



Buckinghamshire Council

Finance & Resources Select Committee

Minutes

MINUTES OF THE MEETING OF THE FINANCE & RESOURCES SELECT COMMITTEE HELD ON THURSDAY 20 JULY 2023 IN THE OCULUS, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 2.00 PM AND CONCLUDING AT 4.10 PM

MEMBERS PRESENT

R Bagge, D Anthony, M Ayub, M Bracken, P Cooper, D Dhillon, G Harris, I Macpherson, R Newcombe, M Walsh and S Wilson

OTHERS IN ATTENDANCE

J Chilver, M Tett, M Hatt, S Keyes, S Murphy-Brookman, D Skinner and C Ward

Agenda Item

1 APPOINTMENT OF VICE-CHAIRMAN

Councillor R Bagge appointed Councillor M Walsh as the Vice-Chairman of the Finance & Resources Select Committee for the 2023/24 municipal year.

2 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies were received from Councillors T Butcher, S Chokkar, T Dixon, M Fayyaz and T Hogg. Apologies were also received from J Reed.

Changes to membership were Councillors D Dhillon, T Hogg and C Oliver replacing Councillors D Barnes, D Goss and K Wood.

Councillor P Cooper had substituted in for the meeting in place of Councillor T Dixon.

3 DECLARATIONS OF INTEREST

There were none.

4 MINUTES

It was felt that the minutes of the meeting on 6 April 2023 had not fully captured all the aspects discussed on the item on Council Absence & Wellbeing regarding next steps and future reporting to the Committee. It was reiterated that the enhanced reporting of data at a Directorate level should be circulated to the Committee for ongoing monitoring.

Subject to the above inclusion, the minutes of the meetings held on 6 April 2023 and 17 May

2023 were confirmed as an accurate record.

5 PUBLIC QUESTIONS

There were none.

6 BUDGET MONITORING - OUTTURN 2022-23

The Cabinet Member for Accessible Housing & Resources introduced the report and highlighted the following:

- The Council had achieved a balanced revenue position for 2022-23 which reflected the Council's robust financial processes.
- Challenges from inflation and increased service demand had particularly impacted Adults social care, Children's services, home to school transport and temporary accommodation.
- The balance had been helped by funds set aside, Energy from Waste income and interest income.
- There had been an adverse variance of £9.8m on portfolio spend offset by £9.8m corporate mitigation. Noted overspends in portfolios were:
 - Children's Social Care £4.9m due to increased placement costs.
 - Homelessness and Regulatory Services £4.7m due to increased demand in temporary accommodation.
 - Transport £3.2m due to increased contract costs in home to school transport.
 - Health & Wellbeing £2.4m due to demand pressures and fee uplifts in adult social care.
 - Accessible Housing & Resources £2.1m mostly caused by increased energy costs in council owned properties.
- A favourable variance of £7.2m in the Climate Change & Environment portfolio was due to the market increase of energy costs. An £4m had been received from interest rates.
- 96% of the £19.2m savings target had been achieved for the year.
- For the capital budget, £107.5m had been spent against the budget of £150.9m. The released budget had been £129.9m; a variance of 17% against a target of 10%.
- Capital slippage was £53.8m in part due to construction inflation, labour pressures, supply shortages and delays to property acquisition. Two programmes highlighted were the Future High Streets Fund, High Wycombe, and the Aylesbury Grid Reinforcement.
- Payment performance closed at 95.8% which was above the target and an improvement from Q3.
- Overall debt levels continued to be monitored at £9.2m which was within the 10% KPI.

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

- A number of Members congratulated the balanced 2022-23 outturn position given the pressures caused by increased demand and fuel and inflation costs.
- There had been some improvement in Children's services due to one-off activity, for instance one high-cost placement had been delayed. Children's and Adult Social Care remained a risk due to their difficulty in forecasting demand.
- The legal cost pressures, which had been increasing throughout 2022-23, had reduced in Q4 leading to an improved end of year position.
- There was a delay in the audit of the 2021-22 statutory accounts however, subject to completion, no movements were expected.
- The Leader noted three main themes from the budget outturn:
 - In response to the energy price increases, the Council had forward bought its energy at a fixed rate however since then, the market price had decreased. The

change in energy price also meant that the projected income from the Energy from Waste site would not be as high as expected.

- Parking income had not returned to expected levels and appeared to have plateaued thereby reducing projected income.
- The social care demands meant that the Council was considering other means of care delivery, for instance via in house means, however the risks of needed to be carefully considered.
- The Council's contingency process was robust and proven to be the right decisions to manage risks. It was felt that the quantity and quantum of risks was increasing annually.
- The Council had not had to utilize general fund reserves to balance its budget unlike other local authorities.
- A Member highlighted that the auditors for 2021-22 had noted for savings to be outlined in more granularity. The Council would be providing this in future.
- The Council was on track to deliver the unitary savings as outlined in the single-unitary business case. £45m had been delivered in savings between 2020-2023 which had helped with budget pressures.
- The slippages in the Future High Streets, High Wycombe, and the Aylesbury Grid Reinforcement would be delivered in 2023-24. Slippages in capital projects may impact their deliverability method and/or require additional funding e.g. Homes England had been approached to vire money for the SEALR.
- Current loans were on fixed rates so had been protected by increased interest rates. The Council had also not taken out any new loans.

The Chairman thanked the Cabinet Member for the report and noted the Committee's support in the 2022-23 outturn.

7 BUDGET PERFORMANCE MONITORING Q1

The Cabinet Member for Accessible Housing & Resources noted the following points when introducing the report:

- The overall revenue outturn forecast was an adverse variance of £8.3m (2% of the budget) which consisted of a portfolio overspend of £14m offset by favourable variances of £5.7m.
- There was an additional £0.7m pressure from Climate Change & Environment due to £5m income shortfall from the Energy from Waste plant. This would be offset by a drawdown from the energy waste reserve.
- The £5.7m favourable variance in corporate budgets was largely attributed to net interest rates producing a £4.3m income.
- There was a forecast shortfall of £6.6m in savings, largely due to the reduced Energy from Waste income.
- There were detailed action plans in development across each portfolio to address revenue income opportunities, property and assets, and accelerating savings e.g. contract rationalization.
- The capital programme was projected to break-even which took into account a recent reprofile.
- Q1's payment performance had further increased to 96.7%, up 2.5% compared to Q4.

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

- Members noted that Budget Scrutiny in January 2023 had wanted further detail on the modelling system used in the pressure areas to consider its robustness and understand the variances. A discussion was had about the different models that underpin the

forecasting and a typical example was provided setting out that, for instance, Childrens services will model based on different unit prices and volumes for each strata of cost elements. Other services apply a similar approach based on their cost drivers. Members will be able to consider different models during the budget setting for 2024/25.

- Pressures on Adult Services was partially due to a depletion of self-funders which was likely due to increased costs caused by inflation.
- Costs in Children's Services currently exceeded inflation. Demand in this area had flattened locally but had increased nationally thereby saturating the market. Other additional factors included refugee resettlement and unaccompanied children. The service was looking at innovations to address this and leading to the consideration of bringing services in-house. It was suggested that Budget Scrutiny 2024 may want to investigate this further.
- The financial model allowed for a number of planned and unplanned days within the expected income streams. Members would be able to examine this in more detail at a future meeting when considering the EfW financial implications.
- One Member noted the importance of the portfolio action plans referenced in the report.
- The Cabinet Member saw merit in the suggestion that savings and income figures be known specifically alongside their cumulative values.
- In response to concerns regarding the SEALR and future link roads around Aylesbury, the Leader advised that these would be pieced together as part of developments e.g. Kingsbrook and Hampden Fields. The SEALR was to be funded by the Housing Infrastructure Fund (HIF) however inflation had increased the costs. In response, the Council had been negotiation with Homes England for vire funds. The outlook was looking positive to receive these funds and the Council was considering proposed conditions that would come with the additional funding. It was noted that many Councils had been impacted by this however few Councils had been offered this arrangement. Members appreciated the update and suggested that regular communication on the topic to local Members be reinstated even if there was no tangible update available.
- Discussions on the Eastern Link Road remained commercially sensitive and ongoing.
- The increased costs relating to access and maintenance of the electricity grid was a national trend and had been passed onto the Council by external providers.
- Clarity on the £1.9m bid for electric vehicle charging points would be provided after the meeting.

Action: D Skinner

- A report was in development to consider bad debt and write-offs.
- The adverse variance in Housing & Homelessness may be due to landlords either increasing rents or selling the property due to interest rate increases. Upcoming proposals regarding banning Section 29 'No-Fault Evictions' may also have created a spike in housing need.
- The Council was considering all options to address increased costs in temporary accommodation, and it was noted that market capacity had been decreased by asylum seekers. £1.6m adverse variance was the current position but was subject to change.
- The general fund reserve was £43m and there were no plans to release funds if the figures remained the same. There would be an opportunity to interrogate the waste reserve figures at the next meeting when Members would be considering the Energy from Waste report.

The Chairman thanked the Cabinet Member for the report.

8 WORK PROGRAMME

The Chairman asked that Members note the proposed work programme for 2023-24 which

reflected both timely items and requests made by Members. Considerations for other reports could be emailed to the Chairman and the Senior Scrutiny Officer.

9 DATE AND TIME OF THE NEXT MEETING

Thursday 5 October at 2pm.

10 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 11, 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:

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).

11 AGENCY SPEND

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

- Monitoring of agency numbers, spend and exit plans.
- Agency and sickness rates.
- Alternative market models and procurement.
- Processes for agency recruitment.
- Local authority benchmarking and information monitoring.

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Information Circulated After the Meeting

Budget Performance Monitoring Q1

- The Council has been provisionally allocated £1,991,000 from the Office for Zero Emission Vehicles' (OZEV) Local Electric Vehicle Infrastructure (LEVI) fund. This is to support the rollout of EV charging infrastructure, particularly (but not limited to) 'slow' on-street charging for households without access to a private parking space or driveway. This funding has not yet been received by the Council – we are required to submit a business case for review by OZEV by the 30 November 2023. If successful, 90% of the funding will be released to us by 31 March 2024, with the remaining 10% allocated to us once a chargepoints supplier(s) is in place.

Further details on this fund are available online here (Energy Saving Trust are managing the stakeholder relationships for this fund): <https://energysavingtrust.org.uk/grants-and-loans/local-electric-vehicle-infrastructure-scheme/>

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