



Buckinghamshire Council

Finance & Resources Select Committee

Minutes

MINUTES OF THE MEETING OF THE FINANCE & RESOURCES SELECT COMMITTEE HELD ON THURSDAY 7 APRIL 2022 IN THE PARALYMPIC ROOM, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, HP19 8FF, COMMENCING AT 2.00 PM AND CONCLUDING AT 3.15 PM

MEMBERS PRESENT

R Bagge, K Wood, D Anthony, K Ashman, M Ayub, S Chhokar, T Dixon, T Egleton, D Goss, G Harris, I Macpherson, M Walsh and S Wilson

OTHERS IN ATTENDANCE

J Chilver, R Ambrose, J Reed and C Ward

Agenda Item

1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies were received from Councillor M Tett.

2 DECLARATIONS OF INTEREST

Councillor R Bagge declared a personal interested as having been a Cabinet Member at South Bucks District Council that set up Consilio.

3 MINUTES

The minutes of the meeting held on 17 February 2022 were agreed as a correct record.

4 PUBLIC QUESTIONS

No public questions had been received.

5 BUDGET PERFORMANCE MONITORING Q3

The Committee received the Budget Performance Monitoring Q3 report, which was introduced by Councillor J Chilver, Cabinet Member for Finance, Resources, Property and Assets. The following key points were highlighted by the Cabinet Member:

- The overall Portfolio overspend was £5.9m which was offset by £6.8m underspend in corporate and funding budget lines. The forecast was £0.9m underspend for the year.
- The main areas of overspend were in:
 - Education and Children's services (£3.4m). This related to staffing and agency costs and was linked to the volume and complexity of referrals.

- Health and Wellbeing (£1.9m). Attributed to costs of nursing care and complexity of care packages.
- Transport (£1.1m). Demands and complexity of home to school transport.
- The revenue forecast had improved compared to Q2 however risks and uncertainties remained which could impact the end of year position.
- Capital slippage had increased between Q2 and Q3 from 7.9% (£14.8m) to 11.7% (£22.5m). This now exceeded the council target of 10%. Global factors that influenced this included Covid's impact on material supply chains and contractors' workforce. The biggest area of capital slippage was on town centre regeneration schemes in High Wycombe and Aylesbury, High Heavens biowaste transfer station and a new South Bucks country park. These projects were still planned to be completed.
- Overall debt levels had reduced since Q2 and 95% of suppliers were paid within 30 days.

The following points were noted during the Committee's discussion:

- Members noted it was positive that the forecast outturn figure had improved.
- Work was ongoing on the end of year 2021/22 report. It was provisionally expected that the report would not be materially different to Q3.
- The three areas of overspend had been impacted more acutely by inflationary pressures and next year's budget had set aside a significant contingency to cover this. Although the budget had taken higher inflation into account based on the Q3 figures, the risks on this had increased and would be monitored carefully in the new financial year. More certainty was expected in Q1 and the Committee felt it was prudent to receive more details on this later in the year.
- The largest capital slippage referred to overspend on Desborough Road temporary accommodation which was in progress. There was ongoing pressure regarding temporary accommodation costs in the Aylesbury Vale area that needed to be addressed in the new financial year.
- It was expected that the £0.4m slippage related to an underspend of £0.1m for Wycombe cemetery would fall on the Council however this would be confirmed.
Action: Richard Ambrose
- The forecast savings was £12.7m against a target of £12.2m with the £0.5m shortfall being spread across a number of portfolios. The Cabinet Member was confident that future savings would catch up with this shortfall. The Better Buckinghamshire savings target was on target by the end of the programme.
- The Q3 KPIs had improved with 69% on 90 indicators being green (63% in Q2). The Cabinet Member's portfolio had 23 green indicators out of 24. It was agreed that Quarterly Performance KPI reports would be on the Select Committee's future agendas.
- It was expected that the Abbey Barn slippage would not impact the HIF funding. Commercial discussions were ongoing and on target for delivery with a report to Cabinet in 4-8 weeks.

The Chairman thanked the Cabinet Member for the report.

6 EXTERNAL PROPERTY COMPANIES

The Chairman invited the Cabinet Member for Finance, Resources, Property and Assets, Councillor J Chilver, to introduce the report. In the Cabinet Member's presentation, the following points were highlighted:

- The Council owned or had interested in four companies:
 - Aylesbury Vale Estates LLP (AVE)
 - Consilio Property Ltd

- London Road Management Company
- Buckinghamshire Advantage
- Cabinet had recently agreed a new Shareholder/Member Committee be formed to act as the council's shareholder. This Committee would monitor the activities of the companies and report back to Cabinet.

AVE

- AVE was a 2009 joint venture with Akeman Property to manage the legacy Aylesbury Vale estate. The Council was 12 years into this 20-year arrangement.
- The company was governed by a member's agreement and a Board constituted by a 50/50 joint limited partnership with three members from each side.
- Performance to date was positive with an asset increase from £8m to £17m with a return of investment of 17% per annum.
- During the pandemic, the industrial estate had performed well whilst Hale Leys shopping centre was now recovering.
- Planning applications had been approved at Rabans Lane and Stocklake.
- In March 2022, the Council received a £340k dividend which was £40k over forecast. The strategy was for similar dividends to be paid over the next two years.

Consilio

- Owned three properties:
 - Travelodge, Hemel Hempstead.
 - Offices, Milton Keynes.
 - Housing at Tatling End – 34 units of which 14 are affordable.
- The company intended to enable the new development of residential property on surplus land on the council's existing estate.
- Consideration was being given to securing Registered Housing Provider status which would allow the company to manage lettings at Tatling End and make future affordable developments easier.

London Road Management Company

- A not-for-profit company which recharged out the shared costs of the business park to all occupiers of the site.
- Responsible for maintenance of the business park.

Buckinghamshire Advantage

- The Council solely-owned the company following the withdrawal of Bucks Business First.
- Its purpose was to promote the 500-acre Woodland site, Aston Clinton.
- Outlying planning permission had recently been secured.

During the open discussion, Members raised the following points:

- Hale Leys shopping centre had been acquired after AVE had been set up. As its sole purpose was a shopping centre, it was a separate company to AVE but did have the same management arrangements. The figures given in the report consolidated both these companies.
- Consilio and London Road Management Company had two council officers as Directors. The appointment was based on officer suitability and there was no formal length of term.
- AVE had three members on the Board (two Cabinet Members and one senior officer).
- There were no specific concerns with the current companies' governance arrangements however there had been national high profile cases (e.g. Robin Hood Energy, Nottingham

City Council). The Government commissioned report recommended local authorities had robust governance arrangements which the Council was looking to implement. Members on company Boards would not be on the Shareholder/Member Committee.

- Measures of success for AVE and Consilio were based on return of investment, dividends, positive cashflow and estate maintenance. Consilio had been affected by the pandemic due to its ownership of Travelodge but was now recovering.
- Buckinghamshire Advantage was a single-asset vehicle and would now be negotiating with landowners following planning application approval. There had been delays due to Section 106 agreements and Environment Agency concerns at the canal.

The Chairman thanked Members for their questions in the open session.

7 WORK PROGRAMME

Members were encouraged to suggest items for consideration in 2022/23's work programme.

8 DATE AND TIME OF THE NEXT MEETING

Thursday 28 July at 2pm (Provisional)

9 EXCLUSION OF THE PUBLIC

RESOLVED –

That pursuant to Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting during consideration of Minute No 12, on the grounds that it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act as defined as follows:

Minute 10 – External Property Companies

Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 3, Part 1 of Schedule 12A, Local Government Act 1972) (The need to maintain the exemption outweighs the public interest in disclosure, because disclosure could prejudice the Council's position in any future process or negotiations).

10 EXTERNAL PROPERTY COMPANIES

This item was undertaken in confidential session as part of the confidential appendices related to Minute Item 6. A number of topics were discussed which included:

- The overall market value of each company.
- The relationship between Hale Leys and Friars Square shopping centres.
- Covenant arrangements and rent variances.
- Consilio's operations and timescale for potentially obtaining housing provider status.
- Council maintenance costs.
- Cash flows of the companies.
- AVE's Business Plan, balance sheet and Board membership.

11 CONFIDENTIAL MINUTES

After brief discussion, the confidential minutes of the meeting held on 17 February 2022 were agreed as a correct record.

Information Circulated After the Meeting

Underspend on Wycombe Cemetery

The £0.1m underspend is planned to be spent on office fitting out for the Cemetery in 22/23. Therefore, this underspend will be carried forward and so it effectively goes back to the High Wycombe Town Committee special expenses reserve and then gets spent in 22/23.

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