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AYLESBURY VALE DISTRICT COUNCIL Democratic Services

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27 October 2016

CABINET

A meeting of the **Cabinet** will be held at **6.30 pm** on **Tuesday 8 November 2016** in **The Olympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

NOTE: There will be an informal session starting at 6.15 pm to give Members the opportunity to comment on issues on the Agenda. The press and public may attend as observers.

Membership: Councillors: N Blake (Leader), S Bowles (Deputy Leader), J Blake, A Macpherson, H Mordue, C Paternoster and Sir Beville Stanier Bt

Contact Officer for meeting arrangements: Bill Ashton; bashton@aylesburyvaledc.gov.uk;

AGENDA

1. APOLOGIES

2. MINUTES (Pages 3 - 8)

To approve as a correct record the Minutes of the meeting held on 11 October, 2016, attached as an appendix.

3. DECLARATIONS OF INTEREST

Members to declare any interests.

4. AVDC COMMUNITIES TEAM (Pages 9 - 22)

Councillor Mrs Macpherson
Cabinet Member for Leisure, Communities and Civic Amenities

To consider the attached report.

Contact Officer: Will Rysdale (01296) 585561

5. DRAFT BUDGET PROPOSALS FOR 2017/2018 (Pages 23 - 34)

Councillor Mordue
Cabinet Member for Finance, Resources and Compliance

To consider the attached report.

Contact Officer: Andrew Small (01296) 585507

6. APPOINTMENT OF EXTERNAL AUDITOR (Pages 35 - 52)

Councillor Mordue
Cabinet Member for Finance, Resources and Compliance

To consider the attached report.

Contact Officer: Andrew Small (01296) 585507

Cabinet

11 OCTOBER 2016

PRESENT: Councillor N Blake (Leader); Councillors J Blake, H Mordue and Sir Beville Stanier Bt

APOLOGIES: Councillors S Bowles, A Macpherson and C Paternoster

1. MINUTES

RESOLVED –

That the Minutes of 6 September, 2016, be approved as a correct record.

2. NEW HOMES BONUS

Cabinet was advised that the Informal New Homes Bonus (NHB) Grants Panel had met on 7 September, 2016, to consider applications for funding from Parish and Town Councils under the NHB grant funding scheme. Members were reminded that New Homes Bonus (NHB) was a national initiative whereby funding from the revenue support grant for local authorities had been top sliced and allocated to councils in proportion to the number of new homes in their area.

In December, 2012, AVDC had agreed to allocate a share of the NHB to Parish/Town Councils to help alleviate the impacts of housing growth on local communities. 20% of the allocation had been set aside for the funding scheme, which equated to £1,282,000 being available in 2016/2017, the fourth year of funding for Town/Parish Councils. In addition, £15,578 had been carried over from the third round of funding, making a total of £1,297,578 available in the current funding round.

In January, 2013, Cabinet had agreed to establish an informal Panel to consider applications and make recommendations to Cabinet. The Cabinet report summarised the approved criteria for applications. Prospective applicants were required to submit a preliminary “expression of interest (EOI)” to identify whether projects met the key criteria and to enable an assessment to be made about alternative forms of funding such as that available in accordance with Section 106 Agreements.

In total, 12 EOIs or enquiries had been received and 8 Parish and Town Councils had subsequently submitted firm applications with a total value of £1,485,099. The Informal Panel had also been asked by Turweston Parish Council to consider increasing the amount of grant awarded in the 2014/15 funding round.

The Panel had been unanimous in recommending funding for 4 of the applicants, totalling £674,295. The Panel had also recommended increasing the grant to Turweston Parish Council by the amount requested, making a total of £684,295. The Panel had declined to fund two applications.

In considering the first of two applications from Haddenham Parish Council for a Haddenham to Aylesbury cycleway, the Panel had been supportive of the principle of the project but had felt that the level of information in the application was insufficient. The Panel had therefore recommended that the funds be ring fenced and the Parish Council invited to re-submit a more detailed application with a clear project and delivery plan and costings. It had been felt that this application should be submitted by the end of this financial year, i.e. no later than 31 March, 2017.

With regard to an application from Chearsley Parish Council for the rebuilding of the village hall, the Panel had been divided. Although the application was very thorough, and the scheme was of high quality, the Panel had not been entirely convinced that the application was in keeping with the original NHB funding criteria because of the limited impact of growth in the village. The Panel had therefore referred the final decision to Cabinet. The Chairman of Chearsley Parish Council attended the meeting and made a statement in support of the application. After careful consideration and taking all the information into account, Cabinet was of the view that the application should be supported.

An application had been submitted by Quainton Parish Council on behalf of Quainton Tennis Club, but the Panel had questioned whether the project fully fitted with the NHB funding criteria i.e. the provision of community facilities associated with growth which had tangible benefits for the community accepting that growth. The Tennis Club was a members only club that did not currently offer any pay and play community access options. The Panel had therefore recommended that the application be refused. The Panel's decisions with the rationale behind them had been summarised in a schedule attached as an Appendix to these Minutes.

It was reported that once the Panel's decisions had been agreed, funding agreements would be finalised with the successful applicants, which would include timescales for delivering the projects. The grant awards would be made on completion of particular phases.

All the funding under the scheme would be drawn from the 20% set aside and ring fenced for the scheme in 2016/2017. As previously mentioned, the underspend from 2015/2016 would be carried forward. The Panel's recommendations totalled £524,295 plus £376,372 for Chearsley village hall. This represented 82% of the budget available, with £236,911 being carried forward to support future applications.

RESOLVED –

That the Panel's recommendations as set out on the schedule attached as an Appendix to these Minutes, which now included approval for funding for the construction of a new village hall at Chearsley, be approved.

3. CAPITAL PROGRAMME (DEPOT DEVELOPMENT AND NEW FLEET)

Cabinet received a report on the business needs and benefits of redeveloping the waste and recycling depot at Pembroke Road and the capital investment required to put in place the infrastructure necessary to meet the regulatory and growth needs of the Vale. The report also covered a proposal for replacement of the vehicle fleet. In relation to both issues, a schedule showing the projected rate of return was submitted as part of the confidential agenda.

The need to redevelop the depot was driven by the following factors:-

The need to address health and safety risks

The current constraints on the site and the configuration posed considerable risks, in particular because of the inadequate segregation of vehicles and people. The Workplace (Health, Safety and Welfare) Regulations 1992 made clear recommendations concerning the operation of traffic routes on site, but the existing configuration and condition of the site did not comply in a number of key respects.

The need to address environmental risks

The depot site was bordered to both the north and south by rivers and the water table was relatively close to the surface. This posed a risk of flooding to the site. Despite recent attenuation works to cover a one in 100 year event, the site had to be closed temporarily following a flooding incident in 2014. In addition, there were identified risks associated with pollution from diesel and detergents escaping into the watercourses because of inadequate drainage.

Operational improvements

The current site configuration did not lend itself to effective operational management. All operational activities were currently managed in an area of less than 2 acres, hence the requirement to park all HGVs off site during the past 3 months. Other Council owned vehicles were parked within operational areas and roadways and resulted in further constrictions on the effective management of the site.

The need to accommodate the growth of the District

Recent demographic projections showed that the population of the District would increase as a result of the construction of around 33,000 new homes between 2011 and 2031. Assuming growth of around 1,500 new homes per year, this would increase the requirements of the waste collection and recycling service in terms of the volumes of waste, number of HGVs and the number of staff. The current size and configuration of the depot did not allow for this growth and all recent works undertaken in 2012 were now at capacity.

Existing disrepair

There were repair and investment requirements on the current site which needed to be addressed. The yard also required major resurfacing as its current condition contributed to the pollution risks identified above.

Income generation and development costs

The redevelopment of Pembroke Road would allow new commercial opportunities to be developed as well as efficiencies and savings to be made elsewhere in the waste and recycling budgets.

The provision of an enhanced workshop would achieve total expected income/savings in year one of £364,000 net, increasing to £837,100 net in year ten. This figure was primarily made up of savings in vehicle maintenance paid to third party suppliers, income generation from increased taxi and private vehicle MOTs and income from an authorised testing facility for commercial HGV MOTs.

Fleet procurement

Currently AVDC had a mixed waste collection fleet primarily leased over a six year period. The lease for some of the vehicles was due to expire imminently and other fleet, owned outright by the Council had come to the end of its operational life. It was felt that now that the Council was no longer required to tip waste into landfill on a regular basis, it would be prudent that all the fleet was purchased outright by the Council. Current leasing costs were £864,000 per annum. Although subject to a full OJEU procurement process, it was anticipated that the capital costs for a fleet would be in the region of £3.6 million with a payback period of seven years (the typical operating life of a refuse collection vehicle). It was estimated that savings would amount to £300,000 per annum.

Some of the fleet leases were not due to expire until 2018. However due to persistent vehicle breakdowns and inflexibility of the vehicle configuration, that procurement of the

fleet needed to be brought forward in order to meet the on-going operational demands of the service.

Depot development cost

The Pembroke Road development would provide a mid term option to accommodate around ten year's growth. The depot design was submitted as part of the Cabinet report. The total capital cost of the full redevelopment was circa £9.2 million, including professional fees and a contingency.

The depot design had been costed in two parts – option 1 and option 1a. This would allow for a review towards the end of the 18 months development project to re-evaluate the needs of staff parking and complete build of the bulky waste storage shed, provide the necessary highways changes to manage vehicle access to the site and improve sight lines on the chicane roadway. Also this would allow some income generation to continue from existing tenants in two of the units in Pembroke Road until their lease expired in late 2018.

The Cabinet report included a full budget breakdown, but the following was a summary of the net revenue impact of the capital loan:-

| Option | Loan amount | Loan period | ROI | Net revenue burden Year 1 |
|---------------|--------------------|--------------------|------------|----------------------------------|
| 1a | 7.3 million | 10 | Year 5 | 274,700 |
| 1 | 9.2 million | 10 | Year 10 | 489,300 |

A similar report had been considered by the Finance and Services Scrutiny Committee and the proposals had been supported.

Summary

In November, 2011, approval had been given for the refurbishment of Pembroke Road and for negotiations to be commenced with Aylesbury Vale Estates (AVE) in relation to a land transfer (from AVE to AVDC). These negotiations had been suspended temporarily while the Council reconsidered its position with regard to its longer term waste strategy and possible alternative locations for a waste transfer station and vehicle depot. However, after an extensive period of research and the development of a business case for an enhanced vehicle maintenance workshop, Pembroke Road had been identified as the most suitable location for the Council's mid term needs (ten years).

Pembroke Road had been acquired from AVE in July, 2016 and work had been underway to produce a layout and costings. Pembroke Road was primarily a vacant site and many of the existing units were in a state of disrepair. The existing tenancies had been factored into the phasing of the depot redevelopment.

The investment proposals for Pembroke Road required a Capital Programme provision of up to £9.2 million, of which £1.9 million would only be required if there was sufficient evidence of the demand and take up for the expanded vehicle testing facilities included within the proposal. The business case was predicated on all the required resources being borrowed, with the repayment cost being borne by the General Fund.

The proposal to purchase rather than lease the new refuse freighter fleet would require a further £3.6 million (subject to full OJEU procurement). The savings from this proposal (borrowing costs being lower than leasing costs) would help to mitigate the revenue repayment costs of the borrowing.

The estimated net annual revenue repayment costs for the two combined schemes initially amounted to £489,000 per annum, but would reduce over time as the borrowing was repaid. Crucial to the business case and assumed within the net revenue cost above was £364,000 of savings from the internalised maintenance and income from expanding vehicle testing and MOT operations. If not achieved as projected, this would increase the net revenue cost to the organisation. The Capital Programme therefore required provision £12,860,000 funded by new borrowing and £489,300 in the revenue budget for 2017/2018.

These sums might potentially be reduced when a review of capital resources took place later this year as part of budget setting. This might identify unallocated capital resources which could be allocated to this scheme in lieu of borrowing. However this could not be guaranteed, hence approval being sought for the maximum borrowing requirement.

RESOLVED –

That Council be recommended to:-

- (1) Make a provision of £3.6 million within the Capital Programme for the procurement and purchase of a new waste collection fleet, subject to OJEU and the satisfactory conclusion of negotiations.
- (2) Approve a capital budget of £9.2 million for option 1 and option 1a in the report submitted for the development project in order to provide certainty of compliance with statutory and regulatory obligations relating to waste collection, waste transfer and fleet parking.

(it being noted that a review of the depot development project will be undertaken before the implementation of option 1 to ensure that the requirements have not significantly changed regarding staff parking and waste storage at the site, and to identify other improvements or use of this area of the site following the expiry of tenancies of the existing units in December, 2018)
- (3) Permit additional new borrowing up to a maximum of £12,860,000 in order to fund these schemes, whilst recognising that these amounts may be reduced when a review of capital resources takes place later this financial year as part of the normal budget development process.
- (4) Require officers to make the necessary adjustments to the Council's Treasury Management Strategy and Medium Term Financial Plans for 2017/2018 and beyond, consistent with the above.

4. EXCLUSION OF THE PUBLIC

RESOLVED –

That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act:-

Financial information concerning the Pembroke Road redevelopment proposals and the purchase of a new vehicle fleet (Paragraph 3)

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because the report contains information relating to the

financial or business affairs of organisations (including the Authority holding that information) and disclosure of commercially sensitive information would prejudice negotiations for contracts and land disposals/transactions.

5. CAPITAL PROGRAMME (DEPOT DEVELOPMENT AND NEW FLEET)

In connection with the decisions referred to above in relation to the proposed redevelopment of the depot and the acquisition of a new waste collection fleet, consideration was given to commercially sensitive financial information.

Cabinet
8 November 2016

AVDC COMMUNITIES TEAM REPORT
Councillor Mrs Macpherson
Cabinet Member for Communities, Leisure and Civic Amenities

1 Purpose

- 1.1 This report is to inform members of the AVDC Cabinet of the recommendations contained within the 'AVDC Communities Team Report' following the recent commercial review.

2 Recommendations

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| 2.1 That the Cabinet note the attached report and recommend that the Cabinet Member for Communities, Leisure and Civic Amenities action the recommendations contained within it. |
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3 Supporting information

- 3.1 As part of the Commercial AVDC Programme a review of the Communities Team has been undertaken. AVDC is currently facing severe financial restrictions and is looking to mitigate a reduction in funding of approximately £5million by 2020/21, by a combination of income generation and efficiencies.
- 3.2 The current Communities Team sits within the Community Fulfilment Sector and is currently made up from various sub teams including, Community Safety, Community Engagement, Grants and Project Support and the Communities Delivery team. These four teams currently vary dramatically in the roles that they perform and the services to the community that they offer.
- 3.3 As one would expect due to the differing nature of the four sub teams the Communities Team currently performs an eclectic range of services which does include various statutory elements, but with the majority being non-statutory. Despite this, the team currently provide major benefits to our local communities in line with our mission to serve the economic, social and environmental wellbeing of the vale. These community benefits range from helping keep communities safe, strong and also contribute to the well-being of many of our local residents.
- 3.4 The majority of the recommendations contained within the report attached in Appendix 1 have been presented to the Environment and Living Scrutiny Committee in September 2016.
- 3.5 Members of the scrutiny committee requested that Equality Impact Assessments were completed for all services at risk and these have all been undertaken.
- 3.6 Equality Impact Assessments (EIAs) were completed for the sixteen projects that are recommended to stop or find new ways for them to be delivered. The aim for the majority of the projects is to find a new provider to continue to deliver them, but for the purpose of this report, the EIAs were completed as if the projects would stop completely if we withdraw our support. The EIAs were looking at whether there would be a detrimental impact on any of the nine protected characteristics if this were to happen.

- 3.7 Of the sixteen assessments, five projects are ones which we support but are run by other organisations or groups. The impact of stopping our support is minimal as the projects will continue to run without us. In examples such as the Funding Fair, the remaining partners may choose to hold the funding fair in the south of the County which could mean it is more difficult for Aylesbury Vale residents to attend, but this would not have a detrimental effect. The Purple Flag submission also falls within this category because even if we stop applying for the Purple Flag accreditation, Community Safety work would still continue to ensure a safe night time economy.
- 3.8 Seven of the projects are one-off, or an annual programme of events which are promoted broadly to all parts of the community, but not specifically to any. These projects have different attendees year on year depending on the location, date of the event and type of performance offered (in the case of Theatre in the Villages and Music in Quiet Places). For these reasons, there may be an expectation within community groups that a project will take place, but if it does not happen, people covered by the protected characteristics will not be negatively affected.
- 3.9 The final three projects are Energise Gold, Ladies Only Swimming and Community Chest. Energise Gold and Ladies Only Swimming target people in particular protected characteristics brackets (gender and age) and it was noted that there is a effect on these people if the sessions were to stop. Energise Gold provides older people with a chance to be more active and can help combat social isolation. The effects of this session are more around health & wellbeing of participants as opposed to the protected characteristics. Similarly, females who engage with the ladies only swimming programme benefit from the sessions being held in closed pools, but this is a benefit to their health & wellbeing not as them being part of a protected characteristic group. The team came to the conclusion that stopping both of these sessions will have an effect on people covered by the protected characteristics, but that the effect would not be detrimental and the need for corporate savings and possibility to look at alternative delivery methods outweighed this.
- 3.10 The main project that has the biggest effect on people covered by the equalities act is the Community Chest Funding pot. Through its ten year lifespan, the funding has supported a large number of projects that benefit all members of the community across all nine protected characteristics. However, this project was set up to be a ten year fund from the start and the grants officers have been promoting alternative funding pots to applicants over the last 18 months which should mitigate some of the effect of the project closing.
- 3.11 One other major change to the report which was presented to the scrutiny committee is that it is now recommended to maintain the Play Around the Parishes service, but look to deliver this differently. As has been stated previously it has been our aim to ensure that any service we recommend stopping all efforts are taken to ensure that these can be continued where possible by an external partner. Whilst undertaking this work officers have continued to review how we deliver our existing services and believe that by making changes to how we resource Play Around the Parishes and the pricing structure AVDC will still be able to offer this valuable service to the Parishes.
- 3.12 Further feedback was also received relating to the Purple Flag Accreditation Scheme. Within the original report this was included within both the Stop this Service or Move internally to a different team to deliver. After undertaking

Commercial AVDC Programme

AVDC Communities Team Report

Commercial Review July 2016

1) Executive Summary

- 1.1) This report has been written to highlight the potential changes that can be made to the services delivered by the Communities Team following the Commercial Review which commenced in January 2016. AVDC is currently facing severe financial restrictions and is looking to mitigate a reduction in funding of approximately £5million by 2020/21. It is envisaged that this funding gap will be bridged by a combination of methods including increasing our income generation and delivering general efficiencies. While a number of the community services that this team delivers would remain because of the impact and value they deliver, we believe that some services can be removed or delivered differently.
- 1.2) If all of the current recommendations are accepted it is believed a saving of approximately £265,000 can be achieved with a reduction in the level of staff resources required (equating to a 38% annual reduction).
- 1.3) The proposals contained in this report are subject to formal consultation with staff, trade unions and employee representatives.
- 1.4) Due to the nature of the service the report contains various recommendations which will have to be considered by both AVDC's Commercial Programme Board and Cabinet due to the potential local political impact that these changes may have.

2) Introduction

- 2.1) The current Communities Team is part of the Community Fulfilment Sector alongside Forward Plans, Strategic Housing and Economic Development. It is made up from various sub teams which include Community Safety, Community Engagement, Grants and Project Support and the Communities Delivery team. These four teams vary considerably in the roles that they perform and the services to the community that they offer. These services have come together to form the Communities Team following various previous internal restructures.
- 2.2) As one would expect due to the differing nature of the four sub teams the Communities Team currently performs an eclectic range of services which does include various statutory elements, but with the majority being non-statutory. Despite this, the team currently provide major benefits to our local communities in line with our mission to serve the economic, social and environmental wellbeing of the vale. These community benefits range from helping keep communities safe, strong and also contribute to the well-being of many of our local residents.

- 2.3) The roles that are undertaken within the team are not at all process driven and the community benefit produced is exceptionally difficult to quantify or monetise. Over the past few years many of the team have adopted a more commercial approach, with an emphasis placed on income generation to help cover the costs, but despite this it is a “loss” making team, in financial terms, to AVDC. The community benefit however, should not be underestimated or ignored.
- 2.4) This review has therefore investigated all of the teams’ undertakings and makes recommendations on what it is believed should be continued and also what should be stopped, changed or moved internally. It is highly probable that several of the recommendations contained within this report will be politically sensitive. However, for information, the Cabinet Member for Leisure, Communities and Civic Amenities has been consulted on the various recommendations included.
- 2.5) Alongside this review of the Communities team, the overarching view of Community Fulfilment has also been taken into consideration and recommendations linked to this have also been included. One of the main aims when this sector was first formed was for it to become the strategic arm of the Council linking many of the existing services together to help ensure that AVDC is operating at its most efficient. The Communities Review is therefore the first step towards this and what has become clear is that some of the recommendations contained within this report will impact on the wider sector, with the existing Strategic Housing team in particular.
- 2.6) The Grant Funding Programme contained within the Communities team has only very recently been subjected to a review and this was presented to both Finance and Services Scrutiny and Cabinet in July 2016. The programme has been reduced over the past 6 years from £619,672 to just under £400,000 for 2016/17. The way in which the grants are prioritised has also been amended to include:

‘Priority should be given to services for which there has been an increasing demand; services that will provide the most impact for the council’s investment; and services whose outcomes contribute the most to the council’s corporate priorities, assessed by the Panel as part of the application and scoring process.’

Following this recent review, it is not proposed to look at this again until the end of the current grants programme in 2017.

3) Current Position

- 3.1) At the beginning of 2016/17, the total annual budget for the Communities team was £1,766,600. This figure includes staff salaries, predicted to be £694,850 including posts listed as project funding (ASB Officer and Community Safety Officer), but excluding the Community Chest Grants Officer and the Active Vale Co-ordinator (due to the fact that their salaries are covered in full by external funding).
- 3.2) Excluding the Sector Lead and the Corporate Director, the current Communities Structure is made up of the equivalent of 18 staff members, many of who work part time hours. This team also attracts external funding to help subsidise 3 posts which include, the Anti-social Behaviour Co-ordinator, the Community Safety Officer and the Active Vale Co-Ordinator.

4) Summary of Recommendations

- 4.1) This section sets out the specifics of the proposed changes, which are summarised immediately below:
- 4.2) Create new AVDC Strategy and Partnership team, which will take responsibility for drafting required strategies and policies across front line services within AVDC. This team will replace / expand on the existing Strategic Housing Team. This will be subject to the business review of Strategic Housing.
- 4.3) Community Safety – Move the Community Safety team to the newly formed AVDC Strategy and Partnership Team, whilst achieving savings from amending existing roles (explained below, 5.5 – 5.9).
- 4.4) The role of the Community Engagement Officer, Cohesion and Wellbeing should also be linked to the Community Safety team with more of a focus given to Prevent.
- 4.5) A number of services are proposed to be stopped, moved to a different team internally or delivered in a different way. See section 5 below for a breakdown of these services. Work should be undertaken with external partners to attempt to facilitate the continuation of any community services AVDC will no longer offer.
- 4.6) Savings identified from previous underspends / savings - £64,519

| | |
|--------------------------|--------|
| Grants Support Costs | 4,500 |
| Equalities and Cohesion | 5,000 |
| Project Development Fund | 10,000 |
| Crime Audit | 1,500 |

| | |
|------------------------------------|--------|
| CCTV (potentially more to come) | 25,000 |
| BT Line Rental | 5,000 |
| District Play Services | 5,000 |
| Equipment Repairs (Leisure, Play) | 1,000 |
| Additional Computer Equipment | 2,000 |
| Equipment (Leisure, Play) | 4,160 |
| Advertising, Publicity & Marketing | 1,359 |

- 4.7) Delete the current Communities Manager Post – saving £82,766 (including on-costs)
- 4.8) If all of the current recommendations are accepted in full it is believed a saving of £265,000 can be achieved with a reduction in the level of resources required. This represents a reduction of 38% of the current salary commitments.
- 4.9) Further savings are likely to be realised over time as the different work streams are either stopped or delivered differently and these will be itemised and represented in next year's budget.
- 4.10) Where it is accepted that services should be stopped, work should be undertaken to attempt to ensure that these services can be continued by other agencies, potentially from the next financial year. All options should be explored, including the potential for AVDC to still deliver these, subject to the costs being met, eg. Parish Councils willing to meet the cost of organising and running Play in the Parishes for example.

5) **Service Changes**

Services proposed to be stopped

- 5.1) Over the past few months an analysis of the work of the Communities team has been undertaken in a variety of ways. This included initial work with the team managers and then later with the wider team in detailing the many various work streams that are undertaken. These were then each examined individually to estimate the cost of delivering these services, along with an analysis on how these serve to contribute to AVDC's overarching mission statement.
- 5.2) Following this, these work streams were broken down further into three distinct groups, which represent the current aims of the Communities team's overall vision. These aims are:
- To ensure communities feel safe (Safe)
 - To encourage economically strong, cohesive, confident and active communities (Strong)
 - To encourage residents to lead healthier, happier and longer lives (Well-being)

From this analysis it became clear that many of the suggested services proposed to be stopped are within the 'Well-being' aim. The vast majority of the statutory functions came within the 'Safe' aim, with those remaining contained within the 'Strong' aim.

Based on this, the services proposed to be stopped are as follows;

- Activate Dance Festival
- Support for Aylesbury Vale Arts Council
- Aylesbury Vale Community Chest (already programmed to stop in March '17)
- Support for Bucks School Games (Inter School competition)
- Energise Gold (Activities for the elderly)
- Love Parks (National initiative to encourage people to parks)
- Ladies Only Swimming (Limited offer also included within Active Vale)
- Music in Quiet Places (Concerts in rural areas)
- MUGA Projects (Multi Use Games Area Activities)
- Stoke Mandeville Stadium Committee Representative
- Theatre in the Villages
- Financial support for the Voluntary and Community Sector (VCS) Funding Fair
- Village Pub Competition
- Women's Network (empowerment)
- Youth Council / Forum support

5.3) With the district predicted to grow significantly in the coming years, the impact of this has to be considered within this review. This growth lends support to the importance of maintaining robust Community Safety and Community Cohesion services. It is imperative that the district continues to be a place which is considered an attractive place to live and work, where people feel safe.

5.4) Within this review a survey was also sent to 117 partners (including all of the parishes) asking for their opinions on the different elements of the Communities team they work with, along with their views on if we were to reduce or stop the service(s). 39 partners responded to the survey and summary is attached in Appendix A. These results reinforce our recommendation on the services to be potentially stopped as it can be seen that the Arts, Play, Ageing Well and Sport categories came low down in their priorities. It should be noted that there were some discrepancies within this report and we are linking Community Cohesion and Community Engagement as one. We are also linking Safeguarding to Community Safety.

Services to be moved to a different team internally

- Community Safety
- Chairman's Events
- CCTV
- Local Democracy Sessions – (aimed at young people)
- Purple Flag (if we continue to offer this)

Community Safety

- 5.5) As this review has progressed there have been changes to staff which have had an impact on the review. This has included the previous Community Safety Manager leaving and the post being redesigned, with a part time Community Safety Advisor currently in post to fill any gaps until this review is completed. The current Communities Manager has also recently changed roles and this post is currently vacant and proposed for deletion.
- 5.6) It is therefore recommended that AVDC takes advantage of this period of change and grasps the opportunity to deliver the service in the most efficient manner going forward. When the Community Fulfilment Sector was first created it was envisaged that this sector would become the strategic arm of the Council. In order to bring this to fruition the first steps should be taken within this review.
- 5.7) The proposal is therefore to maintain a specific Community Safety service but, move it within Community Fulfilment as an independent team.
- 5.8) Moving the Community Safety team would not release any savings in its current form and therefore a new team structure is proposed. This would consist of a full-time Community Safety Advisor (SG5), a Community Safety Officer (SG3) and a reduced Anti-Social Behaviour (ASB) Co-ordinator role (SG3 (proposed)).
- 5.9) In relation to the current Anti-Social Behaviour (ASB) post, substantial changes are suggested, which will require agreement from Thames Valley Police (TVP) who part fund the post. Initial discussions have been had with the Area Commander, who is open to delivering this role in a different way. One of the major changes proposed is to remove the line management / supervision of a TVP officer and pass this back to TVP. Another major change is to attempt to stop the direct contact to this team and ensure all new enquiries are passed through our new Customer Contact team in Customer Fulfilment. Any cases will only be passed to the newly created ASB post should they require case management intervention. Further discussions will also need to take place in agreeing the level of support our existing Environmental Health Officers / Enforcement Officers can provide. It maybe possible to reduce this post further in time by working to encourage our relevant partners to take on the responsibility themselves.

Chairman's Events

- 5.10) An existing role (limited to 13 hours per week) organising the Chairman's events currently sits within the Communities team. This role is theoretically funded from a budget outside of Communities, and it is recommended that further work be undertaken to explore the future function of this role further.

CCTV

- 5.11) A review of the CCTV monitoring contract is underway and once completed this report recommends moving the service to our Commercial Property and Regeneration Sector.

Local Democracy Sessions (aimed at Young People)

- 5.12) It is understood that this is a statutory function that AVDC has to undertake. Whilst it would be possible to continue with this service within the Community Fulfilment

sector, consideration should be given as to whether this service would be more appropriately managed within Democratic Services.

Purple Flag

5.13) The value of signing up to the Purple Flag accreditation scheme needs to be considered in depth. Little value is given to this within the Communities team and should AVDC wish to continue this it could be moved to the Commercial Property and Regeneration Sector within the Town Centre agenda. The renewal fee for the Purple Flag is £1000 and needs to be submitted every two years to retain the accreditation. Further work on this needs to be undertaken alongside the Town Centre Manager.

Services to be offered in a new way

- ASB Co-ordinator role
- Heritage Flame Ceremony
- Play around the Parishes
- Play in the Park
- Roald Dahl Parade
- Disability sports clubs
- Doorways Dance club
- Ladies Only swimming (if we continue to offer this)
- Sportivate / Diversionary Activities
- Event bookings and Business Support

ASB Co-ordinator role

5.14) Please see paragraph 5.9

Heritage Flame Festival

5.15) This currently is held every two years and this year's event is costing approximately £350-400k. Whilst it is considered an excellent community event, attracts external funding and sponsorship, and has the potential to raise the profile of Aylesbury Vale, it is recommended that we review the scale and funding of the event for the future, with our partners in the Bucks Legacy Board.

Disability Sports Clubs and Doorways Dance Club

5.16) These come within the 'Well-being' area of Communities. We do not have a statutory duty to continue these activities and it is recommended that we look to other providers who maybe willing to take these on.

Roald Dahl Parade

5.17) AVDC should continue to host the Roald Dahl Parade, but not in its current format. Attempts have been made this year to bring in more income by offering more paid activities and it has generated a higher level of interest. It is recommended that the current work being undertaken, to potentially change this event to a profit making

children's literary festival, be continued with a further review to take place after the next event in 2017. The level of public interest and support for this event should not be underestimated and analysis on this year's event is currently being undertaken.

Play in the Park

- 5.18) Like the Roald Dahl Parade this event should be continued but not in its current loss making format. Despite only making a loss of approximately £800 (including officer time) it is still an unnecessary expense to AVDC. However, it is believed that it will not require much work to make this an event which covers its costs and will make a profit. Further work will be required for this to happen with potentially expertise brought in from elsewhere. In a similar vein to the Roald Dahl Parade, the public support for this event should not be underestimated.

Ladies Only Swimming

- 5.20) AVDC currently offers two forms of ladies swimming. One is ladies only swimming, which cost AVDC approximately £6,000 to put on in 2015/16. The other is Ladies Swimming Lessons offered under Active Vale. This however, does not guarantee a ladies only session, only a lane. Further investigation should be undertaken as to whether these could be combined, or if the Ladies Only Swimming should be stopped.

Sportivate / Diversionary Activities

- 5.21) Currently we offer different activities which could be tailored more towards acting as diversionary activities when there is a spike in ASB. In changing the way we deliver these services we would be able to calculate more accurately the cost of delivering these and the benefit they produce eg. if there is a direct impact in reducing the level of ASB. Effective use of task and finish groups should be used also, to ensure that we do not continue to offer these services when the initial problem has been reduced/removed.

Event Bookings and Business Support

- 5.22) The current Communities team take manual bookings for events on AVDC's land and for the various events which are organised by the team. This report recommends that these processes are re-designed to be fully automated where possible and allow the customer to book on-line, with the new system being managed by the Customer Fulfilment sector. These bookings are currently handled by the business support team within Communities and it is expected that this resource will be significantly reduced should the admin and contact trials proved successful.

Play Around the Parishes

- 5.23) in order for AVDC to continue offering the Play Around the Parishes service it is necessary for officers to review its financial model. In 2016/17 this service was almost cost neutral, but with rising costs in delivering this service the approach needs to be reviewed for it to be offered for the long term. The proposal is therefore for officers to review the current financial model, insuring that internal costs are kept to a

minimum and that the income generated insures that all costs are covered. This will need to be conducted in partnership with the various Parishes who value this service.

6.0) **Next Steps**

- 6.1) Once member agreement has been obtained a new structure can then be consulted on and put in place.
- 6.2) Work should be undertaken with external partners to attempt to facilitate the continuation of any community services AVDC will no longer offer.
- 6.3) Further savings are likely to be realised over time as the different work streams are either stopped or delivered differently and these will be itemised and represented in next year's budget.

Communities Team Survey to Parishes and Partners- June 2016

Executive Summary

General Information

The survey was sent to 117 local Parishes or service delivery Partners of the Communities Team between 22 June and 30 June 2016.

The number of responses totalled 39, of which one responding survey wasn't completed properly by just entering a series of characters in the text boxes. The total number of correctly completed surveys represented a 32.4% response rate. Two respondents were connected to Akeley Parish Council.

Purpose

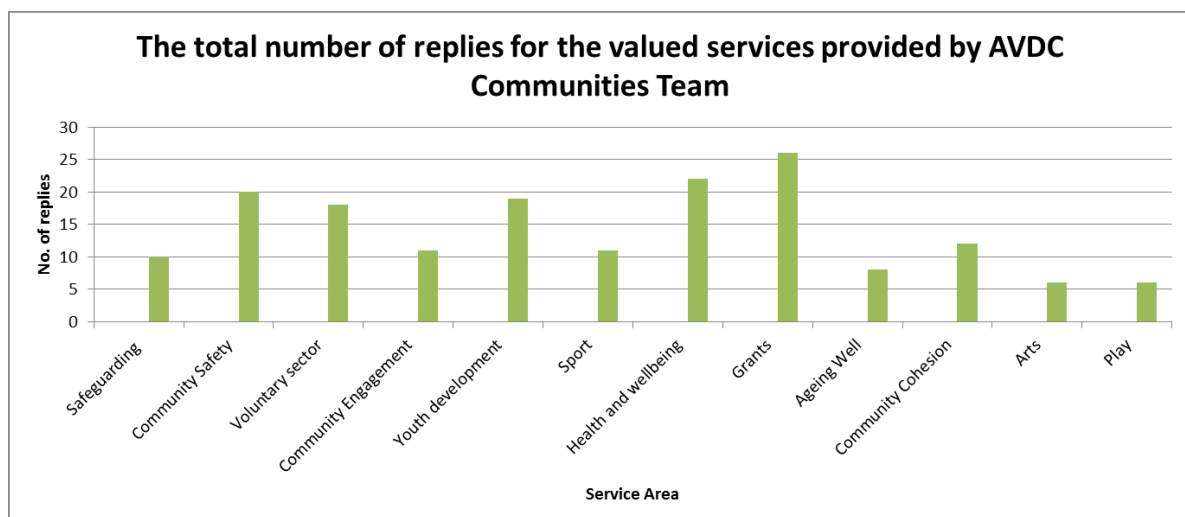
The purpose of the survey was to understand from the perspective of the local parishes and partnering organisations;

- which of the services that the AVDC Communities Team provides offers the greatest value to their respective body/organisation and their reasoning behind the choice
- which services could be managed more efficiently
- what the net impact would be if the given service(s) were reduced or ceased.

Survey Responses

The total number of responses for the valued services is shown below. Of all the respondents, each one could include up to ten differing services, typically the respondents selected between 1 – 5 services.

The response totals are shown below and do not feature in any specific order along the horizontal axis.



Of the 38 reported highest value services, only 16 comments were made as to their justification for the service being of greatest worth. Only 13 comments were made supporting the second suggested highest value services and 12 comments for the third highest value, followed by 11 and 9 comments for the other top five listed services respectively. Not all comments made were pertinent or completed appropriately by the respondents. A series of graphs are available upon request to show how the perceived service were valued.

The respondents were asked as to how services could be managed more efficiently for the highest valued services as they suggested. The number of replies varied and not all were applicable, but the comments received were 11, 7, 5, 5, and 5 for the highest valued services from first to fifth. These responses will be reviewed and again are available upon request.

When asked if the valued services could be reduced or ceased a majority suggested that such actions would be of high or medium impact, which was anticipated. Unfortunately given the reporting mechanism of Survey Monkey, charts were provided as to the perceived impact but there was no way of understanding to which services they were referring.

Cabinet
8 November 2016

BUDGET PLANNING 2017/18

Councillor Mordue

Cabinet Member for Finance, Resources and Compliance

1 Purpose

- 1.1 This report sets out the high level issues facing the Council when developing budget proposals for 2017/18 and in terms of updating its Medium Term Financial Plan (MTFP).
- 1.2 The report also sets out a proposed timetable in order to agree the budget and set the Council Tax prior to the end of February 2017

2 Recommendations/for decision

- | |
|---|
| 2.1 Cabinet is requested to consider the report and agree the approach proposed for developing the 2017/18 budget and the Medium Term Financial Plan. |
|---|

1. Supporting information

- 2.1 The current Medium Term Financial Plan (MTFP) for 2017/18 was agreed by Council in February 2016. This predicted the need to identify £1.6 million of savings in order to balance the budget for 2017/18, based upon the information available at that time and a set of assumptions around key variables within the budget.
- 2.2 These key assumptions will be revisited and reviewed as part of the budget planning and preparation process for 2017/18 and for the 4 years thereafter, which make up the Medium Term Planning period.
- 2.3 Local Government, and most of the public sector, has been managing the consequences of the Government's balancing of the public sector funding equation over the last 6 years whilst at the same time managing the expectations of the Vale's residents.
- 2.4 With the recent change in Prime Minister and June's European Referendum Vote, there are indications that the Government may soften its stance on austerity. However, it is currently considered unlikely that this will have any material impact on the targets local government have already been set for the period up to 2019/20.
- 2.5 Whilst the Government works to determine its position on Brexit and the implications for austerity longer term, there is likely to be a hiatus. Some clarity is expected to materialise in the new Chancellor's Autumn Statement, due to be made on 23 November. However, the need to reduce Government Borrowing is unlikely to diminish significantly in the short term and so it seems equally unlikely that the Government will deviate from the 4 year spending settlement previously announced.
- 2.6 The tone of this budget setting and planning report is, therefore, still primarily focused around delivering the savings and new income generating targets identified last year.
- 2.7 This report identifies some of the key issues and areas which will need to be considered as part of the review and update process this year and sets out the timetable for scrutinising and agreeing the budget and Medium Term Financial Plan for the next 4 years.

3 Timetable

- 3.1 The proposed process broadly follows the same format as in previous years and is set out below.

| Meeting Date | Meeting | Possible Reports |
|---------------------------------|---|--|
| 8th November | Cabinet | Scene Setting Report |
| 16 th November | Budget Seminar | Consideration of Scene Setting / Grant Changes |
| 13th December | Cabinet | Initial Budget Plan / Strategy |
| | No Scrutiny of Budget Proposals by Economy or Environment | At this stage there are thought to be no operational service impacts arising from the proposals which require Scrutiny consideration |
| 9 th January | Finance Scrutiny | Consideration of Cabinet Report |
| 10th January | Cabinet | Budget Recommendation to Council |
| | | |
| 19 th January | 2 nd Budget Seminar | |
| 1st February | Council | Budget Setting |
| 22 nd February | Council | Council Tax setting |

3.2 The ongoing work of the Council's officers and its Cabinet members under the Commercialisation programme to deliver the efficiencies, savings and new income generation required in the Medium Term Financial Plan should again mean that the process can be condensed. This should be achievable, as any strategic choices relating to the level or means of service delivery have already been debated and scrutinised throughout the year and therefore are not required to be agreed as part of the budget development process.

3.3 The Commercialisation Programme is being delivered as a 4 year programme of co-ordinated works and services reviews and not as 4 separate annual decision making rounds which present members with multiple, equally unpalatable choices around service cuts. This minimises the amount of decision making required as part of this annual refresh and update to the Medium Term Plan.

4 The Government Grant Settlement and the 4 year offer

4.1 Members will recall that last year the Government offered a multi year financial settlement to those councils who chose to accept it. Along with the majority of councils, Aylesbury Vale District Council did choose to accept the offer for the certainty that this offered. The deadline for acceptance has now passed and the Council is waiting to formally hear whether it will qualify.

4.2 With some caveats around New Homes Bonus and the impact of the Business Rate Revaluation, due to be effected on 1st April 2017, the Council will know the level of Government support it can expect to receive in each of the years 2017/18, 2018/19 and 2019/20.

4.3 Whilst the reductions contained within these numbers still represent a significant challenge for this, and all councils, it does at least allow the Council to plan. This is preferable compared to the annual, invariably late, announcement from the Government in December which left little or no opportunity to react to unexpected variations.

4.4 The figures contained within the settlement are set out below;

| | 2016-17 £M | 2017-18 £M | 2018-19 £M | 2019-20 £M |
|-------------------------------|---------------|---------------|---------------|---------------|
| Settlement Funding Assessment | 5.22 | 4.30 | 3.83 | 3.26 |
| of which: | | | | |
| Revenue Support Grant | 1.57 | 0.58 | 0.00 | 0.00 |
| Baseline Funding Level | 3.65 | 3.72 | 3.83 | 3.95 |

| | | | | |
|--------------------------|--------|--------|--------|--------|
| Tariff/Top-Up | -16.16 | -16.47 | -16.96 | -17.50 |
| Tariff/Top-Up adjustment | | | | -0.69 |

- 4.5 The Medium Term Planning period, once extended as part of this planning process, will now run beyond 2019/20 and therefore, the end of the current parliament. The Government had set a target date for balancing its budget, and therefore the end of austerity, as 2019. What the Government's policy might be thereafter, particularly given the uncertainty surrounding Brexit and the softening of the date for balancing the budget, is uncertain. Whilst far in the future, some consideration will need to be given to this as part of budget planning.

5 New Homes Bonus (NHB)

- 5.1 The Government announced its intention to review New Homes Bonus (NHB) as part of last year's settlement and issued a consultation seeking views.
- 5.2 This Council responded before the deadline in March 2016. The Government has yet to publish a conclusion to this consultation and so councils are in the dark as to whether the scheme will continue into 2017/18.
- 5.3 Like many councils, Aylesbury Vale uses a proportion of the NHB received in its revenue budget to replace the Grant which the Government top-sliced in order to create this Bonus Scheme.
- 5.4 This amount is equal to £1.178 million, compared to the £8.3 million received in total during 2016/17.
- 5.5 The Council's use of NHB in its revenue budget was always deliberately minimised because of concerns over the scheme's longevity. The amount was therefore limited to that hypothecated as being equal to the Grant the Council lost when the scheme was created and therefore the amount it would receive in additional Grant if NHB was unwound.
- 5.6 Assuming any changes to the scheme only reduce the amount awarded, then there should be no immediate implications for the MTFP. If the Government decides to end the scheme immediately, what will become crucial is how it reintroduces the funding released back to local government.
- 5.7 It is currently expected that councils will not hear the outcome of the Government's review until the Autumn Statement.

6 Business Rates Revaluations, Pooling and 100% Business Rates Retention

- 6.1 From the 1st April 2013, Government Grant is now made up of two elements, Revenue Support Grant and Retained Business Rates. The system of Business Rate Retention allows councils to benefit (or lose) from changes in the amount of business rates collected in their area and thus each council will be incentivised to promote economic expansion.
- 6.2 The Council's ability to gain from business rates growth is limited in practice, but it has still generated some gains over the 4 years the current system has been in place.
- 6.3 Appeals against the amount of business rates payable continue to present an issue. Thus far, these appeals have been successfully managed through an appeals provision. However, appeals against a number of the largest properties in the Vale are still unresolved and therefore present a potential risk. The current assumption is that these can be managed within the existing appeals provision but this will need to be kept under review.

- 6.4 All Business premises are revalued in a 5 year cycle. The current cycle has been extended to 7 years because of the introduction of the Business Rates Retention system in 2013 and the first review under this new system is now due to be implemented on 1st April 2017.
- 6.5 Whilst the Government manages the impact to ensure that the amount of Business Rates collected nationally remains the same, there are regionally variations and the Baseline Funding, which all councils receive, will need to be adjusted from the numbers in the earlier table so as to ensure that individual councils are not adversely affected by the introduction of the revaluation data. The Government is currently consulting on its proposed mechanism for doing this.
- 6.6 In 2016/17, Aylesbury Vale entered into a Business Rates Pooling arrangement with Bucks County Council, Bucks Fire and Rescue, Chiltern District Council and South Bucks District Council.
- 6.7 This arrangement, if successful, allows these councils to retain a greater proportion of Business Rates growth, by reducing the amount the Government would ordinarily capture.
- 6.8 Thus far, the arrangement appears to be working successfully but, because of the inherent volatility caused largely by appeals, whether the current gains will continue to the year end remains difficult to predict at this point.
- 6.9 The Pool will continue with its current membership into 2017/18, unless one of the councils chooses to dissolve the Pool and reconstitute it with a different membership.
- 6.10 The Government is currently consulting on proposals to allow local government to retain all of business rates collected nationally.
- 6.11 These proposals are potentially more challenging and further reaching than the changes introduced in 2013. Thus far, the Government has issued an initial high level consultation paper seeking views with which to shape a more detailed consultation later this year.
- 6.12 Once agreed, the Government intends to roll in the new system in either 2019/20 or 2020/21. Because of the uncertainties over the exact form of the system, it is unlikely that any significant assessment of the implications can be made in this budget development cycle.

7 Inflation, Pay and Brexit

- 7.1 The MTFP agreed in February made assumptions around Inflation and Pay based upon a gradual improvement in economic outlook. In practice, the relatively stable outlook for the economy has now been replaced by a period of uncertainty caused by the, largely, unpredictable implications of Brexit. Much of this will be determined by the Government's approach to the exit from the European Union and this will only be understood in time.
- 7.2 For now, it appears that the weakening Pound will push inflation higher in the short term, potentially hastening higher interest rates. However, the situation is volatile and provides an uncertain environment in which to plan. For now this will need to be kept under review, but it seems unlikely that any great clarity will emerge during the budget planning period. It therefore seems probable that this will become one of those issues that will necessitate a higher level of contingency, in the form of higher balances.
- 7.3 The Government's Apprenticeship Levy comes into effect from the 1st April 2017, which imposes a tariff on all larger employers based upon their total wage bill. The tariff can be mitigated by employing apprentices and the Council is actively engaging to ensure the best financial outcome, however, it seems likely that the Levy will result

in some degree of higher cost which will need to be accommodated as part of budget planning.

8 Tri-annual Pension Revaluation

- 8.1 The Local Government Pension Scheme is a national scheme which all local government employees are entitled to join.
- 8.2 Periodically, (every 3 years), the Pension Fund is revalued in order to fully understand expected future calls on the pension fund, the amount likely to be contributed to it over time and its investment performance. This arrives at the annual amount each employer needs to contribute to the scheme to ensure it remains fully funded and able to meet all of its current and future obligations.
- 8.3 Currently the scheme is underfunded but the Council has a recovery plan in place to address this. Initial indications are that whilst the deficit has reduced since the last valuation a predicted deterioration in future investment performance might require the contribution rate to be reviewed. A clearer understanding of the position will be available in the next few weeks, once the Actuary has prepared the numbers for each individual organisation in the Bucks County Council scheme.
- 8.4 An opportunity exists, prior the end of March, to make a lump sum payment to the pension fund, thereby reducing the deficit. As the early introduction of funding enables the pension fund to generate its investment returns earlier, this can have a significant financially beneficial result.
- 8.5 As part of budget development process, options will be explored to use some of the Council's earmarked reserves, held for longer term obligations, to pay down a proportion of the pension fund deficit. The saving this creates, in terms of lower employer contributions, can then be used to replenish the earmarked reserves.

9 AVDC Commercial Interests

- 9.1 Members will be aware that the Council now has a number of commercial interest holdings, each at different stages of maturity.
- 9.2 In line with the overarching governance approach adopted by Council earlier this year, each of these interests will present an annual Business Plan for consideration and Scrutiny alongside the budget development process. The financial implications of the agreed Business Plans will be reflected in the developing budget.

10 Strategy for Balancing the Budget / Commercial AVDC

- 10.1 The Council's approach to balancing its finances over the Medium Term Financial Plan is contained within the Commercial AVDC Programme. Members will be aware of the content of this Programme through regular briefings, but in summary;
 - The Commercial AVDC programme was initiated in late 2015 to manage the process of balancing the budget in the run up to the predicted total loss of government grant in 2020.
 - Members will recall that the programme is adopting a two pronged approach of achieving savings by consolidation of services, use of Digital and reducing or eliminating duplication while at the same time generating income through commercial activities. The Commercial activities are developing to provide services that are -
 - Orientated around the customer, fulfilling their demands, delivering what the customer wants

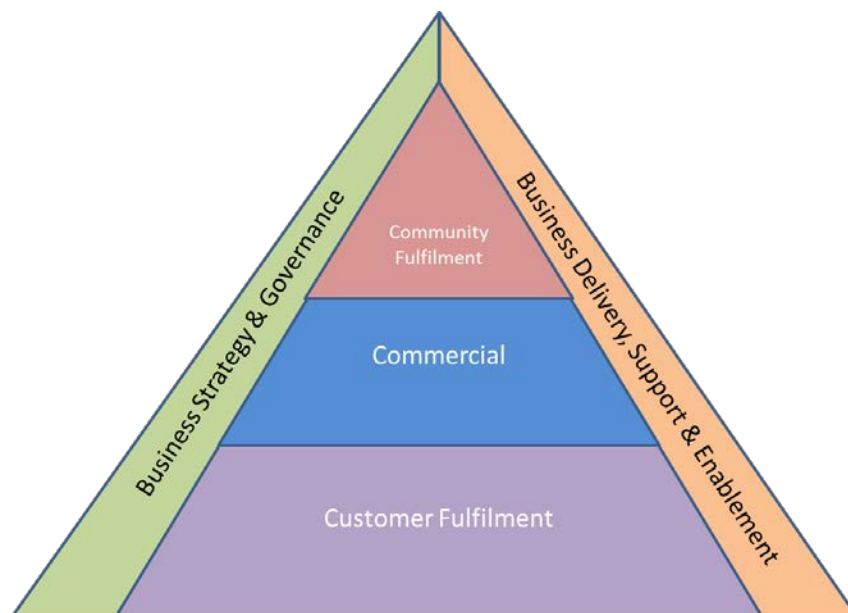
- Speedy response to customer demands, delivering services when the customers want it
- Delivering within a cost effective delivery model at a cost the customers will pay.

10.2 The overall programme is based on a risk management approach. While it is anticipated that the level of profit on the income generated by commercial activities will ultimately exceed the level of savings that can be made in the Council's core operation the actual future level of profits is, nevertheless, prediction and not yet bankable. While activities are underway to establish likely customer demands for commercial services and the best way to fulfil them, in parallel, the Council is undertaking a major internal change programme to deliver the savings which will ensure we have the breathing space to develop the required level of profit from the commercial ventures.

10.3 The programme has received widespread recognition outside the Council with requests for Officers and Members to present at conferences worldwide. In addition the programme, or elements of it, has won numerous awards. The Council is also promoting the work that it is doing in transforming itself through the "Surviving to Thriving" conferences. Two successful conferences were held at the Gateway earlier in the year with a third scheduled for 22nd of November.

10.4 To date the programme has achieved a number of key Milestones.

- "Lifting and Shifting" the organisation into the Sector Triangle model enabling savings to be realised through rationalisation and removal of duplication of effort as well as allowing us to focus on developing our Commercial Services.



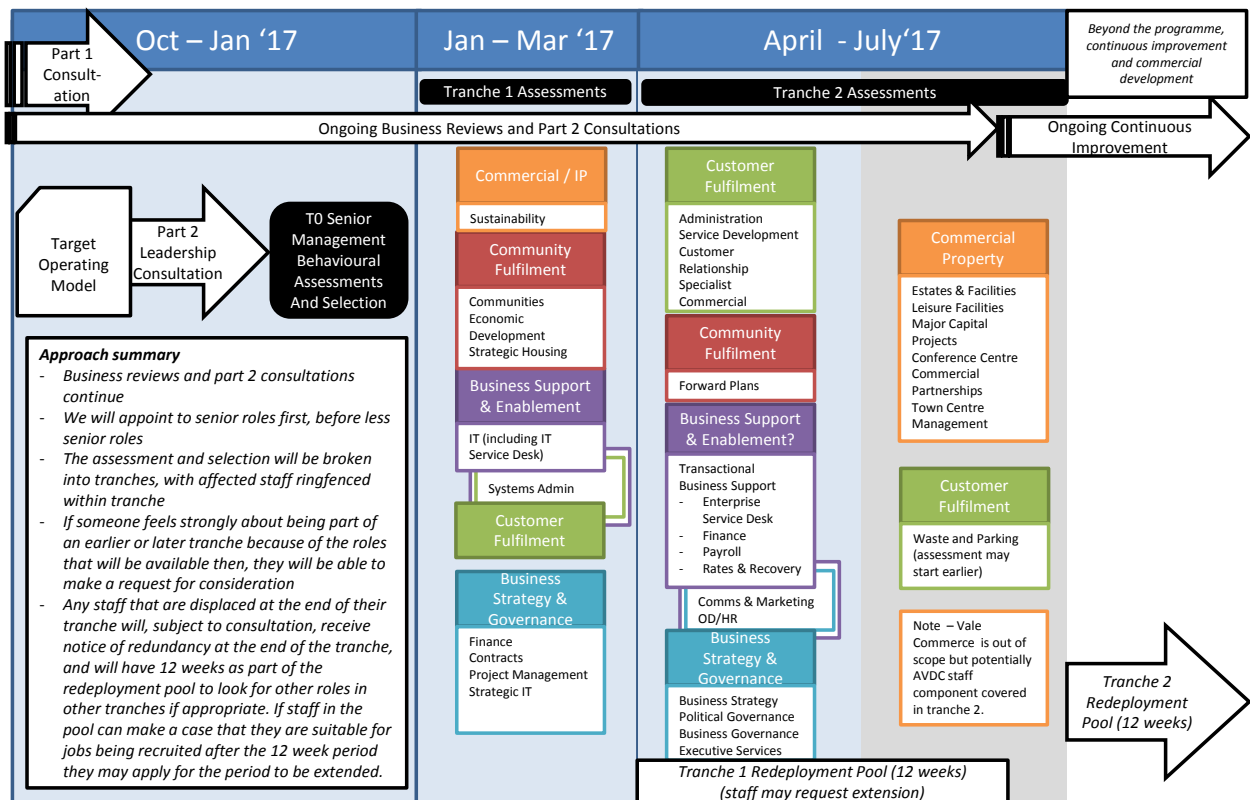
- Development of a Commercial Behaviour Framework and working with external providers to develop an assessment approach to enable the Council to recruit staff on the basis of their knowledge and application of the Behaviours and to develop staff to enable them to operate in a more commercial way.

- Development of “Business Reviews” of services within the organisation looking at how they can be both more efficiently operated and more commercially focussed on customer needs.
- Working through a formal Collective Consultation process with Staff and Union representatives to develop a methodology to enable staff to be recruited into a new organisation structure.

10.5 Over the coming months staff will be recruited into the new organisation structure defined by the outcome of the Business Reviews. This process will be completed by July 2017 enabling the council to achieve savings ongoing.

10.6 The programme has an overall target to bridge the funding gap of £5.6m by 2020. To date for those services analysed savings of £4.2m have been identified with £1.8m of those savings forecast by managers for achievement in 2017/18. It is anticipated that the balance of the funding gap can, if necessary, be met following the review of the remaining services.

10.7 The schedule for the Business Reviews between now and July 2017 is shown below.



10.8 Much of the proposed savings are dependent on the implementation of the Council's Digital Programme. The 5 year IT Cloud Strategy approved by Cabinet/Council in 2011/12 is now coming to an end having achieved its objectives. A new strategy to enable the council to offer better, more flexible services online is being developed for approval in early 2017.

10.9 The Commercial Services arm of the Commercial AVDC Programme consists of three key elements

- Creating innovative new services for our Residents and Businesses that they will value and be prepared to pay for. These services are being developed by AV Broadband and Vale Commerce
- Commercial Property Development and exploitation of our existing built assets.
- Developing the commercial opportunities offered by the packaging and selling of Council expertise and services, e.g. assisting other Councils to implement a Lottery, Payroll services, development of IT and Transformation Strategies.

- 10.10 Through the brand of Vale Commerce the focus is on delivering subscription based services to residents (Limecart) which is now at the stage of signing up the first residents to a pilot scheme and services to businesses (Incgen) which has also started to sign up businesses to those services. The emphasis is on getting an understanding of what the customers want before expanding to a wider market.
- 10.11 The development of commercial opportunities for selling Council services to other organisations is based on identifying which “packaged” services other organisations may need and basing the pricing strategy on the value of the overall package to the customer rather than simply trying to sell the services of staff to other organisations on a straight consultancy basis.
- 10.12 While it is too early to give hard predictions of the levels of income that may be generated by commercial activities early indications are good and it is encouraging that the strategy of offering high value services is receiving good feedback from potential customers across the board whether they be residents, businesses or other councils.
- 10.13 Further reports to Cabinet and Council on the progress of the Commercial AVDC programme will be provided as and when there are developments to be communicated.

11 Council Tax

- 11.1 The Government has exercised tight control over the level of Council Tax increases in each of the past 6 years in order to ensure that reductions in Government Grant were not simply replaced by increases in the burden on the Taxpayer.
- 11.2 In each of the last 6 years the Government has imposed a referendum requirement on any council wishing to increase its Council Tax by 2% or above. A Freeze Grant was also on offer in some years to incentivise councils to hold their Council Tax at the same level.
- 11.3 In all 6 years only one referendum has been held (by a Police authority) and this was heavily defeated. Given the costs of holding a referendum and difficulty in persuading a community to accept a higher increase, the threshold, in all but name, effectively represents a cap on Tax increases.
- 11.4 However, national policy has now shifted away from the desire to see Council Tax levels frozen to an acceptance of minimal tax increases. In fact, contained within last year’s 4 year settlement is an assumption that each council will increase its Council Tax by the maximum permissible amount, short of requiring a referendum.
- 11.5 The Government has assumed that each council will do this and has reduced the amount of Grant it intends to award each council by an equivalent amount. Therefore, any Council not increasing their Council Tax by the assumed amount will effectively be worse off than the Government intended.

- 11.6 The maximum allowable increase was also flexed last year for certain types of councils, with an additional 2%, above the existing 1.99% being made available to councils with responsibility for Adult Social Care. Further flexibility was also given to district councils, thereby acknowledging the huge disparity in individual levels of Council Tax and consequently the maximum gain achievable by a percentage increase.
- 11.7 For district councils, the maximum increase was changed to 1.99% or £5, whichever is the greater. Initially, the Government intended that this would apply only to those districts with lower quartile Council Tax levels, but this was subsequently changed in the Final Settlement to allow all districts to qualify. This change came too late in our own budget setting process for any account to be taken of this additional freedom.
- 11.8 It is important to note that in allocating grant reductions in the 4 year settlement, the Government has assumed that each qualifying council will take maximum advantage of this additional council tax increase threshold and has reduced grant by an additional amount equivalent to the extra Council Tax it expects councils to generate. Implicit within this, is a new Government assumption that more of the burden of funding council services will be transferred to the taxpayer.
- 11.9 Any council not wishing to pass this on to the taxpayer will consequently be worse off, as the Government will have reduced their Grant, assuming that they had.
- 11.10 In planning its budget for 2017/18 and beyond the Council will need to consider its position in relation to assumed Council Tax increases.

12 Parish Council Tax Increases

- 12.1 The one exception to Council Tax capping in recent years has been parish councils, who are still able to increase their Tax by any agreed amount. With the squeeze on county and district council funding there has been a gradual transfer of services to parish councils to take advantage of their freedoms. Parish Council Tax charges have risen well above inflation (on average) as a consequence with no proportionate reduction in the tax charged by those authorities transferring services and so the burden on the tax payer has increased, despite the Government's attempts to limit this to a maximum of 2%.
- 12.2 The Government has been aware of this and threatened, in recent years, to apply referendum principles to some parish councils. If anything, this policy has had the opposite effect and many parishes have sought to increase their tax by even greater amounts to beat the imposition of controls.
- 12.3 This year, the Government has moved one step closer to imposing control and is consulting on extending referendum principles to some parishes in 2017/18. At face value this is only a partial solution and will not solve the problem the Government has identified.
- 12.4 We will keep parishes briefed as the consultation develops.

13 The Council Tax Base

- 13.1 The Tax Base is a measure of the number of household which are liable to pay Council Tax in an area in a given year. The Tax Base also takes into account the banding (size) of the property and the entitlement to discounts of the occupiers.
- 13.2 With the growth in the Vale over recent years the Tax Base has increased significantly above its historic growth trends, resulting in more Council Tax being payable. Whilst useful, in terms of the additional Council Tax generated, the reality is that the housing growth which has resulted in the Tax Base growth often contributes

more cost, by way of demands for infrastructure and services, than the increased Council Tax income new residents will pay.

- 13.3 It is estimated that the combination of these factors will result in actual Tax Base growth at around 2.4% in 2017/18, compared to the existing 1% assumed in the Medium Term Financial Plan.

14 Capital Planning and the Impact of Spending Decisions

- 14.1 The revenue financing implications arising from the decision taken by Council at its last meeting to construct the new Depot Facility and replace the Waste Fleet will now need to be factored into the budget for 2017/18.
- 14.2 This, along with the impacts of any other new decisions, will need to be modelled alongside the position on capital resources.
- 14.3 The Capital Programme is to be considered in a broadly parallel process to that of revenue budget development and the revenue impacts of any funding decisions taken will need to be considered and built into revenue planning as part of the approval process.
- 14.4 Where the Council has had spare cash balances available, it has used these in lieu of borrowing. This reduces the need to take long term borrowing and also the Council gets the lender's return, thus it is financially advantageous to do so.
- 14.5 Utilising spare cash in this way is especially advantageous during periods of low interest rates. It is generally predicted that the Bank of England will begin to increase base rates during 2017, but this is still heavily dependent on external and global factors and any increase, when it comes, is likely to be small and gradual.
- 14.6 The impact on investment income, the costs of borrowing and the returns or savings from investment decision must therefore all be considered together in order to understand the actual impacts of these decisions.
- 14.7 The final impact of completed and planned investment decisions are still being modelled and will be set out in more detail in subsequent reports.

15 Process for Resolving the Budget for 2017/18

- 15.1 As previously described it is hoped that the budget for 2017/18 can be resolved using the reorganisation and income generating strategies already set in train and without the need for a crude or simplistic cuts exercise. It is believed that this should be possible but, as highlighted, there are some key uncertainties which will need to be better understood through the development process.
- 15.2 It is therefore proposed to continue to work on refining the budget, making assumptions about the range of outcomes and aiming for the worst case scenario where appropriate.
- 15.3 The Council has Working Balances in excess of its stated minimum and these are invaluable in allowing the Council to push forward with new initiatives or to flex savings targets from one year to the next in the event of unexpected funding pressures or new windfalls. Balances (adding to, or a use of) are therefore likely to form part of the strategy for concluding the balancing of the budget for 2017/18.
- 15.4 As identified, the focus remains on restructuring and new income generation and not upon lists of potential cuts for consideration. If a specific proposal requires a Cabinet decision or scrutiny consideration it will have already been taken through the democratic process at the appropriate time, or be separately identified for debate as part of the budget development process.

15.5 This will again make the budget process lighter touch and should avoid the need to take lists of potential service reductions through scrutiny committees.

15.6 An initial budget position will be presented to Cabinet in December and will be the subject of Scrutiny by Finance and Services Scrutiny Committee.

16 Options considered

16.1 This report sets out the current position in relation to budget planning and highlights the issues that will need to be resolved prior to agreeing a budget recommendation in January. As such there are no options to consider at this time.

17 Reasons for Recommendation

17.1 The report asks members to note the current position and asks them to agree the process to be adopted for concluding Budget Planning for 2017/18 and for revising the MTFP.

18 Resource implications

18.1 These are included within the report.

19 Response to Key Aims and Objectives

19.1 The Budget is the key lever in terms of delivering the Council's objectives, where they require additional investment or resources. The budget also articulates the costs of providing existing services and a balance has to be struck between the competing demands for resources. These issues will be explored further in subsequent reports on budget development.

Contact Officer
Background Documents

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Cabinet
8 November 2016

APPOINTMENT OF EXTERNAL AUDITOR
Councillor Mordue
Cabinet Member for Finance, Resources and Governance

1 Purpose

- 1.1 Following the demise of the Audit Commission new arrangements were needed for the appointment of external auditors. The Local Audit and Accountability Act 2014 requires authorities to either opt in to the Appointing Person regime or to establish an auditor panel and conduct their own procurement exercise.

2 Recommendations/for decision

- | |
|--|
| 2.1 To recommend to Full Council that this Council opts in to the Appointing Person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors. |
|--|

3 Supporting information

- 3.1 As part of closing the Audit Commission the Government novated external audit contracts to PSAA on 1 April 2015. The audit appointments were due to expire following conclusion of the audits of the 2016/17 accounts, but could be extended for a period of up to three years by PSAA, subject to approval from the Department for Communities and Local Government.
- 3.2 In October 2015 the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year. This meant that for the audit of the 2018/19 accounts it would be necessary for authorities to either undertake their own procurements or to opt in to the Appointed Person regime.
- 3.3 There was a degree of uncertainty around the Appointed Person regime until July 2016 when PSAA were specified by the Secretary of State as an Appointing Person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The Appointing Person is sometimes referred to as the sector led body and PSAA has wide support across most of local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission and is a company owned by the Local Government Association's Improvement and Development Agency (IDeA).
- 3.4 The date by which authorities will need to opt in to the appointing person arrangements is not yet finalised. However, it is anticipated that invitations to opt in will be issued in December 2016 and a response may be required before the Council meeting in February. As there is not a Council meeting in January it is important that this issue is considered by Council at the December meeting.
- 3.5 The main advantages of using PSAA are set out in its prospectus (attached as Appendix 1) and the key points are copied below; these may also be viewed as disadvantages should the Council decide to undertake its own procurement.
- Assure timely auditor appointments
 - Manage independence of auditors
 - Secure highly competitive prices
 - Save on procurement costs

- Save time and effort needed on auditor panels
- Focus on audit quality
- Operate on a not for profit basis and distribute any surplus funds to scheme members.

4 Options considered

- 4.1 To establish an auditor panel and conduct our own procurement. This is not recommended as it will be a far more resource intensive process and, without the bulk buying power of the sector led procurement, would be likely to result in a more costly service.

5 Reasons for Recommendation

- 5.1 It is likely that a sector wide procurement conducted by PSAA will produce better outcomes for the Council than any procurement we undertook by ourselves or with a limited number of partners. Use of the PSAA will also be less resource intensive than establishing an auditor panel and conducting our own procurement.
- 5.2 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Full Council (authority meeting as a whole). To comply with this regulation Cabinet is asked to make the recommendation above to Council.

6 Resource implications

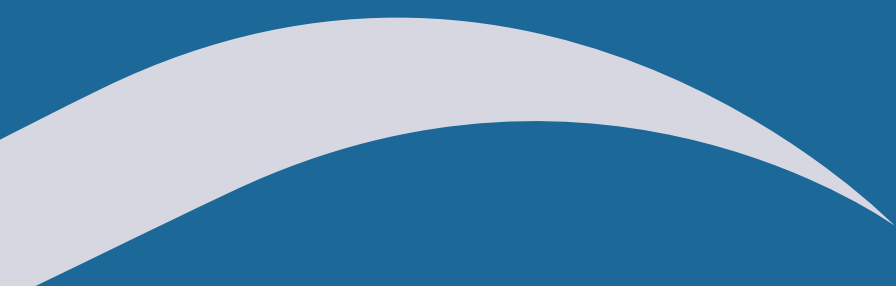
- 6.1 If PSAA is not used some additional resource may be needed to establish an auditor panel and conduct our own procurement. Until either procurement exercise is completed it is not possible to state what additional resource may be required for audit fees for 2018/19, although it is anticipated that any increase will be minimised through using PSAA.

Contact Officer
Background Documents

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Developing the option
of a national scheme for
local auditor appointments



“The LGA has worked hard to secure the option for local government to appoint auditors through a dedicated sector-led national procurement body. I am sure that this will deliver significant financial benefits to those who opt in.”

– Lord Porter CBE, Chairman,
Local Government Association

Over the next few months all principal authorities will need to decide how their auditors will be appointed in the future. They may make the appointment themselves, or in conjunction with other bodies. Or they can take advantage of a national collective scheme which is designed to offer them a further choice. Choosing the national scheme should pay dividends in quality, in cost, in responsiveness and in convenience.

Public Sector Audit Appointments Ltd (PSAA) is leading the development of this national option. PSAA is a not-for-profit company which already administers the current audit contracts. It has been designated by the Department for Communities & Local Government (DCLG) to operate a collective scheme for auditor appointments for principal authorities (other than NHS bodies) in England. It is currently designing the scheme to reflect the sector's needs and views.

The Local Government Association (LGA) is strongly supportive of this ambition, and 200+ authorities have already signalled their positive interest. This is an opportunity for local government, fire, police and other bodies to act in their own and their communities' best interests.

We hope you will be interested in the national scheme and its development. We would be happy to engage with you to hear your views – please contact us at generalenquiries@psaa.co.uk

You will also find some questions at the end of this booklet which cover areas in which we would particularly welcome your feedback.

Audit does matter

High quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.

Imminent changes to the arrangements for appointing the auditors of local public bodies are therefore very important. Following the abolition of the Audit Commission, local bodies will soon begin to make their own decisions about how and by whom their auditors are appointed. A list of the local government bodies affected can be found at the end of this booklet.

The Local Government Association (LGA) has played a leadership role in anticipating these changes and influencing the range of options available to local bodies. In particular, it has lobbied to ensure that, irrespective of size, scale, responsibilities or location, principal local government bodies can, if they wish, subscribe to a specially authorised national scheme which will take full responsibility for local auditor appointments which offer a high quality professional service and value for money.


The LGA supported PSAA's successful application to the Department for Communities & Local Government (DCLG) to be appointed to deliver and manage this scheme.

PSAA is well placed to award and manage audit contracts, and appoint local auditors under a national scheme

PSAA is an independent, not-for-profit company limited by guarantee and established by the LGA. It already carries out a number of functions in relation to auditor appointments under powers delegated by the Secretary of State for Communities & Local Government. However, those powers are time-limited and will cease when current contracts with audit firms expire with the completion of the 2017/18 audits for local government bodies, and the completion of the 2016/17 audits for NHS bodies and smaller bodies.

The expiry of contracts will also mark the end of the current mandatory regime for auditor appointments. Thereafter, local bodies will exercise choice about whether they opt in to the authorised national scheme, or whether they make other arrangements to appoint their own auditors.

PSAA has been selected to be the trusted operator of the national scheme, formally specified to undertake this important role by the Secretary of State. The company is staffed by a team with significant experience in appointing auditors, managing contracts with audit firms and setting and determining audit fees. We intend to put in place an advisory group, drawn from the sector, to give us ready access to your views on the design and operation of the scheme. We are confident that we can create a scheme which delivers quality-assured audit services to every participating local body at a price which represents outstanding value for money.



“Many district councils will be very aware of the resource implications of making their own appointment. Joining a well-designed national scheme has significant attractions.”

– Norma Atlay, President,
Society of District Council Treasurers

“Police bodies have expressed very strong interest in a national scheme led by PSAA. Appointing the same auditor to both the PCC and the Chief Constable in any area must be the best way to maximise efficiency.”

– Sean Nolan, President,
Police and Crime Commissioners
Treasurers’ Society (PACCTS)

The national scheme can work for you

We believe that the national scheme can be an excellent option for all local bodies. Early indications are that many bodies agree - in a recent LGA survey more than 200 have expressed an interest in joining the scheme.

We plan to run the scheme in a way that will save time and resources for local bodies - time and resources which can be deployed to address other pressing priorities. Bodies can avoid the necessity to establish an auditor panel (required by the Local Audit & Accountability Act, 2014) and the need to manage their own auditor procurement. The scheme will take away those headaches and, assuming a high level of participation, be able to attract the best audit suppliers and command highly competitive prices.

The scope of public audit is wider than for private sector organisations. For example, it involves forming a conclusion on the body's arrangements for securing value for money, dealing with electors' enquiries and objections, and in some circumstances issuing public interest reports. PSAA will ensure that the auditors which it appoints are the most competent to carry out these functions.

Auditors must be independent of the bodies they audit, to enable them to them to carry out their work with objectivity and credibility, and in a way that commands public confidence. PSAA plans to take great care to ensure that every auditor appointment passes this test. It will also monitor any significant proposals, above an agreed threshold, for auditors to carry out consultancy or other non-audit work to ensure that these do not undermine independence and public confidence.

The scheme will also endeavour to appoint the same auditors to bodies which are involved in formal collaboration/joint working initiatives or within combined authority areas, if the parties consider that a common auditor will enhance efficiency and value for money.

PSAA will ensure high quality audits

We will only contract with firms which have a proven track record in undertaking public audit work. In accordance with the 2014 Act, firms must be registered with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC). Current indications are that fewer than ten large firms will register meaning that small local firms will not be eligible to be appointed to local public audit roles.

PSAA will ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any concerns are detected at an early stage and addressed effectively in the new regime. The company will take a close interest in feedback from audited bodies and in the rigour and effectiveness of firms' own quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. We will liaise with the National Audit Office (NAO) to help ensure that guidance to auditors is updated when necessary.

We will include obligations in relation to maintaining and continuously improving quality in our contract terms and quality criteria in our tender evaluation method.

PSAA will secure highly competitive prices

A top priority must be to seek to obtain the best possible prices for local audit services. PSAA's objective will be to make independent auditor appointments at the most competitive aggregate rate achievable.

Our current thinking is that the best prices will be obtained by letting three year contracts, with an option to extend to five years, to a relatively small number of appropriately registered firms in two or three large contract areas nationally. The value of each contract will depend on the prices bid, with the firms offering the best prices being awarded larger amounts of work. By having contracts with a number of firms we will be able to ensure independence and avoid dominance of the market by one or two firms.

Correspondingly, at this stage our thinking is to invite bodies to opt into the scheme for an initial term of three to five years.

The procurement strategy will need to prioritise the importance of demonstrably independent appointments, in terms of both the audit firm appointed to each audited body and the procurement and appointment processes used. This will require specific safeguards in the design of the procurement and appointment arrangements.

“Early audit planning is a vital element of a timely audit. We need the auditors to be available and ready to go right away at the critical points in the final accounts process.”

– Steven Mair, City Treasurer,
Westminster City Council

“In forming a view on VFM arrangements it is essential that auditors have an awareness of the significant challenges and changes which the service is grappling with.”

– Charles Kerr, Chair,
Fire Finance Network

PSAA will establish a fair scale of fees

Audit fees must ultimately be met by individual audited bodies. PSAA will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising PSAA's own costs. The changes to our role and functions will enable us to run the new scheme with a smaller team of staff. PSAA is a not-for-profit company and any surplus funds will be returned to scheme members.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk. Pooling means that everyone within the scheme will benefit from the most competitive prices. Current scale fees are set on this basis. Responses from audited bodies to recent fee consultations have been positive.

PSAA will continue to consult bodies in connection with any proposals to establish or vary the scale of fees. However, we will not be able to consult on our proposed scale of fees until the initial major procurement has been completed and contracts with audit firms have been let. Fees will also reflect the number of scheme participants - the greater the level of participation, the better the value represented by our scale of fees. We will be looking for principal bodies to give firm commitments to join the scheme during Autumn 2016.

The scheme offers multiple benefits for participating bodies

We believe that PSAA can deliver a national scheme which offers multiple benefits to the bodies which take up the opportunity to collaborate across the sector by opting into scheme membership.

Benefits include:

- assured appointment of a qualified, registered, independent auditor
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives or combined authorities, if the parties believe that it will enhance efficiency and value for money
- on-going management of independence issues
- securing highly competitive prices from audit firms
- minimising scheme overhead costs
- savings from one major procurement as opposed to a multiplicity of small procurements
- distribution of surpluses to participating bodies
- a scale of fees which reflects size, complexity and audit risk
- a strong focus on audit quality to help develop and maintain the market for the sector
- avoiding the necessity for individual bodies to establish an auditor panel and to undertake an auditor procurement
- enabling time and resources to be deployed on other pressing priorities
- setting the benchmark standard for audit arrangements for the whole of the sector

We understand the balance required between ensuring independence and being responsive and will continually engage with stakeholders to ensure we achieve it.

How can you help?

We are keen to receive feedback from local bodies concerning our plans for the future. Please let us have your views and let us know if a national scheme operated by PSAA would be right for your organisation.

In particular we would welcome your views on the following questions:

1. Is PSAA right to place emphasis on both quality and price as the essential pre-requisites for successful auditor appointments?
2. Is three to five years an appropriate term for initial contracts and for bodies to sign up to scheme membership?
3. Are PSAA's plans for a scale of fees which pools scheme costs and reflects size, complexity and audit risk appropriate? Are there any alternative approaches which would be likely to command the support of the sector?
4. Are the benefits of joining the national scheme, as outlined here, sufficiently attractive? Which specific benefits are most valuable to local bodies? Are there others you would like included?
5. What are the key issues which will influence your decisions about scheme membership?
6. What is the best way of us continuing our engagement with you on these issues?

Please reply to: generalenquiries@psaa.co.uk

The following bodies will be eligible to join the proposed national scheme for appointment of auditors to local bodies:

- county councils in England
- district councils
- London borough councils
- combined authorities
- passenger transport executives
- police and crime commissioners for a police area in England
- chief constables for an area in England
- national park authorities for a national park in England
- conservation boards
- fire and rescue authorities in England
- waste authorities
- the Greater London Authority and its functional bodies.

BOARD MEMBERS

Steve Freer (Chairman), former Chief Executive CIPFA

Caroline Gardner, Auditor General Scotland

Clive Grace, former Deputy Auditor General Wales

Stephen Sellers, Solicitor, Gowling WLG (UK) LLP

CHIEF OFFICER

Jon Hayes, former Audit Commission Associate Controller

“Maintaining audit quality is critically important. We need experienced audit teams who really understand our issues.”

– Andrew Burns, Director of
Finance and Resources,
Staffordshire County Council

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