



# Buckinghamshire Council

## Finance & Resources Select Committee

### Minutes

**MINUTES OF THE MEETING OF THE FINANCE & RESOURCES SELECT COMMITTEE HELD ON THURSDAY 1 DECEMBER 2022 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 2.00 PM AND CONCLUDING AT 4.32 PM**

#### **MEMBERS PRESENT**

R Bagge, D Goss, D Anthony, D Barnes, S Chhokar, M Fayyaz, G Harris, I Macpherson, R Newcombe, R Stuchbury, M Walsh and K Wood

#### **OTHERS IN ATTENDANCE**

T Butcher, J Chilver, L Jeffries, S Murphy-Brookman, H Pedrick, M Preston, J Reed, D Skinner and C Ward

#### **Agenda Item**

##### **1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP**

Apologies were received from Councillors M Bracken, T Dixon and S Wilson. Councillor R Stuchbury was present as a substitute for Councillor S Wilson.

Councillor M Fayyaz had replaced Councillor W Raja as a Member of the Committee.

##### **2 DECLARATIONS OF INTEREST**

Councillor R Bagge declared a personal interest in Item 14 as he had been the Leader of South Bucks District Council at the time Consilio was commissioned.

##### **3 MINUTES**

After brief discussion, the minutes of the meeting held on Thursday 22 September 2022 were agreed as a correct record.

##### **4 PUBLIC QUESTIONS**

One public question had been received, however it was not related to any items on the agenda and would be answered outside of the meeting.

##### **5 CHAIRMAN'S UPDATE**

The Chairman provided an update on ongoing budget scrutiny activity. A briefing had been held on 22 November relating to the budget of the Children's and Education portfolio and a briefing on the Adult Social Care budget would take place on 7 December. A further briefing would be held virtually with the Section 151 officer for Members on 6 January, the week prior to the

formal inquiry sessions, to highlight key areas in the budget and assist Members with queries on the supporting paperwork. The Chairman reminded that if any Members knew that they would be unable to participate in the budget scrutiny inquiry group they were asked to make the Chairman and Scrutiny Officer aware.

## **6 BUDGET PERFORMANCE MONITORING Q2**

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

In the Cabinet Member's presentation, the following points were highlighted:

- The forecast year-end revenue had reduced from £3.8m to £1.8m despite significant financial challenges including higher inflation, higher energy costs and increased demand on adults' and children's statutory services. The overall forecast deficit of £1.8m comprised an overspend in portfolio budgets of £15.7m, offset by £30.9m of corporate mitigations, including the use of reserves, contingencies, corporate funding and a one-off legal settlement of £4.4m. The main areas of overspend were £9.5m in education and children's services due to a range of factors, including the rising cost of placements, the cost of agency staff and an increase in demand and complexity of cases, and an overspend of £4.7m in health and wellbeing. Higher energy costs and legal fees also resulted in £2.1m in overspend in accessible housing and resources. The increases were partially offset by a favourable variance of £3.3m in climate change and environment from the increase in electricity sales from the waste plant.
- There was a forecast slippage of £13m, which equated to 8% of the budget, compared to the 10% target. There had been an underspend of £5.6m in education and children's services, which related to savings against budget. This included over £1m of savings on the recently opened Kingsbrook school.
- It was predicted that 98% of targeted savings would be delivered in the current financial year. Late payment performance had decreased over the quarter, though the causes had now been addressed.

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

- Legal and democratic services had an expenditure overspend of about £0.3m variance to budget. The legal costs relating to adult and children's social had increased due to an increase in the number and complexity of cases.
- The funding received for the Homes for Ukraine Scheme was used for staff dedicated to the project. The funds received could be utilised for different issues within the resettlement scheme, both for ongoing work and activity specifically required for that period.
- The Council had received £4.4m following receipts of non-recurring income to support the overall forecast position. This was a one-off income due to a legal settlement and was transferred into a reserve and then transferred back to offset pressure on the budget. This had reduced the forecast deficit for the year.
- The increase in late payments was 7% in August, compared to the targets of 5%, and increased to 11% in September. There were two specific reasons for this issue. The first related to a problem with utilities, which was resolved by changing to direct debit with monitoring arrangements. The second was new staff members joining the team, who had yet to receive training. It was expected that an improvement in those areas would be seen within the coming months, with an anticipation that the backlog would be cleared by the end of the quarter.
- There had been an increase in electricity sales from the Energy from Waste plant. The

Council would be liable to pay a tax for the electricity produced, and the budget projection had therefore been adjusted accordingly. It was anticipated that the charges would take effect from January 2023, however, more detailed information would need to be received by the treasury to confirm this. The increased revenue in quarter four outlined in the report might therefore not materialise.

- There had been an increase in legal costs in children's services due to additional complexity and volume of cases going to court. It would be confirmed whether these costs were routine or litigation.

**Action: D Skinner**

- Funding for grid reinforcement was received from the government. These funds were recyclable, meaning that they could be recovered from developers and spent on alternative uses.
- The overspend in education and children's services was due to pressures related to both volume of cases and higher inflation. The market was also particularly challenging in the children's service sector due to insufficient capacity, which was noted to be a national issue. It was expected that the increased spend would persist in the medium term.
- Council staff facing financial difficulty were able to access financial assistance through a grant administered confidentially through Heart of Bucks.
- There was no single reason for slippage as these varied between projects (e.g. planning delays, difficulty sourcing building materials and negotiations). However, this was only a small percentage of the overall capital budget and in preparation for next year's budget, slippage would be reviewed and funding from the following year would be used to cover any projected overspends. It was also noted that property services had recently had a service review and were now in the process of recruiting additional staff to meet the agreed service review outcomes. Two staff members had recently been appointed to the construction team within capital projects. Further detail on this would be circulated to the Committee.

**Action: J Reed**

The Chairman thanked the Cabinet Member for the report.

## **7 Q2 PERFORMANCE REPORT 2022-23**

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

- The report outlined the quarter two performance outturns and commentary for the Council's 116 Key Performance Indicators. 67 of the indicators were green and 20 were red, which showed an improvement from the previous quarter. 97% of the Council's new website had been updated, with completion expected by the end of this calendar year.
- The percentage of phone calls answered and the average call waiting time had significantly improved since the last quarter.
- During quarter two, the Council was affected by missed bins in the South and the delivery of the £150 energy rebates and the revenue and benefits system closure.
- Sickness absences were marginally over the target, showing an improvement since quarter one.

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

- Customers using Council Access Points (CAPs) could provide free-text feedback to suggest improvements to the service. The number of customers using CAPs would be

circulated to Members.

**Action: L Jefferies**

- The number of phone calls to customer services fluctuated throughout the year, showing increases when council tax bills were issued or home to school transport was arranged. However, there were some unexpected increases this year due to waste bins and council tax rebates. After the new system had been rolled out, there had been a backlog, but this was expected to be resolved by the end of January 2023. It was expected that the percentage of calls answered would further increase in the following quarters, with improvements already being seen. External consultants IMPOWER had advised on the capacity needed for customer service, and a 'rising tide' framework of responses had been developed to respond accordingly to customer demands, such as moving call handlers to busier queues and implementing callbacks. Some lesser-used phone lines, such as libraries, had been temporarily closed to assist customer service during exceptionally busy times. However, these measures were short-term, two weeks maximum, and had been reinstated. A listening tool was also used to analyse the causes of increased demands, which could be acted on through behavioural nudges such as pointing customers to digital and self- service.
- Since the report was published, sickness rates had decreased from 9.56 days to 9.5 days. The team carried out additional analyses into different types of sicknesses and long-term sickness. Different interventions needed to be put in place for office-based and mobile staff. The Corporate Management Team were also working on mental health provisions, with various tools being developed for staff and managers. The data was also benchmarked across other councils and broken down in terms of directorates, though more comparison work with authorities who successfully measured sickness absence was needed. It was also noted that sickness rates had increased upon returning to the office, resulting in higher sickness rates when compared to 2020. Sick pay was offered as part of the Council's employment contract, as not providing it would have negative implications for attracting and retaining staff. A robust sickness management policy was also in place to encourage staff to maintain the expected attendance levels, with the aim to ensure a smooth and quick return to work. A deep dive report on sickness had been carried out by the service and a number of Members expressed an interest in this being presented to the Committee.

**Action: S Murphy-Brookman / C Ward**

- There had been delays in issuing housing benefits due to the new system being implemented. Overall, however, the average processing times were within the target of around 12 days. The Council also had a strong track record in delivering the targets in processing times. An expedited hardship claimant route was also implemented for people adversely impacted by the new system.

The Chairman thanked the Cabinet Member for the report.

## **8 CUSTOMER FIRST AND CUSTOMER SERVICE CENTRE PERFORMANCE UPDATE**

The Chairman welcomed Councillor T Butcher, Deputy Cabinet Member for Resources, and the officers to the meeting.

In the presentation from the Cabinet Member and Deputy Cabinet Member, the following points were highlighted:

- The customer service centre had improved significantly over the last 18 months, with additional resources being used to answer the calls where there was increased demand. The updated IT system had also helped improve the service. In the week before the meeting, 7,712 calls (95%) had been answered. The average wait time was 2.9 minutes,

with the average handling time being 11.1 minutes. This equated to the Council receiving three calls per minute across an eight-hour working day.

- The public were encouraged to contact the Council electronically where possible. Where spikes were anticipated (e.g. after sending Council Tax reminders), mitigations had been put in place. Reductions in the number of calls were also expected through the move to a single planning service system which would allow county-wide access rather than the existing legacy council arrangements.

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

- A Member questioned whether the website's search functionality was effective for customers. It currently still operated on the legacy systems due to a delay in the arrival of equipment needed to set up one system. Whilst improvements were needed to make the website more user-friendly, it was going through transformation and the search function was being improved. A web chat option was available on the 'Contact Us' page and would be implemented in other areas, such as the Revenue and Benefits pages. It would also respond to customers hovering over the web page as a pop-up to offer targeted support. Additionally, the service had met with Surrey County Council who had implemented AI and Chatbots.
- Due to additional demands in Revenue and Benefits, 10 additional full-time staff had been employed and trained. Turnover in the customer service department was high, with 34 staff having left the business over the last 12 months. Onboarding and training the new staff members were beneficial and low-cost, leading to an improvement in productivity.
- A Member noted that good risk planning helped to reduce the number of unknown events and highlighted the importance of keeping the customer service centre informed of any potential challenges. It was noted that the change of Revenue and Benefits systems was handled well due to the amount of preparation undertaken to inform customers and the customer service centre of the changes, and a similar exercise would be carried out during the Transport for Bucks contract transition. Weekly meetings were held by senior management to anticipate possible challenges, though it was not possible to foresee issues such as missed bins. The Customer First Initiative had highlighted the importance of good customer service and contributed to improvements. Overall, the challenges presented by unforeseen events had taught some important lessons about planning ahead and resulted in improved performance thereafter, alongside the use of behavioural nudges and call monitoring.
- Customer service training had been undertaken by all officers and agents, with 1,400 officers completing it within a few days. This training was also mandatory for new starters and was being rolled out across the organisation.
- The option for customer service staff to work additional hours was implemented to respond to spikes. Staff could be redeployed to answer phone calls and webchat enquiries.
- Cyber security was very important, and a focus of senior management's weekly meetings. An internal phishing email with a Black Friday offer had been sent to staff to see how many employees would click on the link. Councillors had also been sent training sessions on Cyber Security.
- Sickness levels had generally been lower this time last year due to less socialisation. Differences in sickness levels were now seen between directorates where staff were more office based in comparison with front-facing roles. Sickness levels were mostly consistent across desk-based roles, whilst front-facing staff, such as social workers, had a different sickness absence profile. It was noted that sickness levels were difficult to compare, though directorates with mostly desk-based workers saw lower absences

compared to mobile roles.

- A Member noted discrepancies in the percentages of calls answered which would be investigated and updated by the service. It was explained that these rates followed an industry standard deemed a reasonable wait, meaning customers who hung up within 60 seconds of their calls would not be included in the abandonment rate. It was suggested that the table should more clearly explain which calls were not included in the percentage.

**Action: L Jefferies**

The Chairman thanked the Cabinet Member and Deputy Cabinet Member for the report.

## **9 TREASURY MANAGEMENT INVESTMENTS & LOANS TO OTHER LOCAL AUTHORITIES**

The Chairman invited Councillor J Chilver, Cabinet Member for Accessible Housing and Resources, to introduce the reports and noted that Councillor R Newcombe, Chairman of the Audit and Governance Committee, may also want to highlight comments made by the Audit Committee.

The following points were highlighted by the Cabinet Member:

- The treasury management report showed that the net borrowing position was £99m, a reduction of around £30m million in net borrowing since the start of the financial year. The analysis in section 2.12 showed that the level of investment in other local authorities is projected to reduce going forward. In terms of investments, the strategy dictated that the priority was first placed on security, then liquidity and then yield. The average investment return was marginally below the mark due to recent increases in interest rates. The annual treasury management strategy statement was approved by Full Council in February, and the Council had been fully compliant with it. No new borrowing had been undertaken since the Council became a Unitary authority. The strategy was to use surplus cash instead to reduce risks and keep external financing costs low. The net forecast position on interest was an improvement of £2.8m against the budget due to both an increase in interest receivable and a reduction in interest payable.
- The second report sought to emphasise the protection given to Councils who lend to other local authorities. It outlined the additional controls implemented and their specific protections under the Local Government Act of 2003, which stated that all loans were secured on future revenues, and legal action could be taken for non-repayment. It was noted that no local authority had defaulted on a loan. Additional controls were also put in place and the Council maintained a watch list of local authorities at risks. A letter of confirmation had been received from the Section 151 Officer that the outstanding loan would be fully repaid by January 2023.

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

- Treasury management advisors had noted that continuous investments in local authorities were secure and beneficial for mitigating risks as no local authority had ever defaulted on these loans. Additionally, the Section 151 Officer at Thurrock had assured repayment of the loan.
- A Member asked why the Council did not refinance its £10m Public Works Loan Board (PWLB) loan at a lower interest rate in July when the interest rate was forecast to rise for a considerable period of time. It was noted that the strategy was to use surplus cash instead of borrowing to reduce risks and moderate financing costs and use internal borrowing rather than take out new borrowing. Alternative options to refinancing were being considered in terms of the loan portfolio and the PWLB loan rates being offered

were under constant review.

- The Audit and Governance Committee felt that the Treasury Management Strategy was being complied with. Members had benefited from training on treasury management investment and borrowing which may also be useful for Members of the Finance & Resources Select Committee.

The Chairman thanked the Cabinet Member for the reports, noting that the papers gave confidence in the council's treasury management.

#### **10 BUDGET SCRUTINY INQUIRY GROUP SCOPING PAPER**

Members agreed the budget scrutiny inquiry group scoping paper, which incorporated feedback from last year's process.

#### **11 WORK PROGRAMME**

Members were encouraged to suggest items for consideration in the work programme and could email these to the Chairman and the scrutiny officer. Budget scrutiny in January 2023 may also highlight potential items for the work programme.

#### **12 DATE AND TIME OF THE NEXT MEETING**

The date of the next meeting would be Thursday 23 February 2023 at 2pm.

Budget scrutiny would take place on 9, 10 and 12 January 2023.

#### **13 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 14 – 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).

#### **14 EXTERNAL PROPERTY COMPANIES UPDATE**

This item was undertaken in confidential session due to the confidential reports. A number of topics were discussed which included:

- The financial position of Consilio and BA.
- Asset valuations, equity, yields and rents.
- Future market considerations.

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## **Information Circulated After the Meeting**

### **Budget Q2**

- The rising legal costs in Children's is solely down to demand. Whilst we obviously advise Children's on SEND, admissions, employment related cases etc, the bulk of the expenditure is on child protection cases – usually involving extensive court proceedings, expert evidence, Counsel's fees etc. Similarly with Adults, these are more usually safeguarding issues related to the Court of Protection (often disputes about what is in the vulnerable persons best interests in terms of their health and welfare or financial needs).
- Following the recent Property & Assets service review the Construction team structure now includes the Head of Construction, 2 X Senior Contract Managers, 2 X Contract Managers and 1 X Compliance and Programme Officer. There are currently 1 X Contract Manager and 1 X Compliance and Programme Officer vacancies which are on hold pending review of future construction programme requirements, so currently we have sufficient resource for the projects we are undertaking but will recruit when and if workload increases. The Construction team is primarily responsible for construction management/performance related activities in the delivery of the Council's major construction projects and work with other Council Directorates including Education (Schools Delivery Programme), Housing and Communities in the development and delivery of major construction projects; the current construction programme includes 21 projects at varying stages of delivery. The Construction team also lead on the development and management of the Council's Construction Management & Construction Procurement processes and procedures working together with the Council's Procurement and Legal Services departments

## Performance Q2

- The CAP+ customer numbers across the sites are as follows:

### Q1

Overall	April	May	June
Smiley Touch	254	230	93
Visitors	894	1143	412
% Feedback	28.4	20.1	22.6

Walton Street	April	May	June
Smiley Touch	97	56	12
Visitors	195	229	60
% Feedback	49.7	24.5	20.0

KGVH	April	May	June
Smiley Touch	86	112	40
Visitors	417	534	172
% Feedback	20.6	21.0	23.3

QVR	April	May	June
Smiley Touch	71	62	41
Visitors	282	380	180
% Feedback	25.2	16.3	22.8

Q2

Overall	July	August	September
Smiley Touch	57	126	47
Visitors	329	848	617
% Feedback	17.3	14.9	7.6

Walton Street	July	August	September
Smiley Touch	2	52	1
Visitors	10	123	70
% Feedback	20.0	42.3	1.4

KGVH	July	August	September
Smiley Touch	44	44	28
Visitors	29	338	264
% Feedback	151.7	13.0	10.6

QVR	July	August	September
Smiley Touch	11	30	18
Visitors	290	387	282
% Feedback	3.8	7.8	6.4

- Please note that CAP+ locations were shut between 15 June – 1 August.
- Since the 17 August the CAP+ in Walton Street (WS) has moved into the reception area. The smiley touch was not moved during this period, so WS data only goes up to middle of August.

### Customer First

- Amended table for 'Calls offered' is as follows:

<b>Indicator</b>	<b>22-Oct (Select committee)</b>	<b>22-Oct Correction</b>
<b>Calls offered</b>	<b>33,592</b>	<b>30,889</b>
<b>Calls answered</b>	29,187	29,187
<b>% Calls answered</b>	94.48%	94.48%
<b>% Calls abandoned</b>	4.71%	4.71%
<b>Average call wait time</b>	242	242
<b>First call resolution</b>	75.30%	75.30%