

CABINET

9 JANUARY 2018

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

IN ATTENDANCE: Councillors S Lambert, L Monger and M Rand.

APOLOGY: Councillor S Bowles

1. MINUTES

RESOLVED –

That the minutes of the meeting held on 20 December 2017 be approved as a correct record.

2. DRAFT BUDGET PROPOSALS FOR 2018/19

The report to Cabinet on 20 December, 2017, had presented a set of initial budget proposals for 2017/18 and beyond. The report had highlighted uncertainty around a number of issues, particularly further reductions in Government Grant, retained business rates and the New Homes Bonus, although these fears had largely been dispelled following the Government's draft Grant settlement announcement on the previous day.

On 19 December, 2017, the Government had announced the draft Grant settlement for Councils. Despite indications that there might be significant changes to reflect ongoing pressures on the wider local government sector, Government had largely honoured its commitments contained in the four year settlement.

In the few weeks since the initial proposals had been considered, work had continued to refine the budget assumptions. In practice, little had changed at a service level and consequently the significant elements of the final budget proposals revolved around the impact of the Government grant numbers and changes to other centrally funded support.

As set out in the draft proposals, it was proposed to support the Connected Knowledge programme through the use of Council NHB reserves. The programme underpinned many of the components of Service delivery and Commercial AVDC and therefore the ability to meet the financial agenda for the Council for the coming years.

The draft budget and proposals under development were attached as appendices to the Cabinet report as follows:-

- Appendix A1 – MTFP – 2018/19 to 2022/23 – Final Proposals.
- Appendix A2 – Summary of Changes.
- Appendix B – Budget Proposals 2017/18 to 2022/23 (General Fund Revenue Balances).
- Appendix C – Budget Savings identified in 2018/19 budget planning.
- Appendix D – Budget Pressures identified in 2018/19 budget planning.

- Appendix E – Fees and Charges (Amendments) schedule.
- Appendix F – Aylesbury Special Expenses – Summary Budget 2018/19.

The budget report also included information on:-

Government Grant Update

As referred to above, the draft Grant settlement for 2018/19 had been announced on 19 December, 2017, in which the Government had largely honoured the commitments within the 4 year settlement and left the pre-announced Grant numbers mostly unchanged. Importantly, the Revenue Support Grant and Baseline Business Rates settlements were virtually the same as those announced for 2018/19 (which was Year 3 of the four year settlement).

However, there had been a 1% increase in the Council Tax referendum thresholds across all Councils.

The Secretary of State for Communities and Local Government had also announced a formal consultation on a review of relative needs and resources which would feed into a new funding system that would be introduced in 2020 to 2021. Alongside the new methodology, a new phase for the business rates retention programme would also be introduced. The aim was for local authorities to retain 75% of business rates growth from 2020 to 2021, and was intended to be a lever and incentive for local authorities to grow their local economies.

The mechanism for this would be through incorporating existing grants into business rate retention including the revenue support grant, and the public health grant. Local authorities would be able to keep that same share of growth on their baseline levels from 2020 to 2021, when the system was reset.

In 2016/17, the government had introduced the concept of negative revenue support grant and this remained an issue for some councils. The Secretary of State had announced that he would be re-looking at this element during the forthcoming year, but had warned that any solution would need to be found from within the existing local government funding system.

The announcements heralded the most fundamental change to the settlement formula since business rates retention was introduced. However, with no more funding in the system it was likely that the historic downwards trend would continue. As such, the Council's strategy around commercialism and efficiency was considered the right strategy to deal with the financial challenges facing the council. The additional freedom around council tax increases would soften the challenges marginally, although new pressures, such as those associated with inflation, were likely to absorb any respite offered by them.

New Homes Bonus

The Government had announced that there would be no new changes to the way New Homes Bonus operated. The baseline growth would remain fixed at 0.4%, with NHB only paid on growth above this. AVDC would receive £6.3m in 2018/19 which included previous years' delivery. Nationally, NHB payments of £946m would be made in 2018/19.

Actual numbers for future years would still depend upon actual housing growth. However, the decision not to make changes provided sufficient certainty to validate the revenue contribution assumption included within the Medium Term Financial Plan.

The draft budget settlement had also confirmed that local authorities could increase planning fees by 20% where they committed to investing the additional income in planning services.

Business Rates Pooling

The membership of the pool in 2016/17 which was formed around the retention of the Disproportionate Growth Levy had been AVDC, Bucks County Council, Bucks Fire and Rescue, Chiltern District Council and South Bucks District Council. As part of the finance settlement the Government had confirmed that this pool would continue into 2018/19, unless any of the pooling members notified that they wished to withdraw within 28 days of the provisional finance settlement being announced.

It had been recommended that AVDC continue with the pooling arrangement in 2018/19, as it was believed there would again be a gain from it. No account had been taken of any anticipated gain in the 2018/19 budget proposals so any gain achieved would be placed in the Business Rates Equalisation Reserve.

Nationally, a number of local authorities were participating in 100% retention pilots in relation to business rates. The government had announced a number of further county pilot areas as part of the finance settlement and had said that it might invite further pilots in 2019/20. The relationship between the 100% retention pilots and the government's intention to deliver a 75% system by 2020 were still unclear.

Fees and Charges

Fees and charges are reviewed as part of the annual budget setting review process. The proposed fees and charges for 2018/19 were detailed at Appendix E.

A significant review was planned during the forthcoming financial year of car parking charges and, in particular, season ticket prices. Any proposed changes to income levels might potentially be implemented in year. This additional income had not been factored into the financial plan.

The fees and charges in relation to Taxi Licensing were subject to review by the Licensing Committee and were excluded from the proposed list of charges.

Council Tax

The initial budget proposals had recommended increasing Council Tax from 1 April 2018 by the assumed maximum expected amount of £5.00 (3.48%) for a Band D property. This was the maximum allowable for lower tier councils and would represent an increase equivalent to 10 pence per week and would increase the Band D Council Tax for Aylesbury Vale District Council to £149.06. The Government had assumed that each council would make maximum allowable increases and had reduced the amount of Grant awarded to councils by an equivalent amount.

Increasing Council Tax by this amount would generate £362,400 and help to protect services valued by residents and businesses in the Vale.

In the finance settlement announcement, Government had also confirmed they intended to defer the setting of referendum principles for Town and Parish Councils for 3 years.

Impact on the Budget Proposals

The numbers announced in the draft Finance Settlement in December had been as expected and only very marginally different to those assumed in the Cabinet's initial budget proposals.

Consequently, the Revenue Support Grant for 2018/19 had provisionally been set at £3,826,500 for 2018/19 which was £12,700 less than had previously been assumed. The MTFP had been amended to reflect this by adjusting the proposed contribution to balances in 2018/19.

Reserves and Balances

Members were informed that earmarked reserves represented the prudent saving of sums against the recognition of future financial events which, if not prepared for, would be difficult to deal with at the point they occur. In short, earmarked reserves were an essential part of sound financial planning. The reserves were held for legitimate reasons and the balances were reasonable given a fair assessment of the budgetary pressures that they were held against.

It was expected that the total balance held in reserves would dip significantly over the next 2 years as the pressures against which they were being held materialised and the infrastructure schemes, for which the New Homes Bonus was held, were delivered.

The Council also held general working balances as insurance against unexpected financial events. This included failure to generate expected income as well as financial claims against the Council. The current minimum assessed level of balances was £2 million which had been arrived at based upon a risk and probability assessment of potential budgetary factors during 2018/19.

Medium Term Financial Plan (2018/19 and After)

The report to Cabinet in November 2017 had set out the rationale for the core assumptions used in the Medium Term Financial Plan. Whilst some of the uncertainty surrounding the Government Settlement and the future of New Homes Bonus had now diminished following the publication of the draft Settlement in December, there were still multiple uncertainties and risk factors which needed to be managed beyond 2020.

The single biggest issue that was likely to remain was the ongoing and severe impact of the reductions in Government Grant and how public sector austerity continued to impact upon local government, as a whole, and the demands of the communities it served and the services it provided.

The reality of continued public sector austerity through this Parliamentary term had been confirmed within the 4 Year Funding Settlement. Further, the Chancellor had announced within his Autumn Statement that he expected the austerity agenda to continue into the next Parliamentary term, thereby potentially spanning another 6 years.

Special Expenses

Members were informed that the work undertaken since the preparation of the initial proposals had confirmed that the Special Expenses budget for Aylesbury Town should remain frozen at its current level for 2018/19.

The Chairman of the Finance and Services Scrutiny Committee attended the meeting and elaborated upon the consideration given by that Committee to the budget proposals.

He reported that the Committee had felt that future reporting should include more explanatory information on budget savings and pressures to help non cabinet members better understand all the issues. It had also been felt that it might be helpful at some stage for the Environment and Living Scrutiny Committee to have an opportunity to examine how recycling costs might be mitigated beyond the current contract with UPM. The Committee had also noted that there should have been another line in the fees and charges schedule relating to the car park at Cornwalls Meadow, Buckingham to show that the charge for up to three hours was 50 pence.

The relevant Cabinet Members indicated that they would take all of these comments on board.

Lastly the Committee had asked that cabinet should seriously examine the possibility of devolving some of the Special Expenses items to Aylesbury Town Council. The Leader of the Council agreed that Cabinet should look at the implications of such an arrangement and would call for reports during the course of the forthcoming financial year.

The Cabinet Member for Finance, Resources and Compliance reminded Members that agreement had been reached with the unions and staff side in February, 2017 for a two year pay award providing for 1% in 2017/18 and 2% in 2018/19 across all grades. This had been provided for within the draft budget proposals.

RESOLVED –

- (1) That the Finance and Services Scrutiny Committee be thanked for its input to the budget planning process.
- (2) That in relation to Council tax, Council be recommended to approve an increase of £5 (3.48%) in respect of a Band D property for the financial year commencing on 1 April, 2018.
- (3) That Council be recommended to approve the budget for 2018/19, which included the use of £1.53m of New Homes Bonus to meet the costs of the Connected Knowledge Programme in 2018/19, and the Medium Term Financial Plan as set out in summary form at Appendix A to the Cabinet report.
- (4) That the fees and charges (taken into the final calculations) set out in Appendix E to the Cabinet report be agreed.
- (5) That Council be recommended to approve Aylesbury Special Expenditure totalling £864,700, supported by a precept of £45, which represented a Council Tax freeze for Special Expenses (as set out in Appendix F to the Cabinet report).
- (6) That Council be recommended to affirm the decision made in February, 2017, following negotiations with the unions and staff side, to approve a two year pay award for staff, with 2% being payable across all grades for 2018/19, (the second year of the agreement), for which provision had been made in the draft budget proposals.

3. CAPITAL PROGRAMME UPDATE 2018/19 TO 2021/22

Cabinet had received an update report on the Capital Programme for the period 2018/19 to 2021/22 to its meeting on 20 December, 2017. Cabinet had reviewed the available resources at the beginning of 2017/18, the projected resources during 2017/18 and 2018/19 before any expenditure had been taken into account, and the significant factors

impacting on the Programme for the next and forthcoming years. These had all been summarised in the Minutes of that meeting, which had also included Cabinet giving approval of the Capital Programme for the purposes of scrutiny.

The Chairman of the Finance and Services Scrutiny Committee attended the meeting and elaborated upon the consideration given by that Committee on 8 January to the Capital Programme update. He indicated that the Scrutiny Committee had been supportive of the Programme, including in particular the use of residual Right to Buy capital receipts and nominal sums from New Homes Bonus for affordable housing, to fund new affordable housing schemes.

RESOLVED –

- (1) That the Finance and Services Scrutiny Committee be thanked for its feedback on the Capital Programme for 2018/19 onwards.
- (2) That Council be recommended to approve the updated Capital Programme for the period 2018/19 to 2021/22 onwards, as set out in summary form at Appendix A to the Cabinet report.

4. PUBLIC SECTOR EQUALITY DUTY

Cabinet considered a report, also submitted to the Finance and Services Scrutiny Committee on 8 January, 2018, and summarised in the Minutes of that meeting, giving an assessment of the Council's performance against the Public Sector Equality Duty, and the requirements of Regulation 2 of the Equality Act, 2010 (Specific Duties) Regulations, 2011.

The Chairman of the Scrutiny Committee attended Cabinet to elaborate upon the Committee's deliberations.

The Committee Chairman reported that overall, the Committee had been satisfied with the assessment, but had commented as follows:-

- Future reporting should include measurable objectives/baselines and performance against them.
- Future reporting should include more information on health and disability and how the Council was meeting its legal obligations.
- Future reporting should include more explanatory information generally, including such information on why the percentage of employees who had self declared disability had fallen over the last 10 years; why there were generally more females in the grades SG2-SG5, and a male/female breakdown on flexible working.
- The Committee had also been of the view that future reports should highlight, by way of examples, some of the positive work that had been done by AVDC to meet the equality duty.

The Cabinet Member for Communities indicated that she planned to meet with officers to discuss the issues raised by the Scrutiny Committee and would seek to provide the information requested, bearing in mind the need to retain conciseness and ease of readability.

RESOLVED –

That the Equality Report 2017 be approved for publication in order to meet the Council's statutory duty.

5. BUCKINGHAMSHIRE GROWTH STRATEGY 2017-2050

Cabinet received a report on the Buckinghamshire Growth Strategy 2017-2050 that had been prepared by the Buckinghamshire Thames Valley Local Enterprise Partnership (BTVLEP). A response had been sought from AVDC to the document.

In August 2017, BTVLEP had commissioned consultants SGD Economic Development to prepare a growth strategy to submit to the Government. This work appeared to have been commissioned in response to the Department for Communities and Local Government's request in relation to the National Infrastructure Commission's work on the Oxford to Cambridge Corridor and that the central part of the corridor needed to work up the initial investment priorities and pressures as the other parts of the corridor were well advanced with their work.

Related pieces of work had also been carried out by the Oxfordshire authorities in relation to the Growth Deal and an investment plan had been prepared by the Cambridgeshire and Peterborough Combined Authority.

AVDC had been contacted on 10 August 2017 to participate in the BTVLEP work and asked to respond in 4 hours with any comments on the proposal. Prior to this contact there had not been any in depth conversation about the scope of the brief and how this work would fit in with the other statutory and non-statutory strategies prepared by the local authorities.

Comments about the scope of the work had been made before the due time but officers had clearly indicated they did not believe this was something that could be properly commissioned in the time available. Officers had also clearly indicated that the focus of AVDC and other partners needed to be on preparing the Housing Infrastructure Fund (HIF) bids, that were due in at the end of September, as well as working on the growth deal for the central area in a collective group rather than having competing bids across the corridor area.

Members were informed that the consultants had undertaken their work mainly through a desk top exercise and a review of existing documents, with some meetings with officer representatives from the other authorities. The report had been published in September and had been considered and endorsed by the BTVLEP Board on 22 September 2017. The document was attached as an appendix to the Cabinet agenda.

The report had also been agreed by Buckinghamshire County Council at the Cabinet meeting held on 23 October 2017. The strategy was set out in two timeframes 2017-2030 and 2030-2050, and detailed the following ambitions:

- Deliver up to 105,000 new homes over the lifetime of the strategy.
- Address housing, infrastructure and skills constraints on growth.
- Enable the constituent parts of the Buckinghamshire economy to work together, strengthen the economic eco system and capitalise new regional growth opportunities.

- Increase the value of the local economy from £15bn per annum to £35bn per annum by 2050, a £4.5bn increase over a business as usual scenario.
- Ensure that economic prosperity drives future growth in Buckinghamshire.

Mr Richard Harrington, Chief Executive of BTVLEP attended the meeting to provide an overview of the key elements of the Strategy and to answer any questions.

Cabinet questioned Mr Harrington robustly on a number of issues/assumptions contained in the strategy document, including:-

- The impossibly short timescale in which it had been produced.
- The unsubstantiated assumptions made in the strategy
- The non-acceptance that in reality there was not an economy based solely on Buckinghamshire.
- The omission of any reference to the impact of Heathrow Airport.
- The fact the document had no real relevance to the Council's Local Plan.
- The references to growth potential of Wycombe and Chesham, ignoring the fact the preparation of VALP has already demonstrated that this Authority would need to meet the unmet housing needs of these areas.
- The weaknesses evident in the assumptions made by Experian about economic growth forecasting.
- The impossibly high housing growth figures, which did not appear to take account of empirical data around housing provision numbers achieved in previous years.
- The absence of investment priorities.
- The apparent lack of detail required by the Government to determine contributions towards economic and housing growth.

Members felt that this Council could not support the document in the light of the concerns raised above, and accordingly it was,

RESOLVED –

- (1) That the Buckinghamshire Growth Strategy 2017-2050 be noted and Mr Harrington be thanked for his presentation.
- (2) That this Council's response to the strategy be as follows:-
 - AVDC is disappointed and surprised about how this issue has been approached and is concerned that despite having raised a number of valid issues, the document was still commissioned in the manner presented.
 - AVDC believes that the document does not have any formal status and therefore will not be referenced in any of AVDC's planning work.

- AVDC does not believe that the other planning authorities in Bucks recognise the strategy.
- AVDC believes that this document cannot be considered as a real strategy and questions its validity/value, given its broad and unsubstantiated statements.
- AVDC is firmly of the view that the LEP needs to work better at identifying mission critical investments that need to be secured from Government. This document does little to provide any clarity on the priority asks and offers that AVDC would seek to achieve within the context of a central area growth deal.
- AVDC's priority will be to work with the other local authorities that are willing to work in partnership across the central area in order to move a growth deal forward and must expect that both LEPs will actively engage with this rather than pursue separate growth conversations, which it is understood Government would like to avoid.

6. AYLESBURY VALE ESTATES (AVE) BUSINESS PLAN

Consideration was given to a report on the Aylesbury Vale Estates (AVE) draft Business Plan for 2017/18 submitted also to the Economy and Business Development Scrutiny Committee on 22 November, 2017. The Scrutiny Committee had had an opportunity to question the asset managers on various aspects of the Plan, including the risk robustness of current projects and debts, specific tenants across the AVE portfolio and on income projections. In general, the Scrutiny Committee had been satisfied with the draft Plan. Cabinet was also afforded an opportunity to ask questions of the asset managers.

A copy of the Plan had been circulated as part of the confidential section of the Cabinet agenda.

RESOLVED –

That the Aylesbury Vale Estates Business Plan for 2017/18 be approved.

NOTE: Councillor Mrs Ward declared a personal interest in this item as a director of AVE and did not vote thereon.

7. VALE COMMERCE

In December, 2015, the Council had agreed to the establishment of a wholly owned company subsequently registered as Vale Commerce Ltd as a vehicle to deliver new commercial services to residents and businesses in the District. Vale Commerce had gone on to develop a household brand 'Limecart' and a business brand 'Incgen' and had been successful in securing a small number of subscription customers for both Limecart offering a subscription package based around household cleaning services and Incgen offering business incubation services.

During 2016 and 2017 the business had developed offers that were taken to market and refined accordingly with customer feedback. Unfortunately, it had not been possible to scale the activity in accordance with initial targets.

Vale Commerce had been started to test if conceptually it would be possible to run subscription services for additional residential and business services and this had been achieved. However, the marketplace was congested and also challenging in terms of a subcontracting model. To make a success of the approach would require a significant

cash injection. However, on balance and considering the viability of the business and receptiveness of the marketplace, the associated risks and costs of doing so were outweighed by the benefits. As such the Board had recommended to the Shareholder that the company trading was suspended and the company put into a dormant state.

A copy of the Board report had been circulated as part of the confidential section of the Cabinet agenda.

The Company did not employ staff directly but used fulfilment partners to deliver the services. High level lessons learnt from running the company included maintaining quality through partners, scheduling to meet customer requirements, understanding the market appetite, and the need for speed of reaction to changes in the market. The experience developed through running the company and the wider commercial activities across the council would be shared with Members at a future seminar. It would also feed into the Audit 'review' following Council's resolution in December 2017.

The Council, as the shareholder, had agreed a loan to Vale Commerce Ltd of £50,000. This had been used to fund equipment, the development of brands and the website as well as the development of the services that had been offered. At the end of the first year the company recorded a loss of £37,000 which was not unusual for a start up company.

In the current financial year the company had traded and generated new income through the AVDC commercial team, mainly through Council to Council to sales. The total council spend since its creation of £115,000 was netted off by the commercial team income for the year. The income invoiced and committed would be sufficient to cover a final loan repayment to the Council to ensure the company was left without liabilities and in a neutral financial position, thereby enabling it to enter dormant status.

The company's Board of Directors had met on 13 December, 2017, and had decided to move the company into a state of dormancy and transfer assets and appropriate IP such as the brands and website back to the shareholder. However, any change to the status of an AVDC company was a reserved matter under the Shareholder Agreement. The assets could be used in the future by the new commercial team and plans were already under development as to how to maximise the value of the brands.

RESOLVED –

That the decision of Vale Commerce Ltd's Board of Directors, taken at their meeting on 13 December, 2017, to move the company into a state of dormancy and transfer assets and appropriate IP such as the brands and website back to the shareholder be acknowledged.

NOTE: Councillor Mrs J Blake declared a personal interest in this item as a director of Vale Commerce and did not vote thereon.

8. 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 items of business on the grounds that they involved the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act:-

Aylesbury Vale Estates draft Business Plan (Paragraph 3)

Vale Commerce (Paragraph 3)

The public interest in maintaining the exemptions outweighed the public interest in disclosing the information because the reports contained 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 or transactions.

9. AYLESBURY VALE ESTATES (AVE) BUSINESS PLAN

As referred to elsewhere in these Minutes consideration was given to the draft Business Plan of Aylesbury Vale Estates, attached to the confidential part of the Cabinet agenda.

10. VALE COMMERCE

As referred to elsewhere in these Minutes consideration was given to the report to the Vale Commerce Board, attached to the confidential part of the Cabinet agenda.