1. Report Context

As part of its remit the Performance & Resources Overview and Scrutiny Committee has responsibility for reviewing both the Medium Term Planning Process and the Budget proposals. This report focuses on performance in 2008/2009 and budget proposals for 2009/2010-2011/12. As part of its deliberation it has asked the following question:

“Is the proposed budget settlement adequate to deliver Council priorities in the context of the impact of the economic downturn?”

2. The Committee recognise the challenging financial settlement for the County Council and the desire of all members and officers to provide excellent services for the residents of Buckinghamshire. The Committee understands that Council has to make difficult decisions in balancing residents’ priorities with the need to support the most vulnerable in the community.

3. The Committee is aware that the budget has been set in an unstable economic climate, especially in terms of increasing unemployment and falling interest and inflation rates. Additionally the slowing down of the property market has led to the County Council’s capital income being severely reduced and this in turn has impacted on development proposals both in the current financial year and beyond.

4. Members recognised that the designation by Government of the Council as a Floor Authority significantly limited the Council’s scope to invest in services. The Committee acknowledges that this together with the requirement to provide 3% ‘cashable efficiency savings’ within the budget proposals will lead to instances of service reduction.

5. Members noted that the basis of the Revenue Budget proposal (derived late 2008) was to increase Council Tax in line with the indicative 3.9% as set out in the proposed MTP. This would lead to the Average Band D projection for 2009/10 of £1,058.65. This figure is reduced from the projection of 4.5% listed in the Corporate Plan 2005-09 (2008 update), this was as a result of the prevailing economic circumstances at the time of setting.

6. The Committee appreciates that the demographic challenge will also impact on planning and budgets for the future. For example as the proportion of over 65 year olds continues to increase, the County Council will have to adapt its services in order to meet the increasing and changing demands. The Committee notes that in addressing this challenge the County Council set aside an additional £1 million in the 2008/09 for demographic pressures, this has not been called upon and has been rolled forward into 2009/10 budget.

7. The report is arranged into two sections:

Part one draws general observations and recommendations relating to Performance, Risk and 2009/2010-2011/12 Budget proposals both in Capital and Revenue terms.

Part two details evidence from each Cabinet Member and the Committee’s response.
8. How the Committee carried out the Review

The Committee based their examination of the budget on the following information:

i. Performance Data for 2008/09 (Quarter 2 information to September 2008)
iii. Budget Information 2009/10 – 2011/12
iv. Risk Data for 2008/09 (Quarter 3 Information January 8th 2009)

9. In addition the Committee received evidence from Cabinet Members over two days (13th and 14th January 2009) and prepared this report for Cabinet’s consideration on 2nd February 2009, prior to full Council discussion on the Budget scheduled for the 19th February 2009.

10. Limitations of the Review

The Committee welcome this opportunity to scrutinise the proposed 09/10 budget settlement in public. Inevitably there have been some limitations to the work and some learning points to take forward for consideration next year:

- Timescales provided a challenge in terms of access to information.
- The tension between assessing the most up-to-date information and the capacity to digest it has meant that not all data is as current as the Committee would have liked. The result has been that some judgements have been made on data for 30th September rather than 31st December. This may lead to an inaccurate view of 2008/09 performance and year end predictions.
- Proposed corporate priorities for 2009/10 were not available as these will not be formally agreed until the new administration is in place in June 2009.
- The ability to access up to date information due to reporting deadlines has limited the ability of the Committee to scrutinise the performance, risk and financial data to the degree that it would have liked.

11. PART ONE- General Observations and Recommendations:

The Committee makes the following observations and recommendations for Cabinet to consider in order to mitigate risks to both performance and budget

12. Council Performance

Observations

- Council performance across the board is generally good. Although there are some areas of concern.
- There are performance targets within all portfolios where data is unavailable due to one-off reporting, such as results of a consultation or survey. This makes prediction of final outturn difficult and hence introduces an element of uncertainty/risk to the management of performance.
- There are inconsistencies and errors in the way in which data is generally inputted and targets calculated.
- As the draft Corporate Plan and priorities have yet to be agreed judgements against these could not be made.
13. Recommendations

i. That greater emphasis should be placed upon services to provide consistent and robust performance and risk information in order to form a reliable source of information for portfolio holders to make strategic decisions.

ii. Strategic Directors to review on a quarterly basis with the appropriate Cabinet Members and take up performance management issues as appropriate.

14. Council Revenue Budget

Observations

- For 2008/09 the overall forecast is a projected underspend of £2.031m (0.7%) against a net budget of £278.367m.

- The County Council has predicted an increase in income of £2m in 2009/10. It is the Committee’s view that in the economic downturn this figure is overly optimistic.

- The Committee found that in key areas such as Adult Social Care, Children and Young People’s Services and Transportation that there was a significant variation in figures approved at Council in February 2008 and the adjusted base budget. This made year on year comparisons difficult.

- Service reductions in support services, such as ICT and Finance, may have an impact on the ability to provide support to all services across the County Council which in turn may impact on frontline service delivery.

- Corporate projects such as Transformation and Pathfinder will put further pressure on support services at both the strategic and back office levels due to the reduction in Full Time Equivalent (FTE) staff numbers at a time of extreme uncertainty.

- In 2008/09 investment income has exceeded budget. However in the MTP period of 2009/10-2011/12 it is likely that investment income will be substantially reduced, this may increase the pressure on budgets that are already stretched.

15. Recommendations

i. That the Cabinet revisit the assumptions made within the MTP before final recommendations are put to Full Council to ensure that the matters related to current forecasts for increased income, inflationary pressures and prevailing interest levels are taken into account.

ii. If adjustments above 5% are made after Council agreement to a portfolio budget then Members should be alerted to this.

16. Council Capital Budget

Observations

- The capital budget for 2008/09 is reporting a projected shortfall of £4.020m in funding against revised in-year net budget of £17.368m. The impact of this has been that the capital programme put forward in February 2008 has been substantially reduced. Funding is now restricted to health and safety related issues and essential maintenance.

- In the 3 year MTP period the Committee notes that it is proposed £11.75m will be raised from capital receipts. In light of economic downturn and the low level receipts forecast in
2008/09 the Committee is concerned that the level of income has been set too high. Reduced income would result in either core projects being removed from the capital programme or increased levels of prudential borrowing.

- There would appear to be continuing slow progress in developing a corporate property strategy. This approach was recommend by the Committee in its report on Capital Receipts and in turn the recommendation was accepted on

17. Recommendations

i. To develop a Capital Borrowing Strategy in order to inform the circumstances in which prudential borrowing will be permitted to fund long-term capital programmes.

ii. To make the completion of a Corporate Property Strategy a priority in order to provide a vehicle by which to prioritise both properties the County Council wishes to dispose of and a list of property development priorities across portfolios.

18. Risk

Observations

The Committee acknowledges that there is a range of risks associated with the budget proposals. Cabinet Members have articulated these both in the context of their own service delivery and those of partners within and outside the Council. The Committee reinforces the need to manage these risks carefully through the Corporate Risk Register.

- The effects of the economic downturn will be reflected in both the demands placed by clients on services and the possible decrease in the levels of income the County Council may receive.

- Numerous risks are subject to external factors and as such are likely to remain red for the foreseeable future. In the eyes of the Committee those portfolios most at risk from external pressures are Adult Services, Children and Young People and Transportation.

- There are risks contained within the Resources portfolio that have not been given sufficient stature in terms of their corporate importance, for example the lack of capital income and Pathfinder.

- Responding only to emergency works on a reactive basis may also expose the authority to a greater risk of health and safety issues and the temporary closure of buildings. This may also lead to increased costs for the County Council in the future.

- The impact of reducing FTE staff numbers in key support services whilst the demands of large corporate projects, such as Pathfinder and Transformation, at both the strategic and delivery levels are increasing may have a disproportionate detrimental effect on frontline service delivery.

- The number of FTE staff continues to be reduced as a result of efficiency savings and service reductions having to be made by all portfolios. This may lead to increased instances of stress and sickness.

19. Recommendations

i. Service and corporate risk registers are brought up to date and risks are rigorously managed.

ii. Risk registers are included in COMSTAT monitoring and the Chief Executive commissions a piece of work to ensure that risk is being managed at an appropriate level.
It is the opinion of the Committee that the proposed budget settlement will be adequate to meet corporate priorities in this period of economic downturn. There are measures in place such as the £7.5m headroom and large Corporate projects, such as Transformation, should allow services to be delivered in an efficient and effective way. The County Council, as well the country as a whole, are entering uncharted waters in terms of the economic circumstances and this may lead to increasing demand for services. The result of this is that there are numerous risks surrounding the proposed budget which must be managed in order for the County Council to deliver services at the level set out in the budget.

The Committee would like to thank Cabinet Members for their full and frank responses to the questions raised.
STRATEGIC DIRECTION & LEADERSHIP - David Shakespeare & Bill Chapple

Key Points

In answer to questions the Leader and Deputy Leader reported that:

- The Council intends to live within its means and not leave future generations to pay for borrowing now.
- There must be a focus on core business, although there is difficulty in defining statutory and non-statutory service provision.

Performance:

- **08/09**
  - The map highlighting overall County Council performance against Corporate Plan priorities was showing predominantly red on the following aims:
    - Aim 2: Provide Efficient and Effective Services
    - Aim 4: Improve the Quality of Life for Adults

- **General Performance:**
  - A Complete change in the performance indicator set monitoring by Government has made it difficult to track and compare like with like.
  - Buckinghamshire County Council is the second highest performing County Council in England according to a PWC benchmarking tool.

Revenue Position:

- **08/09**
  - GC2C is reporting an underspend of £200k as a result of slippage on key initiatives and a request to transfer this to a reserve for use on these initiatives in future years has been made.

- **09/10**
  - Proposed Council Tax level of 3.9%.
  - Projected gap between income and expenditure likely to be £27 million by the end of the 2012.
  - Differential inflation figures have been used on a service by service basis, rather than corporately, to give the best possible prediction at this present time.
  - The budget setting process began earlier than in previous years, it may be more prudent to begin this process later in future years, to use more current data.
  - A reduction of £37k has been identified in Democratic Representation. The Deputy Leader will be reviewing whether the political structures need to be refreshed.
  - The Pathfinder programme is due to provide some savings in finance terms. It is hoped that the Shared Support Services strand of work will be agreed shortly.
  - Hope that robust parameters have been built into budget – caution taken where needed and optimism built in where it can be. Have tried to foresee risks and put funding in place to deal with them.

Capital Position:

- **08/09**
  - Optimistic projections on capital income. The property peak was in October 2007; because of this the 2008/09 budget included optimistic capital receipt projections. There has now been a substantial drop in market and this has reduced the number of transactions and led to an underfunded capital programme.
  - The interest rate drop will not have a huge impact in the short-term as the majority of the County Council’s investments are locked into longer term funding with higher
interest rates. The outturn for investment income is £7m which is £2m above the projected outturn set out in the budget agreed in February 2008.

- The £5m that was invested in an Icelandic bank is expected to be returned, possibly in instalments. However it is unlikely that the interest that would have been accrued over the investment period will be returned.

- 09/10
  - Prudential Borrowing will only be undertaken if the market conditions are right and for key projects.
  - It is unlikely that bringing in capital income will become easier in the near future.
  - The impact of this drop in income is that a substantially reduced draft capital programme has been put forward for the 2009/10-2011/12 period.

Risk:

- 09/10
  - There are Corporate risks around Transformation and Pathfinder projects, particularly around capacity to deliver.
  - The demographic challenge will mean that Adult Social Care will need additional funding and resources. A seventh workstream ‘Personalisation of Adult Social Care Services’ has been added to the Transformation project.
  - Pathfinder Shared Support Services project- higher levels of risk surround this project due to its partnership aspect. Transformation is an internal project and therefore is will be easier to manage the risks associated with such a project.
  - Income from property sales. The reduction in Capital Receipts may lead to a reduced capital programme, or may lead to increased prudential borrowing for essential projects.
  - Need to plan for giving more money to Children’s services as more regulations are bound to come out from Central Government in light of the Baby P case.

Committee Commentary

- Concern that the reduction in FTE staff as a result of Transformation may result in the loss of key staff and in turn their knowledge. A strategy around ensuring knowledge stays within organisation during and after transformation period should be considered.
- The budget is more exposed to risk than ever. Capital therefore shouldn’t be held within the Resources portfolio risk register, this should be designated a corporate risk.
- The Committee feel that Transformation should be designated a corporate risk rather than resources risk as this project involves aspects of all portfolios.
- Savings from Pathfinder and Transformation need to be clearly identified.
Strategic Planning & Waste- Cabinet Member Martin Tett

Key Points

In answer to questions the Cabinet Member reported that:

Performance

CP08.1e.3 - *Amount of capital programme delivered by developer contributions* - developer contributions have effectively stopped as a result of the economic downturn.

CP08.6b.1 - *Improved street and environmental cleanliness- fly tipping* - this campaign has proven successful. There is a prosecution every 9 days. Publicity is vital to act as a deterrent.

Revenue Position

- **08/09 Position**
  - The forecast outturn is a £388k underspend.
  - There is a forecast £715k underspend on Treatment and Final Disposal of Waste, which is due to the reduced amount of waste going to landfill. This helps offset the predicted overspend of £625k on the waste procurement project, due to higher than anticipated consultancy costs, to meet the procurement deadlines.
  - There are a number of other minor underspends in this Portfolio that have previously been reported. HWRC management (£59k), management of old landfill sites (£108k), centralised composting (£70k) and Economy & Enterprise (£77k).
  - There is a bid to create a £200k reserve for the minerals and waste plan, based upon the estimated cost of the plan and for which there is currently no budget provision.
  - The drop in the price of selling on recycled products has not had a great impact at present as we are locked into contracts.

- **09/10 Proposals**
  - The £7.5m identified headroom includes a provision of £3.15m per annum in 2009/10 to be set aside for the energy from waste project, a further £6.3m will be set aside over the 2010/11 and 2011/12 budget years.
  - The figures provided within the MTP are only looking 1 year forward in detail.
  - Minerals & Waste Core Strategy is a government requirement; however BCC is expected to pay £200k for the examination in public of the strategy.
  - Economic Development Team- the team have been tasked with focusing their efforts on short-term development due to the economic downturn. The long-term economic development work is still underway, but at present with less resources.
  - £336k service reduction in strategic planning is made up of a reduction in the use of consultants and also a reorganisation and slimming down of the team. This will be in the back office and sits outside the Transformation project.

Capital Position

- **08/09 Position**
  - The forecast is for a £3,341k underspend on the capital budget £6,402k.
  - The anticipated “Waste Fund” contribution should have been identified as a contribution from the Strategic Asset Fund, which has been used to fund other capital pressures and will result in £1.4m reduced funding. There is currently a review of the Waste Strategy and Waste capital requirements which will identify the true level of any shortfall.
  - There are several other minor capital variances and slippages.

- **09/10 Proposals**
  - There is currently no capital funding identified within the draft capital programme for the Strategic Planning and Waste portfolio.
Risk
RM.PLE.WM.01 - Household waste recycling centres - The site at Aston Clinton was secured in November 2008.
RM.PLE.WM.03 - Long term waste management solutions - this relates to the Energy from Waste proposals, final tenders have been requested. It is important to keep to a tight timescale and this project is currently on target.

The Planning & Environment Service has no contingency set aside should there be any form of Public Inquiry into the impacts of building a 3rd runway at Heathrow. The impacts of the expansion are not limited to the Planning and Environment Service, and there is a view that any future action taken by the County Council should be funded from a corporate contingency.

Waste volumes - the levels of these fluctuate throughout the year and the nearest correlation for predicting waste volumes relates to the weather. Because of this assumptions are made and these are used to inform the figures for landfill costs.

Landfill tax - there is an £8 per ton per year escalation in land fill tax.

Committee Commentary
- Concern with the Energy from Waste project and the large amount of capital spend required for such a project.
- Concern that household waste recycling centres have only got dedicated funding for the next 2 years.
- Suggest that joining up County and District planning functions is given a higher priority in the Pathfinder project in order to improve efficiency and reduce bureaucracy.
- Concern over the effect of the 3rd runway at Heathrow and the costs to BCC of a public inquiry.
- Concern that the ‘Growth Agenda’ will bring about more work for Strategic Planning and reducing FTE staff numbers will have a detrimental effect on the service.
Adult Services Portfolio – Cabinet Member Mike Colston

In answer to questions the Cabinet Member reported that:

**Performance**
CP.08.4a.1 - *Equipment delivered within 7 days* - the quarter 3 performance has improved and the target of 95% is expected to be met by the year end.
CP.08.4a.2 - *Intensive home care aged 65+ (per 1000 population)* - this target will not be met by the end of year, although enormous strides have been made in delivering intensive home care.
CP.08.4a.4 - *Adults with learning disabilities helped to live at home (per 1000 population)* - currently 17 clients short, this target is expected to be met by year end.
CP.08.4a.5 - *Adults with mental health problems helped to live at home* - target outturn will be exceeded, the quarter 2 figures did not include mental health data.
CP.08.4b.1 - *Increase new places in supported accommodation* - 10 more placements are needed before year end, this is expected to be achieved.
CP.08.4b.2 - *Number of out-of-county placements* - at quarter 2 the number of out-of-county placements stood at 353. Work is underway to reduce this number as the additional cost per client.

In 2007/08 Adult Social Care was given a 2* rating, this is a significant achievement if seen in the context of being a floor authority.

**Revenue Position**
- 08/09 Position
  - The revenue budget is forecast to breakeven.
  - Only way this can be done year on year is by rationing of services.
  - There is a £1m contingency fund set aside specifically for additional demographic pressures.
  - Efficiency savings and service reductions will be achieved because they have to be, will try to avoid taking money from frontline services.
- 09/10 Proposals
  - Inflation figure for 2009/10 is significantly higher than 2008/09 despite the fact we appear to be in a period of deflation. The higher inflation level is because we have been holding down inflationary increases of our providers and this may not be sustainable in the long-term. The contingency fund has been used to meet the gap in costs in the past.
  - The reduction of 22 FTE in Older People’s Services is in back office staff, not frontline delivery staff.
  - Commitment to maintain people at home and in supported living. However must ensure that there are services available to provide stimulation and reduce the risk of isolation.

**Capital Position**
- 08/09 Position
  - The capital budget is currently forecasting a £172k underspend.
  - ASC has the least call on capital, apart from a small fund for renovations.
- 09/10 Proposals
  - There is no capital funding identified for the ASC portfolio. Capital will be provided for essential maintenance and repairs.

**Risk**
- Every year the budget is managed in a climate where demand outstrips supply due to the availability of resources.
ASC Transformation will see changes in the way BCC delivers services. There will be a shift towards more self-directed care and personalised budgets.

Committee Commentary
- Concern that frontline service delivery will be affected adversely by ASC Transformation as the service is already 'close to the bone' in terms of staff levels.
- Concerns around the tightening of criteria to contain increasing demand on services.
- Concern that fees may be being increased to raise additional income.
- Concern that people will be accessing services earlier than at present as their capital may not contribute to their care for as long a period as at present.
- Concerns over the levels of service reductions and efficiency savings identified in Older People’s Services and Older Peoples Mental Health.
- Challenges for the future include self-directed support and personalised budgets.
Transportation- Cabinet Member Val Letheren

In answer to questions the Cabinet Member reported that:

Performance:
CP.08.3b.02 (NI048) - % Change in children killed or seriously injured in traffic collisions - this indicator is currently on track.
CP.08.6b.2 - No. of people killed or seriously injured in traffic collisions (not including HA roads) – Performance is well on track for 2008/09.
CP.08.7c.3 (NI168), CP.08.7c.4, CP.08.7c.5, CP.08.7c.7, CP.08.7c.8 - figures for these indicators are reported annually, data is expected to be available in February 2009.
CP.08.7c.6 - Journey time reliability on identified priority congestion management corridors - currently on track to meet this target.
CP.08.7c.9 (LAA.NI198) - % Children travelling to school by car. There are no major concerns with this indicator. The way in which data is recorded has now been resolved.

Revenue Position:

- 08/09
  - The forecast outturn for Client Transport is an £860k overspend. This forecast overspend is due to the ongoing delays in the implementation of the re-procurement strategy and in identifying efficiency saving options. It was anticipated originally that the contract would take up to three years to break even. Amey is currently reviewing existing contracts to identify additional savings.
  - Additionally prior to the service transferring from Children & Young People a saving was put forward by the portfolio in relation to Client Transport. Effectively this meant that the service had a substantial overspend from the beginning.

- 09/10
  - Savings from Built Environment are expected to be realised: 7.5% in the first year and at a level of 3% per annum for the 3 years after that.
  - Some rural bus services will be cut due to low patronage on certain routes. This will include the streamlining of certain routes. There will be a £400k cut in total.
  - The level of inflation included in the budget for energy costs has been adjusted from 60% to 41% as per supply contract extension to November 2009. If inflation does rise over the course of the budget year then this excess will be funded from the central contingency fund.
  - Due to service reductions the level of general road maintenance will be reduced.
  - The countywide speed limit review will be moving at a slower pace due to a service reduction.

Capital Position:

- 08/09
  - The forecast outturn is a £500k overspend.
  - The main contributing factor is a potential £500k overspend on Aylesbury Transport Hub and Bridge. This will need to be contained within the Transportation Capital Programme.
  - There are several other offsetting over and underspends within the Portfolio as priorities are managed.

- 09/10
  - There is a lack of income from capital receipts and this has led to a reduction in the capital programme. Prudential borrowing will be used to fill the shortfall where work is of sufficient priority.
Risk:

- 08/09

RM.TPT.SW1 - **Traffic Management Act slow to deliver secondary legislation** - there have been delays in delivering an action plan to manage the reduced income. Initially the income from fines was high, now utilities tend to work within the law which has led to the reduction in income.

RM.TPT.SW2 - **Utility activity on street slows due to credit crunch** - An action plan is currently being put together. The reduction in activity has led a fall in income which in turn has meant that some projects are now on hold.

RM.TPT.DC4 - **Committed sums legal challenge upheld** - These sums are collected from developers over a period of time. In the past Transportation used the interest from the commuted sums to prop up the portfolio budget. These funds are now being held centrally.

RM.TPT.SM6 - **Rising electricity prices** - this risk has been acknowledged.

RM.TPT.CS5 - **HoC integration with Contact Centre and Reviews of HoC 'back office'** - An action plan is in place to manage this risk.

RM.TPT.APTH3 - **Aylesbury public transport hub costs** - The funding for this project came from a CIF bid. The project must be completed within 2 years in order for the County Council to retain the funding. The short timescale tends to mean that there is great difficulty in the accurate costing of projects.

RM.TPT.SM7 - **The Built Environment** - confidence in the projected savings is increasing. Discussions have been held with other local authorities who have had positive experiences with the 2 contractors who have submitted their tenders.

RM.TPT.HWC5 - **Contribution to Wycombe Coach Way** - we are currently working with Wycombe District Council in hope that they will contribute toward the 10% minimum required by the DfT. However due to the loss of developer contributions and wider budget pressures it may be increasingly difficult for WDC to contribute.

RM.TPT.SHLW2 - **Funding not available from Beds CC for SH & Linslade W Bypass** - this has now been settled with Bedfordshire County Council.

RM.TPT.APTH5 - **Developer contributions** - there are concerns that sufficient developer contribution funding will not be provided from the Waterside development. This may result in significant cash flow issues.

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**Committee Commentary**

- Concern around the reduction in road maintenance levels.
- Concern that cuts in bus services may lead to an increased likelihood of isolation for some rural residents.
- There was a suggestion that some parish councils may wish to contribute to funding street lighting in this area.
Children and Young People (Non-DSG) - Cabinet Members Marion Clayton and Lin Hazell

- Economic downturn gives a gloomy outlook, with potential of increase in demand for services and children coming into care
- The portfolio owns nothing so the only way it is able to make savings is by cutting staff.
- There are concerns that reducing staff levels may lead to increased workloads which, in turn, could increase the instances of stress and absence amongst employees, leading to higher levels of risk
- Children & Adolescent Mental Health Services has been re-commissioned to improve outcomes and the contract has been awarded to Oxfordshire and Buckinghamshire Mental Health Trust.

Performance:
- 08/09

CP08.3c.7 - Number of children in placements outside of Bucks - the number of children placed outside of the county has fallen slightly.

Revenue Position:
- 08/09
  - The revenue budget is forecast to deliver a 765k underspend.
  - Most of the underspend relates to Commissioning & Business Improvement (£608k). The forecast underspend is mainly due to underspends on joint commissioning (£214k), social care training (£153k), staff vacancies (£139k), plus an extra £100k of income forecast within Business Improvement.
  - Given the volatility of this budget in the past, it is difficult to be confident that Out of County placements will come in on budget – there has been about £1m overspend in previous years
- 09/10
  - The White Paper ‘Children in Care’ was not given Royal Assent until November 2008, so the £1m contingency set-aside to cover pressures emerging from this will be rolled forward into the 2009/10 budget year.
  - The contingency can be drawn down in order to fund social workers in high-risk areas if there is a specified need.
  - Greater pressure on revenue budget as court fees for child protection cases have risen from £150 per case to £4,000 per case.
  - A Placement Strategy is now in place for out of county placements, this will provide a mechanism to purchase places and this in turn should see a reduction in expenditure. However, the pay-back period is expected to be 3-4 years.

Capital Position:
- 08/09
  - The capital budget is forecasting an £841k underspend.
  - The Children and Young People’s capital programme is fully funded from external grant, but is showing £4m slippage on expenditure for a number of reasons on major schemes, including Berryfields, Mandeville School, Maplewood Annex and the Cressex Pathfinder project.
  - The Integrated Children’s system is now reported under Children and Young People’s Service instead of Resources. This has £694k grant funding that wasn’t known at the time of approval and a slight expenditure slippage to 2009/10, resulting in the in year “underspend” for the Portfolio shown above.
- 09/10
  - A bid has been made for capital from the ‘Building Schools for the Future’ fund from central government.
  - Possibility of more Academies to get more funding for building schools.
Risk:

- **08/09**
  - **RM-CYP.ALL 10 - Recruitment, Retention & Motivation** - a working group has been monitoring the strategies that have been put in place, this is ongoing.
  - **RM-CYP.A&L.08 - Resources: Mainstream/Specialist Provision** - school place planning is underway across Bucks, this is a long-term project and has begun in Aylesbury Vale due to the growth agenda.
  - **RM-CYP.A&L.20 - Achievement of ‘At Risk’ groups** - the strategic actions listed within the Children & Young People’s Plan are beginning to have an effect and further progress should be made in 2009/10.
  - **RM-CYP.ALL.01 – Prevention** - this is the best route to take, however it is resource intensive. If adequate resource is not provided then this will lead to children entering BCC services at a greater level of need and in turn at a greater financial cost.

- **09/10**
  - The number of FTE staff continues to be reduced as a result of efficiency savings and service reductions having to be made by all portfolios. This may lead to increased instances of stress and sickness.
  - New legislation as a result of the Baby P tragedy and other child protection cases may mean greater costs and this may not be supported by sufficient revenue from central government.
  - The economic downturn may result in greater demand for school places from those families who previously accessed private education.
  - The economic downturn may increase pressure on families and could potentially result in more children ending up in care, more living in poverty, more in households where there is domestic violence, (potentially resulting in neglect, emotional abuse)
  - It is anticipated that the number of young people Not in Education, Employment or Training (NEET) might rise as a result of the economic downturn and associated pressures on the employment market.
  - If capital bids for school improvements to government are not successful, this will result in school building and maintenance work to be prioritised further by urgency of need.
  - School place planning must be effective in order to offset increasing demands that may occur in the future as a result of the Growth Agenda and demographic changes
  - Vacancies still exist with social workers. There is difficulty in recruiting to this role. The bad press in recent years may have impacted on the number of people wanting to enter the service

**Committee Commentary:**

- Concern that only undertaking essential and health and safety related maintenance on schools may have long term cost implications for the County Council. Investing in ageing schools/buildings now to improve assets for when market improves to sell at optimum price.
- Concern that adequate resource is not being provided for the prevention agenda, this means that the strategy and related activities will occur at a slower pace and result in higher costs for the County Council in the long-term.
- Confusion over whether the 20.3 FTE reduction in staff was through vacancy management, cessation of agency staff or a real loss of employees.
- Inconsistency of figures, finance would seem to be monitored on non-adjusted figures. The difference of £9m between unadjusted and non-adjusted 2008/09 figures makes comparisons difficult.
Resources Portfolio – Cabinet Member Frank Downes

In answer to questions the Cabinet Member reported that:

**Performance**

- **08/09**
  
  CP.08.1e.3 - **Amount of capital programme developed by contributions, grants and external sources** - there is a large amount of risk attached to this indicator. The economic downturn has led to little or no capital receipts being collected and delays in those expected from developers.
  
  CP.08.2b.1 - **Annual savings as per the efficiency statement** - This target will not be met by year end. However efficiency savings over the past 3 years have exceeded the cumulative target.
  
  CP.08.2b.3 - **Employee appraisals completed annually** - underperformance on this indicator falls across the County Council, all portfolio areas must improve on the number of appraisals they undertake annually.

**Revenue Position**

- **08/09**
  
  o An underspend of £100k has been forecast. The Portfolio Holder stated that this underspend may be reduced by year end.
  
  o Finance are forecasting an underspend of £100k due to additional income raised and savings made on employee insurance.
  
  o ICT are forecasting an underspend of £80k due to vacancies and savings made on maintenance costs.
  
  o This offsets Property Services who are forecasting an overspend of £100k due to the effect of emergency capital works on revenue expenditure and recruitment costs for a new head of service.

- **09/10**
  
  o There will be a reduction in investment income for 2009/10 due to economic downturn. The Treasury team are meeting weekly and current policy is to invest in UK and Canada where government guarantees investment is secure. Changes to the assumptions of what level of income might be achieved, given the present economic climate, have been factored into the below the line figures.

**Capital Position**

- **08/09**
  
  o The capital budget is forecast to overspend by £647k.
  
  o The reduced Property Services programme is fully committed and in addition a further £540k of works have been authorised to date in accordance with agreed arrangements for managing the risks associated with the capital programme reductions. This would indicate a potential overspend on expenditure of an essential nature, in the region of £1.3m by the year end although every attempt is being made to contain this.
  
  o This is offset partially by an underspend of £308k on ICT Service projects, largely as a result of using more in-house staff than anticipated on SAP Procurement enhancements.

- **09/10**
  
  o The proposed capital programme includes a net figure of £8.856k for the resources portfolio.
Risk

- **08/09**
  - RM.PRO.04 - **Capital Receipts** - The £250k bid for revenue funding in 2009/10 has been agreed.
  - RM.FIN.01 - **Fit for Purpose’ Corporate Property** - This project is underway but not complete. There is a delay due to a hold up in the delivery of software for Adult Social Care, this will be in place by April 2009.

- **09/10**
  - Transformation project – uncertainty for staff due to cutbacks and additional work in implementing change, means it will be very important to keep staff motivated. If the Transformation project is not implemented on time then savings would not be achieved.
  - Risk to capital receipts income due to a lack of property sales.
  - Corporate projects, there is concern that a reduction in staff numbers in ICT and Finance will lead to delays in either project implementation or day to day activities.

**Committee commentary**

- Members acknowledged that Resources is impacted by performance in other portfolios.
- Concern that the predicted levels of capital receipts will not be achieved in 2009/10 and that a prudential borrowing strategy should be developed to mitigate this risk.
- 2009/10 Resources proposing to make savings of approximately £2m in comparison with £600,000 in 08/09 – is this likely to be achievable?
- That the risk register does not adequately reflect the risks currently facing the Resources portfolio.
- Risks around reduced investment income due to the economic downturn.
- Risks for Transformation, Pathfinder and Capital should feature in the Strategic Leadership risk register rather than Resources.
Community Services Portfolio – Cabinet Member Margaret Dewar represented by Steve Adams, Lead Spokesperson

In answer to questions the Cabinet Member reported that:

Performance
- Overall performance is good. Partnership working measure has not achieved target hoped for.
- The inability to recruit youth workers may lead to a fall in performance.

Revenue Position
- 08/09
  - The portfolio is forecasting a slight overspend of around £13k.
  - The portfolio is currently carrying an 8% vacancy shortfall in relation to frontline youth workers; this has allowed the portfolio to hold savings to mitigate the overall portfolio overspend.
  - Although Rights of Way are forecast to be coming in on budget, the portfolio has had to buy back £83k of services to ensure Health and Safety issues were resolved and there were no closures.
- 09/10
  - There is a budget increase which is offset against a doubling of efficiency savings and service reductions.
  - The Library Service is the only service across the County Council which is not subject to the 2.5% topslice.
  - The finance that has not been invested due to youth worker vacancies will be used for a recruitment campaign.

Capital Position
- 08/09
  - An £813k capital underspend is forecast for the current financial year.
  - This mainly relates to the approved slippage of the Langley Park restoration project (£853k).
  - There are also offsetting slippages on the Library Management System, due to a supplier dispute (£207k net spend slipping to 2009/10); and on Gypsy and Traveller Site redevelopment due to a deferral in the grant being received to fund the works (£170k net pressure).
- 09/10
  - Net funding of £39k has been listed in the draft capital programme for 2009/10-2011/12. This relates to the replacement of Amersham Adult Learning Centre, the total cost of this project is expected to be £726k, although £687k has been funded from other sources.

Risk
- 08/09
  - Funding from BCC to Increase Staffing - if funding is not provided in the 2010/11 budget round then the County Council may be unable to fulfil its responsibilities in relation to the County Archive. The loss of this service will also result in a loss of income as we currently store documents on behalf of Milton Keynes.
RM.CUL.19 - **Income levels** - income levels have been affected and as a result of the economic downturn may be affected further. The registrars service has seen a fall in business, as have culture and learning.

RM.PPS.09 - **Youth crime prevention issues** - A lot of the funding for these initiatives was grant funding, the funding streams for such initiatives will have to come from the portfolio budget in order to continue.

xRM.PPS.18 - **TR funding from DEFRA** - DEFRA reduced their direct payments to Buckinghamshire by £10,000 in 2007/8. This represented a ten percent cut on the funding that DEFRA provided for Animal Health and Welfare work. It is a permanent cut and not just for 2007/8.

- 09/10
  - Possible increase in rogue traders due to economic downturn.
  - Income across the portfolio may not meet the levels put forward in the proposed MTP.
  - Inability to recruit youth workers due to high cost of living in the county and bad publicity in relation to youth work.

**Committee commentary**
- Members questioned the robustness of the budget figures with particular concerns that the budget is relying on increased income levels in a time of economic recession.
- Community Services as a portfolio could harness the capacity of the voluntary sector and possibly work more closely with parish councils.
- Concern that the County Archive is at significant risk due to lack of resources, this may result in the County Council being unable to store its own archives.