CABINET

8 NOVEMBER 2016

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

1. MINUTES

RESOLVED –

That the Minutes of 11 October, 2016, be approved as a correct record.

2. AVDC COMMUNITIES TEAM

The Council was seeking ways to mitigate continuing reductions in Government funding support and had embarked upon a major transformational programme designed to maximise income generation and efficiencies to ensure continued delivery of those services most valued by customers. The changes would enable the Council to operate in a more commercial way. As part of the commercial AVDC programme a review of the Communities Team had been undertaken and details of the outcome of the review formed an Appendix to the Cabinet report.

The current Communities Team sat within the Community Fulfilment Sector and comprised various sub teams including Community Safety, Community Engagement, Grants and Projects Support and the Communities Delivery Team. The role of these teams varied dramatically, with each providing a range of both statutory and discretionary services. There was however little doubt that the work of the Team as a whole provided major benefits to the community in line with the Council's mission to ensure the economic, social and environmental wellbeing of the Vale.

The review report had been considered by the Environment and Living Scrutiny Committee which was largely supportive of the proposals. However the Committee had asked for equality impact assessments to be undertaken in relation to those services that were at risk.

Cabinet was advised that subsequently Equality Impact Assessments (EIAs) had been completed for the 16 projects that were either recommended for cessation or where it was proposed to examine alternative ways of delivery. The aim for the majority of the projects was to find a new provider, but for the purposes of the EIAs it had been assumed that all the projects would stop if AVDC ceased funding them. The EIAs had looked at whether there would be a detrimental impact on any of the nine protected characteristics if cessation were to be pursued.

Of the 16 assessments, 5 projects were ones which the Council supported, but which were run by other organisations. The impact of stopping Council support was minimal as the projects would continue to operate without AVDC's support. In examples such as the Funding Fair, the remaining partners might choose to hold the event in the south of the county which could mean that it was more difficult for Aylesbury Vale residents to attend, but this would not have a detrimental effect. The "Purple Flag" submission also fell into this category because even if the Council ceased applying for the accreditation, community safety work would continue to ensure a safe night time economy.

Seven of the projects could be categorised as being one off or an annual programme of events which were promoted broadly to all sectors of the community, but not specifically to any one. These projects had different attendees year on year depending on the location, date of the event and type of performance offered, for example, in the case of the "Theatre in Villages" and "Music in quiet Places". For these reasons, there might be an expectation within community groups that a project would take place but if it did not happen, people covered by the protected characteristics would not be negatively affected.

The final three projects were "Energise Gold", "Ladies Only Swimming" and "Community Chest". "Energise Gold" and "Ladies Only Swimming" were targeted at people in particular protected characteristic groups (gender and age) and it had been noted that there would be an effect on these people if the sessions were to stop. "Energise Gold" provided older people with a chance to be more active and could help to combat isolation. The effects of these sessions were more around health and wellbeing of the participants as opposed to the protected characteristics.
Similarly, women who participated in the "Ladies Only Swimming" sessions benefited from the fact that they were run in closed pools. However this was a benefit to their health and wellbeing, not to them being part of a protected characteristic group. It had been concluded that although there would be an effect on people covered by the protected characteristics, this would not be detrimental and that the need for corporate savings and the possibility that there might be alternative methods of delivery, outweighed this.

The main project that had the largest effect on people covered by the Equalities Act was the "Community Chest" scheme. Throughout its ten year lifespan the scheme had supported a large number of local projects that benefited all members of the community across all nine of the protected characteristics. However, this was a project limited to a ten year period and the Grants Officers had been promoting alternative sources of funding to applicants over the last 18 months or so, which should mitigate some of the effects of the project closing.

One other change to the report presented to the Environment and Living Scrutiny Committee was that it was now proposed to maintain the "Play Around the Parishes" service, but examine different ways of delivery. It was emphasised that the aim was to ensure that in respect of any service that was recommended for cessation, efforts would be made to secure continuance through an external partner. Whilst undertaking this work, officers had continued to review how the Council delivered existing services and it was believed that by making changes to how the "Play Around the Parishes" project was resourced and to the pricing structure, AVDC would still be able to deliver this valuable service.

Further feedback had also been received relating to the "Purple Flag" accreditation. In the original report to the Scrutiny Committee it had been proposed that this should either be stopped or moved to a different team for delivery. However, after undertaking further customer insight, it was believed that the service was highly valued, especially in relation to the night time economy in Aylesbury town centre. It was therefore intended to continue with the scheme but at the same time look at possible alternative means of delivery.

The proposals (as amended from those reported to the Scrutiny Committee) would result in a reduction in the Council's £1.7 million commitment to the community by approximately £265,000, whilst still maintaining key statutory and Council policy priorities. The proposed new structure would be subject to formal consultation and it was noted that work would continue with external partners to facilitate continuance of any projects which it was proposed to cease.

RESOLVED –

That, having noted the position concerning “Play around the Parishes” and the Purple Flag scheme, the Chief Executive, after consultation with the Cabinet Member for Communities, Leisure and Civic Amenities be authorised to implement the recommendations contained in the Appendix attached to the Cabinet report.

3. DRAFT BUDGET PROPOSALS FOR 2017/2018

Cabinet received a high level report setting out the issues facing the Council in developing budget proposals for 2017/2018 within the context of the Medium Term Financial Plan (MTFP).

The current MTFP for 2017/2018 had been agreed by Council in February, 2016. This had predicted the need to identify £1.6 million of savings in order to balance the budget for 2017/2018, based upon the information available at that time and a set of assumptions around key variables within the budget. These key assumptions would be revisited and reviewed as part of the budget planning process for 2017/2018 and for the four years thereafter, which made up the MTFP period.

Local government and most of the public sector had 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 Vale residents. With the recent change in Prime Minister and the European Referendum result, there were indications that the Government might soften its stance on austerity. However, it was currently considered unlikely that this would have any material impact on the targets local government had already been set for the period up to 2019/2020.

Whilst the Government worked to determine its position on Brexit and the implications for austerity longer term, there was likely to be a hiatus. Some clarity was however expected to materialise in the new Chancellor’s Autumn Statement, due to be made on 23 November. It was nevertheless expected that the need to reduce Government borrowing was unlikely to diminish significantly in the short term and so it seemed unlikely that the Government would deviate from the 4 year spending settlement previously announced.

The tone of the report now before Cabinet was therefore still primarily focussed around the delivery of savings and new income generating targets identified last year. Members were informed that the budget planning process would follow broadly the same as in previous years and a timetable was submitted.

The on-going work of officers and Cabinet Members under the commercialisation programme to deliver efficiencies, savings and new income again should mean that the process could be condensed. This was achievable because any strategic choices relating to the level or means of service delivery had already been debated and scrutinised throughout the year and therefore, were not required to be agreed as part of the budget planning process.

The commercialisation programme was being delivered as a 4 year programme of co-ordinated works and services reviews and not as 4 separate annual decision making rounds which presented Members with multiple, equally unpalatable choices around service cuts. This minimised the amount of decision making required as part of this annual refresh and update of the MTFP.

Members recalled that last year the Government had offered a multi year financial settlement to those councils who wanted it. Along with the majority of councils across

the country, AVDC had opted to accept the offer because of the certainty this afforded. The Council was awaiting a response to its submission.
With some caveats around New Homes Bonus and the impact of the business rate revaluation, due to be effected on 1 April, 2017, the Council would know the level of Government support it could expect to receive in each of the years 2017/2018, 2018/2019 and 2019/2020. Whilst the reductions contained within these numbers still represented a significant challenge, for this, and all councils, it did at least allow the Council to plan ahead. This was preferable compared to the annual, invariably late, announcement from the Government in December which left little or no opportunity to react to unexpected variations. The figures contained within the settlement were as 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

The MTFP period, once extended as part of this planning process, would now run beyond 2019/2020 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, was uncertain. Whilst a long way into the future, some consideration would need to be given to this as part of budget planning.

The Government had announced its intention to review New Homes Bonus (NHB) as part of last year's settlement and had issued a consultation paper seeking views. The Council had responded but the Government had not yet published its conclusions. Consequently it remained uncertain as to whether the scheme would continue into 2017/2018 and if so, to what extent.

Like many councils, AVDC used a proportion of NHB in its revenue budget to replace the grant which the Government had top sliced in order to create the NHB scheme. This amount was equal to £1.178 million, compared to the £8.3 million received in total during 2016/2017.

The Council's use of NHB in its revenue budget had always been deliberately minimised because of concerns over the scheme's longevity. The amount had therefore been limited to that hypothecated as being equal to the grant the Council had lost when the scheme had been created, and therefore the amount it would receive in additional grant if NHB was unwound.

Assuming any changes to the scheme only reduced the amount awarded, then there should be no immediate implications for the MTFP. If the Government decided to end the scheme immediately, what would become crucial would be how it reintroduced the funding released back to local government. It was currently expected that councils would not hear the outcome of the Government's review until the Autumn Statement.

From 1 April, 2013, Government grant had been made up of two elements, namely Revenue Support Grant and Retained Business Rates. The system of business rate retention allowed councils to benefit or lose from changes in the amount of business rates collected in their area and thus each council would be incentivised to promote economic expansion. The Council's ability to gain from business rates growth was limited in practice, but it had still generated some gains over the 4 years during which the current system had been in place.

Appeals against the amount of business rates payable continued to present an issue. Thus far, these appeals had been successfully managed through an appeals provision. However, appeals against a number of the largest properties in the Vale were still unresolved and therefore presented a potential risk. The current assumption was that these could be managed within the existing appeals provision but this would need to be kept under review.

All business premises were revalued in a 5 year cycle. The current cycle had been extended to 7 years because of the introduction of the business rates retention system in 2013 and the first review under this system was now due to be implemented on 1 April, 2017.

Whilst the Government managed the impact to ensure that the amount of business rates collected nationally remained the same, there were regional variations and the baseline funding, which all councils received, would need to be adjusted from the numbers in the earlier table so as to ensure that individual councils were not adversely affected by the introduction of the revaluation data. The Government was currently consulting on its proposed mechanism for doing this.

In 2016/2017, AVDC had entered into a business rates pooling arrangement with Bucks County Council, Bucks Fire and Rescue, Chiltern District Council and South Bucks District Council. This arrangement, if successful, would allow these authorities to retain a greater proportion of business rates growth by reducing the amount that the Government would ordinarily capture.

Thus far the arrangement appeared to be working successfully but because of the inherent volatility caused largely by appeals, whether the current gains would continue to the year end remained difficult to predict at this juncture. The pool would continue with its current membership into 2017/2018, unless one of the authorities chose to dissolve it and reconstitute it with a different membership.

The Government was currently consulting on proposals to allow local government to retain all of the business rates collected nationally. These proposals were potentially more challenging and more far reaching than the changes that had been introduced in 2013. Thus far, the Government had issued an initial high level consultation paper seeking views which would enable it to shape a more detailed consultation later this year.

Once agreed, the Government intended to roll out the new system in either 2019/2020 or 2020/2021. Because of the uncertainties over the exact form of the system, it was unlikely that any significant assessment of the implications could be made in this budget development cycle.

The MTFP agreed in February had made assumptions around inflation and pay based upon a gradual improvement in the economic outlook. In practice, the relatively stable outlook for the economy had now been replaced by a period of uncertainty caused by the largely unpredictable implications of Brexit. Much of this would be determined by the Government's approach to the exit from the European Union and this would only be understood over time.

For now it appeared that the weakening pound would push inflation higher in the short term, potentially hastening higher interest rates. However, the situation was volatile and provided an uncertain environment in which to plan. This would need to be kept under review, but it seemed unlikely that any great clarity would emerge during the budget planning period. It therefore seemed probable that this would become one of those issues that would necessitate a higher level of contingency in the form of higher balances.

The Government's Apprenticeship Levy would come into effect on 1 April, 2017, which imposed a tariff on all larger employers based upon their total wage bill. The tariff could be mitigated by employing apprentices and the Council was actively engaging to ensure the best financial outcome. However, it seemed likely that the Levy would result in some degree of higher cost which would need to be accommodated as part of budget planning.

The Local Government Pension Scheme was a national scheme which all local government employees were entitled to join. Periodically (every 3 years), the Pension Fund was revalued in order to fully understand expected future calls on the fund, the amount likely to be contributed to it over time and its investment performance. This determined the annual amount each employer needed to contribute to the scheme to ensure that it remained fully funded and was able to meet all of its current and future obligations.

Currently the scheme was underfunded but the Council had a recovery plan in place to address this. Initial indications were that whilst the deficit had 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 would be available in the next few weeks, once the Actuary had prepared the numbers for each individual organisation in the Bucks County Council scheme.

An opportunity existed, prior to the end of March, to make a lump sum payment to the Pension Fund, thereby reducing the deficit. As the early introduction of funding enabled the Pension Fund to generate its investment returns earlier, this could have a significant financially beneficial result.

As part of the budget development process, options would 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 created, in terms of lower employer contributions, could then be used to replenish the earmarked reserves.

Members were aware that the Council now had a number of commercial interest holdings, each at different stages of maturity. In line with the overarching governance approach adopted by the Council earlier this year, each of these interests would present an annual business plan for consideration and scrutiny alongside the budget development process. The financial implications of the agreed business plans would be reflected in the developing budget.

The Council's approach to balancing its finances over the MTFP was contained within the Commercial AVDC programme. This could be summarised as follows:-

- The Commercial AVDC programme had been initiated in late 2015 to manage the process of balancing the budget in the run up to the predicted total loss of Government grant.

- The programme comprised a two pronged approach of achieving savings by the consolidation of services, use of digital technology and reducing/eliminating duplication, whilst at the same time generating income through commercial activities. These activities were oriented around the customer, fulfilling their demands and delivering what they wanted. Services would be delivered speedily in response to demands and when the customer wanted them. Services would also be delivered in a cost effective manner at a price customers would pay.

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

The programme had 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, had won numerous awards. The Council was also promoting the work that it was doing in transforming itself through the "Surviving to Thriving" conferences. Two successful conferences had been held at The Gateway earlier in the year with a third scheduled for 22 November.

To date, the programme had achieved a number of key milestones:-

- "Lifting and Shifting" the organisation into the sector model, enabling savings to be realised through rationalisation and the removal of duplication of effort as well as allowing the Council to focus on developing its 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 could be both more efficiently operated and more commercially focussed on customer needs.

- Working through a formal collective consultation process with Union and Staff Representatives to develop a methodology to enable staff to be recruited into a new organisational structure.

Over the coming months staff would be recruited into the new organisation structure defined by the outcome of the business reviews. This process would be completed by July, 2017, enabling the Council to achieve savings on-going. The programme had an overall target to bridge the funding gap of £5.6 million by 2020. To date, for those services analysed, savings of £4.2 million had been identified, with £1.8 million of those savings forecast by managers for achievement in 2017/2018. It was anticipated that the balance of the funding gap could, if necessary, be met following the review of the remaining services. A schedule illustrating the business review programme was submitted.

Much of the proposed savings were dependent on the implementation of the Council's digital programme. The 5 year IT cloud strategy approved by Council in 2011/2012 was now coming to an end having achieved its objectives. A new strategy to enable the Council to offer better, more flexible services online was being developed for approval in early 2017.

The commercial services arm of the programme comprised 3 key elements:-

- Creating new services for residents and businesses that they would value and be prepared to pay for. These services were being developed by AV Broadband and Vale Commerce.

- Commercial Property Development and exploitation of the Council's 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.

Through the brand of Vale Commerce the focus was on delivering subscription based services to residents (Limecart) which was now at the stage of signing up the first residents to a pilot scheme, and services to businesses (Incgen), which had also started to sign up businesses to those services. The emphasis was on getting an understanding of what customers wanted before expanding to a wider market.

The development of commercial opportunities for selling Council services to other organisations was based on identifying which packaged services such organisations might 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.

Whilst it was too early to give firm predictions of the levels of income that might be generated by commercial activities, early indications were good and it was encouraging that the strategy of offering high value services was receiving good feedback from potential customers, whether they be residents, businesses or other councils. It was noted that further reports would be submitted on the progress being made.

The Government had exercised tight control over the level of council tax increases in each of the last 6 years in order to ensure that reductions in Government Grant were not simply replaced by increases in the tax burden. The Government had imposed a referendum requirement on any council wishing to increase its council tax by 2% or above. A freeze grant had also been made available in some years to incentivise councils to hold their council tax at the same level.

Over those 6 years only one referendum had been held (by a police authority) and this had been heavily defeated. Given the costs of holding a referendum and the difficulty in persuading a community to accept a higher increase, the threshold in all but name, effectively represented a cap on council tax increases.

National policy had however now shifted away from the desire to see council tax levels frozen, to an acceptance of minimal increases. In fact, contained within last year's settlement had been an assumption that each council would increase its council tax by the maximum permitted – just short of requiring a referendum. The Government had assumed that each council would do this and had reduced the amount of grant it intended to award each council by an equivalent amount. Therefore, any council not increasing their council tax by the assumed amount would effectively be worse off than the Government intended.

The maximum allowable increase had also been fixed last year for certain types of council, with an additional 2% above the existing 1.99% being made available to those councils with responsibility for adult social care. Further flexibility had also been 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.

For district councils, the maximum increase had been changed to 1.99% or £5, whichever was the greater. Initially, the Government had intended that this would apply only to those district councils with lower quartile council tax levels, but this had subsequently been changed in the final settlement to allow all district councils to qualify. This change had occurred too late in this Council's budget setting process for any account to be taken of the additional freedom. Members confirmed that this would form a key factor in determining Council Tax levels for future years.

It was noted that in allocating grant reductions in the 4 year settlement, the Government had assumed that each qualifying council would take maximum advantage of this additional council tax increase threshold and had reduced grant by an additional amount equivalent to the extra council tax it expected councils to generate. Implicit within this was a new Government assumption that more of the burden of funding council services would be transferred to the taxpayer. Any council not wishing to pass this on to the taxpayer would consequently be worse off, as the Government would have reduced their grant, assuming that the increase had been applied. As mentioned above, it was therefore important for the Council in its budget planning for 2017/2018 and beyond, to consider carefully the position in relation to assumed council tax increases.

The one exception to council tax capping in recent years had been Parish/Town Councils, who were still able to increase their tax by any agreed amount. With the squeeze on County and District Council funding, there had been a gradual transfer of services to Parish/Town Councils to take advantage of their freedoms. Parish/Town Council tax charges had, on average, risen well above the rate of inflation as a consequence, with no proportionate reduction in the tax charged by those authorities transferring the services. Therefore the burden on the taxpayer had increased, despite Government's attempts to limit this to a maximum of 2%.

The Government was aware of this and had threatened in recent years to apply the referendum principles to some Parish/Town Councils. If anything, this policy had resulted in the opposite effect and many Parishes/Town Councils had sought to increase their tax by even greater amounts in order to beat any impending controls. This year the Government had moved a step closer to the imposition of some control and was consulting on extending referendum principles to some parish/Town Councils in 2017/2018. At face value, this was only a partial solution and would not solve the problem the Government had identified. Members would be kept appraised of future developments.

The council tax base was a measure of the number of households which were liable to pay council tax in an area in a given year. The tax base also took into account the banding (size) of the property and the entitlement to discounts.

With the growth of the Vale over recent years, the tax base had 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 was that the housing growth which had resulted in the tax base growth often contributed more cost by way of the demand for infrastructure and services, than the increased council tax income. It was estimated that the combination of these factors would result in actual council tax base growth of around 2.4% in 2017/2018, compared to the existing 1% assumed in the MTFP.

The revenue financing implications arising from the decision taken by Council to construct a new depot facility and replace the waste collection fleet would now need to be factored into the budget for 2017/2018.

The Capital Programme would be considered in a broadly parallel process to that of the revenue budget and the revenue impacts of any funding decisions taken would need to be considered and built into revenue planning as part of the overall approval process. Where the Council had accumulated spare cash balances, it had used these in lieu of borrowing. This had reduced the need to take long term borrowing and also the Council received the lender's return which was financially advantageous.

Using spare cash in this way was especially advantageous during periods of low interest rates. It was generally predicted that the Bank of England would begin to increase base rates during 2017, but this was still heavily dependent on external and global factors, and any increase, when it occurred, was likely to be small and gradual. The impact on investment income, the costs of borrowing and the returns on savings from investment decisions had to be considered in the round in order to understand fully the actual impacts of these decisions. The final impact of completed and planned investment decisions were still being modelled and it was noted that this would be the subject of subsequent reports.

As indicated previously, it was hoped that the budget for 2017/2018 could be resolved using the reorganisation and income generating strategies already put in place or planned and without the need for a crude or simplistic cuts exercise. It was believed that this should be possible but there were still some key uncertainties which would need to be better understood through the budget development process. It was 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.

The Council had working balances in excess of its stated minimum and these were invaluable in allowing the Council to proceed with new invest to save 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 use of) were therefore likely to form part of the strategy for concluding the balancing of the budget for 2017/2018.

As identified, the focus remained on restructuring and new income generation and not upon lists of potential cuts. If a specific proposal required a Cabinet decision and/or scrutiny, it would already have been taken through the democratic process at the appropriate time, or separately identified for debate as part of the budget development process. This would again make the budget process lighter touch and should avoid the need to take lists of potential service reductions through the scrutiny process. It was noted that an initial budget position would be presented to Cabinet in December and would be the subject of scrutiny by the Finance and Services Scrutiny Committee.

RESOLVED –

That the approach described above for developing the 2017/2018 budget and the Medium term Financial Plan be approved.

4. APPOINTMENT OF EXTERNAL AUDITOR

As part of closing the Audit Commission, the Government had novated external audit contracts to Public Sector Audit Appointments (PSAA) on 1 April, 2015. The audit appointments were due to expire following the conclusion of the audit of the 2017/2018 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 (DCLG).

In October, 2015, the Secretary of State had 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 2018/2019 accounts, it would be necessary for authorities to either undertake their own procurements or to opt in to the Appointed Person regime.

There had been a degree of uncertainty around the Appointed Person regime until July this year when PSAA had been specified by the Secretary of State as an Appointing Person under Regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The Appointing Person was sometimes referred to as the sector led body and PSAA had wide support across most of local government. PSAA had originally been established to operate the transitional arrangements following the closure of the Audit Commission and was a company owned by the Local Government Association's Improvement and Development Agency (IDeA).

The date by authorities needed to opt in to the Appointing Person arrangements had not yet been finalised. However it was anticipated that invitations to opt in would be issued in December, 2016 and a response might be required before the Council meeting in February. There was no Council meeting in January and it was therefore important to deal with this issue at the December Council meeting.

Members were advised of the main advantages of using the PSAA, as set out in their prospectus, attached to the Cabinet report. However, the key points were:-

- Ensuring timely auditor appointments.
- Managing independence of auditors.
- Securing highly competitive prices.
- Saving on procurement costs.
- Savings in time and effort on auditor panels.
- Enabling focus on audit quality.
- PSAA operated on a not for profit basis and distributed any surplus funds to scheme members.

The Council could establish an auditor appointment panel and conduct its own procurement but this would be a resource intensive process, and without the bulk buying power of the sector led procurement route, would be likely to result in a more costly service. Members felt that a sector wide appointment would produce a better outcome for the Council and accordingly, it was,
RESOLVED –

That Council be recommended to agree that AVDC should opt in to the Appointing Person arrangements made by Public Sector Appointments (PSAA) for the appointment of external auditors.