



Buckinghamshire Council

Finance & Resources Select Committee

Minutes

MINUTES OF THE MEETING OF THE FINANCE & RESOURCES SELECT COMMITTEE HELD ON THURSDAY 28 JULY 2022 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 2.00 PM AND CONCLUDING AT 4.04 PM

MEMBERS PRESENT

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

OTHERS IN ATTENDANCE

J Chilver, M Everitt, N Graham, S Murphy-Brookman, M Preston, M Strevens and C Ward

Agenda Item

1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies were received from Councillor M Tett. Councillors Barnes, Bracken and Newcombe were appointed as new Committee Members, replacing Councillors Ashman, Egleton and Ng.

2 DECLARATIONS OF INTEREST

There were none.

3 APPOINTMENT OF VICE-CHAIRMAN

The Chairman confirmed the appointment of Councillor D Goss as Vice-Chairman of the Finance and Resources Select Committee for the ensuing year.

4 MINUTES

The minutes of the meetings held on 7 April 2022 and 18 May 2022 were agreed as a correct record.

5 PUBLIC QUESTIONS

There were none.

6 LESSONS LEARNT FROM OTHER LOCAL AUTHORITIES

The Chairman welcomed Councillor John Chilver, Cabinet Member for Accessible Housing and Resources, and the officers to the meeting.

The Cabinet Member introduced the report and highlighted the following key points:

- The report was a six-month update on lessons learnt from other local authorities. The last report had been presented to the Audit and Governance Committee on 25 January 2022.
- Over the past two years, several declarations of insolvency and public interest and best value reports had been issued to a number of authorities. Buckinghamshire Council had taken the approach of reviewing recommendations from these reports and assess best practice to avoid similar issues. Two external reports covering finance and governance in relation to Slough Borough Council and an independent governance report in relation to Northumberland County Council had also been considered.
- The Select Committee report examined recommendations made in these reports and related them to Buckinghamshire Council. It further provided an update on the consolidated action plan which identified areas for improvement. Buckinghamshire Council did not experience any significant issues in these areas but reports on other authorities' issues were constantly being monitored to identify best practice to improve financial processes and governance arrangements.

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

- A Member noted that a peer review had been undertaken for Slough Borough Council and asked whether such a process could also be considered for Buckinghamshire Council, for example by the Local Government Association (LGA). Members were advised that the Chartered Institute of Public Finance and Accountancy (CIPFA) had examined the financial systems and processes as part of Buckinghamshire Council's service review and shared recommendations with the Council which had been considered.
- A Member raised concerns about the transparency of the Buckinghamshire Shareholder Committee Meetings. Whilst the Member understood why a large portion of these meetings were confidential, they maintained that public records of the work undertaken by the committee were necessary to ensure effective public scrutiny. The Cabinet Member explained that this new committee had been set up following a recommendation of a recent report on local authority governance with respect to control of subsidiary companies. Previously, such reports had gone to the Cabinet with an open discussion being held prior to entering a confidential session. This open discussion would continue in future Cabinet Meetings. However, the purpose of the Shareholder Committee was for a subcommittee of the Cabinet to focus on governance procedures and to ensure there was no conflict of interest between Members and subsidiary companies. As the Committee also reviewed whether the companies were fit for purpose or required governance changes and discussed confidential property and financial matters, confidential sessions would be necessary. Additionally, statutory provisions were in place to ensure that commercially sensitive information remained confidential. For future Shareholder meetings, consideration would be given on extracting information from confidential reports, such as business plans, so that part of the discussion could be held in the public domain.
- Although there were some significant differences between Buckinghamshire Council and Slough Borough Council, valuable lessons could still be learnt, for example in terms of developing a local code for corporate governance and developing the Shareholder Committee. One of the key challenges faced by Slough Borough Council had been the large investment into property of around £800m. This contrasted with Buckinghamshire Council's commercial investments, totalling around £200m. Buckinghamshire Council also had a strong property team with diverse knowledge of different properties and tenants, as well as professional property management advisors. Another significant

difference was the transformation programme which presented a challenge to Slough Borough Council. Buckinghamshire Council's 'Better Buckinghamshire' service review was on track to deliver annual savings of £20m.

- Slough Borough Council's reliance on agency staff presented an issue and this was highlighted in Buckinghamshire Council's budget. It was suggested that this should be monitored more closely, and potentially added to the KPIs. The Cabinet Member explained that a certain amount of agency staff was necessary to meet demands, for example in the customer service centre or for specialist projects. However, the number of agency staff was under regular review, particularly in the long-term, and expenses were also monitored. Long-term agency staff were encouraged to convert to become permanent employees. Slough Borough Council's concerns related to agency staff in more senior positions, whereas the number of senior positions filled by agency staff at Buckinghamshire Council was very low. Buckinghamshire Council aimed to create opportunities for upskilling and promotions within the existing workforce. In general, Buckinghamshire Councils' use of agency staff was well-balanced between flexibility and resilience and remained reasonably consistent over time. Although there was no dedicated budget for agency staff, the corporate management team reviewed the number of agency staff on a monthly basis to monitor costs, develop exit plans where necessary and retain visibility of available funds.
- It was suggested that the report would benefit with the inclusion of a timeframe for the development of the local code for corporate government and officers agreed that more detail about anticipated deadlines should be provided. The local code operated on a similar timeframe as the annual governance statement, which was expected to reach the Audit and Governance Committee in September, with completion estimated by mid-October.
- The Cabinet Member assured the Committee that procurement was covered by a strong team, and a contract and supply management group met regularly with representatives from all service areas to monitor contracts. Issues could be raised with the Audit and Governance Committee, especially for contract waivers and breaches.
- When asked about a timeframe and progress on the harmonisation programmes, the Cabinet Member advised that these were part of both the 'Better Buckinghamshire' review and the ongoing transformation programme. Currently, there were a number of legacy systems which were being harmonised into a single system. One of the biggest systems to be harmonised was the revenue and benefits system, which was expected to be completed by the end of the year. Different systems had different timeframes and satisfactory progress was being made across systems selected for consolidation.
- The five legacy authorities had different practices around Section 106 funding, but the consolidation of systems would allow the Council to better monitor these funds. More detailed information around the recovery of Section 106 funds could be provided to the Committee in future. It was expected that a consolidated system to monitor Section 106 funding would be in place by the end of the year.
- A Member requested an update on the progress of raising the profile on corporate governance issues which had aimed for completion in March 2022. The Committee was advised that profile-raising was an ongoing process, thus providing a timeline for completion was difficult. The completed work included mandatory staff training on data protection and governance issues.
- Improving recovery rates and managing outstanding debts was an ongoing process, and more definitive timeframes might be able to be established in future.
- KPIs were identified and developed collaboratively across the Council, with input from Cabinet Members, senior managers, and the business intelligence team. In addition to the Corporate Performance Report, the Council also had performance frameworks within each area to cover KPIs on an operational level in more detail.

- It was noted that the Audit and Governance Committee also examined and monitored governance issues faced by other local authorities.

The Chairman thanked the Cabinet Member for the report.

7 BUDGET MONITORING OUTTURN 2021-22

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 report set out the final financial outturn position for the financial year 2021-2022. It showed a more favourable position compared to the forecast position in the previous quarter on revenue overall. There was a £2.2m favourable variance, which was up from the £0.9 million forecast in quarter three. £7.7m of unrequired contingencies were built into the original budget due to the uncertainties and risks, particularly linked to COVID. It had been recommended that both these variances and the unused contingencies (total of £9.9m) be transferred to a specific reserve. This was to mitigate the growing financial risks in the current year and beyond linked to increased inflationary pressures, global turbulence, local government finance reform, and the new adult social care reforms. This affected both the Council's direct costs and the costs of providers.
- Construction inflation at 20% was particularly impacting on the Council's future capital programme table.
- Main overspends were seen in the education and children's services, transport, and health and wellbeing portfolios. The climate change and environment portfolio had seen an underspend, mainly delivered by increased revenue from the energy from waste plant.
- There was forecast net slippage of £18.7m, which was an improvement on the quarter three position of £22.5m. This represented 9.5% of the overall capital budget, which is within the council's target of 10%. The slippage is mainly a result of COVID implications, including the availability of building materials and components. It had been recommended that slippage is carried into future years on already improved capital schemes.
- Work had been undertaken to ensure the capital program was as realistic as possible. However, current inflationary pressures meant that a review needed to be undertaken. A task and finish group had been set up to review the capital budget to identify potential savings.
- The Council achieved £12.8m of savings, which was below the target of £13.2m. Overall debt levels had been reduced over recent months. Unsecured debt over 90 days was at £8.5m, decreased from £10m in quarter three. Debt recovery had been affected by COVID, with suspensions of court activity. However, a recent focus on outstanding debt had significantly helped the overall position.
- The overall performance for the last quarter on prompt payments to suppliers was 95%.

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

- Comparing the council's 10% slippage target to other local authorities was difficult due to some authorities adjusting their budget throughout the year. However, in comparison to published results from other authorities, Buckinghamshire Council's slippage levels were good.
- Prompt payment to suppliers was measured against two targets. For local, smaller, and medium-sized enterprises, the target timeframe for payment was 10 days. The general terms for payment were 30 days. As these timeframes were measured from the date on

the invoice, delays in payment could occur as a result of processing time to reach the Council, for example over weekends. The performance of 95% was satisfactory, and comparable to other authorities.

- A Member asked whether the Committee could be provided with a breakdown of savings from quarter four detailing recurring and one-off savings. The Cabinet Member advised that identifying ongoing savings from the previous year was part of the budget-setting process. As the budget was based on the forecast for quarter four, savings that were known at the time were marked as such. Ongoing savings identified throughout the year would be fed into future budgets.
- A Member noted that a significant amount of money from the energy from waste plant was allocated to a reserve pot. The Cabinet Member explained that these funds were established to mitigate against future risks on this income (for instance the plant closing for maintenance). The Cabinet Member added that consideration to the allocation of these funds would be discussed in next year's budget proposal.
- A Member asked if the next budget should include funds to help residents during the energy crisis. The Cabinet Member explained that the budget for the current year had been agreed and that scenario planning was done to account for factors such as inflation, resulting in a £10m special and £50m general reserve to mitigate the impact.
- The Cabinet Member agreed that the quality of reporting needed some improvements. It was suggested that a summary line for expenditure and income be added across the energy and climate change portfolio to increase understanding for expenditure more broadly.
- Concern was raised about the impact of inflation in construction costs and its impact on major projects. The Cabinet Member was aware of budgetary pressures on projects and advised that they were examined regularly on a case-by-case basis considering the latest forecast and developing action plans. Additionally, a task and finish group to review the capital programme had also been set up.
- The task and finish group would also be considering the uncommitted £3.3m of slippage on Section 106 funded projects for affordable housing. The Cabinet Member explained that this was legacy funding and highlighted the Council's commitment to delivering the affordable housing programme with some projects already in the pipeline.

The Chairman thanked the Cabinet Member for the report.

8 Q4 PERFORMANCE REPORT 2021-22

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 report detailed the quarter four performance outturns and commentary for the Council's Key Performance Indicators. Trend data showing performance along with national and regional benchmarking in information was provided where possible.
- There were 115 indicators in the report. Most of them represented the year-end outturn, though some data was provided in arrears. A small number of indicators were updated annually. Improvement actions were listed against each indicator if applicable.
- The report showed that 71% of indicators were green and 22% are red. This reflected a good performance across a number of key areas. The proportion of green indicators had increased compared to the previous quarter, which was 69%. However, red indicators had also increased from 18% in quarter three.

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

- A Member noted that there was no historical data provided for the climate change and environment KPI. This information had not been available at the time of publishing the quarter four reports and data would be published as an agreed indicator in future.
- Comparison was drawn between the council's budgeted 9 days staff sickness compared to the ONS average data of 4.6 days for 2021. The Cabinet Member explained that sickness levels were higher during Covid but had returned to pre-Covid levels. In the 2021 calendar year, the average sickness levels were at 8.42 days, which was comparable with other local authorities. There was a discrepancy between public and private sector sickness levels, the latter of which was generally lower. Local authorities were multi-purpose businesses, with some jobs requiring mental health considerations (e.g. anxiety and depression in social care). As lockdown has ended and officers returned to the office, there had also been more staff members sick with colds. The Committee was assured that interventions were being put in place, for example physiotherapy at council depots, to mitigate muscular/skeletal sickness absences. It was also found that return-to-work conversations had been important to make staff feel understood and valued when returning to the workplace after sickness. Managers were also attending workshops on effective return-to-work discussions for both long- and short-term sickness. The lower levels of sickness absence in the private sector could be explained by employees going to work despite being sick as a result of not receiving sick pay.
- A Member noted that the average number of abandoned phone calls in the call centre in the last quarter had exceeded the 10% target (at 11.3%). The Cabinet Member advised that there had been an increase in customer contact after the Council followed up on unpaid Council Tax, as well as the new Revenue & Benefits system being implemented. These had resulted in the higher number of abandoned calls in Q4. The ability for customers to request call-backs from the team and advising customers of their position in the queue had also been helpful. The Cabinet Member noted that the customer service centre was advised to advertise alternative contact methods, such as web chat or council access points, to make it easier to contact the Council. The Committee heard that first call resolution (number of calls resolved straight away) was very high around 70%. The customer first board had been set up to investigate issues such as call-backs and examined how services could be improved to provide the best and most easily accessible experience for residents. The board also put several training opportunities in place to ensure effective customer service. The amount of abandoned calls would be checked and circulated to the Committee.

ACTION: S. Murphy-Brookman

- The Cabinet Member felt that offering flexible home working was essential to recruitment and retention and remaining a competitive employer. The Corporate Management Team (CMT) was committed to monitoring staff turnover levels and comparing them both regionally and nationally to other authorities and the private sector, and a set of workforce performance indicators was used to examine areas of concern. It was noted that the turnover target for the coming year should be a range rather than a number and this would be adjusted for 2022/23.
- During the recruitment process, a key question from applicants was regularly about the approach to flexible working. Increasing the number of days that people are required to visit the office would make it more difficult to recruit. An analysis had also been done on neighbouring authorities, which showed that other organisations took a much more flexible approach of not mandating office attendance where roles can be carried out from home. The Cabinet Member noted that sickness absence as a result of mental health difficulties had decreased since flexible working had been introduced.
- A Member suggested that the financial consequences of the increased appeals for

planning applications and enforcement should be considered within the budget, and how the Council can best support planners challenged by residents. The Cabinet Member advised that a robust local plan was the best way to mitigate these issues and noted that fewer speculative applications had been received in light of the local plan. The suggestion should be raised with the Cabinet Member for Planning and Enforcement.

- The payment rates had been impacted by the suspension of chasing debts and would likely be impacted going forward due to the cost of living crisis. The percentage of customers paying by direct debit ranged between 76% and 84% in the legacy areas which was high in comparison to other authorities. The team was committed to encouraging payments via direct debit.

The Chairman thanked the Cabinet Member for the report.

9 Q1 BUDGET MONITORING REPORT 2022-23

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 report included data from April to June and included a forecast adverse variance of £3.8m (1% of portfolio budgets). This was made up of a £10.4m adverse variance on portfolio spend offset by £6.6 million of corporate mitigations. The largest adverse variances included Health and Wellbeing, Education and Children's Services and Accessible Housing and Resources, which was largely attributable to energy costs, inflation, and variance in transport costs for school transport. This was offset by a favourable variance of £1.1m in the Climate Change Portfolio, due to the sale of electricity; and £6.6m favourable variants in corporate costs due to the forecast release of specific contingency budgets. These had been set aside to mitigate risks. Portfolio holders continued to look for further mitigations to bring forecast spend in line with the approved budget.
- The current level of inflation was having a significant effect on capital budgets. A member-led Task & Finish Group was reviewing the Capital Programme.
- £19.2m of savings were incorporated in the current year's budget, of which £19m was forecast to be delivered. The overall debt levels had continued to see a downward trend, currently at £8.7m over 0 days. In terms of payment, the target of 95% within 30 days has been achieved (98% in April and 96% in May).

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

- It was suggested that early warning indicators for Children's Services could be monitored more closely. The Cabinet Member explained that the service's pressures were a result of staffing and placements costs, increased volume and complexity of cases and inflation. The Council was attempting to mitigate these issues through forward planning, for example by attempting to reduce agency costs through offering more placements and affordable accommodation.
- The Cabinet Member advised that funding for the Homes for Ukraine scheme had been ringfenced and would be reported through the Communities portfolio. The funds were received in arrears from central Government and it would be important to examine options for accommodation after the end of the six-month programme; this was on the council's risk register. Members were encouraged to write to the relevant Cabinet Member if they sought additional information.
- Whilst a Member acknowledged the prudence of last year's budget, it was suggested that consideration be given to whether any funds could be deployed to assist residents with

the cost of living crisis.

10 CORPORATE PERFORMANCE INDICATORS 2022-2023

The Cabinet Member for Finance, Resources, Property and Assets, Councillor J Chilver, introduced the report. The report detailed the 116 Key Performance Indicators agreed for the current financial year. These would be updated annually and linked to the priorities in the corporate plan.

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

- The Cabinet Member agreed that a KPI for spending money may be ineffective and would consider how this could be amended.
- A Member felt that whilst interventions for smoking and drug use were important to examine, KPIs relating to public health should be expanded to include obesity and diabetes. The Cabinet Member agreed and would refer the feedback to the Director of Public Health.
- The Council engaged in different KPI benchmarking exercises with different comparative groups depending on the indicators and areas being investigated. The Council used information from the nearest neighbours to both set targets and monitor performance, as well as to better understand the needs of the population.
- The Cabinet Member agreed with the suggestions that a KPI be introduced to indicate how the 'homes built against housing requirements' target (PRE 010) would relate to other planning matters and also that the five-year housing supply, which had been agreed by the legacy district councils, be allocated based on these legacy areas rather than all of Buckinghamshire.

The Chairman thanked the Cabinet Member for the report.

11 WORK PROGRAMME

Members were encouraged to suggest items for consideration in 2022/23's work programme and could email these to the Chairman and the scrutiny officer.

12 DATE AND TIME OF THE NEXT MEETING

Thursday 22 September 2022 at 2pm.

Information Circulated After the Meeting

Abandoned Calls

- This indicator measures the average percentage of phone calls which are abandoned before being answered in the Customer Service Centre (CSC).
- Q4 performance is confirmed as 11.3% against a target of 10%. This a reduction in performance against Q3 of 6.1%.
- Q3 had a notably low call abandonment rate as Council Tax processing was suspended at the end of Q3 for the new Revs and Bens Phase 1 system implementation. The reduction in Q4 performance against the target can be attributed to an increase in call volumes on the Council Tax and Benefits line following the Phase 1 system switch on. Plus, in March we undertake our normal annual billing exercise and this always drives a high number of Council Tax enquiries and updates – the end of Q4 and the start of Q1 are always the busiest periods for Council Tax enquiries.

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