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AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

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AYLESBURY VALE DISTRICT COUNCIL

5 November 2015

FINANCE AND SERVICES SCRUTINY COMMITTEE

A meeting of the Finance and Services Scrutiny Committee will be held at **6.30 pm** on **Monday 16 November 2015** in **The Olympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

Membership: Councillor M Rand (Chairman); Councillors B Chapple OBE (Vice-Chairman), J Bloom, J Chilver, B Everitt, A Huxley, S Lambert, E Sims, M Smith, M Stamp and M Winn

Contact Officer for meeting arrangements: Craig Saunders; csaunders@aylesburyvaledc.gov.uk;

AGENDA

1. APOLOGIES

2. TEMPORARY CHANGES TO MEMBERSHIP

Any changes will be reported at the meeting.

3. MINUTES (Pages 1 - 4)

To approve as a correct record the Minutes of the meeting held on 12 October 2015, copy attached as an appendix.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. WATERSIDE NORTH PHASE 1 - APPOINTMENT OF A DEVELOPMENT PARTNER (Pages 5 - 20)

To consider the report attached as Appendix B.

Contact Officer: Teresa Lane (01296) 585006

6. CAPITAL PROGRAMME (Pages 21 - 30)

To consider the report attached as Appendix C

Contact Officer: Andrew Small (01296) 585507

7. BUDGET PLANNING 2016/17 (Pages 31 - 50)

POSITIVE ABOUT DISABLED PEOPLE

To consider the report attached as Appendix D.

Contact Officer: Andrew Small (01296) 585507

8. **QUARTERLY FINANCE DIGEST: APRIL TO SEPTEMBER 2015** (Pages 51 - 52)

To consider the report attached as Appendix E.

Contact Officer: Tony Skeggs (01296) 585273

9. **TREASURY MANAGEMENT - MID YEAR UPDATE** (Pages 53 - 58)

To consider the report attached as Appendix F.

Contact Officer: Tony Skeggs (01296) 585273

10. **WORK PROGRAMME** (Pages 59 - 64)

To consider the report attached as Appendix G.

Contact Officer: Craig Saunders (01296) 585043

11. **EXCLUSION OF THE PUBLIC**

The following matter is for consideration by Members "In Committee". It will therefore be necessary to

RESOLVE –

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

Waterside North Phase 1 - Appointment of a Development Partner (Paragraph 3)

The public interest in maintaining the exemptions outweighs the public interest in disclosing the information because the reports contain information relating to the financial or business affairs of organisations (including the Authority holding that information) and disclosure of commercially sensitive information would prejudice negotiations for contracts and land disposals/transactions.

12. **WATERSIDE NORTH PHASE 1 - APPOINTMENT OF A DEVELOPMENT PARTNER** (Pages 65 - 66)

(Category – Paragraph 3 of Part 1)

To consider the confidential information in the attached appendix.

Contact Officer: Teresa Lane (01296) 585006

FINANCE AND SERVICES SCRUTINY COMMITTEE

12 OCTOBER 2015

PRESENT: Councillor M Rand (Chairman); Councillors B Chapple OBE (Vice-Chairman), J Chilver, B Everitt, A Huxley, S Lambert, E Sims, M Smith and M Winn. Councillors Mordue and Sir Beville Stanier attended also.

APOLOGIES: Councillors J Bloom and M Stamp

1. COUNCILLOR JOHN CARTWRIGHT

Prior to the commencement of the formal business of the meeting all those present stood in silent tribute to the memory of Councillor John Cartwright, Leader of the Council from 2001-2013 and a Member of this Scrutiny Committee up until the May 2015 elections, who had passed away recently.

2. MINUTES

Members requested that they be provided with copies of the minutes of the contract performance meetings held between Everyone Active and AVDC (Minute 2 (xii)), and it was –

RESOLVED –

That the minutes of the meeting held on 30 June, 2015, be approved as a correct record.

3. AYLESBURY WATERSIDE THEATRE CONTRACT REVIEW

The Committee received a report that had been considered by Cabinet at its meeting on 1 September, 2015, (and was summarised in the minutes of the meeting) on the outcome of the 5 year review of the Aylesbury Waterside Theatre contract.

The five year review of the Aylesbury Waterside Theatre (AWT) contract with the Ambassador Theatre Group (ATG) had been conducted in accordance with the provisions of the current 15 year contract. The contract had commenced in October 2010 and included a six year funding agreement which was due to terminate on 9 October 2016, with a formal contract review in year 5. The existing contract remained in force until October 2025.

The Council had engaged the services of a theatre consultant to help with the review and to provide independent expert advice regarding the options and opportunities. Artservice Ltd were commissioned to review the original submission, evaluate what had been delivered and comment on the options and a suggested course of action. The detailed confidential report from Artservice was considered by the Scrutiny Committee as part of their deliberations.

The principal reason for bringing the report to the Scrutiny Committee was to inform Members on the future direction for the management and operation of the theatre, prior to the required contract documentation being updated with ATG. The Cabinet Member for Finance, Resources and Compliance had also agreed not to implement the decision prior to the Committee meeting.

Members requested further information and were informed:-

(i) that the second space at the theatre was fulfilling the role it had been designed for, although it was accepted that more could be done to encourage community use and smaller scale activities by local groups. As such, ATG had recently taken on a member of staff whose job it would be to help promote the second space.

(ii) that if ATG thought that the space was not suitable then the Council would expect the operator to make some changes to improve its functionality and marketability.

(iii) that the Council believed that ATG had delivered on its commitment to providing a balanced programme of events at the theatre that catered to different audience tastes. While there were not as many live rock and pop evenings as some Members might wish for, there were a number of issues that impacted on this including market forces, profitability and having to compete with nearby theatres. It was acknowledged that there were a number of tribute acts scheduled, which was largely in response to local demand and the fact that they were more profitable to put on.

(iv) that the nearby Travelodge had high occupancy rates although it was unfortunate it had not opened at the same time as the theatre. Despite this, there was still an overall lack of hotel accommodation in the centre of Aylesbury, which it was hoped would improve in the longer term.

(v) that AVDC would continue to use its best endeavours to ensure that coach drop off and pick up arrangements remained a high priority and that signage, way-marking and the public realm continued to be improved wherever practicable , for visitors, both pedestrians and by vehicles to the theatre. There were a number of factors that made it very difficult for additional coach drop off to be provided in Exchange Street at the front of the theatre and this was explained to Members.

(vi) an explanation was provided of the Building Levy and the "Special Maintenance" sinking fund, their purpose, and how they operated. Members were informed that use of the Building Levy was not ring-fenced.

(vii) that the Council had an agreement with the Odeon cinema regarding the reimbursement of car parking charges for cinema patrons. However, no such agreement had been made for the theatre so if ATG decided to reimburse car parking charges for theatre patrons then it would be at their own expense.

(viii) information was provided on the appraisal of the Programme Balance and on the number of "dark nights".

(ix) that it was hoped that annual attendances and ticket sales at the theatre would continue to increase as the local economy improved and the town centre was further regenerated.

Members commented that they would like to see more rock and pop live events put on, particularly given Aylesbury rich heritage as a live music venue, and that more should be done to make the theatre available to community groups on "dark nights".

RESOLVED –

(1) That the new financial terms and other proposals that had been agreed for the management and operation of the Aylesbury Waterside Theatre by the Ambassador Theatre Group, as set out in the Cabinet report, be noted.

(2) That the Cabinet Member for Finance, Resources and Compliance be asked to take into consideration the comments made at this meeting in finalising the new terms / contract condition with the Ambassador Theatre Group.

4. HEALTH, SAFETY AND WELL-BEING PERFORMANCE 2014-15 AND STRATEGY 2015-18

The Council had been producing an annual health and safety performance report since 2004. However, this was the first time that a Health, Safety and Well-Being Strategy had been produced. With Health and Safety one of the top 15 Council risks as identified by Cabinet in October 2015 it was considered appropriate to develop a structured approach to increase the profile of health, safety and well-being across the Council. A strategy had been put together that identified the strategic topics and work streams for the next 3 years and which also allowed for work plans to be developed annually.

The Strategy would also ensure that a consistent approach was taken to addressing health, safety and well-being risks across the Council. AVDC had taken the opportunity to fully embrace 'well-being' as defined by the Chartered Institute for Personnel and Development (CIPD) and recognised the importance of having a sustainable workforce.

The Health, Safety, and Well-Being Committee had been consulted and provided feedback on the content of the Action Plan. The Strategy and Action Plan had also been reported to the Strategic Occupational Safety, Health and Well-Being Forum.

Members were asked to make any relevant comments or suggestions that they wished Cabinet to consider at their meeting on 10 November, 2015, in finalising and adopting the Strategy.

Members sought further information and were informed that absence due to industrial accident (days off) could be attributable to a small number of staff as an accident could lead to a long period before a person was able to return to their normal work duties. The majority of the 22 public liability claims from members of the public related to reports that their vehicle had been hit by an AVDC refuse vehicle. The reason that there were only 2 settled or ongoing claims was due to the remaining claims being successfully defended/rebutted by the Council. AVDC refuse vehicles were now fitted cameras giving 360 degrees coverage so the Council was able to compare film footage for any claims that were made.

RESOLVED –

(1) That the Annual Health and Safety Report 2014-2015, and the Health, Safety and Well-being Strategy 2015-18 be noted.

(2) That Cabinet be recommended to adopt the Health, Safety and Well-Being Strategy 2015-18.

5. QUARTERLY FINANCE DIGEST

The Committee received the report on the Council's financial performance for the period 1 April 2015 to 30 June 2015. The current position after the first quarter point of the year was that there was no change predicted in the year-end position, which was for no contribution to or from balances. Copies of the latest Quarterly Finance Digest had been circulated separately and Members referred to this document whilst considering the report.

The Council had spent £331,857 less on the provision of services than allowed in the budget. The majority of the reduced spend related to salary savings, which will be reflected in the September Digest by way of new forecast figures.

There were a few areas that had spent more than budgeted, one was in Accountancy where additional staffing costs were incurred on the implementation of the new finance system, TechOne, which had gone live on the 1 June, 2015.

Other areas included Building Control where the cost of hosting the Idox system had increased and the Chief Executive's section where preparatory work on a unitary status business case and consultancy costs around the Assessment Centre had been incurred. The last area was the Play Services function which continued to be funded by AVDC as negotiations continue regarding its transfer to a third party provider.

As reported throughout last year, budget holders' are asked continually to review all of their areas and to reforecast their budgets both positively and negatively in order to have as accurate a year end position as possible for the September Digest.

As well as the revenue budget the digest, on page 13, reports on the level of reserves and provisions and any movements that have been made during the quarter. During this quarter there has been no movement in reserves and so the balance remained at £27.7m. As in most years, reserve movements tended to be in the last quarter so the position shown in this digest was not unexpected.

Page 15 contained information on the level of investments and borrowings during the first quarter. No new borrowing has been taken out during the quarter and so the current level remains at £28.5m. The council had £38.5m invested at the end of the quarter, in a combination of banks and building societies.

RESOLVED –

That the content of the Quarterly Finance Digest for the period April to June 2015, be noted.

6. WORK PROGRAMME

The Committee considered their work programme for the period up until April 2016. It was agreed that agenda items for future meetings would be:-

(i) 16 November 2015 meeting
- Budget Setting 2016/17.
- Business Rates.
- Capital Programme.
- Waterside North Phase 1.
- Quarterly Finance Digest (April to September 2015).

(ii) 14 December 2015 meeting
- Budget Scrutiny – Cabinet's initial budget proposals for 2016/17.
- Public Sector Equality Duty

(iii) 8 February 2016 and 5 April 2016 meetings
- No items as yet.

RESOLVED –

That the work programme be agreed, as discussed at the meeting.

Finance & Services Scrutiny Committee
16/11/2015 **APPENDIX B**

WATERSIDE NORTH PHASE 1 – APPOINTMENT OF A DEVELOPMENT PARTNER

1 Purpose

1.1 The Scrutiny Committee is asked to consider the report that will be submitted to Cabinet on 10 November 2015 (attached as an appendix) and that provides an update on the current marketing process (which commenced in Autumn 2014) to seek a suitable Development Partner for the delivery of Phase 1 of the Waterside North scheme.

1.2 The Cabinet report sets out a number of decisions for recommendation to Council to enable the next steps to be taken and the scheme to be delivered. This includes the costs associated with the development which need to be approved as part of the capital expenditure programme which forms a separate report on this agenda. The Cabinet agenda also includes, separately, a confidential appendix with a detailed financial appraisal of the scheme.

1.3 The outcome of the Cabinet meeting on 10 November and recommendations to Council (2 December) will be reported verbally to the scrutiny committee.

1.4 The views and comments of the Committee will then be reported to Council so that they can be taken into consideration in appointing a developer as the Council's development partner.

2 Recommendations/for decision

2.1 The Scrutiny Committee is requested to indicate any comments that it wishes full Council to take into consideration in appointing a development partner for the delivery of Phase 1 of the Waterside North Scheme.

3 Executive summary

3.1 Cabinet will receive a report and confidential appendix (detailed financial appraisal) to its meeting on 10 November 2015 regarding the Council appointing a development partner for Waterside North Phase 1. Copies of these are attached to the agenda.

3.2 The Scrutiny Committee is requested to consider the information provided and indicate any comments that it wishes to be passed to full Council.

Contact Officer Teresa Lane 01296 585006
Background Documents

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WATERSIDE NORTH PHASE 1 - APPOINTMENT OF A DEVELOPMENT PARTNER

Councillor Bowles
Cabinet Member for Economic Development Delivery

1 Purpose

1.1 This report provides an update on the current marketing process (which commenced last Autumn) to seek a suitable Development Partner for the delivery of Phase 1 of the Waterside North scheme.

1.2 It also sets out a number of decisions for recommendation to Council to enable the next steps to be taken and the scheme to be delivered. This includes the costs associated with the development which need to be approved as part of the capital expenditure programme which forms a separate report on this agenda.

1.1 Recommendations

Cabinet recommends to Council, approval of the:

i) Appointment of Developer A as the Council's development partner

ii) Inclusion of £4.02m in the capital programme in order to acquire the commercial element of the development

iii) Expenditure of £3.3m for the public realm element of the scheme (also included in the capital programme) on the basis that this money is expected to be reimbursed by the South East Midlands Local Enterprise Partnership

2 Supporting information

Background

2.1 In the last 10 years, AVDC has been leading the redevelopment of Aylesbury town centre. Its record is impressive and has resulted in the delivery of major projects in the town centre such as Aylesbury Waterside Theatre, Waitrose, Travelodge and most recently the University Campus Aylesbury Vale.

2.2 AVDC's strategy on town centre redevelopment, has three key aims:

i. To improve the attractiveness of the town centre through developments which act as a catalyst for further investment by the private sector and other public sector partners for the overall benefit of the town and the economy. An example of this is the theatre which has attracted a range of new restaurants to the town and is underpinning interest in the Waterside North Phase 1 development.

ii. To use its own developments to directly generate new jobs and new wealth in the local economy - Waitrose and Travelodge have collectively delivered 200 new jobs.

iii To create a revenue stream for the council from the rental generated by tenants of the buildings constructed by AVDC.

2.4 Aylesbury Vale District Council is committed to the successful delivery of the Waterside North masterplan (Appendix 1), as the next development to help meet these aims.

2.5 The masterplan has been worked up in consultation with a number of stakeholders including Buckinghamshire County Council (BCC) who own land adjacent to the current temporary Exchange Street car park owned by AVDC.

2.6 The plan received wide spread public endorsement through a public consultation process in May 2014.

2.7 The context for the development and delivery of the masterplan is the Aylesbury Town Centre Plan which was approved by Cabinet in 2013. The Plan sets out the Vision for the town centre, the guiding principles for future development and a series of actions for improving different parts of the centre. Waterside North is one of the major actions in the Plan.

2.8 The masterplan is capable of phased and independent development of the areas of land within the different ownerships. This is an important factor given the volatility of the retail market in particular and as part of the public consultation on the masterplan, an outline scheme for bringing forward at this stage, the first phase of the masterplan was presented (Appendix 2).

2.9 For Phase 1, the County Council is initially focussed on repurposing its former offices in Walton street for residential led mixed use and the creation of a temporary surface car park which will help offset the parking spaces lost by the development on the Exchange Street car park . The BCC scheme has required the demolition of a number of buildings including the rear of the old County Offices and the a former police station building which had been vacant for a long time. The new car park is due to open in November 2015.

2.10 The AVDC element of Phase 1, has focussed on delivering a mixed-use scheme of up to five new café/restaurant units on the ground floor, with apartment accommodation on three levels above. The site is in the heart of the town centre in close proximity to the Odeon Cinema which enables the development to capitalise on the buoyant and growing café/restaurant market.

2.11 A new public square is also included in this phase. This will enable a significant area of new public space to be created in line with the Town Centre Plan Vision. The new public square will provide a fitting setting for the lighting of the torch celebrations associated with the start of the bi-ennial Paralympic Games. The link to the Paralympic legacy was an important factor in securing the grant funding from South East Midlands Local Enterprise Partnership (SEMLEP).

3. Progress to date

3.1 In preparation for seeking a partner, the Council has undertaken a number of preliminary activities. These include:

- Submitting an outline planning application in July 2014 (approved in February 2015)
- Securing a funding commitment from SEMLEP for the new public space

- Establishing occupier demand for the cafe and restaurant units (food and beverage/F&B)

4. The procurement process

4.1 The Council's objective is to secure a development which will:

- Initiate the Waterside North masterplan through a high quality first phase in line with the outline planning consent
- Generate an income from the commercial element of the scheme
- Improve the viability and attractiveness of the town centre so as to attract further private/public investment and enable the development of phases 2 and 3 of the masterplan to be brought forward

4.2 In September 2014, Cabinet considered three delivery options for Phase 1 and gave approval for two of the options to be explored further using the most appropriate procurement process. The two delivery options were:

1. Appointment of a building contractor to construct the scheme to an AVDC specification. In this option, AVDC as the sole developer would bear all the costs and risks on both the residential and commercial space (predominantly the café/restaurant units) but also all the subsequent financial benefit.

2. Appointment of a development partner to construct the whole scheme but with the partner financing and owning the residential element and AVDC financing and retaining ownership of the commercial space.

In both options, AVDC would own the public space.

4.3 A Bidders' day was held at the Aylesbury Waterside Theatre in January 2015. The purpose of the event was to present the Phase 1 opportunity to a wide range of potential developers, and encourage the participation in the procurement process.

4.4 In February, after consideration of a number of different procurement frameworks, the Council advertised its intension to seek a partner using a Housing and Communities Agency (HCA) framework and invited Expressions of Interest.

4.5 No expressions of interest were received from developers who only wanted to construct the scheme ie delivery option 1. All expressions of interest were for option 2 - the development partner option and two potential Development Partners were subsequently shortlisted to complete a Sifting Brief as the next stage of the procurement .

4.6 In June, the two potential Development Partners were invited to submit the following details as part of an Invitation to Tender (ITT):

- Scheme design proposals (which provide the basis for taking the outline planning consent scheme to the next stage of preparing a reserved matters application).

The developers were asked in particular to consider how best to optimise areas of the outline consent which are currently shown as internal car parking and some general commercial space fronting onto Long Lional.

- A detailed financial proposal prepared as a draft business plan and cash flow.

  The developers were asked to consider the premium payment(s) required from the Council to fully fund anticipated development expenses, how these can best be cash flowed, how access to Council finance can assist viability, how profit sharing (overage) should be structured and how any new/additional or saving in costs will be accounted for.

- The proposed legal arrangements which will enable the development to proceed. The submitted and marked up draft Development Agreement and Lease address the various preconditions to development, commencement and completion of works, recalculation of costs and the usual issues of performance, insurance and dispute resolution.

- Tender Acceptance – confirmation that the Tender is deemed to remain open for acceptance or non-acceptance for not less than ninety days after the date of receipt of Tenders. The Council may accept a Tender at any time within this prescribed period.

4.7 In essence, the requirements set out in paragraph 4.6 above, formed the pre-determined criteria for evaluating the bids. Both tenders have been checked initially for compliance by the Council and a further process of competitive dialogue has been undertaken with each developer to support the evaluation process and the recommendation that Developer A be appointed as the Council's Development Partner.

4.8 The evaluation was carried out by a combined panel of AVDC officers, the Council's general advisors on this scheme, Lambert, Smith, Hampton and specialist advisors including the Council's planning advisor (who submitted the outline planning application on behalf of the development arm of AVDC) and Strutt and Parker the letting agents for the food and beverage units.

5. The winning bid

5.1 It is important to recognise that the submission at this stage is not complete. If Council approve the appointment of Developer A as its Development Partner, there will be an intense period of progressing the scheme to detailed design as well as the need to finesse the draft Development Agreement which forms the detailed contract between AVDC and Developer A for the delivery of the scheme.

5.2 Meanwhile, a summary of the how the recommended bid from Developer A has sought to address the points in paragraph 4.6 is set out below.

5.3 **Scheme design proposals –** Developer A's bid proposes 4 café/restaurant units fronting the new public square with the commercial space fronting Long Lional designed to accommodate a further café/restaurant use in due course or alternative use as A1 (shops) or A2 (financial and professional services). The use of this unit will be a matter for the Council to decide and take forward.

5.4 Letting agents, Strutt and Parker, have confirmed that the café/restaurant space is marketable as configured and would be well received by operators. Up to three units would be pre-let. All four units would be let on 15 year certain leases.

5.5 Developer A proposes that the integral car park is not the best parking solution and should be replaced with a parking permit scheme. The integral parking space would be used to maximise the residential space and provide up to 47 one and two bedroom apartments.

5.6 The financial implications of losing parking spaces from Exchange Street car park both during the construction period and permanently are explained in section 6 of the report.

5.7 **Financial implications** – section 6 provides an overview of the key financial elements of the scheme many of which are requirements of the Council set out in the draft Development Agreement. The specific financial implications of Developer A's bid are set out in Appendix 1 of the confidential pages of the report.

5.8 **Legal arrangements –** whilst there are a number of area to finesse with the Developer A regarding the draft Development Agreement and a number of actions for the Council to take eg completion of a Right of Lights survey, there are not considered to be any insurmountable issues outstanding points of commercial negotiation.

5.9 **Tender acceptance** – the necessary confirmation has been received.

6. Key financial elements of the scheme

6.1 The financial structure of the scheme is that the Development Partner will accept the site from the Council and then build, at their own risk, the agreed development of residential and retail.

6.2 Upon completion of the construction phase, the Development Partner will sell the residential unit on the market and capture the value from doing so. The profit from the sales of the residential units will partially offset the cost of constructing the retail units and the Council will pay the Development Partner the previously agreed unfunded balance in order to take freehold ownership of the retail units.

6.3 The Council will let the commercial space to tenants and the income stream from doing so will represent the Council's return from the investment.

6.4 In return for an agreed profit element, the Development Partner accepts both the construction risk and the sales risk on the residential units.

6.5 In the event that property prices increase significantly during the development phase such that the Development Partner makes greater profits than envisaged, there will be an overage clause within the agreement to enable the Council to benefit from the unexpected uplift in values.

6.6 In the event that property prices fall then the Development Partner is committed to the sales values used in it calculation of the unfunded balance and any loss resulting from it is borne by the Development Partner.

Construction finance

6.7 Within the arrangement, the Council ultimately pays the unfunded balance, also termed the net estimated residual cost, of the scheme to the development. If the Council can mitigate the construction costs, or increase the sales values in any way during the negotiation process then it will benefit directly through achieving a lower net residual cost.

6.8 As the Development Partner cash-flows the construction phase (ultimately offset by the value of residential sales), the Development Partner 's financing costs would be a significant element of the proposal, which the Council would end up paying as it contributes to the residual net sum.

6.9 In recognition of its significantly lower borrowing costs, the Council has indicated to both Development Partners that it would cash-flow up to the 75% of the Development Partner 's costs (beyond the unconditional stage) and would request only a very small margin for doing so.

6.10 By capping its lending to 75% and requesting security over the partially completed asset, as a lenders charge, together with a parent company guarantee, the Council's financial interests are protected whilst at the same time ensuring that the cost to the Council of the Development Partner financing the scheme are minimised.

Public realm

6.11 Wrapping around the scheme and completing the area between Walton Street, the County Council's buildings and the existing Odeon complex is an area of public space. Government Growth Funding of £3.3m has been awarded for this element of the scheme by South East Midlands Local Enterprise Partnership. The grant is split between AVDC and the County Council - £3m is to be used for the public space that falls within AVDC's land ownership and this will cover the entire costs including design fees. The remaining £300k will be used towards the public space on land within BCC ownership. A public space architect has been appointed to design the whole scheme but will cost the two areas separately.

6.12 The Development Partner will be commissioned to undertake these works in order to reduce disruption to the town. The commissioning formed part of the procurement process and the works will be conducted on an open book basis with capped Development Partner fees so as to ensure both value and transparency.

Impact on car parking

6.13 The development on Exchange Street car park will see the permanent loss of approximately 90 spaces and potentially another 40 more during the construction phase.

6.14 The car park is popular with visitors to the town and generates income for the Council. The loss of spaces will, therefore, have an impact on income, but the exact implications are hard to predict.

6.15 Opening next door in November, is the County Council's temporary car park behind the Old County Offices. In capacity terms, this replaces the majority of the permanent spaces lost.

6.16 With or without the proposed development of this scheme, the opening of the County's Car park would have had an impact on car parking revenues from this site. It is, therefore, important not to confuse or attribute the revenue loss from one event to the other.

6.17 The development, in itself, will create additional demand for car parking within the town centre and it is reasonable to assume that the remainder of Exchange Street and the County Council's car park will be premium in meeting both existing and new demand. This should increase the already high levels of usage and this will in part offset the revenue from the reduction in spaces.

6.18 The Council also has lower utilised car parks within the town which could be used to accommodate the higher demand. Signing and pricing will be important factors in making sure that visitors are able to park in locations that satisfy their needs and these will be considered as part of the wider review of car parking provision in response to changes in both demand and provision.

6.19 Ultimately whilst there will be some impact on car parking provision within the town, through better utilisation of exiting car park s and through the additional provision represented by the County Council's new car park, there is enough parking provision to accommodate it.

6.20 The effect on revenue is, consequently, hard to predict as higher demand might offset lower provision in this favoured location. To demonstrate that the business case is robust in this regard an element of lost revenue to the Council has been factored in at 1/3 of the existing revenue assumed to be generated by these spaces, less the savings in direct operational costs.

6.21 The lost income represented by temporary loss of provision during the construction phase is assumed to form part of the Capital Sum and Fees.

Rental Income

6.22 The Council's advisors in respect of the commercial element of the scheme, Strutt and Parker, have reviewed the proposals put forward by the Development Partner and considered its commercial value in terms of location, the local market place and layout. Based upon this they have provided an assessment of the rental income the commercial space is reasonably likely to attract.

6.23 The numbers provided by the advisor have been used in the financial model, together with the standard terms that would usually be expected by the tenants. The one important point to note is that normal conditions expected within the market place include a rent free period of one year in order to develop the business and a capital incentive, equal to a further year, in order to defray fit out expenses.

6.24 So, in line with all similar commercial developments, the Council should not expect to receive any rental in the first two years of operation. Longer term, these incentives are recouped through the proportionally higher rental numbers. Lease rental periods would normally be for 25 years, with a potential break clause after 15 years has elapsed, thereby providing a reasonable degree of income security to the investor. Industry standard is for rent reviews (upwards only) every five years.

Funding of the Scheme

6.25 Because of the wider funding pressures being experienced by all of local government, any period of financial outlay not matched by equivalent income makes funding a scheme difficult. The returns from the scheme are sufficient to support a Prudential Borrowing case to be made, but the short term borrowing repayments would create an unfunded pressure on the revenue budget which would be undesirable in the current environment.

6.26 For this reason, together with the fact that the scheme is as much about the provision of leisure and social infrastructure associated with the expansion of Aylesbury, it is proposed that the capital cost of the scheme is funded from 2016/17 expected allocation of New Homes Bonus. Should, for any reason, (see Budget Planning 2016/17 Paper) the funding through New Homes Bonus not be available, then it is proposed that the scheme is funded instead from the available balance of the Capital Programme.

Funding via this route would ensure that there is no cost (other than opportunity costs) associated with the financing of the scheme and the entire net revenue generated by the scheme would be available to support the provision of other Council services.

Risk and risk mitigation

6.27 A risk and mitigation statement is attached as Appendix 3 highlighting what are considered to be the major risks facing the progression of this project.

6.28 A number of the risks, around viability, acceptability of the final design and consent, will be mitigated through a "Go, Don't Go" decision point early to middle of next year. If either the Development Partner or the Council cannot reasonably be satisfied that the commercial terms or design requirements of the Council (as Planning Authority) are within the parameters laid out within this report then the decision will mutually be taken not to proceed with construction.

6.29 Within the private sector there is a general nervousness that the public sector sometimes takes decisions for political rather than commercial reasons and, therefore, they are reluctant to work, at their own financial risk, with the public sector where there is a significant risk of loss to them that could be caused through the Council's action.

6.30 For this reason we have been advised that it is normal in such development schemes for the promoting party (the Council in this instance) to carry the financial risk to the Development Partner should the Council decide to withdraw prior to the point where the scheme goes unconditional and up to a capped maximum sum. This requirement has been explored with potential development partners and it became evident that such a requirement was necessary to ensure that any potential partners would even bid for the scheme.

6.31 The maximum contribution required by the Development Partner is £330,000 and reflects the fact that there is considerable investment on their part leading up to the "Go, Don't Go" decision point around design and planning consent. As the Council has the option to exit for reasons over which the Development Partner has no direct control, they require this to be reflected in the potential share of abortive costs.

6.32 In the lead up to the final decision point there are various sub elements and issues that will need to be resolved satisfactorily and costs incurred will be staged and minimised in order to ensure that any financial risks under this obligation are minimised.

Overage

6.33 Although the Development Partner requires risks outside of their control to be shared they are also happy to share in upside gain. To this end they have offered two potential opportunities to share in betterment on the scheme. In the first instance, at the point of "Go, Don't Go", if costs or sales values have improved they are happy for these to be reflected and fixed into a, (lower only), agreed revised deficit payment from the Council upon completion.

6.34 The second opportunity is in terms of actual residential sales values, where, if values increase above a fixed level, being that which is required to make the scheme viable for the Development Partner, then they will share in the additional value 50/50 with the Council in the form of an overage payment.

Financial model

6.35 The detailed financial appraisal is set out as Appendix 1. It is contained within the confidential pages of the report as it contains assumptions around rental income which, if made public, would prejudice future negotiations with prospective tenants

7. Next steps and indicative timeline

7.1 If Council approval is given for the appointment of Developer A and the associated capital programme expenditure, the next steps and anticipated time line is:

Risk workshop and formulation of the AVDC/ Development Partner delivery team Legal agreements including Development Agreement completed	December 2015 January 2015
Formal pre-application submission	January 2016
Referred matters planning application	Spring 2016
Start on site	Autumn 2016
Completion	Spring 2017

8 Options considered

8.1 The strategic business case for AVDC's commitment to the delivery of Phase 1 of Waterside North was set out in the report to Cabinet, September 2014.

9. Resource implications

9.1 The resource implications are referred to in section 6 of the report and Appendix 1 of the confidential part of the report.

Contact Officer	Teresa Lane 01296 585006	Andrew Small 01296 585507
Background Documents	Cabinet report June 2014 Phase 1 outline planning application and consent (Ref 14/01794/AOP) Cabinet report Sept 2014 HCA DPP2 Framework documents including Sifting Brief and Invitation to tender Aylesbury Town Centre Plan	


PHASE 1

Risk and mitigation plan		Appendix 3
	Detailed Risk	Risk Mitigation
Certainty of Rental Income	The viability of the scheme is dependent upon generating the income predicted in the financial model. There is no advantage to the Council, or the residents of the Vale, of building the units only to find that they cannot be let.	The risk of building an unsuccessful venture can be mitigated by making the decision to move into the construction phase dependent upon achieving a number of pre-lets on the space. For the purpose of gain approval it is suggested that this should 3 of the 5 units. The leases offered to prospective tenants will tie them into the arrangement for a fixed period of time which will effectively guarantee the Council income over a set period of time. The quality of the tenant will be an important consideration when agreeing pre-lets.
Decision on the part of either party not to proceed with the development	The agreement is precedent on a number of detailed issues being resolved, a number of which are not wholly in the developers control. If the conditions can not be satisfied then the either party may chose not to proceed and abortive costs incurred will need to be shared.	The Council was unable to attract any potential bidders without committing to share in the abortive cost risk up to a capped maximum of £330,000 should the Council decide not to proceed. This risk is solely down to Council to control as it would only be invoked through decisions on its part. The risk can be minimised through control of development costs and the phasing of key decision points so that lower value risks are hedged earlier in the process.
Failure to Secure Funding for the Public Realm	The Public Realm is important to the scheme as creates a vital public space that enhances the Town centre and increases the attractiveness and viability of the commercial and residential schemes. A business case for the commercial and residential elements of the scheme cannot be made if the cost of highly specified public realm scheme is added to the total scheme cost. For this reason an application was made to SEMLEP for Government Grant funding and this has been approved. In theory all Government funding commitments are at risk as part of the Government's wider spending	The view from SEMLEP is that this funding is reasonably secure as it comes from one of the Government's earlier funding rounds and many national schemes are in progress on the back of this promised funding. Thus, it would be difficult for the Government to remove this funding. However, in the event for any reason it was withdrawn then there is sufficient unallocated funding within the Capital Programme to deliver this element of the scheme if the Council believed it to be a funding priority.

	review scheduled for late November.	
Cost Overruns	That the cost to the Council of the final Commercial space might increase as a result of ground condition, weather or other factors.	The developer commits within the agreement to a fixed maximum cost to the development, negotiated through the procurement phase. Any increase in costs will need to be managed and, ultimately, borne by the developer.
Downturn in the Housing Market affecting sales values	That a lower total income from the sale of the residential units pushes up the residual net cost to the Council for the Commercial space.	Similarly to the above risk, the developer has committed to the minimum amount of income it believes it will achieve from the residential scheme and thus takes any market risk from the prices not be achieved because of market conditions.
Financial Failure of the Developer	Meeting the developers financing costs leaves the Council at risk should the relationship or the developer fail.	The amount loaned to the developer by way of development finance through the construction period would be tied to and will not exceed more than 75% of the certified development value at that point. The will secured over the value of the development as a legal charge, so that in the event of financial failure the Council can realise its value through the asset. All necessary due diligence has been performed on the developers and their current financial standing has been assessed to be suitable in order to undertake this contract.

Finance & Services Scrutiny Committee
16/11/2015 **APPENDIX C**

CAPITAL PROGRAMME UPDATE 2015/16 TO 2019/20

1 Purpose

1.1 The Scrutiny Committee is asked to consider the report that will be submitted to Cabinet on 10 November 2015 that provides information to update the capital programme for the current year and for the plan period to 2019/20.

1.2 The outcome of the Cabinet meeting on 10 November and recommendations to Council (2 December) will be reported verbally to the scrutiny committee.

1.3 The views and comments of the Committee will then be reported to Council so that they can be taken into consideration in approving an updated capital programme.

2 Recommendations/for decision

2.1 The Scrutiny Committee is requested to indicate any comments that it wishes full Council to take into consideration in updating the capital programme for 2016/17 onwards.

3 Executive summary

3.1 The Council maintains an integrated strategic capital programme that is divided into three sections.

- Major Projects – that have the largest and highest profile.
- Housing Schemes – for housing enabling and housing grant based schemes.
- Other Projects – being all the other schemes included within the capital programme.

3.2 Cabinet will receive a Capital Programme report on 10 November 2015 that will provide an updated position with respect to forecast receipts, a revised position (as necessary) regarding current schemes and also seeks the inclusion of future new major investment proposals.

3.3 The Scrutiny Committee is requested to consider the report and indicate any comments that it wishes to be passed to full Council for consideration in approving an updated capital programme.

Contact Officer Andrew Small 01296 585507
Background Documents

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CAPITAL PROGRAMME UPDATE 2015/16 TO 2019/20
Councillor Mordue
Cabinet Member for Finance, Resources and Compliance

1 Purpose

1.1 This report seeks to update the capital programme for the current year and for plan period to 2019/20. If endorsed by the Cabinet the report will be passed to the Finance and Services Scrutiny Committee for review, as required under policy framework requirements. After consideration of the report by scrutiny any comments will be passed to Council to assist in their decision making.

2 Recommendations

2.1 That Council be recommended to agree the updated capital programme for 2016/17 onwards, as set out in Appendix A.

2.2 That the Finance and Services Scrutiny Committee be invited to review the programme and indicate any comments that it wishes full Council to take into consideration in agreeing an updated capital programme for 2016/17 onwards.

3 Background

3.1 The Council maintains an integrated strategic capital programme which is divided into three sections.

- Major Projects – These being the largest and highest profile.
- Housing Schemes – Being the housing enabling and housing grant based schemes.
- Other Projects – Being all the other schemes included within the capital programme.

3.2 The programme is reviewed annually with the current programme being last approved and adopted at Council in March 2014.

3.3 This report provides an updated position with respect to forecast receipts, revises the position (as necessary) with regards to current schemes and seeks the inclusion of future new major investment projects.

4 Capital Resources Update

4.1 The economy is continuing to grow despite the wider European problems. This, in turn, has had a positive impact on the construction industry, particularly housing, and this means the demand for land and its value continues to increase.

4.2 The housing market also continues to grow with house prices showing an 8.6% increase compared to last year. However, this appears to have had an impact on the appetite for home ownership amongst former Council House tenants. This slowdown has had an affect on the anticipated income from Right to Buy, which is one of the Council's major sources of capital income, to the point that actual receipts could be down on the level received over the last couple of years.

4.3 Since April 2012 when the Government increased the available discount for tenants from £38,000 to £75,000, the number house completions rose over the next two years to 47 in 2013/14 and 40 in 2014/15. However, VAHT are anticipating house completions to be only 20 in the current year, which will see a decrease in the level of receipts AVDC can expect to receive.

4.4 These factors do have a bearing on the available resources for the capital programme. Any decrease in anticipated resources effectively reduces the level of resources available to fund new schemes and so increases the possibility of borrowing and so this needs to be factored into the programme.

4.5 The changes in anticipated resources which need to be factored into the programme are as follows:

a.) Share of house sale receipts from VAHT - these flow from the stock transfer agreement and run for 25 years from the transfer date. The number of sales has been forecast to be 20 for 2015/16, with the same number being forecast for 2016/17.

b.) Asset Sales - these are sums released from the disposal of Council-owned assets, mainly land or property. The majority of these disposals are for housing development schemes. Existing assumptions around timing and values have been reviewed on the basis of the current state of the housing market.

c.) Capital Contribution – This relates to the contribution from the New Homes Bonus reserve allocated to Capital Schemes by Council.

d.) Revenue Contributions –These include New Homes Bonus and use of Repair Reserves.

e.) Government Grant – Specifically in support of the Waterside North Scheme.

4.6 The table below sets out the available resources at the beginning of 2015/16 and projected resources at the end of the Capital Programme period of March 2020 before any expenditure has been taken into account.

	Current Resources April 2015 £'000s	**Resources Projection March 2020 £'000s**
Share of Right to Buy Receipts	2,793	7,793
VAT Share (Ends 2016)	428	1,428
Asset Sales	6,815	9,523
Capital Contributions	839	839
Lottery and Section 106	0	3,900

Revenue Contributions	0	6,547
Prudential Borrowing (UCAV)	0	6,419
Total	**10,875**	**36,049**

4.7 We are at the stage where the generation of sizeable capital receipts in the future will no longer be possible as our asset base has been reduced to small land holdings and our operational buildings i.e. offices, leisure facilities, public conveniences, etc. This means that future commitment to projects can only be given on the understanding that the funding will have to be met from external sources either borrowing or third party contributions.

5 Capital Expenditure

5.1 The capital programme is attached as Appendix A. As it is split into three sections, Major Projects, Housing Schemes and Other Projects, these are covered separately.

6 Major Projects

6.1 The following are listed under the Major Projects section – UCAV, Waterside Development, and the Swan Pool.

6.2 The capital programme includes the latest forecast costs for the individual schemes and reflects the position reported informally to the Major Projects Sub Committee details of which are summarised in the following paragraphs.

6.3 There is some residual public realm work required around the Waterside properties now that the Canal Society has vacated the site.

6.4 The Waterside Academy project is in the final stages of completion and should have been handed over to the University by the date of this meeting. The capital programme includes the agreed scheme costs.

Swan Pool, Buckingham

6.5 The Swan Pool and Leisure Centre improvement project commenced on site in February 2015.

6.6 The £2.7 project was awarded a £500,000 grant from Sport England and will be funded from S106 contributions from housing development within the Buckingham area, £700,000, accumulated Repairs and Renewals provisions, £500,000, with the balance being drawn from New Homes Bonus funding also in recognition of the Housing growth being delivered in and around Buckingham.

6.7 Improvements to the centre include refurbishing and enlarging the changing village, creating a new and separate dry side changing area and installing a climbing wall. The gymnasium will also be extended and the reception area will be modernised to include a larger spectating area.

6.8 To date the new crèche, dry change and extended health and fitness suite have been completed and opened to customers. Progress remains good and the project remains on budget and on target to be completed in January 2016.

6.9 The project is intended to be as environmentally friendly as possible, making use of sustainable technologies and the work has been phased with the aim of keeping as many facilities open throughout the improvement programme as possible.

Waterside North and Public Realm North of Exchange Street

6.10 There is a linked item on the agenda that presents the business case for the development of restaurant outlets and housing on part of the Exchange Street car park.

6.11 The sums included within the capital programme represent the estimated cost of the two schemes and the assumption that they will be met from existing resources.

6.12 If approved, the revenue implications included in the associated report will need to be factored into the budget development process.

Pembroke Road Depot

6.13 In 2011/12 Cabinet recognised the need to purchase Pembroke Road Depot (Unit 17/18), Unit 19 (existing Sita/John O'Connor building) and units 12-16 south of the site to allow for the expansion of the depot. Expansion was required based primarily due to operational limitations relating to vehicle parking and waste storage capacity, but business opportunities around development of a new workshop for our own HGV's and MOTs were also a consideration.

6.14 The specific factors requiring the acquisition are set out below;

i. The depot is likely to breach our Environmental Permit due to the amount of waste being transferred at the site, the storage of the waste and the inadequate drainage on the site to accommodate the types of waste stored. The EA have the regularity powers to stop all operations on the Site, issues fines and non compliance notices until we are compliant with our permit. Continued non compliance can result in our Environmental Permit being withdrawn.

ii. The depot has limited space for vehicle parking and we are currently 2 vehicles away from breaching our Operators licence issued by the DVSA. Due to growth of the district the number of vehicles on site will increase and it is likely the DVSA would take enforcement action if we did not address issues of overcrowding of parked vehicles on our site. This would likely result in fines and grounding of our fleet.

iii. Following the JCB accident it was identified that we have overcrowding issues in terms of parking /waste operations and movement of people around the yard that needed to be addressed by i) improved site management (which has been implemented) and ii) separation of vehicles and pedestrians. Item ii) has not been implemented due to lack of available space at the depot.

iv. The current workshop location has resulted in allowing the public pedestrian access to extremely dangerous operational areas of the depot.

v. Due to the growth in the district we have reached a physical capacity of how much mixed recycling we can transfer from the depot. During busy periods mixed recycling has had to be stored outside and in the central operational area of the depot. This has prevented safe operations to continue.

vi. AVE could technically serve notice on us at any time. Until July 2013 AVDC had the ability to buy back the option on the depot from AVE. This opportunity has now expired and AVE can serve notice on AVDC to vacate the depot and the Sita building.

6.14 Acquisition of the Depot from AVE would enable all the issues identified above to be addressed.

6.15 A residual development budget remains from the depot expansion project of 3 years ago. The delivery of that scheme had been delayed because of the land ownership issues. The remaining capital budget will be utilised to complete the planned works, thereby addressing the issue above.

6.16 AVE have indicated that they are willing to sell the land at Pembroke Road for the book valuation, but as the land required encompasses ¾ of the available land at Pembroke Road, AVE would wish to dispose of the entire site as any residual land in their ownership would have little operational value to them.

6.17 The entire site is valued at £2.2 million and is independently assessed as representing a fair value. Because of the nature of the ownership of AVE, half of the payment will ultimately be returned to AVDC through higher returns from AVE.

6.18 The additional land, beyond the Council's minimum requirements to deal with the operational issues, presents an income generation opportunity from an enhanced workshop and Authorised Testing Facility, and secures our place in the market as the Vehicle and Driver Standards Agency is currently closing existing Authorised Testing Facilities and pushing the work to the private sector.

6.19 Opportunities for maximising the commercial value delivered by the site will be presented for consideration separately.

7. Housing Schemes

7.1 The main element of funding within this category relates to the Council's housing enabling function. Within this function the Strategic Housing team negotiates with private developers and Registered Providers, (housing associations), to help deliver a policy compliant level of affordable housing. It is often essential to contribute a level of grant to help this and ensure the best mix of units is brought forward.

7.2 The Council continued to be successful in its delivery of affordable housing projects over the period of recession. Now that there are signs of improvement in the market, Housing will endeavour to deliver as many houses as possible within their resources. However, due to the challenges received from private developers on the grounds of financial viability and recent Government announcements including the introduction of Starter Homes being considered as affordable housing, it is even more important to be able to provide a level of grant to help ensure the delivery of these units.

7.3 Other than carrying forward sums committed to affordable housing but unspent from previous years, no change is proposed to the funding provision for these projects.

8. Other Projects

8.1 Provision for these schemes remains unchanged, other than carrying forward unspent sums on schemes, which have been delayed for reasons outside of the Council's control.

8.2 The programme includes a provision to replace some of the Refuse and Recycling fleet. A number of vehicles will be replaced in March this year with the balance of the provision being rolled forward into next year.

9 New Schemes

9.1 At its meeting in December 2014 Cabinet agreed to the making of a Compulsory Purchase Order (CPO) in respect of a long term property in Albion Street, Aylesbury. The property is in a very poor state both internally and externally, the grounds are unkempt and severely overgrown and the property has stood empty for 9 years. Unless resolved through other means, once the CPO has gone through it was agreed that the property would be disposed of on the open market with conditions that the new owner would renovate the property. A sum has been included within the programme to enable this to happen.

9.2 Back in 2014 Cabinet also agreed to the disposal of the Elmhurst Community Centre with the proceeds being earmarked for an improvement programme of the other centres. The disposal has yet to go through but the anticipated sale receipt and the improvement programme has been included within the programme.

10 Options considered

9.1 The proposed capital programme represents the allocation of anticipated resources in accordance with corporate priorities.

11 Reasons for Recommendation

10.1 The Council is required to set a capital budget for the coming financial year and proper financial management incorporates a longer term view of capital activity. Regular review and updating of resource availability and capital investment plans is essential especially when a number of major schemes are running in parallel.

12 Resource implications

12.1 The Capital Programme presented within this report updates projected capital resources and requests the inclusion of 2 new significant schemes, being the first phase of development at Waterside North and the proposed acquisition of Pembroke Road in order to deal with operational issues.

12.2 The Capital Programme allocates only a modest amount of the projected available Capital Resources to new schemes.

12.3 Waterside North and the associated Public Realm are proposed to be delivered through identified new resources from New Homes Bonus and Government Grant.

12.4 This leaves an unallocated balance available to the Council for other purposes and provides a buffer should not all of the projected Capital Resources be achieved.

12.5 This is pertinent given some of the uncertainty surround the longevity of the Government's support for the New Homes Bonus scheme.

12.6 Although it is predicted that there will be some ongoing support from this scheme it is expected that this funding route will now cease by 2020.

12.7 Residual support should be sufficient to fund the obligations proposed for the development of the Waterside North Scheme, but in the event that it is not, then some of the uncommitted balance could be attributed to the proposed scheme in order to ensure its delivery.

12.8 The resources implications are dealt with within the body of the report.

13 Response to Key Aims and Objectives

None.

Contact Officer	Tony Skeggs 01296 585273
Background Documents	Capital Programme 2013/14 to 2019/20 Cabinet 17 December 2013

APPENDIX A

Capital Programme				2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
				£'000s	£'000s	£'000s	£'000s	£'000s
				Planned	Planned	Planned	Planned	Planned
Capital Resources								
Base Available Resources	**10,875**			**10,875**				
Add Contributions from New Homes Bonus	**5,647**			**1,290**	**4,357**			
Add New Receipts and Contributions (Estimated)	**13,108**			**4,319**	**4,408**	**1,433**	**1,460**	**1,488**
FORECAST RESOURCE AVAILABILITY	**29,630**			**16,484**	**8,765**	**1,433**	**1,460**	**1,488**
Add Prudential Borrowing	**6,419**			**6,419**				
TOTAL FORECAST RESOURCE AVAILABILITY	**36,049**			**22,903**	**8,765**	**1,433**	**1,460**	**1,488**
Capital Spend	**SCHEME TOTAL**		**SCHEME COSTS TO DATE**					
Major Projects	**£'000s**		**£'000s**					
Educational Facility **(Funded via Borrowing)**	**16,550**	0	10,131	6,419				
Swan Pool	**2,700**	0	471	2,229				
Waterside North (Exchange St)	**4,012**	0	0		3,000	1,012		
Public Realm Waterside North (Exchange St)	**3,300**	0	0			3,300		
Public Realm Waterside South (Exchange St)	**50**	0		50				
Depot Upgrade **(£2m Funded via Borrowing)**	**3,650**	0	2105	1,545				
Pembroke Road Site Purchase	**2,200**	0		2,200				
Major Project Expenditure Total	**32,462**		**12,707**	**12,443**	**3,000**	**4,312**	**0**	**0**
	0							
Housing								
Disabled Facility Grants	**2,781**	0	1,233	337	320	297	297	297
Enabling schemes	**33,000**	0	25,365	1,051	1,000	1,000	1,000	3,584
Housing Expenditure Total	**35,781**		**26,598**	**1,388**	**1,320**	**1,297**	**1,297**	**3,881**
	0							
Other projects in current programme								
Car Park Improvements	**800**	0			600	200		
Refuse Vehicle Replacements	**500**	0	215	285				
Compulsory Purchase Albion Street	**300**	0			300			
Community Centre Improvements	**400**	0		50	250	100		
Play Area Replacement Programme	**420**					140	140	140
Other Projects Total	**2,420**		**215**	**335**	**1,150**	**440**	**140**	**140**
	0							
WHOLE PROGRAMME TOTAL SPEND	**70,663**		**39,520**	**14,166**	**5,470**	**6,049**	**1,437**	**4,021**
	0							
Cumulative Balance Remaining	(- = overdrawn)			10,875	8,737	12,032	7,416	7,439
Net Spend (-) / Income For the Year.				-2,138	3,295	-4,616	23	-2,533
Uncommitted Balance as at 31 March	(- = overdrawn)			**8,737**	**12,032**	**7,416**	**7,439**	**4,906**

Finance & Services Scrutiny Committee
16/11/2015 **APPENDIX D**

BUDGET PLANNING 2016/17

1 Purpose

1.1 The Scrutiny Committee is asked to consider the report that will be submitted to Cabinet on 10 November 2015 (attached as an appendix) and that sets out the high level issues facing the Council when developing budget proposals for 2016/17, and also impacts on updating the Medium Term Financial Plan (MTFP). The report also sets out a proposed timetable in order to agree the budget and set the Council tax prior to the end of February 2016.

1.2 The views and comments of the Committee will be reported back to Cabinet so that they can be taken into consideration in developing the 2016/17 budget.

1.3 A further report on the budget process and proposals for 2016/17 will be submitted to the Scrutiny Committee in December 2015.

2 Recommendations/for decision

2.1 The Scrutiny Committee is requested to indicate any comments that it wishes Cabinet to take into consideration in developing the 2016/17 budget.

3 Executive summary

3.1 Cabinet will receive a report to its meeting on 10 November 2015 on the high level issues facing the Council when developing budget proposals for 2016/17, and also impacts on updating the Medium Term Financial Plan (MTFP).

3.2 A copy of the Cabinet report is attached to the agenda.

3.3 The Scrutiny Committee is requested to consider the report and indicate any comments that it wishes to be passed to Cabinet.

Contact Officer	Andrew Small 01296 585507
Background Documents	

BUDGET PLANNING 2016/17

Councillor Mordue
Cabinet Member for Finance, Resources and Compliance

1 Purpose

1.1 This report sets out the high level issues facing the Council when developing budget proposals for 2016/17 and in terms of updating its Medium Term Financial Plan (MTFP).

1.2 The report also sets out a proposed timetable in order to agree the budget and set the Council Tax prior to the end of February 2016.

2 Recommendations/for decision

2.1 Cabinet is requested to consider the report and agree the approach proposed for developing the 2016/17 budget and the Medium Term Financial Plan.

3 Supporting information

3.1 The current Medium Term Financial Plan (MTFP) for 2016/17 was agreed by Council in February 2015. This predicted the need to identify £0.7 million of savings in order to balance the budget for 2016/17 based upon the information available at that time and a set of assumptions around key variables within the budget.

3.2 These key assumptions will need to be revisited and reviewed as part of the budget planning and preparation process for 2016/17 and for the 4 years thereafter, which make up the Medium Term Planning period.

3.3 The previous 5 years have been categorised by the Government's balancing of the public sector funding equation and for local government this has meant dealing with large reductions in funding support whilst managing the expectations of the Vale's residents.

3.4 In terms of the Government's financial agenda, most of this period was framed within two significant spending review periods.

3.5 Post the Election in May, the Country is now waiting on the Government to produce a new Spending Review in order to give direction and provide the shape of the funding landscape over the next 5 year Parliamentary term period.

3.6 Even without this, there is clarity over the fact that the Government is still committed to its objective of balancing the budget within this 5 year planning period and, therefore, continued efficiency, income generation and potentially cut backs for local government will be the main messages.

3.7 The Chancellor is expected to give the results of his Spending Review on the 25th November 2015. This will provide headline numbers for each Government department. It is, therefore, expected that we will not receive grant allocation numbers until late in December.

3.8 Given that this is a pivotal point for the Government in determining its policy for the next 5 years, much depends on the outcome and much may change as a consequence. An announcement of the detail for individual councils in late December, after the point by which the Cabinet must publish its initial proposals, therefore presents a considerable headache in terms of financial planning.

3.9 Not only will the Spending Review be relevant for the Grant allocation numbers, but it will also determine the Government's policy intention towards other areas, such as housing, welfare and council tax strategy, which in turn may well have significant implications for the way in which the Council organises itself and the way in which it allocates its resources.

3.10 This report proposes a strategy for resolving the budget within this wider uncertainty, provides an update on the key assumptions / risks and also considers the options and alternative approaches which are available for resolving these.

4 Government Grant

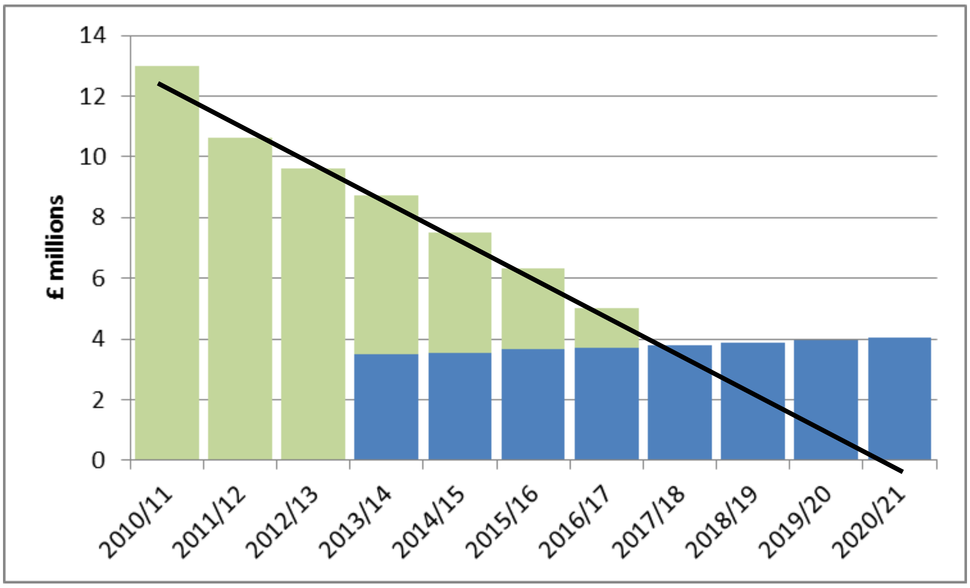
4.1 The Government has been dealing with the inherited public sector deficit since the banking sector collapse in 2009/10. The Government's objective has been to return the economy from an annual deficit to a surplus. The scale of this challenge was vast and the impact on public services has been far reaching.

4.2 Since 2010/11 the Council has seen its Government support (Grant) towards the cost of services reduced from an equivalent of £13 million to £6 million in 2015/16. Given that in 2010/11 Government's support funded 58% of services residents enjoyed, the impact of this reduction has been far reaching for the Council.

4.3 The Council has reacted through increased efficiency, higher charges in some areas, new money making initiatives and through the reduction and the ending of some services. However, against this backdrop the majority of services survive and in many cases the quality of service provided has improved.

4.4 From the 1st April 2013, Government Grant is now made up of two elements, Revenue Support Grant and Retained Business Rates. The system of Business Rate Retention allows councils to benefit (or lose) from changes in the amount of business rates collected in their area and thus each council will be incentivised to promote economic expansion.

4.5 The chart below shows how grant has reduced since 2010 and the black line indicates the current core Medium Term Financial Plan assumption on the future trajectory for grant allocations.



4.6 Core to the Council's financial planning is the underlying assumption that all Government Grant support, including that represented by Retained Business Rates, will end by 2020/21.

4.7 Whilst it is believed, that the Government might not actually remove the retained element of business rates, it has been assumed that they will capture value associated with it through other means, i.e. by removing another funding stream, by introducing a new charge or by passing on a new unfunded responsibility.

4.8 The Chancellor's statement to his Party's conference in October 2015, that all business rates will be retained by councils in 2020, does not directly contradict the planning assumption view held above.

5 Chancellor's Statement and its Potential Implications

5.1 In a major announcement made to the Conservative Party Conference on 5th October, Chancellor George Osborne set out plans to hand over, by 2020, 100% of business rates revenues - currently worth £26bn a year, to local government.

5.2 Entitled 'devolution revolution' the stated aim of this reform, is to ensure all income from local taxes goes on funding local services, so helping fix the current broken system of financing local government.

5.3 As part of the Chancellor's proposals, the Uniform Business Rate, established back in 1990 and set by central government, would be abolished. Instead, local authorities would have power to cut business rates to attract economic activity in their areas. As a further incentive, local areas would be allowed to keep the full benefit from growing their business rates yield as a reward for promoting growth. The announcement is, therefore, effectively about 100% retention of growth in business rates by local authorities.

5.4 However, in return for full business rates retention Revenue Support Grant would be phased out and local government will also be asked to take on new, as yet unnamed, responsibilities but which are thought to be centred around economic growth, so as to ensure the reforms are fiscally neutral.

5.5 Whilst on the face of it, this is a positive announcement for local government there is considerable detail which will need to be explained before the true nature of the announcement and its implications for individual councils can be understood.

5.6 At the centre of this are the nature of the new obligations, the allocation of growth between tiers, the baseline allocation of resources across the Country (currently Aylesbury Vale collects £46 million but only keeps £3½ million) and what safety nets might exist for areas overly dependent on a single employer.

5.7 Hand in hand with this announcement was the statement that Core Grants (Revenue Support Grant) will effectively end at the same time. Core Grants are paid from the 50% of all business rates which the Council currently retains and so its ending is a necessary part of this announcement. In practice the Medium Term Financial Plan for Aylesbury Vale assumed this would end anyway in 2017/18, as the Council effectively dropped out of the Grant system at that point.

5.8 However, other funding streams, such as New Homes Bonus, were funded by the Government from the 50% of all Business Rates that it received. Therefore, without Core funding, in all probability this announcement will also see the ending of NHB and other funding streams.

5.9 Whilst 2020 is towards the end of this Planning period and therefore might seem a relatively distant consideration, it is possible that the Treasury might work towards convergence over the intervening years and therefore the impacts of the announcement might be felt much sooner.

5.10 It is too early at this stage to speculate what the impacts might be, but they will be explored through the budget planning process as they become clearer.

6 Determination of Grant Numbers for Provisional Budget Planning

6.1 The Government pre announced indicative settlement figures for 2015/16 in 2014/15 so the Council was able to plan with a degree of certainty for the reductions in funding.

6.2 This year, because of the significant implications that might arise from the Spending Review, no pre announcement is likely.

6.3 Given the potential scale of the financial challenge facing the Government and its clear intent to consider radical solutions, which might include the fundamental redesign of the funding system and / or potentially even the structure of local government as part of its devolution agenda, the scale of any changes to the core grant funding stream are hard to predict.

6.4 Over the past 3 or 4 years the reduction for this Council has fairly consistently averaged £1.2 to £1.3 million per annum. The reduction for 2015/16 was £1,176,380. Whist there remains enormous future uncertainty, this trend has proved to be at least fairly reliable over previous years.

6.5 Therefore, in the absence of any clearer information it is proposed to base Medium Term Financial Planning on the continuation of this trend with Grants still being completely removed from the Council by 2020.

6.6 It should be reemphasised that there is considerable potential for the actual position to be worse or better than this assumption and to combat the risks associated with either outcome it is proposed that an element of scenario planning is built into the draft budget proposals.

6.7 The actual Grant reduction numbers are not expected to be announced until December (potentially the 23rd or 24th, if the announcement follows the pattern of previous years), which will again impact upon the Council's ability to consider its budget planning proposals in good time.

7 Business Rates Growth Retention

7.1 As highlighted earlier, one of the key features of the new system of government funding was the introduction of local Business Rates Retention. More specifically, retention of a proportion of growth or losses. As is often misunderstood, it does not mean the retention of all business rates collected locally.

7.2 Growth or losses sit outside of the Grants system, although do have a relationship to it.

7.3 In practice, after levies and tariffs (needs based assessments) are applied this Council will keep only 20% of any real growth after inflation, and only 6% of the total business rates collected. This is somewhat different to the 50% nominally messaged and considerably short of the 100% often implied.

7.4 Conversely, the Council will still have to meet 40% of the cost of business rate losses or reductions. This includes 40% of the entire cost of backdated appeals (refunds) back to 2005 or 2010 where a valuation is appealed and won.

7.5 Officers have been keeping a careful eye on actual Business Rates collection performance during the first 2½ years of the scheme's operation so as to better understand the impact on the Council's finances.

7.6 Based upon this monitoring the conclusion reached is that Business Rates Retention produces volatile outcomes, but on balance does appear to be producing real growth in the Vale.

7.7 There are some significant caveats to this statement, not least of all, the outstanding appeals associated with the highest value retail properties (the large supermarkets) as these have the potential to significantly reduce the value of rates paid. It is primarily this uncertainty which leads the Council to be cautious in either forecasting, or utilising any predicted gains from the business rates retention system.

7.8 An appeals reserve has been created against this inherent volatility and an appeals provision exists within the business rates collection account. This can be drawn upon to smooth out the volatility.

7.9 For information the actual outturn for 2014/15 is set out in the table below. This information has been reproduced in order to explain the distribution of surpluses generated within the system.

Distributed as Follows:	Budget 2014/15	Actual 2014/15	Change + / -
	£M	£M	£M
Business Rates Collected	48.929	49.064	
Set aside for Appeals			
Balance Available for Distribution	48.929	49.064	
Government (50%)	24.465	24.532	0.067
Bucks CC (9%)	4.404	4.416	0.012
Bucks F&R (1%)	.489	0.491	0.002
AVDC (40%)	19.572	19.625	0.053
Minus Tariff	- 15.722	- 15.722	-
Retained Business Rates	**3.850**	**3.903**	**0.053**
Compensation for Govt. Changes	0.650	0.901	0.251
Disproportionate Growth Levy	- 0.476	- 0.629	0.153
Retained Business Rates (Loss)	**4.024**	**4.175**	**0.151**

7.10 Importantly, the Council is paid Business Rates based upon the budgeted number and so the small gain will be available for use as part of budget planning.

7.11 Looking forward, whilst 95% of all outstanding appeals have been resolved the largest and highest risk appeals are still in the 5% which has not. These supermarkets' appeals remain the issue of most concern as this has the greatest potential impact on the value of retained business rates.

7.12 Beyond their resolution, confidence in the Vale producing business rate growth is high and is therefore likely to be able to draw gain from the system.

8 Business Rate Pooling

8.1 The Government included within the legislation the option for councils to pool Business Rate income in order to reduce the amount of payments (Levies) to the national pool in the event of excess business rate growth.

8.2 Aylesbury Vale, together with partner authorities, has submitted an expression of interest in pooling in each of the previous three years, only to subsequently withdraw the application due to shared concerns over the potential downside risks linked to the outstanding appeals.

8.3 Again, the respective finance officers of the councils in Buckinghamshire have been working on the options for submitting a potential pooling application this October.

8.4 Whilst it appears that there is potential gain to be derived from submitting a Pooling application, as yet, the Government has not yet published a Pooling prospectus for 2016/17. In previous years this was published at the end of July for an end of October submission deadline.

8.5 The delay in publishing its intentions for 2016/17 is looking increasing unusual. When taken in context of the Party Conference announcement by the Chancellor, it is looking increasingly as if Pooling will be subsumed within the future plans for the reform of the Business Rate distribution process.

8.6 Given the timeframes, and the fall of Cabinet meeting dates, officers from across Buckinghamshire will continue to work on a submission in the event that a short window of opportunity is presented. A verbal update will be given to Cabinet at its meeting on the status of any application.

9 Council Tax Freeze Grant

9.1 Each of the previous 5 years have been marked by the offer from the government of a Council Tax Freeze Grant for those councils which do not implement a tax increase in individual years.

9.2 The extent and value of Freeze Grant on offer has varied, year on year, but ultimately any payment offered has been added to Core Grant and has therefore been eroded in proportion to the reductions of that Grant.

9.3 The Council's Medium Term Financial Plan already assumed the ending of Core Grant for this Authority by 2017/18, and with its ending the extinguishment of any benefit derived from accepting the Freeze Grant in any previous year.

9.4 The statement by the Chancellor, that all Core Grant will end by 2020, confirms this assumption and will potentially ensure the ending for all councils of any benefit derived from accepting Freeze Grant over the past 5 years.

9.5 For those that chose not to freeze tax, a cap of a 2% maximum increase has applied, above which a referendum of the electorate must be undertaken to gain agreement for a higher increase.

9.6 In all 5 years only one referendum has been held (by a Police authority) and this was heavily defeated. Given the costs of holding a referendum and difficultly in persuading a community to accept a higher increase the threshold, in all but name, effectively represents a cap on Tax increases.

9.7 With a change in Secretary of State and with a change in the make up of the Government post May's General Election, it is not known what the Government's attitude towards Council Tax will be over the next Parliamentary term.

9.8 Intrinsically, the Government is a Party of low taxation and it seems unlikely that there will be any rolling away of the control the Government has sought to exercise over this area.

9.9 By way of a pointer, the Chancellor's announcement on control over Business Rates also included a cap on the ability to increase their level, (although, did include complete freedom to reduce them by any amount), and even this freedom was restricted to those demonstrating the strongest local governance models.

9.10 Whilst this is only speculation, it seems likely that the Government will continue to exercise control over Council Tax increases in this Parliamentary term in much the same way as it did over the previous one. The only exceptions might be for those that have been handed greater devolved control by the Government.

9.11 Because of the absence of any lasting benefit from accepting Freeze Grant and the massive financial challenges presented by the reductions in Grant, the Council Tax strategy adopted has broadly been to increase Council Tax, at least in line with inflation, up to the Council Tax Referendum Threshold.

This strategy has been finessed in each year to take account of point in time issues.

9.12 Whilst the applicability of this Strategy is reviewed annually, taking into account revised assumptions around grant levels, retained business rates, the level of savings / new income generated and the anticipated impact of any reduction in service provision caused by any predicted unfunded budget gap, it is still assumed to generally hold true across the Medium Term Financial Planning period.

10 Aylesbury Vale District Council Tax Base Changes

10.1 The Tax Base is a measure of the number of household which are liable to pay Council Tax in the area in a given year. The Tax Base also takes into account the banding (size) of the property and the entitlement to discounts of the occupiers.

10.2 With the growth in the Vale over recent years the Tax Base has increased significantly above its historic growth trends, resulting in more Council Tax being payable. Whilst useful, in terms of delivering services, the reality is that the growth which has resulted in the Tax Base growth often contributes more cost, by way of demands for infrastructure and services, than the increased Council Tax income new residents will pay.

10.3 It is estimated that the combination of these factors will result in Tax Base growth in excess of 2% in 2016/17 (3% in 2015/16).

11 New Homes Bonus

11.1 The gap in funding for infrastructure and services caused by growth has in part been met by the Government through its introduction of New Homes Bonus. This is has proved to be a valuable and important resources for the Council in recent years in terms of addressing pressures faced, but also in terms of sharing the benefit with the communities impacted by growth.

11.2 The Government funds New Homes Bonus (NHB) by top slicing the amount available for Core Formula Grant to councils. All councils are therefore losing a proportion of their grant to pay for the introduction of the Bonus scheme.

11.3 The NHB Policy agreed by Council allows for a proportion of the Bonus received to be used in the revenue budget to compensate for the loss of grant that NHB represents, plus the unfunded costs of providing a standard level of service to the new homes built in the Vale.

11.4 Crucially, the Council's revenue budget is not dependent on NHB (or new house building) and the vast majority of it is set aside for infrastructure projects sponsored by both the District and parishes. However, this statement is predicated that if New Homes Bonus ended, the resources tied up within the scheme would be returned to local government in the proportion with which they were contributed.

11.5 The Council has always been sceptical as to the longevity of the New Homes Bonus Scheme, partly because there is considerable uncertainty over whether it achieves its policy objective, but also because of the considerable strain it places on the local government funding system. For this reason it has consistently chosen to limit its revenue exposure to the funding stream.

11.6 Given that New Homes Bonus is funded by the Government through the top slice of Core Grant, the announcement by the Chancellor of the ending of Core Grant by 2020 (replaced by the full retention of Business Rates) means the ending of New Homes Bonus within that timeframe seems much more probable.

11.7 The Medium Term Plan for 2016/17 agreed back in February assumed that a 6th adjustment would be made to the revenue budget based on the New Homes Bonus associated with growth actually delivered in 2015/16.

11.8 Whilst it is considered unlikely that New Homes Bonus will be abolished completely in 2016/17, (because of the revenue budget exposure many councils have to it), the continuation of the scheme in its present form is also considered to be unlikely and this is therefore flagged as a significant risk area in the development of budget plans for 2016/17 and the Medium Term Financial Planning period.

12 Inflation, Pay and other Economic Pressures

12.1 The MTFP agreed in February made assumptions around these elements based upon a gradual improvement in economic outlook. In practice, whilst the economy has now started to show some tentative signs of recovery the rate of inflation remains low and seems likely to remain relatively constant for now.

12.2 Beyond this current low point, the predictions are that any changes are likely to be upwards, but only gradually. As a result the amounts assumed for Pay and Inflation in the MTFP are, if anything, slightly overstated but will be reviewed and refined through the budget development process.

12.3 The introduction of the Living Wage by the Chancellor is expected to impact the Council over the Medium Term Plan period. Not specifically in relation to its own workforce but through higher contract costs. Already we have been made aware by some contractors that the Living Wage will mean higher operating costs for them and that ultimately these will be passed on through contract re-tendering exercises.

12.4 The Government's Pension reforms also impact in 2016/17 as the National Insurance reduction for contracted out pension arrangements will end. This will mean higher Employer National Insurance contributions and higher costs to employees too.

12.5 The date for the ending of the arrangement and the higher costs associated with the change have been known for a number of years and the Medium Term Financial Plan has already factored this change in.

12.6 The 31st March 2016 sees the next tri-annual pension fund revaluation. Whilst any changes in pension costs associated with this will not impact the budget in 2016/17, it may have implications for 2017/18.

12.7 At this stage, it is too premature to say what the implications might be, but members will be kept informed as the picture develops.

13 Financial Impacts of Major Capital Investment Decisions

13.1 The revenue financing implications arising from the decision taken by Council to construct the Aylesbury Vale University Campus were factored into the budget for 2015/16.

13.2 The rental income becomes payable upon occupation and this has been factored into the Medium Term Financial Plan.

13.3 In terms of new impacts, the Capital Programme is to be considered in a broadly parallel process to that of revenue budget development and the revenue impacts of any funding decisions taken will need to be considered and built into revenue planning as part of the approval process.

13.4 Where the Council has had spare cash balances available, it has used these in lieu of borrowing. This reduces the need to take long term borrowing and also the Council gets the lender's return, thus it is financially advantageous to do so.

13.5 Utilising spare cash in this way is especially advantageous during periods of low interest rates. It is generally predicted that the Bank of England will begin to increase base rates in 2016, but this is still heavily dependent on external and global factors and any increase, when it comes, is likely to small and gradual.

13.6 The impact on investment income, the costs of borrowing and the returns or savings from investment decision must therefore all be considered together in order to understand the actual impacts of these decisions.

13.7 The final impact of completed and planned investment decisions are still being modelled and will be set out in more detail in subsequent reports.

14 Aylesbury Vale Estates

14.1 Cabinet and Scrutiny has yet to examine and approve the annual Business Plan for Aylesbury Vale Estates. This is largely due to a change of Board membership and the use of the opportunity this presented to re-evaluate the objectives and performance of the vehicle

14.2 Whilst officers are engaged in this challenge process it is premature to bring forward a final business plan for consideration.

14.3 However, the financial models for the next 3 years (including the current year) are well developed and these will be used as the basis for the Council's Medium Term Financial Planning.

14.4 The proposed Business Plan included two scenarios, a base (or central) case and an enhanced case. The enhanced case sets out higher predicted returns for the investors, but was more dependent on events not directly under AVE's control. For the purpose of Budget Planning the Base Case will be used, this being the lower risk, lower return scenario.

14.5 From the Council's perspective, returns from AVE have not grown as expected over previous years. Many of the reasons for this are outside of AVE's direct control and are a matter of record, but the Council is increasingly anxious to see AVE to move beyond these historic barriers to maximise the benefits and gains promised by the vehicle at its inception.

14.6 Officers will continue to work with the Board and the Asset Manager to develop plans which will deliver against the Council's aspirations for it in the short to medium term.

14.7 Progress in this regard will be reported to members through the budget development process.

15 Service Based Budgetary Pressures

15.1 As part of the budget development process a review of service based budget pressures will be undertaken. At this stage, and with the possible exception of waste, these are not understood to be extensive.

16 Savings and Transformational Efficiencies

16.1 The Council has been committed to savings, new income generation and transformational programmes for the past few years in recognition of the fact that the national funding position was likely to continue to deteriorate over the life of the MTFP. These programmes are known internally as 'New Business Model' (NBM).

16.2 These have already delivered significant contributions to savings targets and it is expected that they will continue to do so. A table of savings achieved since the Government's reductions in Grant funding commenced are set out below. This shows savings and income realised to date are in excess of £11 Million.

Year	Savings / New Income Identified £
2011/12	2,809,700
2012/13	2,030,200
2013/14	1,339,900
2014/15	2,427,600
2015/16	2,456,500
Total	11,063,900

16.3 The NBM programmes are designed to enhance and develop new income streams, rationalise existing services and to cease some services where they are not valued by residents. Through this approach the Council has thus far been able to avoid crude cost cutting exercises. Around a third of savings are being achieved from new income sources with the remainder from efficiencies.

16.4 Officers have continued to explore transformational pieces of work under the badge of New Business Model in order to deliver the bulk of the predicted saving, with this being supplemented by opportunistic savings where these present themselves.

16.5 Whilst the NBM programme has reaped considerable efficiencies and new income sources over the last 4-5 years, there is only so far that such a programme can go before more major structural changes are needed to continue the quest to deliver the level of change and savings required by the reduction in Government Grant. We believe that we are approaching the point where the level and pace will slow dramatically as avenues for change are exhausted without wider fundamental change.

16.6 To this end the senior management team has developed a wholesale restructuring plan for the entire organisation – know as 'Sustainable AVDC'. This programme is based upon the founding elements of the NBM programme, and applies this to the entire organisation. In short its aim is to:

- React to the increasingly challenging financial position of the council
- Deliver automated and more cost efficient forms of service delivery including self serve, aligning us with most of the other service providers that our residents use in their day to day life

- Create greater value and income from more commercial operations to cross subsidise those areas of the council which can not cover their own costs
- Focus on the customer at the heart of everything we do

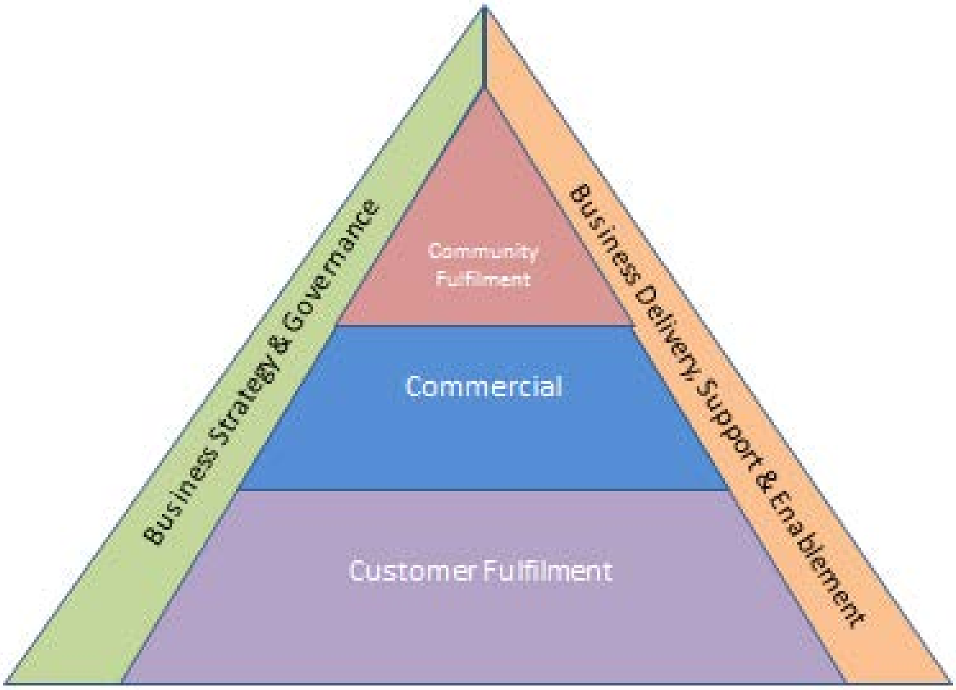
16.7 In achieving these aims there are a number of changes to the way in which we are organised, and how our staff work. In summary:

- Overall a need for a much more commercial approach and understanding of our business
- Remove the silo arrangement of staff, moving them into a more generic approach to fulfilling customers demands (without losing specialism where these are needed to meet customer demands)
- Detach management responsibility from professional expertise – recognising that good management does not always come with specific technical expertise
- Become more flexible in the way we work, and the way we serve customers, enable staff, process and structure to react to new demands from our communities
- Wider spans of responsibility for managers, and a more corporate as opposed to departmental orientation

16.8 In the simplest form, AVDC need to be:

- Orientated around the customer, fulfilling their demands – delivering what customers want
- Speedy response to customer demands, similar to commercial organisations – when customers want it
- Within a cost effective delivery model – at a cost customers will pay

16.9 To kick start and enable this change, the entire structural model of AVDC will be changing. This is in recognition of the above context and sets AVDC on a new footing to deal with the future challenges ahead. Conceptually, the new AVDC will do away with the historical departmental structure and replace it will be a five part, more flexible and universal structure. More details on the broad shape and form are set out below



Structural Element	Summary Function	Example Current Functions (not exhaustive)
Community Fulfilment	Forming and Delivery of Economic, Community and Growth Strategies to deliver the long term success of the Vale	Forward Plans Strategic Housing Economic Development
Commercial	To create value and profit to sustain the delivery of services long term	Major Capital Programmes Capital Asset Management Commercial Ventures
Customer Fulfilment	To deliver repetitive and predictable services to customer as quickly and efficiently as possible	All services that are requested by customers
Business Strategy & Governance	To strategically steer and guide the development of the AVDC and its affiliates	Legal & Monitoring officer Democratic Services Audit & Compliance Strategic Finance
Business Delivery, Support & Enablement	To operationally support the council in achieving its goals	Day to day transactional support services

16.10 The new structure will enable AVDC to be far more reactive to the changes that are required for the coming years. The approach to moving to the new structure will be a 3 stage process.

Stage 1 – ‘lift and shift’ staff to the new structure – this will in the main be simple management realignment to move whole teams or sections into the new structure. The aim of this stage is to deliver the new structural layout of the council as soon as possible. This is likely to take place in early 2016.

Stage 2 – service review and service change – this stage will consider the work that is done in each part of the new structure, assess the level of demand, the best way to service this, the level of resources required and to deliver a refined new structure within each element of the council. This stage will take some time to complete. Planning for these reviews will be undertaken between now and November but indicatively it is anticipated that to review services across the council will extend into 2017.

Stage 3 – implement the above service review changes – delivering efficiencies over the end of 2016/17 and into 2017/18. At this stage it is envisaged that this will reap somewhere in the order of £3m once fully implemented. At this stage it is envisage that this will be mainly through a combination of automation, service efficiency and staff reduction.

16.11 Members will be updated as a fuller programme becomes clear, and where changes to staff and responsibilities are known.

16.12 Whilst the above delivers against some of the short/medium term budget pressures, there is still some way to go to deliver against the level of savings required to meet the expected MTFP.

17 Beyond 2016/17

17.1 As identified at the start of this report, the issue that dwarfs all others looking forward is that of continuing to provide services whilst the resources that have historically enabled this to happen are removed.

17.2 The announcement by the Chancellor presents a glimmer of hope, but much will depend on the detail of any proposal and this may take some considerable time to materialise. In any event, the timeline presented by the Government for its introduction is beyond the date by which the Government's austerity programme is due to end.

17.3 Faced with rapidly decreasing resources from Government and with on-going pressure on councils not to increase resources from taxation, or by other means, together with new financial burdens placed on local government, the financial outlook for councils, at best, remains extremely challenging.

17.4 Thus far, the Council's strategy has been effective, in that by the end of 2015/16 the cumulative annual savings, additional income and efficiency measures achieved exceeded £11 million.

17.5 The baseline target for the Medium Term Financial Plan period, prior to review, stands at £6.3 million, but there is much uncertainty over the amount and the time within which this has to be achieved. There are scenarios whereby this amount might be lower, but equally it could be greater and required much sooner than assumed within the current plan.

17.6 So, the core planning assumption remains that Government Grant will cease completely by 2020. Despite all the uncertainties surrounding this, it still seems to be a realistic central assumption.

17.7 If true, then the impacts of the continued cuts on local government may mean that it becomes unsustainable in its current form and this may either encourage much greater collaboration or hasten the need for enforced fundamental restructure of the existing approach to the provision of services.

17.8 Given that this is largely outside of the Council's direct control, it must continue to look to solve its own financial challenges.

17.9 As discussed in the earlier section the Council's approach is completely focused on being more entrepreneurial to generate new income and to rationalise and reorganise its resources in order to be the most efficient it can in the way it delivers its services.

17.10 This approach is sound and represents the one which it is embracing but ultimately, if this approach is unsuccessful then the last solution will always remain to reduce the amount or quality of service provided to the residents and businesses of the Vale.

18 Process for Resolving the Budget for 2016/17

18.1 As previously described it is hoped that the budget for 2016/17 can be resolved using the reorganisation and income generating strategies set out within this report and without the need for a crude or simplistic cuts exercise. It is believed that this should be possible but, as highlighted, there are some key uncertainties which are unlikely to be resolved until late in the process.

18.2 It is therefore proposed to work on refining the budget process making assumptions about the range of outcomes and aiming for the worst case scenario where appropriate.

18.3 The Council has Working Balances in excess of its stated minimum and these are invaluable in allowing the Council to push forward with new invest to save initiatives or to flex savings targets from one year to the next in the event of unexpected funding pressures or new windfalls. Balances (adding to, or a use of) are therefore likely to form part of the strategy for concluding the balancing of the budget for 2016/17.

18.4 As identified the focus remains on restructuring and new income generation and not upon lists of potential cuts for consideration. If a specific proposal requires a Cabinet decision or scrutiny consideration it will have already been taken through the democratic process at the appropriate time, or be separately identified for debate as part of the budget development process.

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

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

19 Timetable

19.1 An indicative timetable of reports and meetings leading to the conclusion of the process is attached as Appendix A to this report.

20 Options considered

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

21 Reasons for Recommendation

21.1 The report asks members to note the current position and asks them to agree the process to be adopted for concluding Budget Planning for 2016/17 and for revising the MTFP.

22 Resource implications

22.1 These are included within the report.

23 Response to Key Aims and Objectives

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

Contact Officer Andrew Small Tel: 01296 585507
Background Documents

Appendix A

Budget Timetable 2016/17

Meeting Date	CReports	Meeting	Possible Reports
10h November	**27th October**	**Cabinet**	**Scene Setting Report / Grant Changes**
16th November	3rd November	Finance Scrutiny	Consideration of High Level Issues
18th November		Budget Seminar	Consideration of Scene Setting / Grant Changes
14th December	1st December	Finance Scrutiny	Consideration of Cabinet Report
16th December	**1st December**	**Cabinet**	Initial Budget Plan / Strategy
		No Scrutiny of Budget Proposals by Economy or Environment	At this stage there are thought to be no operational service impacts arising from the proposals which require Scrutiny consideration
11th January	**29th December**	**Cabinet**	**Budget Recommendation to Council**
21st January		2nd Budget Seminar	
3rd February	**19th January**	**Council**	**Budget Setting**
24th February	9th February	Council	Council Tax setting

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Finance and Services Scrutiny Committee
16 November 2015 **APPENDIX E**

QUARTERLY FINANCIAL DIGEST – APRIL TO SEPTEMBER 2015

1 Purpose

1.1 This report presents the Quarterly Financial Digest for the period 1 April 2015 to 30 September 2015.

2 Recommendations

Members are requested to consider the digest and its contents.

3 Supporting information

3.1 This report presents the financial digest covering the period from 1 April 2015 to 30 September 2015 for members' consideration. The financial digest has been circulated separately.

3.2 The Digest presents the current position after the second quarter point of the year together with the latest estimate of the expected outturn. At the end of the quarter the predicted year-end position was for an additional contribution to balances of £1,076,000.

3.3 The increased contribution is the result of increased income in some areas and reduced expenditure in other areas. Page 3 of the digest outlines the main issues and shows the Top Five Over and Under Activities as well as the areas where budget holders' have re-forecast their expected outturn position due to activity changes in the second quarter.

3.4 In the first area of increased income, the Council now charges for Housing Developers to appear on a Preferred Developer list and this has generated £50,000 additional income. The Waterside South development is now generating income by levying service charge costs on the tenants and additional rental income has been received on other properties that the council rents out. Lastly, increased income of £76,000 has been achieved through the sale of waste collection bins.

3.5 The majority of the forecast underspend is the result of reduced expenditure, mainly salary related, which is the result of a number of section reviews. The following paragraphs summarise the main changes to the services on a portfolio basis.

3.6 Economic Development Delivery – Within the portfolio salary savings of £71,000 have been offset by redundancy and agency costs of £48,000 and the cost of replacing the microphones in the Oculus, £60,000.

3.7 Environment and Waste – Within the Waste Service salary savings, £100,000, and reduced fuel costs, £100,000 have been offset by reduced recycling credits of £170,000.

3.8 Finance, Resources and Compliance – This shows salary savings of £50,000 within the Finance and People & Payroll Services.

3.9 Growth Strategy – Within the Development Control and Planning Services areas, salary savings of £90,000 have been identified.

3.10 Leader - £32,000 of savings have been identified within the Members Allowances budget.

3.11 Leisure, Communities and Civic Amenities – Within this portfolio salary savings as a result of service reviews have realised £146,000 from Housing Services, £100,000 from Leisure Administration and £115,000 from within

Parks & Open Spaces. Other savings have been identified within the Grants budget, £26,000 and the Car Parking budget, £70,000. There have been some areas of additional expenditure, Community Centres, £13,000, the cost of continuing the funding of the Jonathan Play Centre, £16,000 and Waterside Public Realm, £16,000.

3.12 The affect is that the September Digest shows an expected year end under spend against budget of £1,076,000.

3.13 Apart from the changes detailed in 3.3 to 3.11 there were other minor changes in other areas. These are detailed in the notes section against each portfolio within the digest.

3.14 As reported throughout last year, budget holders' are asked continually to review all of their areas and to reforecast their budgets both positively and negatively in order to have as accurate a year end position as possible for the December Digest.

3.15 The New Homes Bonus schedule has been updated to reflect the contribution to be received in 2015/16 and shows the commitments against the resources. Everything else remains the same as reported in the June Digest.

3.16 As well as the revenue budget the digest, on page 14, also reports the level of reserves and provisions and any movements that have been made during the quarter. So far this year there have been no transfers in or out of any reserve.

3.17 For the majority of the reserves any movement tends to be in the last quarter so the position shown in this digest is not unexpected.

3.18 On page 16 there is information on the level of investments and borrowings during the second quarter. During the quarter no new long term borrowing was taken out so the current level of borrowing remains at £28.5m. The graph has been updated to show who the borrowing has been taken from, PWLB (Public Works Loan Board) or Local Authority.

3.19 The council had £47.25 million invested at the end of the quarter. This graph has been updated to give more information on who the investments are with. The graph now shows the investment split between banks, UK and foreign, Building Societies and MMF (Money Market Funds).

3.20 This Committee is requested to consider the contents of the Quarterly Financial Digest.

4 Options considered

4.1 The report deals with issues of factual reporting and so options are not appropriate.

5 Resource implications

5.1 The resource implications are as detailed within the digest. The digest represents the main forum for reporting budget performance to members.

6 Response to Key Aims and Objectives

6.1 Budget monitoring helps us to ensure resources are deployed in a way that is consistent with our key aims and outcomes.

Contact Officer Tony Skeggs 01296 585273
Background Documents Treasury Information

Finance and Services Scrutiny Committee
16 November 2015 **APPENDIX F**

TREASURY MANAGEMENT 2015-16 MID YEAR REVIEW

1 Purpose

1.1 The Authority's Treasury Management Policy requires that a mid year report be brought to scrutiny committee prior to going to Council each year. This report meets the needs of the Prudential Code by ensuring that monitoring of the capital programme and other indicators is carried out.

2 Recommendations/for decision

2.1 To note the performance against the Treasury Management action plan for 2015/16.

2.2 To approve the minimum rating for UK and Foreign banks be set at AA.

2.3 To approve the maximum investment period be increased from one (1) year to three (3) years.

3 Background

3.1 The objectives for the Treasury Management team for 2015/16 were laid out in the Action Plan agreed by Council in April 2015.

3.2 The main activities continue to be:

- To maintain the security of the Council's deposits by only depositing with trusted financial institutions and limiting the size and length of deposit with each organisation.
- To directly manage a range of deposits in order to provide sufficient flexibility to meet day to day operational needs.
- To only undertake new long term borrowing where the business case justifies it.

4 Economic Background

4.1 The underlying economic environment remains difficult for the Council, foremost being the continued challenging concerns over counterparty risk. This challenge encourages the Council to continue maintaining investments short term (less than six months) and with as high a quality counterparties as possible. The downside of such a policy is that investment returns remain low.

4.2 In October the Bank of England elected to keep interest rates at 0.5%, which led forecasters to predict that the earliest rise in interest rates has now moved to June 2016 and then rates will only rise very gradually. The table below is the interest rate view of our advisors, Capita Asset Services.

	Current	March 2016	March 2017	March 2018
	%	%	%	%
Bank Rate	0.50	0.50	1.00	1.75
3 month LIBID	0.60	0.70	1.30	1.90
6 month LIBID	0.80	0.90	1.50	2.10
12 month LIBID	1.10	1.20	1.80	2.40

4.3 As well as the interest rate remaining low, inflation has continued to fall below the Government's 2% target. The headline figure, CPI, fell to 0% in August from 0.1% in July. This was a result of oil prices recording the biggest fall since the start of the year. The Bank of England Governor stated that it was probable that prices would pick up towards the end of the year, and return to 2% early in 2017.

5 Capital Prudential Indicators 2015-16

5.1 This part of the report updates the position on the Council's capital expenditure plans, its financing, the underlying need to borrow and the limits in place for borrowing.

5.2 Below is a summary of the Council's current capital expenditure plans and shows the revised programme against the original.

Capital Expenditure 2015/16	Original - £'000	Revised - £'000
Leisure	645	2,229
Economic Development	0	6,419
Contract Services	0	4,030
Total General Fund	**645**	**12,678**
Disabled Facility Grants	337	337
Enabling Housing Grants	984	1,051
Total	**1,966**	**14,066**

The 2015/16 revised budget for capital expenditure is significantly higher than the 2015/16 original budget. The majority of the increase is the carry forward of the underspend on UCAV, £6.42m and the second phase of the depot alterations, £1.83m. The increase is also due to the Swan Pool Improvement scheme that was agreed after the capital programme was last approved.

The table below summarises how these plans are being financed either from capital, revenue or borrowing resources.

Financing	Original - £'000	Revised - £'000
Capital receipts	1,321	5,418
Capital grants	645	2,229
Capital reserves	0	0
Borrowing	0	6,419
Total	**1,966**	**14,066**

5.3 Another prudential indicator is the Council's Capital Financing Requirement (CFR). This is a measure of the Council's underlying need to borrow. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with assets life. The latest CFR projection is shown below.

CFR	Original - £'000	Revised - £'000
Total CFR	44,985	37,365
External Borrowing	28,418	23,418
Under/(Over) Borrowing	**16,567**	**13,947**

5.4 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new resources (asset sales).

Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	2015/16 Original - £'000	2015/16 Revised - £'000
General Fund balance	3,332	3,115
General Fund reserves	27,766	25,835
Revenue provisions	1,816	1,816
Capital receipts	9,609	3,816
Other	1,267	1,267
Total Core Funds	**44,223**	**35,849**

6 Borrowing

6.1 The table shows the actual external debt, split between the various lender types.

	2015/16 Original - £'000	2015/16 Revised - £'000
PWLB	18,500	18,500
Local Authorities	10,000	5,000
Under/(Over) Borrowing	**28,500**	**23,500**

The authority is no longer debt free with loans ranging from 5 to 36 years taken to fund the capital programme. A short term loan is due to be repaid in December 2015.

6.2 The Council is currently maintaining an under-borrowed position. This means that the Council's borrowing need, has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This is considered a prudent strategy as investment returns are low and counterparty risk is relatively high.

6.3 Against this background and the continuing economic uncertainty caution will still be adopted during the remainder of 2015/16, whilst monitoring the interest rates within the financial markets to ensure the best approach is maintained.

7 Investments

7.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity and to obtain an appropriate level of return which is consistent with the Council's risk appetite.

7.2 It is a difficult investment market in terms of earning the level of interest commonly seen in the decades as the rates remain very low and in line with the 0.5% bank rate amd are forecast to remain low over the coming months.

7.3 During the year new regulations has lowered the likelihood of Government (sovereign) support in the event banks get in to trouble in the future. The result of this is that a large number of banks saw the credit rating lowered but this was not as a result of their underlying credit but due to regulatory reform and revision by the credit agencies.

This has had the effect that some of our minimum credit ratings no longer apply, as most banks, both UK and foreign, are no longer AAA rated. It is, therefore, recommended that the minimum rating for UK and Foreign banks be set at AA.

7.4 The strategy currently sets a maximum investment period of 364 days and with the current interest rate regime is sufficient but there may come at time when a particular investment opportunity may arise that would benefit from a longer period. It is recommended that the maximum investment period be increased to three (3) years.

7.5 The Council held £47.25m of investments as at 30 September 2015 spread over the following counter party groups.

Counter Party Sector	Country	£'000
Banks	UK	16,000
Banks - Overseas	Sweden	2,000
Building Societies	UK	23,000
Money Market Funds	UK	6,250
Total		**47,250**

7.6 The table below shows the budgets and income to date for the interest received from all investments, fixed term, variable and MMFs. It is expected that the interest target for the year will be met.

Investment Interest	2015 - Original	Received to 30 September	2015 - Revised
Income – Fixed Term	£215,000	£84,312	£200,000
Income – Variable	£18,000	£16,205	£33,000
Total	**£233,000**	**£100,517**	**£233,000**

7.7 During the year the a couple of 'Notice Accounts' have been opened with Handelsbanken and Santander UK, one a 35 day notice and the other a 95 day notice. These currently offer slightly higher interest rates than the MMFs and some longer term fixed investments so it is hoped that more variable rate interest will be generated.

7.7 No consideration has been made of investing in a property based fund. Although, the returns are currently higher than normal investments, any investment would have to be for a minimum period of five (5) years on order to maximise the return.

8 Reasons for Recommendation

8.1 Under the terms of the Statutory Code of Practice for Treasury Management, the Council is required to receive a mid year report on its Treasury Management performance. This report represents the fulfilment of that requirement.

9 Resource implications

10.1 The authority continues to operate an Interest Equalisation Reserve to smooth out fluctuations in interest rates. Whilst interest rates have remained static over the last few years the reserve has been used to meet the shortfall between the budgeted income and the actual income received.

10.2 The Medium Term Financial Plan also recognises the Council's use of capital and other balances in delivering its plans and the impact that this will have on interest earnings. The plan is, therefore, gradually reducing the Council's reliance on interest earnings over time, so as to manage the remaining balance on the interest equalisation reserve.

Contact Officer	Tony Skeggs 585273
Background Documents	Treasury Management Action Plan 2015/16 CIPFA Prudential Code Statutory Code of Practice for Treasury Management

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FINANCE AND SERVICES SCRUTINY COMMITTEE – 2015/2017 WORK PROGRAMME

Date of meeting	Item	Scrutiny Indicator *	Requested by	Purpose of Review (Responsible Officer / Member)	Expected Outcome	Relevant Cabinet Member
Reported quarterly	Quarterly Finance Digest	1, 2	Committee (standing item)	To monitor expenditure (variances to date, expected outturn) against the in-year budget (Tony Skeggs)	To monitor the current budgetary position & make recommendations, as appropriate.	Varies according to the Service area
Considered at all meetings	Work Programme planning	NA	Committee	To discuss and prioritise items for inclusion on the future work programme.	To put together the future work programme for the next 12-18 months	Dependent upon the service / issue being scrutinised
16/11/2015 14/12/2015	Budget Planning & Draft budget 2016/17	1	Committee, Cabinet	To look at draft budget proposals and feed back comments to Cabinet (Andrew Small)	To make recommendations to Cabinet	Cabinet (collectively)
16/11/2015	Capital Programme review	1	Committee, Cabinet	Annual review of the capital programme (Andrew Small)	To make recommendations to Cabinet	Cabinet (collectively)

* Scrutiny Indicator Key

1: Holding to account	**2**: Performance management	**3**: Policy review	**4**: Policy development	**5**: External scrutiny

Date of meeting	Item	Scrutiny Indicator *	Requested by	Purpose of Review (Responsible Officer / Member)	Expected Outcome	Relevant Cabinet Member
12/10/2015	Review of contract for management of the Aylesbury Waterside theatre	1, 2	Committee	To review the arrangements for renewing the contract (Paul Marston Weston)	To make recommendations to Cabinet, as appropriate	Cabinet Member for Finance, Resources and Compliance.
12/10/2015	Health, Safety and Well-Being Strategy 2015-18	4	Committee	To comment upon the draft strategy (David Thomas)	To make recommendations to the Cabinet Member, as appropriate	Cabinet Member for Environment and Waste
TBC	Business Rates	1, 2, 3	Committee	Update report, including on rate relief available, how the Council can help local businesses (Andrew Small)	To monitor and comment upon the current position	Cabinet Member for Finance, Resources and Compliance
2015, following pilot in 2015	Funding for further Broadband rollout in Aylesbury Vale – Results of the pilot scheme **NOTE: Broadband issues are being reported to the Economy & BD Scrutiny as a part of ED activities.**	1	Committee	As agreed by Council on 3/12/2014, to review the pilot scheme results to enable an assessment to be made of the business case before proceeding with the continued rollout	To make recommendations to Cabinet, as appropriate	Cabinet Member for Resources

* Scrutiny Indicator Key

1: Holding to account	**2**: Performance management	**3**: Policy review	**4**: Policy development	**5**: External scrutiny

Date of meeting	Item	Scrutiny Indicator *	Requested by	Purpose of Review (Responsible Officer / Member)	Expected Outcome	Relevant Cabinet Member
16/11/2015	Treasury Management Review 2015-16 and Strategy 2016-17	1, 2	Committee	Review the Treasury Management Policy (Andrew Small)	Comment upon the performance of the Policy over the last 12 months	Cabinet Member for Finance, Resources and Compliance.
TBC	Business Case for Aylesbury Vale unitary status	1, 2, 3	Committee	Update report, particularly re. new working arrangements (Andrew Grant)	To monitor the current position	Cabinet Member for Finance, Resources and Compliance
14/12/2015	Public Sector Equality Duty	1, 2, 3	Committee	Update report, particularly re. new working arrangements (Alan Evans)	To monitor the current position and comment on the latest PSED report.	Cabinet Member for Leisure, Communities and Civic Amenities
Reported in 2013 & 2014, Next review date TBC	Cloud computing	1, 2, 3	Committee	Update report, particularly re. new working arrangements (Alan Evans)	To monitor the current position	Cabinet Member for Finance, Resources and Compliance
Reviewed in 2013 & 2014 Next review date TBC	Sickness absence management in AVDC	2	Committee	Annual performance monitoring of staff sickness (Bob Matthews)	To monitor the position & make recommendations, as appropriate.	Cabinet Member for Finance, Resources and Compliance

* Scrutiny Indicator Key

1: Holding to account	**2**: Performance management	**3**: Policy review	**4**: Policy development	**5**: External scrutiny

Date of meeting	Item	Scrutiny Indicator *	Requested by	Purpose of Review (Responsible Officer / Member)	Expected Outcome	Relevant Cabinet Member
Reviewed in 2013 & 2014 Next review date TBC	Performance management of staff at AVDC	2	Committee	Monitor progress made in embedding arrangements over the last 2 years (Bob Matthews)	To monitor the position & make recommendations, as appropriate.	Cabinet Member for Finance, Resources and Compliance
Reviewed on 30/6/2015 2016 review date TBC	Leisure Management Contract – Year 2 Review 2014/2015	2, 3	Committee	To review the contract after the third year of operation (Paul Marston-Weston)	To review and comment upon contract arrangements after the second year of operations	Cabinet Member for Leisure, Communities and Civic Amenities
Reviewed in 2014 Next review date TBC	Horticultural / street cleansing contract (monitoring)	1, 2	Committee	To review the contract after the third year of operation (Gareth Bird)	To make recommendations, as appropriate	Cabinet Member for Leisure, Communities and Civic Amenities

* Scrutiny Indicator Key

1: Holding to account	**2**: Performance management	**3**: Policy review	**4**: Policy development	**5**: External scrutiny

Date of meeting	Item	Scrutiny Indicator *	Requested by	Purpose of Review (Responsible Officer / Member)	Expected Outcome	Relevant Cabinet Member
TBC	Review of advice services in Aylesbury Vale / Access to Customer Services	2, 3, 5	Councillor Winn Councillor Stuchbury	1. Review of activities 2. Highlight any AVDC service delivery issues that have come across in casework. 3. Review impact on customers after 12 months of new arrangements for accessing AVDC services	To make recommendations, as appropriate	Cabinet Member for Community Matters
TBC	Empowering AVDC Councillors to act and be recognised as community leaders	4	Committee (on 30.06.2015)	As stated in Item title		

* Scrutiny Indicator Key

1: Holding to account	**2**: Performance management	**3**: Policy review	**4**: Policy development	**5**: External scrutiny

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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