| Schools                   | <ul style="list-style-type: none"> <li>Establish the Children's Services Portfolio</li> <li>Implement the Ofsted action plan</li> </ul>  |
| Children and Young People | <ul style="list-style-type: none"> <li>Adoption and Fostering</li> <li>Establish the Children's Services Portfolio</li> </ul>  |

| Portfolio            | Service or Area  |
|----------------------|--|
| Community Services   | <ul style="list-style-type: none"> <li>Community Safety</li> </ul>                       |
| Leader/Deputy Leader | <ul style="list-style-type: none"> <li>Raising the profile of Buckinghamshire</li> </ul> |

## Services or Areas for Protection

Whilst the service areas listed above will be given priority in the allocation of available resources those listed below will be protected to maintain the current service level. Unlike

areas of lower priority, they will receive a limited increase year on year to cover inflationary cost as well as some provision to meet predicted service demand through growth in the number of people requiring the service in the future. These services or areas that are to be protected are as follows:

| Portfolio                 | Service or Area  |
|---------------------------|--|
| Adult Social Care         | <ul style="list-style-type: none"> <li>Respite and Domiciliary Care for Adults and Older People</li> </ul>                                 |
| Transportation            | <ul style="list-style-type: none"> <li>Maintaining road and pavements as determined by customer feedback</li> </ul>                        |
| Resources                 | <ul style="list-style-type: none"> <li>Implementing Sapphire</li> <li>Delivering the Payroll project</li> </ul>                            |
| Schools                   | <ul style="list-style-type: none"> <li>Maintain funding to Schools at the FSS level</li> <li>Maintaining the Link Advisory role</li> </ul> |
| Children and Young People | <ul style="list-style-type: none"> <li>Child Protection</li> </ul>   |
| Community Services        | <ul style="list-style-type: none"> <li>Youth Services</li> </ul>   |
| Leader/Deputy Leader      | <ul style="list-style-type: none"> <li>Democratic representation including support to Members</li> </ul>                                   |

## Services or Areas of Lower priority

By definition all other Council activities not identified in the two categories above are of lower priority.

All service areas will be subject to a performance review that will identify whether the service or function is needed and if so whether it is delivered in the most economic,

efficient and effective way. It is assumed that in areas of lower priority, resources will be reduced.

## Financial Strategy

The Council has achieved sustainable revenue and capital budgets and a prudent level of reserves. This strategy assumes that the sale of surplus assets will be used to finance long-term investment in services,

while annual revenue savings will deal with expenditure pressures and investment in improvement of services.

The overall predicted Council revenue position for the three years is as follows:

**Table 1**

|                      |   | 2005/06    | 2006/07    | 2007/08    |
|----------------------|---|------------|------------|------------|
|                      |   | £m         | £m         | £m         |
| <b>Resources</b>     |   |            |            |            |
|                      | Formula Grant   | 280        | 47         | 49         |
|                      | Income from fees and specific grants                          | 102        | 354        | 372        |
|                      | Council Tax Increase - 3.7% (05/06), 5% (06/07), 4.5% (07/08) | 183        | 192        | 201        |
|                      | <b>Total Council Resources</b>                                | <b>565</b> | <b>593</b> | <b>622</b> |
| <b>Spending</b>      |   |            |            |            |
|                      | Current Spend   | 538        | 565        | 593        |
|                      | Pressures in areas for improvement                            | 30         | 32         | 28         |
|                      | Pressures in areas to be protected                            | 3          | 1          | 1          |
|                      | Pressures in low priority services                            | 5          | 3          | 3          |
|                      | <b>Total Spending</b>   | <b>576</b> | <b>601</b> | <b>625</b> |
| <b>Funding Gap</b>   |   | <b>11</b>  | <b>8</b>   | <b>3</b>   |
| <b>Gap Funded by</b> |   |            |            |            |
|                      | Efficiencies/Income/Service Reductions                        | 6          | 8          | 3          |
|                      | Use of earmarked reserves                                     | 5          |            |            |
|                      |   | <b>11</b>  | <b>8</b>   | <b>3</b>   |

The financial strategy has been developed in order to manage both revenue and capital expenditure and to ensure that resources are

directly linked to the Council's priorities. The key elements of the financial strategy are as follows:

## Low Council Tax Levels

This Council has made a strong commitment to keep Council Tax levels at or below that of the average of all South East Counties. To maintain Council Tax at this level, the Council must exercise the strongest control over performance and expenditure. There are specific corporate processes designed to ensure that this control exists, ranging from the corporate planning process to the corporate assurance framework. Based on current known assumptions, indicative Council Tax Increase levels of 5% (06/07) and 4.5% (07/08) have been agreed as a planning guideline for the next two years and these assumed Council Tax levels have been built into the figures in Table 1. However, the Council will aim to set Council Tax below this level if possible.

## Bridging the Funding Gap

Sustainable funding provides a firm base for delivering consistently high quality services. It is also important, however, to ensure that the Council spends its money on the services that our community tell us they most need. It is vital that we are able to disinvest from services that are not important to our communities and invest in and protect those services that are.

To do this, the Council is committed to working in a more efficient and effective way and is embarking on a Change and Performance Review Programme that will release the necessary resources to be reinvested in to front line services. It is expected that sufficient savings will be identified to bridge the funding gap and, if possible, provide flexibility for investment in higher priority services.

The main elements of the Change and Performance Review Programme are:

- "Customer First" – a wide ranging change programme that ensures that the Council is available to the community to answer their questions and to solve their issues at the first point of contact

wherever possible. The first step is the development of a countywide contact centre and one-stop-shops around the County

- Realising the benefits from investments in information technology – the provision of a much more consistent mechanism for our back office activities requiring less manpower to operate more efficient processes thereby creating real savings
- Performance Review Programme – a series of fundamental service reviews across the Council designed to ascertain whether services are being delivered in the most economic, efficient and effective way
- Procurement Strategy – improving corporate procurement across the whole of the council's goods and services and achieving maximum benefit from economies of scale
- Accommodation Strategy - reviewing property assets in line with service priorities and using accommodation more innovatively and efficiently.

There are a number of uncertainties which may have an impact on the Council's financial strategy and for which no accurate estimates of future resource needs are yet known, including:

- From 2005/06, additional employer's pensions contributions of around £0.8m will be needed to reduce the funding gap that exists nationally on all Local Government Pensions Funds. There is also a risk that we may have to fund the gap opened by the revocation of the 2005 pensions changes.
- Waste disposal costs are set to rise by an average of £1.3m per annum and it is likely that the Council will have to spend significant amounts of money in the future on new and innovative ways of reducing and disposing of the County's waste. The Council are currently analysing the implications of the Children's Act and the proposed Government changes in the area of Adult Social Care. As yet we are

unsure of the additional resources that will be needed to implement the changes.

## Prudent levels of reserves, contingencies and balances

As recommended by our external auditors, the Council has built up its balances to a level of 3% of annual general revenue expenditure.

These balances allow the Council to deal with very unexpected financial shocks in a planned way reducing the risk of service failure and reducing the cost of such shocks to the organisation. Balances at this level will be maintained throughout the medium term. The Council also has a process for managing risk through the use of contingencies.

**Table 2**

|  | 2005/06 | 2006/07 | 2007/08 |
|--|---------|---------|---------|
|  | £m      | £m      | £m      |
| Contingencies                                  | 2.5     | 0.3     | 0.3     |
| Reserves                                       | 22.0    | 19.0    | 19.0    |
| Non Earmarked Reserves (3% net revenue budget) | 13.8    | 13.8    | 13.8    |

## Prudential borrowing

The Council can borrow money for capital projects by using their Prudential Borrowing powers, however, there is a tangible revenue cost to this type of borrowing. This Council has decided that in order that the maximum

amount of revenue money is used for direct service delivery, Prudential Borrowing will only be used where there is enough of a pay back on the project that it will pay for the revenue cost of borrowing. This is termed "Invest to Save" and these projects are expected to be of benefit to the Council and in most instances to create significant efficiency gains.

**Table 3**

|                                 | 2005/06      | 2006/07      | 2007/08      |
|---------------------------------|--------------|--------------|--------------|
|                                 | £'000        | £'000        | £'000        |
| <b>Leader</b>                   |              |              |              |
| Chief Executive's Team          | <b>3,183</b> | <b>2,975</b> | <b>3,089</b> |
| <b>Deputy Leader</b>            |              |              |              |
| Democratic Representation       | 1,740        | 1,480        | 1,512        |
| Economic Development and Europe | 285          | 292          | 299          |
|                                 | <b>2,025</b> | <b>1,772</b> | <b>1,811</b> |

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|   | 2005/06        | 2006/07       | 2007/08       |
|---|----------------|---------------|---------------|
|   | £'000          | £'000         | £'000         |
| <b>Schools</b>                                |                |               |               |
| Early Years - Schools FSS                     | 7,975          | 0             | 0             |
| Home to School Transport - LEA FSS            | 10,329         | 10,789        | 11,489        |
| School Improvement - LEA FSS                  | 5,903          | 6,104         | 6,303         |
| School Improvement - Schools FSS              | 6,364          | 0             | 0             |
| Policy, Planning & Performance - Schools FSS  | 1,871          | 0             | 0             |
| Policy, Planning & Performance - LEA FSS      | 1,659          | 1,728         | 1,799         |
| Schools ISB - Schools FSS                     | 176,747        | 0             | 0             |
|   | <b>210,848</b> | <b>18,621</b> | <b>19,591</b> |
| <b>Children and Young People</b>              |                |               |               |
| Social Care for Children & Families           | 20,260         | 21,123        | 21,891        |
| Special Education - LEA FSS                   | 3,365          | 3,510         | 3,644         |
| Special Education - Schools FSS               | 17,881         | 0             | 0             |
| Special - Home to School Transport            | 6,731          | 7,162         | 7,619         |
| Special Schools ISB - Schools FSS             | 13,475         | 0             | 0             |
| Policy, Planning, Commissioning & Performance | 3,527          | 3,632         | 3,740         |
| Youth Offending Service                       | 607            | 625           | 644           |
|   | <b>65,846</b>  | <b>36,052</b> | <b>37,538</b> |
| <b>Adult Social Care</b>                      |                |               |               |
| Learning Disability                           | 21,327         | 22,692        | 23,375        |
| Mental Health                                 | 12,736         | 13,140        | 13,544        |
| Older People                                  | 31,667         | 32,703        | 33,851        |
| Supporting People                             |                | 330           | 330           |
| Commissioning                                 | 995            | 1,031         | 1,067         |

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|  | 2005/06        | 2006/07        | 2007/08        |
|--|----------------|----------------|----------------|
|  | £'000          | £'000          | £'000          |
| Policy, Performance & Information      | 965            | 1,003          | 1,041          |
| Physical & Sensory Disabilities        | 11,416         | 11,899         | 12,311         |
|  | <b>79,106</b>  | <b>82,798</b>  | <b>85,519</b>  |
|  |                |                |                |
| <b>Resources</b>                       |                |                |                |
| Communications                         | 688            | 712            | 737            |
| Finance                                | 6,172          | 6,501          | 6,850          |
| HR / OD                                | 2,769          | 2,906          | 3,043          |
| ICT                                    | 5,219          | 5,475          | 6,264          |
| Legal and Admin                        | 863            | 889            | 915            |
| Property Services                      | 5,913          | 6,187          | 6,564          |
|  | <b>21,624</b>  | <b>22,670</b>  | <b>24,373</b>  |
|  |                |                |                |
| <b>Planning and Transportation</b>     |                |                |                |
| Planning Services                      | 1,639          | 1,881          | 1,915          |
| Transportation                         | 19,160         | 21,171         | 23,949         |
|  | <b>20,799</b>  | <b>23,052</b>  | <b>25,864</b>  |
|  |                |                |                |
| <b>Community Services</b>              |                |                |                |
| Adult Learning                         | 740            | 784            | 829            |
| Libraries and Heritage                 | 7,548          | 7,996          | 8,707          |
| Trading Standards and Regulatory       | 2,384          | 2,525          | 2,646          |
| Environment Services - Waste           | 10,890         | 12,987         | 14,274         |
| Environment Services - excluding Waste | 1,331          | 1,416          | 1,450          |
| Youth & Community                      | 3,516          | 3,698          | 3,886          |
|  | <b>26,409</b>  | <b>29,406</b>  | <b>31,792</b>  |
|  |                |                |                |
| <b>Portfolio Totals</b>                | <b>429,840</b> | <b>217,346</b> | <b>229,577</b> |
|  |                |                |                |



|  | 2005/06        | 2006/07        | 2007/08        |
|--|----------------|----------------|----------------|
|  | £'000          | £'000          | £'000          |
| <b>Amounts to be allocated</b>             |                |                |                |
| Social Services Improvement Plan           | 2,500          | 5,200          | 5,200          |
| Allocation to meet Schools FSS             | 4,000          | 0              | 0              |
| Savings to be allocated                    |                | -7,700         | -10,300        |
|  | <b>6,500</b>   | <b>-2,500</b>  | <b>-5,100</b>  |
| <b>Service Area Totals</b>                 | <b>436,340</b> | <b>214,846</b> | <b>224,477</b> |
| <b>Grants and other Corporate Activity</b> | <b>139,660</b> | <b>386,154</b> | <b>400,553</b> |
| <b>Total</b>                               | <b>576,000</b> | <b>601,000</b> | <b>625,030</b> |

## 6.2 Value for Money

### Introduction

The County Council has been successful in recent years in dealing effectively with increasing demands for key services whilst at the same time driving up performance in its key services.

The allocation of resources towards meeting these demands is constrained by the ring fencing of the budget for Education services that represents half of our total net revenue spending. It is against this backdrop of increasing demands for services in the context of a constrained budget that the Council has worked creatively to secure "Value for Money".

Whilst the Council believes that delivering high quality services which are recognised by local residents as Value for Money, the Government also requires the council to make 2.5% efficiency gains annually for the period of this Plan. This is represented in the Annual Statement of Efficiency and this year the

Council had the seventh highest efficiency gains out of all 147 county and unitary authorities.

### What do we mean by value for money?

The County Council has a statutory duty to deliver "Best Value" in the provision of its services by continually improving the *Economy, Efficiency and Effectiveness* of their service delivery.

We need to demonstrate that our services:

- Meet the needs of local people
- Are being provided to the level and quality desired by the community
- Are at a price local people are willing to pay
- Are competitive with other potential suppliers
- Are capable of securing continuous improvement over time.

We also work hard to ensure that our services are fit for purpose and that our perceptions of fitness for purpose and service quality are influenced by feedback from service users, carers and families, partner organisations and other interested parties.

## Objectives

To achieve value for money, the County Council has the following objectives:

- To target resources towards meeting the needs of local people
- To integrate Best Value principles within existing management, planning, review and scrutiny processes
- To provide services that meet local people's needs through the most economic, efficient and effective means
- To undertake structured performance reviews of service areas on a targeted basis and to act on review findings to improve future performance and efficiency
- To benchmark the County Council's performance against that of organisations in the public, private and voluntary sector where appropriate and against industry standard benchmarks
- To adopt recognised good practice where this is appropriate for meeting the needs of people in Buckinghamshire
- To promote a culture of continuous improvement
- To train and develop managers and help them fulfil their obligation to achieve value for money for the County Council as an integral part of their work.

## Delivering Value for Money

The Council has developed a comprehensive Change and Performance Review Programme which will be the main vehicle for delivering Value for Money.

In addition the Council has a number of organisational structures and internal processes which provide a degree of challenge and ensure that Value for Money is at the forefront of everything that we do. This includes:

- The wide role of Overview and Scrutiny Committees in assessing performance
- The service investigations carried out by Internal Audit

- The monitoring of staffing levels by the Cabinet Member for Resources
- The Corporate Performance Task Group providing Member challenge as a part of the annual budget cycle.

## Responsibilities

The responsibility for delivering Value for Money lies with all Members and employees and is not restricted to those with resource or financial management responsibilities. The particular roles of each are set out in guidance notes and in the Constitution.

The Corporate Management Team has the responsibility to put in place and revise the Value for Money strategy and the methodologies to be used. The Strategic Director of Resources is responsible for reviewing the Value for Money Strategy on a 12 month basis.