Council
1 February 2016

BUDGET 2017/18 AND THE MEDIUM TERM FINANCIAL PLAN
Councillor Mordue
Cabinet Member for Finance, Resources and Compliance

1 Purpose

This report covers two areas of budget determination for 2017-18. It presents the proposals for the budget, as recommended by Cabinet on 10 January 2017. It also contains the Chief Financial Officer's report on the robustness of the budget proposals and the adequacy of reserves.

2 Recommendations/for decision

Council is recommended to:

Note the contents of the statement of the Chief Financial Officer in Appendix A.

2.1 Agree a budget package which;

a. Increases the annual Council Tax by the maximum permissible £5.00 (3.59%) at Band D for district councils

b. Includes a General Fund budget that results in net expenditure of £14,771,300 and a District precept of £10,243,300.

c. In arriving at that figure, requires no planned use of revenue working balances in 2017-18, potentially still to be adjusted by the Final Grant numbers expected to be announced Mid February 2017.

d. Has an expenditure total of £845,800 and a precept of £828,100 in respect of Aylesbury Special Expenses giving an unchanged band D Special Expense Council Tax of £45.00 for 2017-18.

e. The proposed General Fund net expenditure for each of the following years as the basis of future budget planning is as follows:

2018-19 £14,742,200 2019-20 £14,663,400 2020-21 £14,593,800
2021-22 £14,531,800

3 Background

3.1 The report to Cabinet on 13 December 2016 presented a set of initial budget proposals for Cabinet's consideration.

3.2 On 10 January 2017, Cabinet reconsidered its initial budget proposals in light of the provisional Government Grant Settlement and the comments made by the Finance and Services Scrutiny Committee. Based upon this additional information it made minor amendments consistent with the approach proposed in its initial report.

4 The Cabinet's Budget Recommendation

4.1 Cabinet considered the development of the budget at 3 separate meetings in November, December and January. The latter meeting being informed by the views of Finance and Service Scrutiny Committee.

4.2 The budget process was again a contracted process and was similar to that adopted in the previous two years. This was necessary in order to adapt to the uncertainty resulting from the Government's late announcement of grant allocations.

4.3 This shortened process was enabled by the on-going work being undertaken by officers and members to deliver savings via fundamental service reviews, new income generation and other transformational work.

4.4 The Budget proposal and Medium Term Financial Plan is attached as Appendix B to this report and is explained in more detail in the following paragraphs.

4.5 The main issue faced during budget development was the ongoing uncertainty surrounding the Government's proposed reforms to the local government finance system and the implications for the Council arising from them.

4.6 Despite the Government announcing a 4 year settlement, ongoing proposed changes, such as those to Business Rates and New Homes Bonus, reduce the Council's ability to plan with certainty in these areas.

4.7 The budget development process recognised this, and made allowances for the uncertainties surrounding retained Business Rates and potential changes to the funding received from the New Homes Bonus.

5 Government Grant

5.1 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 chose to accept the offer for the certainty that this offered. The Government has now confirmed that we qualify for this offer.

5.2 The table below sets out the elements of Grant covered by the 4 year Settlement.

	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	-15.49	-15.99	-16.56
Tariff/Top-Up adjustment	-	-	-	-0.69

5.3 The Government announced the Grant settlement for councils in the draft Finance Settlement on 15 December 2016.

5.4 Despite indications that there might be significant changes, to reflect ongoing pressures on the wider local government sector, the Government largely honoured its commitments contained within the 4 year settlement and left the pre-announced Grant numbers mostly unchanged.

5.5 The important numbers of Revenue Support Grant and Baselined Business Rates were virtually identical to those announced for 2017/18 last year within the 4 year settlement.

5.6 The only significant change was to the Business Rates Tariff (the proportion of the locally collected Business Rates which has to be paid to Central Government).

5.7 It was acknowledged that this figure would need to change in order to reflect the Business Rates revaluation, effective 1 April 2017. Each Council will have either gained business rates income or seen a reduction as a result of the revaluation. To ensure councils neither gain nor lose by virtue of this national re-basing exercise the net effect of the revaluation in captured through the system of Tariffs and Top-ups.

5.8 The Government has also taken the opportunity to baseline into the system the impact of some of its more recent national policy changes to Business Rates.

5.9 Notably, where the Government extended small business rates relief, the cost of this decision (in terms of lost business rates retained by local councils) was compensated through a separate Grant. This Grant is now being rolled into the Top-up and Tariff adjustments numbers for individual councils.

5.10 Combined together, the consequence of the revaluation, the impact of the revaluation on the amount of mandatory relief entitlement, the scope of the transitional relief scheme (for those affected) and the impact of rolling in the compensating grants, make determining the true impact of the revaluation difficult to accurately assess.

5.11 The Government's methodology has been validated, and this seems reasonable, but the tangible impact on rates payable locally is difficult to accurately calculate until such time as the Council's software supplier has reflected these changes in the computer system. Only at this point can the new rates payable from 1st April be calculated.

5.12 The final budget, therefore, continues to assume the impact of all these changes is neutral, as the Government intended it should be.

5.13 The Council maintains a Business Rates Equalisation Reserve to protect and cushion the budget against volatility and fluctuation in its business rates income. Should the impact of the revaluation, and other factors, ultimately prove not to be neutral, against that intended, then the Reserve will be utilised to smooth the impact on the budget.

5.14 As a consequence, the net impact of the Finance Settlement on the revenue budget proposals is assumed to be nil.

6 New Homes Bonus

6.1 The major concern, in terms of potential changes to the 4 year settlement, was associated with New Homes Bonus.

6.2 The Government consulted on sharpening the incentive back at the start of last year, with the aim of reducing its generosity (in order to divert resources in to Adult Social Care) and utilising it to penalise poor planning performance.

6.3 Since the consultation closed the Government made no comment on the feedback it received, nor on how it was minded to reflect these in the final settlement until the draft settlement was announced on 15th December 2016.

6.4 With the absence of any significant additional funding being announced in the Autumn Statement for Adult Social Care, concern grew that New Homes Bonus might be raided by an even greater amount in order to provide additional finance for this area.

6.5 Ultimately, the Finance Settlement announced that the Government would increase the take from New Homes Bonus by a further £240 million, but the impact on allocations, as a consequence, were less significant than had been feared for Aylesbury Vale.

6.6 In addition to a reduction in the amount made available for the scheme nationally, the Government made some significant changes to how the scheme will work. The principal elements being;

- Payment of Bonus being reduced to 5 years from 2017/18 and then to only 4 years from 2018/19
- A new assumed annual amount of baseline growth of 0.4%, with NHB only paid on growth above this
- NHB to be withheld on Growth only approved following a Planning appeal
- Penalties for areas where Planning performance fails to meet targets

6.7 The table below sets out the indicative numbers for New Homes Bonus included in last year's 4 year settlement, compared against the revised numbers included in this year's draft Finance Settlement.

	2016-17 £M	**2017-18 £M**	**2018-19 £M**	**2019-20 £M**
2016 NHB - 4 Year Settlement	8.3	8.3	5.2	5.0
2017 NHB - Finance Settlement	8.3	7.9	6.1	5.8
Change (+ =Gain , - = Reduction)	-	-0.4	+0.9	+0.8

6.8 Actual numbers will still depend upon actual housing growth in those years and so these must only be seen as indicative. However, it does provide sufficient certainty to validate the revenue contribution assumption included within the Medium Term Financial Plan.

6.9 The changes to the New Homes Scheme at a national level also present an opportunity to review the Parish New Homes Bonus Scheme. Having now been operational for 4 bidding rounds, any announcement to parishes about the continuation of this scheme has been delayed pending the outcome of the Government's review.

6.10 Cabinet therefore agreed to a separate paper be brought to them in the New Year reviewing whether the scheme has achieved its objectives thus far, whether it needs to be re-focused and whether the resources allocated to it are appropriate given the future reductions in national funding for the Bonus.

7 Retained Business Rates

7.1 As highlighted in the previous section, the Business Rates Revaluation, effective from 1st April 2017, clouds the position on the amount of Gain the Council might expect to achieve from Business Rates Growth in the Vale. However, the trends which sit below the revaluation are largely expected to continue through 2017/18.

7.2 The Council is gaining from its retained share of the Business Rates Growth being achieved in the Vale and is on target to deliver the £476,000 figure included in the Budget for 2016/17.

7.3 Monitoring information available at the point of writing this report only covers the first 9 months of the year (up to and including December) and much can still impact during the remaining 3 months which might undermine this position.

7.4 By way of mitigation, the Council created a Business Rates revaluation Reserve alongside the introduction of Business Rates Retention, in order to smooth any significant year on year fluctuation caused by the volatility inherent in the Business Rates system. It is expected that this will enable the Council to achieve the budgeted gains from the Business Rates Retention system in 2016/17 and 2017/18.

8 Business Rates Pooling

8.1 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.

8.2 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.

8.3 At the halfway point through the first year of operation, the gains from the Pool across the whole Pooling area amount to approximately £1.4 million. It is expected that this will decrease, as gains tend to across the year, but there should still be tangible gain for the Council at the end of the year.

8.4 For indicative purposes, if the current position was replicated at the year end then the gain for Aylesbury Vale would be slightly in excess of £300,000.

8.5 Following the release of the draft Finance Settlement in December, a decision needed to be made on whether to continue with the current pooling arrangements for 2017/18.

8.6 Unless one of the Pool members chose to withdraw within 28 days following the announcement of the draft Finance Settlement on 15 December 2016, the Pool automatically continues into 2017/18. Should any member choose not to accept the Pool numbers, then the entire Pool will be dissolved. No Pooling Authority in Bucks exercised their option to withdraw and so the Pool will continue into 2017-18.

8.7 Based upon experience gained, thus far, during 2016/17 it is believed that, on balance, the Pooling arrangement is likely to produce material gain for the Pool members.

9 Pressures

9.1 A number of new spending pressures have materialised since February, the main one being an expected increase in the Employers pension cost contribution (discussed in more detail in the next section).

9.2 Other pressures include increased costs relating to the HB Law (Legal) contract, where demand on the service has been higher than anticipated in the areas of Planning, Environmental Health and Property; an allowance for an additional post following the Strategic Finance review; payment of the new Apprenticeship Levy plus additional costs hosting new IT servers and systems; The business rates paid on our properties, particularly car parks, has also added additional costs.

9.3 The total service based pressures within this report sum to £1.483 million of which (£463,000) represents a general provision for inflation and pay. The Pressures included within the recommended budget are set out in Appendix E.

9.4 At the point of writing, negotiations on any pay award are yet to conclude. Members will be updated if a conclusion is reached.

10 Pension Fund

10.1 As reported in the initial budget proposals and based upon indicative numbers provided by the Pension Fund Actuary, it was believed that AVDC would be required to pay an additional 2% of employer's pension contributions following the Pension Schemes last revaluation. This would equate to £280,000 and provision has been made in the Budget proposals.

10.2 Following the Pension Fund's tri-annual valuation the scheme Actuary has recommended that the Employer contributions for Aylesbury Vale increase by £320,000, but included some options which employers may exercise and which might reduce this number.

10.3 The initial budget proposals included a budgetary pressure of £280,000 based upon initial indications of the revaluation result. This number has been maintained on the basis that the Council can operate within this sum based upon employee turnover during the year.

10.4 As reported in budget development, whilst the overall scheme deficit has reduced over the previous 3 years, expectations over future investment performance, a more cautious valuation approach required by the Government, take up of pensions and changing life expectancy has lead the Actuary to conclude that the employer contribution needed to increase.

10.5 An opportunity exists to make lump sum payments to reduce the deficit outstanding and the benefit of doing so outweighs the advantage the Council can achieve by investing surplus balances in cash deposits.

10.6 The scheme Actuary has provided a model which shows the reduction in employer pension contributions which can be achieved by making lumps sum contributions prior to the 31 March 2016.

10.7 The Council holds balances for many specific purposes (earmarked) reserves and these amounts total in excess of £30 million. Some of these reserves are used annually whilst some are held for future events, which might not be required for many years hence, (e.g. East West Rail).

10.8 As these sums represent tied up cash balances, it is proposed that a sum from these Reserves is paid towards the Pensions Fund deficit prior to the 31 March 2017. The resultant reduction in the Employers Pension Contribution will then be captured and used to repay the Reserves whose balances have been temporarily applied.

10.9 Exactly how much of the Council's reserves could be used is likely to depend on the acceleration timeframe for East West Rail and when the Council's commitment is likely to be required as a consequence. Clarification on this issue is expected shortly and the final decision on application is proposed to be left to the Council's Section 151 officer in consultation with the Resources Portfolio holder.

10.10 Work continues with the Actuary in order to finalise the actual numbers payable over the next 3 years, but they will be no greater than the numbers shown here.

11 Aylesbury Vale Estates

11.1 An AVE Business Plan for 2017/18 has been developed and was presented to both Economy Scrutiny and Cabinet in December 2016.

11.2 Dividend payments are forecast within the central version of the AVE Business Plan for 2017/18 and these have been reflected within the budget proposal presented here for consistency.

11.3 The AVE Business Plan also includes a downside Business Case, as part of their scenario planning, which does not include a dividend payment. This is recognised as a budgetary risk and account is taken of this in determining the appropriate level of Working Balances to be held this year.

12 Fees and Charges

12.1 In line with the precedent created last year the review of Fees and Charges was consolidated into a single list of changes for consideration by Cabinet in December.

12.2 There were no substantive comments received from Finance and Services Scrutiny on the proposed charges and so the proposals were agreed by Cabinet at its January meeting.

13 Savings and Income Identification Options

13.1 The approach adopted for setting the budget for 2017/18 is similar to that followed in recent years and relies primarily on capitalising on the savings delivered via reorganisation, income generation and restructuring during 2016/17 and 2017/18 in anticipation of the Government Grant reductions.

13.2 Since the prospect of greatly reduced Government Grant was first mooted in 2010/11 the Council has devoted considerable effort and resources to identifying and delivering a smaller net budget requirement. This has been achieved by reconsidering what it does, what it could do and who should pay for the services provided. This work is now badged as Commercial AVDC and members of the Council will be familiar with the term.

13.3 As has been emphasised, thus far this has not specifically been about income generation but has instead been a review of what customers want and need, who is best placed to provide these services, the most efficient and effective way of delivery, who should pay for the service and how much and potentially for some services, whether they need to be provided at all.

13.4 The work undertaken over the past 12 months in recognition of the forecast financial pressures has delivered significant savings and many of these are already accruing in the current financial year. This work has been carried out with the expectation that these transformational and efficiency measures will replace the need for a crude annual cuts exercise. This planned response to budget reductions represents a cornerstone of the budget development process.

13.5 Members will be aware that the Council is currently undertaking a full structural review and assessment centre process in order to shape the future organisation. It is expected that the rationalisation of the Council involving the removal of duplication, the breaking down of departmental silos and the reductions in unnecessary layers will deliver significant savings across the Medium Term Planning period.

13.6 As some of these revisions are currently subject to a statutory consultation processes it is not possible to say specifically what roles or functions these savings represent. Being specific at this stage would prejudge the outcome of the consultation exercise. Therefore, in some areas it has been necessary to give an indication of the savings likely to accrue from rationalisation in these areas based upon the initial work undertaken. Because of the added uncertainty created by this approach a higher contingent provision has been included in the budget proposals for 2017/18.

13.7 In addition to the major transformation exercises, a number of other savings have been generated as a result of service managers reviewing budgets for efficiencies and taking the chance to restructure as and when the opportunities present themselves through natural staff turnover.

13.8 A list of the significant savings to be incorporated into budget planning is set out in Appendix D to this report.

13.9 These savings total £2.2 million in 2017/18.

14 Reserves

14.1 Earmarked reserves represent 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 are an essential part of sound financial planning.

14.2 As part of the development process for 2017/18 the Cabinet member for Finance, Resources and Compliance undertook the annual review of the Council's Reserves and Provisions.

14.3 The sizeable balance on the New Homes Bonus Reserve (in excess of £10 million), which includes the sum set aside for East West Rail, distorts the Council's overall Reserves Provision. In practice, the entire balance on this reserve is committed, but as discussed in previous sections, the timeframe for delivery on elements is drawn out.

14.4 The reserves held are for legitimate reasons and the balances are reasonable given a fair assessment of the budgetary pressures that they are held against.

14.5 It is expected that the total balance held in reserves is expected to dip significantly over the next 2 years as the pressures against which they are held materialise and the infrastructure schemes, for which the New Homes Bonus is held, are delivered.

15 Balances

15.1 The Council holds general working balances as insurance against unexpected financial events. This includes failure to generate expected income as well as financial claims against the Council.

15.2 The current minimum assessed level of balances is £2.5 million which has been arrived at based upon a risk and probability assessment of potential budgetary factors during 2017/18.

15.3 Current projections indicate that working balances might end 2016/17 at around £3.6 million. This is above the assessed minimum level.

15.4 Given the uncertainty surrounding the scale of organisational change, together with both internal and external factors impacting upon the finances of the organisation it is not recommended that the assessed minimum level of balances is reduced this year.

15.5 The holding of excess balances presents the Council with opportunities to offset the upfront costs of change initiatives, (such as redundancy), that will payback and deliver ongoing savings in later years.

15.6 One such example was the funding during the current year of the Commercial AVDC change programme. It is expected that the change programme will continue to deliver considerable efficiencies in the organisation. These efficiencies, some of which are already included within this report, will contribute towards balancing the budgets in future years.

16 Commercial AVDC

16.1 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 by 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.

16.2 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, a 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.

16.3 It is the delivery of the major internal change programme which makes up the majority of the savings and efficiencies within the appendices to this report.

16.4 Whilst new income streams from the Council's new operations are expected to make significant contributions in later years, at this stage they are developing and it is not considered sufficiently certain to build these into future year's planning just yet.

17 Medium Term Financial Plan (2018/19 and After)

17.1 The report to Cabinet in November 2016 set out the rationale for the core assumptions used in the Medium Term Financial Plan.

17.2 Whilst some of the uncertainty surrounding the Government Settlement and the future of News Homes Bonus has now diminished following the publication of the draft Settlement in December, there are still multiple uncertainties and risk factors which will need to be managed.

17.3 The single biggest issue that is likely to remain is the ongoing and severe impact of the reductions in Government Grant and how public sector austerity continues to impact upon local government, as a whole, and the demands of the communities it serves and the services it provides.

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

17.5 The Medium Term Financial Plan set out here is predicated on reductions at the same rate as experienced over the last 5 years through to 2021.

17.6 Last year the Government introduced the concept of Negative Grant and it is expected that this will become a feature of local government financing over the planning period.

17.7 This is consistent with the historic planning assumption that the Council has been using over the past 6 years and the Council's strategy for balancing its budget was predicated on this continuing. In this respect, the Strategy around commercialism and efficiency is considered to remain the right strategy to deal with the financial challenges facing the Council.

17.8 The additional freedom around Council Tax increases will help soften the challenges marginally, although new pressures, such as those associated with inflation, are likely to absorb any respite offered by them.

17.9 Brexit is also likely to feature as a budget planning issue within the life of this MTFP period but the impacts, positive or negative, are likely to be far reaching and much harder to predict at this stage.

17.10 No assumption has been made within the proposals on the outcome of the current unitary debate as, if concluded, this will need separate consideration.

18 Implications for Council Tax Strategy

18.1 As reported to Cabinet in the high level budget issues report in November 2016, 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.

18.2 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.

18.3 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.

18.4 For district councils, the maximum increase was changed to 1.99% or £5, whichever is the greater.

18.5 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.

18.6 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.

18.7 Given this, the budget proposal includes the assumed maximum £5 increase in order to ensure that the Council is no worse off than the Government assumed.

18.8 A £5 increase at Band D will represent a 3.59% increase, equivalent to just under 10 pence per week, and will increase the Band D Council Tax for Aylesbury Vale District Council to £144.06.

18.9 Since the Government's austerity programme began, the reduction in Government Grant support has been equal to £114 per resident.

18.10 Against this backdrop, it would be unreasonable for residents to continue to expect to receive the same services without something changing, such as the level of tax paid or the ability of the Council to generate new income through other means.

19 Special Expenses

19.1 Special Expenses are those services provided by the District Council which would normally be provided by a parish council. As such these services are charged as a special charge only to the residents who live in the area to which the services relate.

19.2 The budgets for Special Expenses have been reviewed as part of the normal budget development process to ensure that costs are correctly allocated.

19.3 Consequently, the budget requirement has decreased slightly and can still be afforded within the current Special Expenses charge for residents of this area.

19.4 Therefore, it is recommend that in 2017/18 the equivalent Band D charge is again frozen at the current level of £45.

19.5 The Special Expense Budget is set out within Appendix G.

20 Risk Assessment and Scrutiny on Budget Proposals

20.1 In accordance with good practice, the Council records and considers the significant risks it believes are facing it as an organisation which might hamper, or even prevent it, from delivering its statutory duties or core objectives.

20.2 These risks are captured within its Risk Register together with the actions or mitigating factors which it relies upon to reduce or minimise these risks as far as possible. Cabinet considered the Risk Register in developing these proposals.

20.3 Finance and Services Scrutiny Committee considered the Initial and draft Final proposals at its meeting 9th January 2017.

20.4 The comments made by Scrutiny were fed back to Cabinet to assist in their formulation of their Final proposals. Finance and Services Scrutiny made no substantive comments and were broadly supportive of the Cabinet's proposals.

21 Options Considered

21.1 These are set out within the budget proposals and have been considered by Finance and Services Scrutiny Committee.

22 Reasons for Recommendations

22.1 The Council is required to set a budget in advance of each financial year as the basis for determination of Council Tax and to be used as a key element of proper financial management of the Council's affairs.

22.2 The Council's Chief Financial Officer is required to submit an advisory statement for all members to take into account when considering the budget proposals.

22.3 Proper financial management and planning should extend beyond the next financial year and agreeing draft budgets for the subsequent four years is considered to be good management.

23 Resource Implications

23.1 These are covered within the body of the report.

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Background Documents

APPENDIX A

Report of the Chief Financial Officer on the robustness of the estimates made for the purpose of the budget and tax setting calculations and the adequacy of the proposed financial reserves.

Budget Proposals

I am satisfied that the process employed for identification, evaluation and inclusion of the items forming the budget proposal package has been properly conducted and has arrived at a set of robust estimates.

In arriving at this opinion I have taken due account of the following matters:

1. Budget Process

   a) Budget planning has been undertaken over an appropriate period of time and has allowed full understanding of the issues in an operational and financial context.
   b) Every effort has been made to include all Members in the financial planning process through the circulation of reports and associated information. Finance and Services Scrutiny has been invited to comment on initial proposals put forward for consideration by Cabinet and separately have had the opportunity to review the process for identifying savings. In addition, two Members' seminars dealing with budget planning issues were held. The views expressed during the scrutiny process have been fully considered by Cabinet.
   c) Where material changes are proposed to service delivery in 2017/18, these have been presented in separate reports, have been subject to scrutiny where required and the views of those impacted by those savings proposal have been taken into account.
   d) Consideration has been given to corporate priorities, residents' views and the Council's Risk Register in formulating the budget proposals.
   e) The budget formulation process at officer level has been subject to on-going review which has tested the validity of pressures and deliverability of savings options in order to ensure that Members have been made aware of all aspects and implications of actions when formulating the budget proposals.

2. Key Assumptions

   In formulating budget proposals it is necessary to make certain key assumptions; these are as follows:

   a) Government Grant - In theory, with 4 year Government Grant settlements now in place, much of the assumptions and uncertainty surrounding potential future loss of Grant is removed. However, key elements of the former Grant regime remain subject to a consultation process and the outcomes of these could have significant impact on budget planning. The numbers used in budget planning are the indicative allocations supplied within the draft Finance Settlement published in December 2016.
   b) Income from Business Rate Retention – The new Government Grant system introduced from the 1st April 2013 links councils' finances in part to the success of local businesses. Councils are likely to gain from a proportion of real business rate growth and lose a proportion of income associated with business rate losses. The value derived by the Council from this system remains highly volatile and difficult to predict with any certainty as factors such as national policy changes, the revaluation of all Business Rates payable from the 1st April 2017, Business Rates Pooling, local economic performance and the ongoing issue of outstanding appeals all weigh heavily on the numbers retained. The Council has provided against large reductions

in respect of these appeals and the key budgetary assumption is that the actual settlements will be within the sums provided. Appeals aside, the budget proposal takes a balanced view on the prospects for growth versus the risk of losses and assumes there is no new gain over that already built into the 2016/17 budget. To mitigate the risk of variations against the central assumption, an Equalisation Reserve has been established in order to manage the risk.

c) Pay and Prices – the proposals include provision for inflation, this being the summary of a set of detailed individual calculations and assumptions. A figure has been built into the budget for pay, based upon the offer (not yet accepted) made to staff.

d) The proposals reflect the best assessments of expected changes in demand caused by normal events.

e) Fees and Charges – as part of the budget development process, Cabinet considered a consolidated list of proposed changes to the Council's fees and charges. Whilst it is intended to review all fees annually at the same time, the level of individual fees will be further reviewed should the impact of any legislative change make this necessary.

f) Council Tax Base and Collection Rate – the assumption of growth in the tax base reflects the recent average. The collection yield for Council Tax remains unchanged at 98.5%. Collection performance has dropped following the introduction of Localised Council Tax Support and so continues to be closely monitored in order to assess the ongoing impact.

g) Interest on Investments – the outlook for interest rates remains depressed. The best estimate is that they will remain low for the immediate budgetary period. Any increase in the Base Rate beyond this will only be gradual. An assumption of probable interest rate yields has been made on this basis. The interest equalisation account is maintained in order to stabilise the sums available to the General Fund but this has been drawn upon heavily over the past few years because of the longer than expected suppression of Base Rates. This budget places no significant reliance on Interest Equalisation and the MTFP includes an amount which is consistent with likely receipts over that timeframe. The cash flow implications of the Capital Programme have been taken into account in calculating the interest earnings available for budget planning.

h) Contingency Budgets – the financial pressures facing the Council requires budget planning to progress on the basis of absorbing cost pressures through efficiencies and savings. The contingency budget allows for sums to be released by consolidating contingency provisions held within individual services into a central pot and thereby reducing the overall provision held.

i) New Homes Bonus Scheme – the draft Finance Settlement has clarified the Government's position on New Homes Bonus. The Government appears committed to the continuation of the Bonus, but with reduced sums payable for housing growth. This represents a reduction to the sums the Council previously expected to receive, but indicative amounts are still greater than the reductions feared arising from the Government review. The Government has signalled that it intends to introduce penalties within this regime for poor Planning performance. Detail on the exact nature of these penalties will be the subject of further consultation. As the budget proposals only rely on a small proportion of the Bonus payment, any penalties are considered a factor but not a risk.

j) Revenue Implications of Capital Schemes - The revenue implications of those capital investments approved by Council have been reflected in the budget based around central case assumptions.

k) Any debate around the future shape of local government in Buckinghamshire has been disregarded for the purposes of formulating the Medium Term Financial Plan. If a decision is made on the future of Buckinghamshire then this will necessitate a revision to all of the Council's plans and any budgetary strategy revision will be considered as part of this.

3. Monitoring

3.1 The performance against budget for 2016-17 has been monitored throughout the year. The latest outturn assessment (an under spend of nearly £900,000) has been reflected in budget planning when estimating the level of balances available for 2017-18 and subsequent years.

3.2 Whilst a degree of volatility and pressure remains within the budgetary position this is largely masked by underspends resulting from the early delivery of significant budget savings for 2017/18.

3.3 The budgetary pressure facing the Council is widely understood and budget holders and managers are working hard towards delivering savings through efficiency and slimmer structures. The umbrella name for this initiative is Commercial AVDC and this is now a wider, whole Authority, change programme.

3.4 As part of this programme, all roles and structures are currently being redesigned and staff are actively applying for these roles. There are uncertainties as to the exact financial implications arising from this exercise as these will vary depending upon the rate of attrition. The Council will seek to cover the costs through the efficiencies created by the exercise, but the unpredictability of the final outcome is also part of the reason why the Council is content to hold higher working balance at this time.

3.5 Within this framework, as opportunities present themselves, e.g. through natural staff turnover, they are being taken and budgetary savings are being realised. These savings are then being reflected in the base budget for future years and, as a consequence, will no longer feature as in-year under spending.

3.6 The Council undertakes regular monitoring and reports to members and officers.

4. Financial Risks in the Budget Proposals

4.1 The budget always contains areas of uncertainty and whilst every effort is made to understand, recognise and manage risks, adequate financial provisions are held in the event they cannot be contained. This provision is in the form of Revenue Balances.

4.2 To understand the high level and operational risks faced by the organisation the Council maintains a Risk Register. The Risk Register is reviewed regularly by Officers and by presented to Audit Committee for oversight and challenge. The Risk Register was also considered by Cabinet in their work around designing the Budget and Medium Term Financial Plan for Council’s consideration.

4.3 The Council has been presented with a balanced budget proposal for 2017/18, but despite this, the financial risks remaining are still significant.

Government Grants

4.4 The financial pressure created by the ongoing reductions in Grant represents the greatest and most profound financial challenge faced by the Council since its creation and how it reacts will shape the organisation, its services and the way in which it provides them for many years to come.

4.5 The Government had committed to reducing public sector spending until 2019/20, at which point it expected the national budget would be balanced. The Autumn Statement revised this planning assumption and said that a balanced national position could not be achieved until well into the next Parliamentary term. Whilst the funding reduction each council can expect are now contained within the 4 year settlement, the MTFP extends beyond this timeframe and so the central planning assumption is that cuts in funding will continue at least at the same rate.

4.6 There are also competing pressures between the tiers of local government, which the Government is attempting to address. There has been a national move towards protecting and increasing funding for Adult Social Care in the face of significant demand pressures experienced in that area and some funding for lower tier councils has been reduced as a consequence. With no abatement of the pressures in this area, it is possible that there will be further redirection of funding in future.

4.7 The risk to the budget proposal continues to be whether the Council can make the decisions necessary to balance the budget with considerably fewer resources than at present and whether it can continue to provide statutory provision to residents in the face of this reduction.

4.8 In response to the future challenges the Council had developed a Transformation Programme (badged New Business Model) which is considering every service in detail.

4.9 This, and the previous versions of this ongoing programme, has proved invaluable in identifying efficiencies and new income streams and this has enabled the Council to produce balanced budgets in each of the last 7 budget cycles.

4.10 However, redesigning the same organisational structure can only produce a finite amount of efficiencies and in order to face the challenge of the next 4 years, the Council has conceived a new and (from a local government perspective) radical approach to restructuring the entire organisation around customers and commerciality. This approach is badged Commercial AVDC and members of the Council will be aware of its content through separate briefings and communications.

4.11 It is essential to the Medium Term Financial Plan, and the Council's desire to protect those core services valued by the residents, that the Commercial AVDC approach works. To ensure this the Council has prioritised and invested in this initiative appropriately.

4.12 This signals that the Government will continue to redistribute resources at a national level and this has implications for other elements of the Government's reform agenda, including the 100% retention of Business Rates. This proposed reform is still in the detailed design stage and the proposals will be closely monitored to determine the likely impact upon the Council's MTFP.

4.13 Having higher working balances at the Council's disposal provides the cushion to enable it to manage the process of reducing the size of the budget, but they should only be used where there is sufficient confidence that the change programme will be successful.

4.14 It is forecast that the Council will be holding balances in excess of the minimum requirement at the end of 2016/17. With the backdrop of potential risks in the budget, the on-going and expected future challenges facing the Council and the potential need to provide some cushioning, maintaining higher balances against this considerable uncertainty represents a sensible and measured approach.

Business Rate Retention

4.15 The system of Business Rates has always proved to be an unpredictable and uncertain element of the Grant system and the Government's announcement that it intends to reform it, so that local government derives a greater share of its resourcing from business rates, will heighten the issues associated with this.

4.16 As a growing area, we generally welcome the opportunity to benefit from business rate growth and will watch and participate in the consultation process accordingly. However, whilst there are undoubtedly business rate growth opportunities within the Vale, the wider national economic position and unequal weighting of appeals within the system will continue to present significant risks.

4.17 The establishment of an Appeals Provision and the Business Rate Equalisation Reserve means that the Council can continue to manage its exposure to the risks inherent within this system and should provide short term financial security against them.

4.18 The Council's decision to participate in a Business Rate Pool in 2016/17 increases the Council exposure risk to business rates losses, as it now shares in the losses of the wider Pool membership. However, similarly, it benefits from upside gains. The Pool's performance is being closely monitored and the respective Chief Financial Officers are content, for now, that it is producing benefit which warrants continued membership.

New Homes Bonus

4.19 The Council will receive £7.9 million of New Homes Bonus in 2017/18. This again makes its award the largest for any district in England and reflects the fact that it has witnessed more housing growth than other districts over the past 6 years.

4.20 Last year the Government consulted on sharpening the Bonus; partly to use it as a tool to deliver its housing growth aspirations, but mainly to redirect some of the resources towards Adult Social Care.

4.21 In recognition of the belief that the New Homes Bonus's future was uncertain, the Council decided to continue with its policy where only a relatively small amount of the Bonus, judged to be equal to Grant loss associated with the introduction of NHB, was taken into its revenue budget. This reduced the Council's risk exposure significantly, should the Government decide to remove the Bonus completely.

4.22 In the draft Finance Settlement the Government has signalled its intention to enact most of the changes proposed, but has not gone significantly beyond that. This means that whilst the Bonus is significantly reduced, it is not a catastrophic reduction.

4.23 Our strategy for New Homes Bonus expected changes, and so only ever placed a limited reliance upon it. The continuation of the scheme, at the reduced level, means the Medium Term Financial Plan assumptions are safe in this respect.

4.24 There remains a risk from the Government's proposed 'sharpening', that the Bonus may be reduced in some years due to performance issues in Planning. For this reason a higher dependency on the Bonus has not been advocated.

Interest Rate and Capital Investment Decisions

4.25 The Council has largely ended its recent reliance on the Interest Equalisation Reserve as part of this budget proposal. Therefore, whilst low interest rates are considered to be unfavourable for the Council, any budgetary risk associated with them has now, essentially, been removed.

Demand Growth

4.26 Housing growth within the Vale is a constant pressure on finances. In practice, cost pressures do not increase uniformly. Instead, these tend to step up when certain threshold points are hit. Provision was made in last years budget proposal for growth in the Waste service associated with housing growth and this budget allows for the capital repayment costs associated with the depot expansion project which was also necessitated, largely, due to housing growth.

Balances

4.27 In formulating this budget, the recommended level of General Fund revenue balance is again set at £2.5 million. This level of reserve has been determined following the completion of the annual review exercise to update the budget risk register.

4.28 Balances above this level will be useful in delivering change and it is these that continue to give the confidence to say that the budget proposal is robust.

4.29 The Government and the media remain focused, on what they perceive to be, the issue of councils hoarding balances. There remains a risk that the Government may try to raid what it perceives to be excess balances. However, it is considered that the Government would find it difficult to do this because of the complexity of local situations and circumstances, but it is possible that the Government may try to further influence councils to reduce balances.

4.30 The Council's balances have built up through the successful delivery of its efficiency and income generation agenda and these have proved invaluable in financing the next tranches of efficiency initiatives, such as the Web project and now Commercial AVDC.

4.31 Because of their 'one-off' nature they cannot be used as a substitute for either a savings or council tax strategy, but they are entirely appropriate for upfront and one off investment initiatives. This represents a sensible and appropriate use of excess balances.

5. Reserves and Provisions

5.1 The Council maintains a range of funds for specific purposes. These receive contributions from revenue and are used to defray expenditure, often on an irregular basis. This represents a prudent and essential part of financial planning and probity.

5.2 A review of the adequacy of reserves is carried out annually at an officer level (the results of which are reported to the Cabinet member) and bi-annually involving the Cabinet member.

5.3 At a headline level, Reserves are increasing and this is being blurred by the media into the Government debate on the level of balances.

5.4 It should be stated that the overall position is distorted through the holding of committed allocations in the New Homes Bonus and Commuted Sums reserves. If these are discounted then the overall position on the Council's reserves is either static or reducing. They are considered adequate in the majority of instances.

5.5 The exceptions are the Planning Reserves, where the costs of developing the new Vale of Aylesbury Local Plan and the cost of defending against speculative developments is placing strain upon resources. Excessive income from speculative major planning applications is being channelled into these reserves to bolster their positions and provide sufficient resources to enable the Council to complete the Local Plan work and to defend against appeals.

5.6 Similarly to the position on Balances, whilst it is entirely appropriate to hold Reserves, some of the forecast applications are further in the future than others and Cabinet has considered options as part of budget planning to make these sums work harder for the Council in the intervening time.

5.7 In the mean time the balances are invested and provide valuable income for the benefit of taxpayers and the revenue budget via investment interest.

6. <u>Council Tax</u>

6.1 The Government is actively encouraging councils to increase Council Tax by the maximum permissible, within the limits imposed by its wider national Council Tax strategy.

6.2 This Council is still bound by the 2% or £5 (whichever is the greater) maximum increase threshold and the benefit derived from such an increase is still far short of compensating for the impact created by Grant reduction and growth pressures.

6.3 The gap must therefore be filled by the Council through its strategic approach (Commercial AVDC) to balancing the Medium Term Financial Plan. The Council's continued provision of core statutory services is fundamentally dependent upon the success of this strategy.

6.4 Council Tax increases are not the solution in themselves, because they simply cannot match the scale of grant reduction, but still do have an important part to play in at least mitigating some of the impacts of inflation and Grant loss.

6.5 The preferred solution is in generating new income streams through the provision of services that residents are willing to pay extra for. The profit from these services will enable the Council to continue to provide those core Council services that cannot be monetised and for which neither residents, through council tax, and the Government, through Grant, are paying sufficient to enable the ongoing provision.

7. Medium Term Financial Strategy

7.1 Considerable effort at Member and officer level has been directed at establishing a budget framework that covers future years and that marries the need to identify efficiency savings and new income streams with corporate priorities. This work has delivered a balanced budget proposal for 2017/18.

7.2 Beyond 2017/18 there is now greater certainty on the scale of the challenge and a clear strategy exists for dealing with it. However, given the debate around local government structures, the future of local government funding and the extent of growth within the Vale the financial future for Aylesbury Vale remains as complex as ever.

7.3 The one issue which is not disputed is that continued Government savings will need to be made and that local government, as a whole, will continue to bear the brunt of these.

7.4 Historically, in facing uncertainty, this Council has always faced up to its financial challenges and created bold and innovative solutions. These are not without risks, and the Council's risk appetite has needed to change and expand in the face of the greater challenges facing the sector. I believe against the backdrop of preserving core services this strategy is both warranted and justified.

7.5 The Council's assumptions around negative grant have been proved true and therefore, the Council's strategy thus far has been vindicated. Having the confidence that its projections were correct, it is therefore now imperative that the Council stays focused on balancing its budget, as per the financial plan, and considers the difficult decisions, or investment opportunities, that will need to be taken.

7.6 As highlighted within this report, this will require significant business transformation and a radical rethinking about what services the Council provides and the way in which they are provided. It is evident, via the Commercial AVDC programme, that considerable importance is being attached to this at both member and senior officer level.

7.7 General Fund revenue reserves and balances have been determined with full consideration of the risks identified within this report. They are, therefore, deemed to represent a sufficient level of provision against the potential financial risk inherent within the Medium Term Financial Plan, provided the Council stays focused on delivering its targets.

Given the actions taken and the level of reserves and balances, I am of the opinion that the budget proposals for the General Fund have been properly prepared and are realistic in the assumptions made. The proposals have been arrived at after taking appropriate officer advice and have the ownership of the Cabinet.

Andrew Small
Director
January 2017

APPENDIX B1

Medium Term Financial Plan – 2016/17 to 2020/21 – Final Proposals

Classification	2016/17 Base	2017/18	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£
Business Transformation	256,800					
Economic Development Delivery	-1,472,000					
Environment & Waste	5,410,900					
Finance, Resources & Compliance	714,000					
Growth Strategy	1,329,100					
Leader	5,898,200					
Leisure, Communities & Civic Amnts	6,473,600					
Plus: Inflation, Savings / Growth	0	-717,500	-225,200	185,800	-8,100	870,100
Less: Savings Still Required	0	0	0	0	-11,100	-909,000
Service Spend Total	18,610,600	17,893,100	17,667,900	17,853,700	17,834,500	17,795,600
Contingency Items	63,500	137,700	137,700	137,700	137,700	137,700
Financing & Asset Charges	-1,346,400	-1,048,800	-1,048,800	-1,048,800	-1,048,800	-1,048,800
Transfers to / (from) Reserves	135,600	70,100	70,100	70,100	70,100	70,100
Investment Interest	-245,000	-165,000	-165,000	-165,000	-165,000	-165,000
Cost of Borrowing	2,365,700	2,532,000	2,494,000	2,456,000	2,456,000	2,456,000
AVE Interest	-1,983,000	-2,136,000	-2,123,000	-2,113,000	-2,113,000	-2,113,000
Use of Balances	-90,900	0	242,500	27,900	0	0
Plus: Special Expenses	-844,400	-857,100	-878,500	-900,500	-923,000	-946,100
New Homes Bonus	-1,178,000	-1,178,000	-1,178,000	-1,178,000	-1,178,000	-1,178,000
Retained Business Rates	-476,700	-476,700	-476,700	-476,700	-476,700	-476,700
Council Tax Freeze Grant	0	0	0	0	0	0
Less: Parish LCTS Payment	70,600	0	0	0	0	0
Funding Requirement	15,081,600	14,771,300	14,742,200	14,663,400	14,593,800	14,531,800
Funded By						
Government Grant	-5,219,300	-4,300,000	-3,809,500	-3,261,400	-2,713,300	-2,165,200
Collection Fund Transfer	-210,000	-228,000	-228,000	-228,000	-228,000	-228,000
AVDC Council Tax	9,652,300	10,243,300	10,704,700	11,174,000	11,652,500	12,138,600
Council Tax Base	69,409	71,107	71,818	72,536	73,261	73,994
Council Tax	**£ 139.06**	**£ 144.06**	**£ 149.05**	**£ 154.05**	**£ 159.05**	**£ 164.05**
Percentage Increase	1.99%	3.59%	3.47%	3.35%	3.25%	3.14%

APPENDIX B2

Medium Term Financial Plan – 2017/18 to 2021/22

SUMMARY OF CHANGES

Classification	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£
Plus:		0	0	0	0	0
Unavoidable Pressure		848,000	200,000	0	0	0
Inflation, Pay and Increments		463,000	676,000	786,000	805,000	928,000
Impact of Major Projects		171,500	275,000	275,000	-57,900	-57,900
Total	0	1,482,500	1,151,000	1,061,000	747,100	870,100
Less:						
New Income and Efficiency Proposals(17/18)		-2,200,000	-1,376,200	-875,200	-755,200	0
Major Projects						
Total	0	-2,200,000	-1,376,200	-875,200	-755,200	0
Total Pressures & Efficiencies Identified	**0**	**-717,500**	**-225,200**	**185,800**	**-8,100**	**870,100**
Change in Available Resources						
Reduction / (Increase) in Investment Interest		80,000	0	0	0	0
Reduction / (Increase) in Contribution From Reserves		-65,500	0	0	0	0
Reduction / (Increase) in Capital Financing		297,600	0	0	0	0
(Reduction) / Increase in Borrowing Costs		166,300	-38,000	-38,000	0	0
(Growth) / Reduction in AVE Interest Payment		-153,000	13,000	10,000	0	0
(Growth) / Reduction in AVE Dividends		0	0	0	0	0
(Increased) / Reduced Use of Balances		90,900	242,500	-214,600	-27,900	0
(Reduction) in Contingency Provision		74,200	0	0	0	0
Reduction in Collection Fund Surplus		-18,000	0	0	0	0
(Additional) / Lower Government Grant - RSG		919,300	490,500	548,100	548,100	548,100
Additional / Lower Business Rate Growth		0	0	0	0	0
New Homes Bonus		0	0	0	0	0
Tax Base Growth		-236,000	-98,900	-103,500	-108,100	-112,900
Additional Council Tax		-355,000	-362,500	-365,800	-370,400	-373,200
Government Funding for Council Tax Freeze		0	0	0	0	0
(Increase) / Decrease in Special Expenses		-12,700	-21,400	-22,000	-22,500	-23,100
Decrease in Parish Grant		-70,600	0	0		
Total Increase in Resources	**0**	**717,500**	**225,200**	**-185,800**	**19,200**	**38,900**
Savings Required	**0**	**0**	**0**	**0**	**-11,100**	**-909,000**
Net Change in Resources	**0**	**0**	**0**	**0**	**0**	**0**

APPENDIX C

Budget Proposals – 2016/17 to 2020/21
General Fund Revenue Balances

Classification	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£,000s	£,000s	£,000s	£,000s	£,000s	£,000s
Balance brought forward	3,765,000	3,975,000	3,646,100	3,646,100	3,646,100	3,646,100
Windfall Gains & Special Applications of Balances						
- HS2	0	0	0	0	0	0
- Website and E-Commerce Programme	0	0	0	0	0	0
- Commercial AVDC Change Project	0	(1,106,000)	0	0	0	0
Restated Balance Position	3,765,000	2,869,000	3,646,100	3,646,100	3,646,100	3,646,100
Forecast (Overspend) / underspend assumption	210,000	868,000	0	0	0	0
Planned (Use) / Addition to Balances	0	(90,900)	0	0	0	0
Net (Use) of Balances	210,000	777,100	0	0	0	0
Balance carried forward	3,975,000	3,646,100	3,646,100	3,646,100	3,646,100	3,646,100

APPENDIX D

Budget Savings Identified in 2017/18 Budget Planning

Service Area	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Proposal
Customer Fulfilment					
Green Spaces	46,700	0	23,400	0	Deletion of Vacant Green Spaces Officer Post
Development Management	250,000	150,000	125,000	0	Increase of income from planning applications received.
Operational Parking	55,400	0	0	0	Deletion of Parking Services Manager Post
Operational Housing	52,700	0	0	0	Deletion of Senior Housing Options Officer Post
Building Control	37,300	0	0	0	Deletion of Vacant Engineering Technician Post
Staying Put	200,000	50,000	0	0	Funding structure to be a "Contingency Fund" arrangement
Contract Services	85,900	0	0	0	Delete 3 Vacant Driver posts
Revenues & Benefits	130,700	0	30,100	60,200	Deletion of Supervisor Post
Contact Review	98,700	98,700	30,100	0	Deletion of Supervisor Posts
Customer Fulfilment Overall	132,600	73,500	53,200	240,000	Customer Fulfilment Sector Review
Casework / Other Reviews	72,600	240,400			Casework Review
Waste Services	99,000	19,000	19,000	20,000	Increase Garden Waste Charge
Development Management	0	0	82,900	0	Removal of Development Management Reserve
Business Strategy					
Business Strategy	25,700	0	0	0	IT Review
Business Strategy	56,000	0	0	0	Surcharge on Credit Card Payments
Business Strategy	0	64,900	25,000	0	Democratic Services Review
Business Strategy	0	44,000	0	0	Business Assurance Review
Business Strategy	0	100,000	200,000	300,000	Procurement and Contract Management Review
Community Fulfilment					
Housing Strategy	60,000	0	0	0	Fees From Preferred Development Partners
Communities	64,600	0	0	0	Communities Review of Budgets
Communities	237,000	0	0	0	Communities Review
Communities	0	290,000	0	0	Community Fulfilment Review
Communities	0	0	164,000	0	Community Fulfilment Review
Business Support					
Payroll	38,300	43,200	0	0	Deletion of Vacant Posts
Finance, Recoveries & HR	0	37,500	37,500	0	Finance, Recoveries and Human Resources Review
IT Team	0	100,000	0	0	IT Review
Commercial Property					
Property Services	349,800	65,000	85,000	135,000	Review of Income From AVDC Properties.
Property Services	67,000	0	0	0	Savings from review of Visitors Information Centre
Commercial AVDC	40,000	0	0	0	Savings in Management Roles
	2,200,000	1,376,200	875,200	755,200	

APPENDIX E

Budget Pressures Identified in 2017/18 Budget Planning

Portfolio	Service Area	2017/18 £	2018/19 £	Pressure	Assessment
Finance, Resources & Compliance	Information Technology	60,000		Cloud Server Hosting and Licence Fees	
Finance, Resources & Compliance	Legal Services	125,000		HB Law Contract Costs	Call on the HB Law contract higher than anticipated.
Finance, Resources & Compliance	Strategic Finance	90,000		Additional cost of Senior Level post following Review	
Finance, Resources & Compliance	Payroll	58,000		New Apprenticeship Levy	Could be reduced if apprentices employed by AVDC
Finance, Resources & Compliance	Debt Management	15,000		Additional Cost of Hosting Adelante (debit / credit payments system)	
Environment & Waste	Recycling and Waste	0	200,000	Provision for loss of income. Contractor has proposed a decrease in the amount paid per tonne for the remainder of the contract and this was reflected in the budget for 2016/17.	In 2017 procurement of the new recycling MRF will need to commence. Current markets show a cost (Gate fee) to AVDC of £30 per tonne. This would be the equivalent of minimum £500K cost to AVDC, base on existing tonnages. The sum here is the anticipated additional cost
Leader	Central Staff Costs	280,000		Increased Employers Pension Costs (2% of £14m)	Revised cost is £320,000, but the £40,000 difference will be managed within the total Pension costs budget
Economic Development	Gateway Office and Conference Centre	20,000		Reduced income from NHS re service charge	
Economic Development	AVDC Properties	200,000		Business Rates of AVDC assets	Increases in Rates from revaluation, primarily Exchange Street car park
		848,000	**200,000**		

APPENDIX F

FEES AND CHARGES	2015/16	2016/17	2017/18
Leisure			
Pitches / All Weather Pitches			
All Weather Pitch - MEADOWCROFT			
Peak Time-1/3rd area per hour	£22.50	£24.50	£25.00
Peak Time-2/3rd area per hour	£44.99	£49.00	£50.00
Peak Time-full area per hour	£67.50	£73.00	£75.00
Off peak time-1/3rd area per hour	£16.87	£18.50	£19.00
Off peak time-2/3rd area per hour	£33.75	£37.00	£38.00
Off peak time-full area per hour	£50.62	£55.50	£56.00
Flood lights-1/3rd area per hour	£11.25	£12.25	£12.50
Flood lights-2/3rd area per hour	£16.87	£18.50	£18.90
Flood lights-full area per hour	£28.12	£30.00	£31.00
Football Pitches Grass			
Adult pitch - per match at all venues	£64.90	£70.50	£77.00
Juniors aged 14 to 17 years inclusive, playing on an adult pitch - per match at all venues	£45.43	£49.00	£54.00
Juniors aged 13 years and under, playing on a junior pitch - per match at all venues	£41.32	£44.50	£47.00
Cricket Square			
Adult-afternoon-per match (14:00 - 19:00)	£82.60	£90.00	£92.00
COMMUNITY CENTRES			
Alfred Rose Park, Bedgrove Park, Prebendal Farm, Southcourt and Hawkslade Farm			
All Community Bookings include Churches, Car Boots, Bazaars and Bank Holidays			
Saturday and Sunday			
8.00 - 13.00	£31.00	£33.00	£33.50
13.30 - 17.15	£31.00	£33.00	£33.50
Private and Commercial Events include Adult and Children's Parties and Bank Holidays			
Monday to Thursday			
8.00 - 13.00	£60.00	£65.00	£67.00
13.30 - 17.15	£60.00	£65.00	£67.00
Contract Services	**2015/16**	**2016/17**	**2017/18**
Garden Waste	£38.00	£40.00	£41.00
Garden Waste administration fee for non direct debit payers	£4.50	£4.50	£0.00

AYLESBURY SPECIAL EXPENSES - SUMMARY BUDGET 2017/18

	2015/16 Actual £	**2016/17 Original Budget £**	**2016/17 Forecast £**	**2017/18 Estimate Budget £**
Aylesbury Market	4,355	9,700	2,800	(2,200)
Parks and Recreation Grounds				
Parks Administration	208,718	235,700	235,700	237,800
Alfred Rose Park	39,689	41,100	41,100	41,500
Bedgrove Park	64,343	62,700	62,700	63,200
Edinburgh Playing Fields	51,645	50,200	50,200	50,500
Meadowcroft Playing Fields	50,690	65,200	65,200	65,800
Vale Ground	27,194	14,900	14,900	15,200
Walton Court Sports Ground	34,145	44,200	44,200	44,500
Fairford Leys Sports Ground	68,253	83,100	83,100	83,700
	544,677	597,100	597,100	602,200
Community Centres				
Management	-	72,700	74,300	74,400
Bedgrove	57,521	54,600	45,400	55,700
Southcourt	99,666	49,200	56,100	50,200
Alfred Rose	50,889	48,400	49,400	49,500
Prebendal Farm	46,915	40,700	46,900	41,700
Quarrendon & Meadowcroft	68,811	41,600	41,600	41,700
Elmhurst	5,405	-	6,400	-
Haydon Hill	-	4,900	4,900	4,900
	329,209	312,100	325,000	318,100
Asset Rental Adjustment	(72,150)	(72,300)	(72,300)	(72,300)
Impairment Recharge	-			
Repair and Maintenance Adjustment	-	-	-	-
Total Net Expenditure	806,090	846,600	852,600	845,800
General Reserve - XF100				
Balance Brought Forward	(504,347)	(425,117)	(503,501)	(468,801)
Expenditure in Year	806,090	846,600	852,600	845,800
Precept - Band D	(802,700)	(815,500)	(815,500)	(828,100)
Balance Carried Forward	(500,957)	(394,017)	(466,401)	(451,101)
Interest on Balances	(2,544)	(2,200)	(2,400)	(2,300)
Balance Carried Forward	**(503,501)**	**(396,217)**	**(468,801)**	**(453,401)**
Precept - Band D	£45.00	£45.00	£45.00	£45.00
Tax Base	17,838.50	18,122.50	18,122.50	18,403.02