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AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

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22 September 2016

FINANCE AND SERVICES SCRUTINY COMMITTEE

A meeting of the Finance and Services Scrutiny Committee will be held at **6.30 pm** on **Tuesday 4 October 2016** 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

NOTE: Agenda Item no. 7 (Quarterly Finance Digest) will include consideration of the digest – June 2016 that had been separately emailed to Members.

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 3 - 12)

To approve as a correct record the Minutes of the meeting held on 11 July, 2016, copy attached.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. BUSINESS RATES (Pages 13 - 22)

To consider the attached report.

Contact Officer: Andrew Small 01296 585507

6. CAPITAL PROGRAMME (DEPOT DEVELOPMENT AND NEW FLEET) (Pages 23 - 46)

To consider the attached report.

Contact Officers: Andrew Small 01296 585507 and Isabel Edgar Briancon 01296 585862

7. QUARTERLY FINANCE DIGEST (JUNE 2016) (Pages 47 - 48)

To consider the attached report.

Contact Officer: Tony Skeggs 01296 585273

8. WORK PROGRAMME

To consider the future work programme. Meetings are scheduled as follows:-

- 1 December 2016 (Budget scrutiny, Public Sector Equality Duty, Waste Strategy)
- 9 January 2017 (further Budget scrutiny, if required)
- 6 February 2017 (Quarterly Finance Digest, Capital Programme)

Contact Officer: Craig Saunders (01296) 585043

9. 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.

Item 10 – Capital Programme (Depot Development and New Fleet)

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.

10. CAPITAL PROGRAMME (DEPOT DEVELOPMENT AND NEW FLEET) (Pages 49 - 52)

To consider the attached confidential information.

Contact Officers: Andrew Small 01296 585507 and Isabel Edgar Briancon 01296 585862

FINANCE AND SERVICES SCRUTINY COMMITTEE

11 JULY 2016

PRESENT: Councillor M Rand (Chairman); Councillors B Chapple OBE (Vice-Chairman), J Bloom, J Chilver, A Huxley, S Lambert, M Stamp and M Winn. Councillors C Adams, A Macpherson and H Mordue attended also.

APOLOGIES: Councillors B Everitt, E Sims and M Smith.

1. MINUTES

RESOLVED –

That the Minutes of the meetings held on 17 December 2015 and 18 May 2016 be approved as correct records.

2. LEISURE MANAGEMENT CONTRACT - UPDATE

The Committee received a report updating Members on the business activities of Everyone Active and on the key outcomes and outputs achieved by the Leisure Management Contract in 2015/16. This also highlighted key performance information for that period.

Duncan Jefford (Regional Director, Everyone Active), Mathew Nicholson (Area Contract Manager, Everyone Active), Jodie Morris (Contract Manager, Everyone Active) and James Ewart (General Manager, Swan Pool and Leisure Centre, Everyone Active) attended the meeting to present information and answer questions.

Sports and Leisure Management (SLM) operated under their brand name "Everyone Active" (EA) had commenced the current leisure management contract on 1 April 2013 for 10 years with a mutual option to extend for a further 5 years. The report looked at Year 3 of the current contract.

EA had been formed in 1987 and now managed approximately 150 centres around the UK on behalf of 35 Local Authorities and were a leading organisation in the leisure industry, receiving many accolades and awards over the years.

The current Leisure Management Contract realised betterment to AVDC of circa £620,000 per annum (index linked). £120,000 saving was achieved by no management fee being paid to the leisure centre operator as per the previous contract and £500,000 income was generated by EA paying the Council for the opportunity to manage the centres on AVDC's behalf. The management fee payable to the Council for the period 2015/16 was £508,800.

AVDC provided a monitoring role as part of the contract arrangements and conducted monthly monitoring by holding Contract performance meetings and inspections.

The regular performance meetings examine a range of performance indicators which include information similar to that contained within Appendix A to the Committee report. The council had undertaken an extensive £2.7m modernisation project of Swan Pool and Leisure Centre between February 2015 and February 2016 which had delivered new and improved facilities and increased levels of customer satisfaction. The project was completed on time and within budget. During the construction programme the centre remained open with only partial temporary closure of parts of the building.

Obviously some inconvenience and disruption to customers was inevitable but this was kept to an absolute minimum.

The Committee considered the report and appendix and in response to questions were informed:-

(i) that Everyone Active was looking to increase footfall to the leisure centres by 5-10% year on year. Footfall for the current year was up 10% on last year and was on track to exceed 1 million customers. Income from the café at Aqua Vale was also up 10% on the previous year.

(ii) that in response to feedback, a person had been employed at Aqua Vale at weekends to specifically monitor cleanliness issues.

(iii) that the recent refurbishment work (2-3 years ago) at Aqua Vale had not included the whole facility. As such, some parts of the centre such as the spectator seating surrounding the swimming would need to be renewed in the next year or so.

(iv) that the accident rate per 10,000 visits at Aqua Vale was comparable to other similar swim centres, with the Swan Pool being lower than comparable centres. More serious incidents would be subject to Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reporting.

(v) that many of the 17 'Other' complaints received on the Swan Pool related to non-standard responses received when the refurbishment works were being carried out.

(vi) that larger investments in the Centres and when these were earmarked to happen were detailed within the leisure management contract.

RESOLVED –

(1) That the representatives from Everyone Active be thanked for attending the meeting and answering Members' questions.

(2) That the key outcomes and outputs achieved by the Leisure Management Contract in 2015/16 be noted.

(3) That the Partnerships and Projects Manager and the Cabinet Member for Leisure, Communities and Civic Amenities be asked to give consideration to the issues raised at points (i) to (vi) inclusive in the future monitoring of the Leisure Management Contract.

3. GRANTS REVIEW

AVDC had a long history of supporting the voluntary and community sector (VCS) and maintained positive working relationships with organisations providing services to the community. Funding was currently provided through Service Level Agreements to 16 organisations. These organisations had been funded by the Council for many years, and the grants programme was not currently open to new groups to apply.

As the programme had last been reviewed in 2009 and in light of the Council's ongoing budgetary pressures and the recent introduction of the Vale Lottery, a review had been taken of the VCS grants programme.

The Committee received a report that was to be submitted to Cabinet on 12 July 2016, and would be summarised in the Minutes of that meeting, and which sought to revise the Council's VCS grants programme. The review findings had previously been considered by the Council's Informal Grants Panel who had made a number of recommendations to update the current grants programme. These recommendations were detailed in section 6 of the Cabinet report.

The Committee considered the Cabinet report and in response to questioning were informed:-

(i) that the revised programme would be opened up to new organisations to apply, and this would be communicated widely including on the Council's website.

(ii) that organisations receiving funding had to provide AVDC with a copy of their business plan and with 6 monthly monitoring information. Unless there were extenuating circumstances, funding was not released until these had been received.

(iii) that organisations applying for funding were assessed against a number of criteria and a scoring system that included factors such as having a business plan, serving priorities that met with the Council's corporate goals, strong evidence of need, who the beneficiaries were, the intended outcomes of the services provided and the robustness of the organisation, both financially and in their governance. It

Members also commented that they had some concerns about the future sustainability of the Aylesbury Community Centres, and asked Cabinet to ensure that all avenues/options were being explored to support them. The Committee was informed that these Community Centres were largely funded through the Special Expenses fund and, as such, were not subject to the same funding pressures as other services.

RESOLVED –

That Cabinet be asked to take into account the Committee's comments and the issues raised at point (i) to (iii) above in approving the revisions to the Council's voluntary and community sector grants programme.

4. RESILIENCE STRATEGY

AVDC had legal duty requirements under the Civil Contingencies Act 2004 (CCA) including:-

- to promote Business Continuity in the local community of Aylesbury Vale.
- to maintain plans and readiness in the event of a 'Major Incident' being declared and including in its own BC arrangements adequately trained and competent staff.

BC arrangements were used to bridge the gap between the initial service levels and the restoration when a temporary situation was resolved or the Disaster Recovery Plan was implemented.

The Committee received a report that was to be submitted to Cabinet on 12 July 2016, and would be summarised in the Minutes of that meeting, and which set out a Resilience Strategy for the period 2016-2020 that would allow the Council to fulfil its legal duty requirements and to ensure that adequate resilience was in place to deal with disruptive events. The Emergency Planning and Business Continuity Manager would lead development of the action plan, along with the officers and resources set out in the work plan for 2016-17. The majority of this work could be delivered from within existing resources. Progress would then be monitored through the Resilience Steering Group and a report made annually to the Scrutiny Committee on resilience.

The Committee considered the Cabinet report and in response to questioning were informed:-

(i) that local Category 1 responders would be putting together a Directory with up-to-date contact details.

(ii) that the Council and the Thames Valley Local Resilience forum was engaging with the community, e.g. at Buckingham, Ashendon and Waddesdon, to promote Community Resilience.

(iii) that there was an ongoing need to periodically train and exercise staff with regards the Emergency Plan.

Members also commented that when the annual report on resilience was made to Cabinet that they would also like it to be reported to the Finance and Services Scrutiny Committee. However, where specific issues arose (e.g. flooding) then the scrutiny committees should be proactive to investigate rather than waiting for the annual report.

RESOLVED –

That Cabinet be asked to take into account the Committee's comments and the issues raised at point (i) to (iii) above in approving the Resilience Strategy for 2016-2020.

5. AYLESBURY VALE BROADBAND (AVB) - DIRECTORS

In April 2015 the Council had approved the business case for the formation of Aylesbury Vale Broadband (AVB) to roll out super fast broadband to villages in Aylesbury Vale. The first stage had been a pilot in North Marston and Granborough which had resulted in further funding of £500,000 to continue the expansion to other villages.

The company was structured with the majority shareholder (95%) AVDC and 5% with Ironic Thought, who had the lead in managing the project. The shareholder agreement stated that no dividends were to be paid to any of the shareholders. The only time the shares could be realised was upon the sale of the company. However, the remuneration terms of Directors was a Reserved Matter unless approved under the Business Plan (which it wasn't) which was why the matter was now being considered by scrutiny and Cabinet.

AVB currently had 4 Directors (3 appointed by AVDC with the other being from Ironic Thought).

For the past 12 months Ironic Thought had been responsible for the founding, network roll out and day-to-day running of AVB on a consultancy basis. This had been on an agreed part-time basis but the workload had continued to increase over time.

The Committee received a report that was to be submitted to Cabinet on 12 July 2016, and would be summarised in the Minutes of that meeting, and which sought approval for the permanent appointment and remuneration terms for the Managing Director for AVB. The option to continue with the consultancy fee arrangement had been considered by the Board and on balance it had been felt that the salary option provided greater certainty over the longer term and the need to grow and manage the business.

The Committee considered the Cabinet report and in response to questioning were informed that the terms and conditions of persons employed by AVB would be completely separate to those of AVDC employees.

Members also raised a few questions about the operation of AVB (e.g. why the next phase of the rollout would be to Swanbourne & Oving), and was informed that a more in-depth level of scrutiny of AVB was being undertaken by the Economy and Business Development Scrutiny Committee.

RESOLVED –

That the Scrutiny Committee was supportive of the permanent appointment and remuneration terms for the Managing Director for Aylesbury Vale Broadband, as detailed in the Cabinet report.

6. NOVAE CONSULTING UPDATE

In April 2015 the Council had approved the setting up of a trading company (subsequently registered as Novae Consulting Ltd) to deliver consultancy services to businesses on a commercial basis in accordance with the business case.

Novae's initial business case had been based on selling consultancy services to assist businesses with over 250 staff to meet their legal requirement to audit their energy / transport sustainability. However, experience had shown that not all companies had taken on this requirement by the deadline.

The Committee received a report that was to be submitted to Cabinet on 12 July 2016, and would be summarised in the Minutes of that meeting, and which had reviewed the future options of keeping Novae running as a separate company for consultancy services, or to transfer the consultancy work to the Incgen brand, which was in turn a part of the Vale Commerce Limited. However, any change to the status of an AVDC company was a reserved matter under the Shareholder Agreement and, as such, required Cabinet approval.

Cabinet on 12 July 2016 would be recommended to:-

(1) At the end of the first trading year for Novae (31 July 2016), make the company dormant for one year and route all future consultancy work offered to businesses using AVDC staff though Vale Commerce Ltd under the Incgen brand.

(2) Undertake a further review of the requirement to keep the Novae Consulting Ltd company registered at Companies House before the end of the second accounting year.

The Committee considered the Cabinet report and –

RESOLVED –

That the Scrutiny Committee was supportive of the proposed way forward for Novae Consulting Ltd, as detailed in the Cabinet report.

7. FINANCIAL REGULATIONS

It was a requirement of the Council's policy framework to periodically review the Financial Regulations governing the financial control of the organisation. Financial Regulations represent the over arching policy document for financial control in the councils and this was supported by a larger, more detailed, set of Financial Procedure rules which set out day to day responsibilities of officers.

The Committee received a report that was to be submitted to Cabinet on 12 July 2016, and would be summarised in the Minutes of that meeting, and which explained how the regulations had been updated in accordance with best practice. Whilst only the regulations form part of the policy framework of the council they are both reproduced here for completeness and understanding. Members' attention was drawn in particular to the following:-

Virement Limits: These were the authorisation limits that certain categories of manager or meeting could authorise in terms of moving funds between cost centres within the Council's accounts. The table set out below showed the differences between the current and proposed levels in the Revised Regulations. The increase in the levels had ben benchmarked against other councils and now leant towards the more commercially focused end of the spectrum, allowing greater flexibility in being able to move funds around cost centres to reflect changing circumstances throughout the year.

Who	**AVDC (existing)**	**AVDC (proposed)**
Budget Manager	<£10K	**<£10K**
Senior Manager	<£50K	**<£100K**
Cabinet	£100 - £150K	**£100 - £250K**
Council	>£150K	**>£250K**

Performance Management: Within the Regulations and the Procedures there was a renewed emphasis and reference to the performance management at all stages of the financial system (budget manager up to the corporate level). This reflected the growing importance of these issues on the Council as it moved further into addressing the challenges within the Medium Term Financial Plan.

Appendix A – paragraph 5.01 – that this paragraph would be updated to state that the Audit Committee (rather than full Council) was responsible for approving the statutory annual statement of accounts.

Appendix E – paragraph 23 – that the sub-paragraph numbering would be updated, which would have no impact on the reported external arrangements.

Cabinet on 12 July 2016 would be recommended to:-

(1) Recommend to Council to adopt the proposed revision to the Council's Financial Regulations, taking into account feedback from the Finance and Services Scrutiny Committee of 11 July, 2016.

(2) Authorise the Director with responsibility for Finance, after consultation with the Cabinet Member for Finance, Resources and Compliance, to make minor changes from time to time, to reflect changes in operations arrangements only.

Appendix E – External Arrangements – to the Financial Procedures at Section 23.03 stated that all companies would be required to report their financial performance at least quarterly against an annual business plan agreed with the authority. The scrutiny committee was mindful that the companies were still in the process of getting up and running so were not in a position to be able to report. However, it was requested that when the reporting did commence that the financial performance information was included with the Quarterly Performance Digest information reported to the Finance and Services Scrutiny Committee.

RESOLVED –

(1) That the scrutiny committee was supportive of Cabinet recommending to Council to adopt the proposed revision to the Council's Financial Regulations (subject to the 2 minor amendments at Appendix A (paragraph 5.01) that the Audit Committee was responsible for approving the statutory annual statement of accounts and to the revised numbering at Section 23 of Appendix D).

(2) That the scrutiny committee be provided in due course with financial performance information for the AVDC companies with the Quarterly Performance Digests.

8. QUARTERLY FINANCE DIGEST

The Committee received a report on the Council's financial performance for the full year period 1 April 2015 to 31 March 2016. This presented the draft outturn position at the year-end which was a contribution to balances of £717.000. This compared to the forecast position in December of £1,083,000. Copies of the latest Quarterly Finance Digest had been circulated separately and Members referred to this document whilst considering the report.

Whilst there was a contribution to balances of £0.717 million, the net increase was only £209,000 after a number of initiatives have been funded, including a £67,000 contribution to the HS2 fund, and 441,000 to cover the costs of the implementation of Commercial AVDC.

The increased contribution was the result of increased income in some areas and reduced expenditure in other areas. Page 1 of the digest outlines the main issues and shows the Top Five Over and Under Activities, the top five over reflected the costs associated with Commercial AVDC, mainly pension strain costs whilst the top five under budget areas relate to increased income from activities that were not budgeted for and reduced expenditure, mainly salary related, resulting from a number of Section reviews. The domestic refuse service also generated sizable savings within salaries and fuel as the cost of diesel was lower throughout the year than originally expected.

The main changes to the services on a portfolio basis was summarised as follows:-

- Business Transformation – During the year a number of Salix energy efficiency schemes had been introduced at a cost of £218,000. These would produce savings in utility bills in future years. Towards the end of the year £45,000 had been incurred in setting up the new Vale Commerce company.
- Economic Development Delivery – the majority of the underspend resulted from increased properties income, £365,000 from the Waterside properties, bus station kiosk and land at Buckingham Park some of which had been used to offset Exchange Street North feasibility costs (£79,000), and to replace the microphones in the Oculus (£64,000). There had been increased income from land charges search fees of £70,000, with £12,000 used to settle litigation around the property search fee.
- Environment and Waste – the Waste Service had an underspend of £435,000 some of which has been offset to cover costs associated with back filling senior management posts following a service review (£66,000) and covering

redundancy costs in the workshop of £43,000. The Environment and Health section had increased costs from a pension strain contribution of £77,000 resulting from previous a redundancy.

- Finance, Resources and Compliance – there was a combination of increased income and reduced expenditure across services. Communications and Marketing showed savings of £85,000, over half was generated from savings from market research and the marketing strategy. IT had been overspent losing £87,000 worth of income when a local authority contract ended and had increased costs of £150,000 associated with Commercial AVDC. The legal section had also been overspent by £242,000, with higher agency staff, pension strain and consultancy costs plus reduced income. There were salary savings of £78,000 within the People & Payroll Services and £70,000 higher court costs income from Revenues.
- Growth Strategy – the Development Control and Planning Services areas had realised salary savings of £160,000 following the service review. There had also been increased fee income of £48,000 plus savings from the horticultural contract of £42,000.
- Leader – £42,000 of savings have been identified within the Members Allowances budget as well as lower office and Chairman's car hire costs. These had been used to offset the cost of the provision of Modern.gov. £80,000 of salary savings within the Chief Executive's section had been offset by £71,000 of increased consultancy costs. Consultancy costs of £57,000 to IESE had been partly offset by a reduction in pension costs. Other costs were associated with the shift towards Commercial AVDC.
- Leisure, Communities and Civic Amenities – salary savings as a result of service reviews have realised £145,000 from Housing Services, and £107,000 from Leisure Administration. Other savings have been identified within the Grants budget (£35,000), Waterside Theatre Community Initiatives (£58,000) and the Car Parking budget £222,000). Community Centres had been overspent by £27,000 although the Arts service had realised £31,000 of extra income.

As previously reported, budget holders' were 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 early as possible. The New Homes Bonus schedule has been updated to reflect the contribution received in 2015/16 and the payments made. It also showed the commitments still to be made against the resources.

Page 14 of the Digest reported the level of reserves and provisions and any movements that have been made during the quarter. During the review of the overdue invoices at the year end debts it was found necessary to increase the Housing Benefit Overpayment bad debt provision by £800,000, which had been funded from the Benefit Subsidy reserve. As in previous years, surplus New Homes Bonus grant had been paid into its own reserve, the balance now stands at £10.6 million. Other contributions made at the year end were £1.1 million to the Planning reserve from additional fee income, £165,000 to the Interest reserve, £219,000 to the IT reserve, £287,000 to Corporate Repairs reserve, £120,000 to the Licensing reserve and a few minor contributions from service areas. This meant that the level of earmarked reserves rose from £27.7 million to £32.2 million during the year.

Page 16 of the Digest detailed information on the level of investments and borrowings held at the year end. During the last quarter no new long term borrowing had been taken out so the current level of borrowing remains at £23.5m. The council had £39.00 million invested at the end of the year. The graph shows who the investments were split between banks, UK and foreign, Building Societies and MMF (Money Market Funds). The level of investments had remained constant over the year due to the low level of capital expenditure, which had tailed off since the University was completed and the delay surrounding the Pembroke Road improvements.

Members sought further information and were informed:-

(i) Multicultural Community Centre, Aylesbury – that the budget for this Centre would be covered within the Leisure, Communities and Civic Amenities portfolio, at Community Centres.

(ii) Information Technology – that the loss of income for the year related to a shortfall in selling the expertise AVDC had gained in cloud technology working to other Councils.

(iii) Bedgrove Community Centre – that the in-year underspend was a combination of staffing (the Centre had been without a caretaker for a period of time) and lower utility (water, electricity) costs.

(iv) Legal Services – that the overspend was related to the transitional costs of outsourcing that service. However, the position would improve for future years.

(v) Housing Benefits – that the underspend related to overpayments in the previous year, identified through more data matching activities. However, the likelihood of collecting all of these overpayments was low which had also led to an increase in the bad debt provision.

RESOLVED –

That the content of the Quarterly Finance Digest for the period April 2015 to March 2016, be noted.

9. WORK PROGRAMME

The Committee considered their work programme for the period up until February 2017.

The agenda items for future meetings would be:-

(i) 4 October 2016 – Business rates (assistance to local businesses), Aylesbury Vale Broadband business plan and set of accounts, Quarterly Finance Digest.

(ii) 1 December 2016 – Budget scrutiny, Public Sector Equality Duty, Quarterly Finance Digest.

(iii) 9 January 2017 – Further budget scrutiny (if required)

(iv) 6 February 2017 – no items as yet.

RESOLVED –

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

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BUSINESS RATES

1 Purpose

1.1 In response to a request from the Committee this report provides an explanation of the business rates system, how councils currently gain from it, how it might change in the future and how it is used to support local businesses.

1.2 Committee are requested to consider the system, its support mechanisms and the tensions within it and, if appropriate, make any recommendations to the appropriate Cabinet members for their consideration.

2 Recommendations/for decision

2.1 Give high level consideration to the system of Business Rates in terms of how it operates in support of local businesses and, if appropriate, make comments to the relevant Cabinet member for consideration as part of future scheme development.

3 Background

3.1 Business rates are a tax based on property values and help pay for public services. Business rates are charged on all non-domestic properties (e.g. shops, offices and factories) that do not qualify for an exemption and are normally payable by occupiers of premises, rather than owners. However, where properties are empty, the property owner may be liable for business rates. Business rates in England raise around £24 billion a year from around 1.8 million non-domestic properties.

3.2 Business rates are calculated according to a property's 'rateable value' which is set by the Valuation Office Agency (VOA) for each non-domestic property in England. Rateable Value is an amount equal to the annual rent for which it is estimated a property might be let at a set date. A business rates bill is worked out by multiplying the rateable value of a property (set by the VOA) by the business rates multiplier (set by central government) and then applying reliefs the ratepayer is eligible for, which can include transitional relief.

3.3 The system of mandatory reliefs is determined by central Government and currently this gives 80-100% relief to charities and small businesses. The system of mandatory reliefs has recently used to extend reliefs to other organisations in accordance with Government policy objectives, such as smaller retail properties and empty shops.

3.4 The valuation date is currently set at two years before the revaluation comes into effect. This is to allow the VOA time to collect rental evidence, prepare valuations and consult with ratepayers. It includes six months for ratepayers to check their rateable value and prepare for changes to their rates bills. This approach ensures rateable values are based on evidence and ratepayers are given advance warning of changes to rates bills.

3.5 Revaluations normally take place once every five years. The purpose of a revaluation is to align rateable values with current rental values set by the market. As a result, revaluations reflect relative changes in the rental value of property between different sectors and locations, so that the total business rates bill is shared fairly across ratepayers.

3.6 A revaluation does not raise any extra revenue. Its aim is to redistribute the amount businesses pay based on changes in the rental market i.e. rises and falls in the rental value of the property. To maintain the revenue raised through business rates at roughly the same amount when rateable values are changed at valuation, the government adjusts the business rates multiplier (the tax rate) either up or down. If the rateable value of a property falls by more than the national average at valuation, the rates bill for that property will see a decrease. However, if a property's rateable value falls by less than the national average, its rates bill will increase.

3.7 The most recent revaluation came into effect on 1 April 2010 and is based on rateable values set at 1 April 2008. In 2012, the government postponed the revaluation due in 2015 until 1 April 2017 in order to provide greater stability for businesses during a period of economic difficulty. The next revaluation is currently underway and will come into effect in April 2017.

4 The Current System

4.1 On 1 April 2013 a new system of business rates retention (BRR) began in England to reward local authorities for increasing and supporting the businesses in their area. Local authorities are now able to retain up to 50% of the income they collect from business rates.

4.2 The current BRR scheme was introduced in April 2013. It allowed local government to retain 50% of business rate revenues, with the remaining 50% retained by central government. In order to equalise between areas with different amounts of business rate income there is a system of top ups and tariffs in place.

4.3 Because Business rates are mainly collected by lower tier councils (districts) but grant is mostly required by upper tier councils (counties) most districts hand over most of the business rates they collect in the form of 'tariffs', whilst most counties receive 'top-ups'.

4.4 Under the previous system, local authorities collected the business rates but paid them into the Treasury which then redistributed them back via a formula known as formula funding.

4.5 The current system allows for councils to benefit from the economic growth in their areas and incentivises them to promote business growth generally. Equally, councils will lose resources from under investment which results in businesses closing or relocating outside of their areas.

4.6 Most Business Rates under the current system are still either captured by central government or redistributed nationally within local government as a whole. Locally, Aylesbury retains somewhere in the order of 6% of the £50 million of business rates payable in the area.

4.7 However, at the margins of the system Aylesbury Vale is allowed to capture 40% of new growth above a baseline determined annually by Government and loses 40% of any reduction in business rates below that baseline.

4.8 Those councils which do see business rates growth are further required to pass an additional half of their 40% growth share to central government in order to provide a safety net fund to protect those councils which lose more than 7.5% of the business rate income in any year. Therefore, the effective rate of growth retention at the margin is only 20%.

4.9 There are opportunities within the current system to retain larger shares of growth locally through mechanisms such as Pooling and through Enterprise Zone designation.

4.10 The system, whilst offering some financial incentive to promote economic growth within an area is complex and fraught with risks to the income streams over which local authorities have only limited control. These shortcomings in the current system might be identified as;

- The valuation appeals system
- The marginal level of gain
- The distribution of rewards and risk between the tiers of Government
- The risks in the system represented by major employers
- Resets in the system and the short period over which gains are retained

5 Proposals for a New System of Retention

5.1 The current government confirmed at Autumn Statement 2015 that it intends to move to local government retaining 100% of its business rates by 2020.

5.2 In the face of only limited gain under the existing system, this was something that local government as a sector had been pushing for and so broadly welcomes.

5.3 However, there are significant challenges inherent in designing such a system which need to be carefully considered and modelled before a detailed design can be produced. The Government is currently consulting on these high level design principles with a view to designing a detailed scheme for consultation later this year.

5.4 The key areas of discussion associated with the proposals are set out in the following paragraphs;

5.5 Retained Business Rates will in future form (almost) the only means of funding local government and core funding (Revenue Support Grant) will end. This has ramifications, the biggest of which is ensuring that each council starts with a level of resources proportionate to its relative need. This will require a new system of assessing relative need to be designed which balances fairness and complexity in such a way as to fairly distribute baseline funding across the Country. This will inevitably be divisive as councils disagree on whether their unique characteristics are fairly reflected in the new system.

5.6 The value of Business Rates (£24bn) is far greater than the support Government currently provides to councils (£12bn) and so the Government will seek to transfer its funding responsibilities to local government by an amount equal to the gain. Which responsibilities and what controls are handed to local government will need to be determined.

5.7 The current risk reward share between counties and districts, which is weighted 80:20 in the favour of districts, is not reflective of the dependency on grant between tiers of local government and this will need to be reassessed as part of this scheme design

5.8 That Councils should have the ability to reduce the amount of business rates payable by businesses by up to 100% but only those with an elected Mayor will have the ability to increase Business Rates within their area by up to a maximum of 2%. For those areas where the gains and losses through the business rates systems are shared between tiers of local government, who gets to make these decisions and who benefits and loses will need to be determined.

5.9 The period of resets and revaluations will be key in determining who benefits and loses from business rate gains and reductions, and for how long.

5.10 Whilst the proposals reflect what local government has long requested, (full autonomy over the resources it collects), the high level and detailed design of the new system will heavily influence each councils' ability and the extent to which they actually benefits in practice.

6 The Council's Ability to Provide Assistance to Local Businesses

6.1 The current system and the uncertainty as to the operation of the future system place constraints on the Council's direct ability to support local businesses.

6.2 The future system, whereby councils retain 100% of business rates, may give greater freedom to councils in designing systems of support and relief to businesses but the system is still a national system and any freedoms will inevitably be curtailed by the Government's desire to exercise its own policy agenda.

6.3 However, the Government, through the existing system, does give significant support to certain types of business. For example, all charities receive 80% mandatory business rate relief and most small businesses are exempted from all business rates liability thanks to an extension and expansion of the current Small Business Rates Relief threshold. Set out in the following paragraphs is a brief explanation of the principal mechanisms by which support can be given.

Mandatory and Discretionary Charitable Relief

6.4 Mandatory Charitable relief has the impact of reducing the business rates liability of most clubs and charities to 20%. It is an element of the national system and the costs are shared in proportion with those that receive shares of the collected business rates. The value of Mandatory Relief awarded in Aylesbury Vale is nearly £5 million per annum.

6.5 For those clubs and charities which struggle with the residual 20% of their business rates liability, or don't qualify because they are not a charity but have similar objectives, the Council runs a discretionary rates relief scheme, the cost of which is borne, in proportion, by the beneficiaries of the business rates system.

6.6 The scheme further reduces the residual business rates liability (from anywhere from 20% down to 0%) in accordance with the eligibility criteria. For information, the scoring criteria is attached to this report as Appendix A.

6.7 The current cost to the Council of discretionary scheme is £338,000.The Council manages the eligibility criteria of the scheme so as to provide a limit to the scheme's overall cost to the Council in accordance with budgetary constraints. This criteria, on occasion, creates issues when organisations don't receive the full value of relief they believe that they are entitled to.

6.8 Charity shops (providing they sell donated or third world goods) are also entitled to 80% mandatory rate relief. This encourages landlords of empty shops who have to pay 100% rates after a 3 month exemption to let to charities. In some areas this creates a perceived issue with agglomerations of charity shops.

Small Business Rates Relief

6.9 In accordance with the Government's wider policy objectives of supporting smaller and entrepreneurial business, in recent years it has reduced the business rates liability for small business (with a rateable value of up to £6,000) from the basic level of 50% relief to 100%. They have also doubled the relief available to business with a rateable value between £6,001 to £12,000 which is calculated on a sliding scale

6.10 This specific policy initiative has removed the majority of businesses in the Vale, as the Vale has a strong base of smaller and rural businesses.

6.11 As the Government has thus far compensated councils for the cost of extending this policy, the extra relief is generally welcomed.

6.12 When taken in conjunction with mandatory and discretionary rates relief, the majority of clubs, charities and small businesses are excluded altogether from any business rates liability.

Reoccupation Relief and Retail Relief

6.13 Similarly to the extension of Small Business Rates Relief, the Government gave a new relief to Retail businesses (with a rateable value of under £50,000) worth £1,000 in 2014/2015 and £1,500 in 2015/2016. This relief ceased from 31 March 2016.

6.14 At the same time it introduced Reoccupation relief of 50% to businesses which were taking occupation of premises which had been empty for up to 2 years. This also ceased from 31 Match 2016.

6.15 The Council was fully refunded for the cost of both reliefs.

Hardship Relief

6.16 For those businesses which fall outside of the Mandatory and discretionary relief systems there are fewer mechanisms to help businesses in need of support.

6.17 The Council does on occasion receive requests for relief from business rates, in order to increase the viability of the businesses. Notably, in recent years we have received requests from rural pubs, community shops and independent retailers for which there has been sympathy due to their significance in the remote communities which they serve or their contribution to the diversity of the retail on offer in towns and villages. However, the Council has no means to offer relief within the business rates system and only a small budget, (£2,000), with which to support them directly from its own resources.

6.18 If the Council had greater resources to support such requests it would then need to decide on an open and transparent policy on which requests to support and those which it shouldn't. Any such policy would be problematic because of the subjectivity as to which requests were worthy and which weren't.

6.19 The issue is further complicated by the argument that by subsidising the operating costs for one business the Council is effectively giving a competitive advantage to the detriment of others. This will leave the Council open to accusations of fairness and might make the Council subject to challenge.

6.20 For information, the application form is attached as Appendix B.

Enterprise Zones

6.21 The existing system of business rates provides for the designation of areas as Enterprise Zones.

6.22 Subject to the necessary governance arrangements being put in place the Government will allow councils to keep all business rates collected in the Enterprise Zone areas for 20 years, provided that they are re-invested in the infrastructure and creation of jobs in those areas.

6.23 The Government also allows business rates to be reduced to zero for any businesses in those areas for a maximum of 5 years and not to exceed £125,000. The Government fully reimburses councils for the cost of any business rate reductions given.

6.24 This creates a powerful incentive for these areas in attracting new businesses into the Zone.

6.25 Enterprise Zones are usually created around a specific theme or sector and businesses are attracted which fit into that criteria. The discounts on offer are managed in such a way so as not to encourage displacement of existing businesses within the local authority area, but instead to attract new employment into the area as a whole.

6.26 Last year (2015/16) Aylesbury Vale in partnership with Bucks LEP and Bucks CC were successful in gaining the designation of 3 Enterprise Zone areas. These are Silverstone, Westcott, and Woodlands.

Other Support Mechanisms

6.27 The previous paragraphs set out the existing mechanisms in the current system to support businesses. However, the regulations do allow councils to provide support to businesses beyond this in a form they design, but this is entirely at their own cost.

6.28 This raises considerable issues of affordability in context of already constrained budgets and, potentially State Aid issues if businesses are given an unfair advantage as a result of any significant support.

7 Resource implications

7.1 Retained Business Rates are an important source of tax funding for the provision of local services. Its importance and relevance will only increase as this becomes the only support from central Government towards the cost of local services.

7.2 There are existing mechanisms within the system for supporting local businesses, some of which are controlled by central Government and some of which are controlled locally. As a rule of thumb, any extension of reliefs beyond those contained within the national system will be a cost (in terms of lost revenue) to the local taxpayer.

7.3 The tension arises between the desire and need to have a healthy and expanding employment base, the business rates which that generates in support of local services and the amount of business rates income given away in the form of reliefs in order to maintain and grow the business rates base.

Contact Officer	Andrew Small 01296 585507
Background Documents	None

Discretionary Rate Relief Assessment

APPENDIX A

Name of Organisation	

Pre-qualifying criteria

Is the organisation properly constituted and does it operate on a not-for-profit basis?		

CRITERIA ON WHICH CLAIMS ASSESSED	POINTS AVAILABLE	POINTS AWARDED
1. Do the aims of the organisation support any of the Council's key aims and outcomes: **(a) Local communities** To provide safe, active and healthy communities and provide accessible services **(b) Local Environment** To manage the built and natural environment in a sustainable way **(c) Local Economy** To develop and promote the economy	 15 10 10	
2. Does the organisation provide education or training for members or volunteers involved in service delivery? Yes No	 10 0	
3. Does the organisation provide sports / recreational facilities that otherwise may have to be provided by AVDC? Yes No	 10 0	
3. What percentage of the members or users of the organisation are residents of Aylesbury Vale? a) 100% b) Over 75% c) Less than 75%	 15 10 5	
4. Do membership rules/rates support the principle of open access to residents of a) all areas of Aylesbury Vale b) a specific area or group of people	 15 5	
5. Does the organisation encourage the use of its facilities by non-members? (e.g. schools, public sessions) yes no	 5 0	
6(a) Is the organisation in receipt of ARG or SLA from AVDC? a) yes b) no	 15 0	
6(b) Is the organisation in receipt of grant funding from other sources? E.g. BCC, Big Lottery, Bucks Foundation, William Harding or other Charitable Trust a) yes b) no	 5 0	

7. Annual turnover of organisation a) <£100,000 b) £101,000 - £300,000 c) >£300,000	 15 10 -15	
8. Does the organisation operate bar facilities? a) yes b) no	 -10 0	
TOTAL	135	

DRR SCORE	**RELIEF AWARD**
e.g. 60+	100%
50-59	75%
40-49	50%
25-39	25%
Below 25	0%

TOP-UP SCORE	**RELIEF AWARD**
e.g. 60+	20%
50-59	15%
40-49	10%
30-39	5%
Below 30	0%

REVENUES DIVISION
AYLESBURY VALE DISTRICT COUNCIL
PO Box 356
AYLESBURY
BUCKS HP20 1GA Telephone 01296 585096

APPENDIX B

AYLESBURY VALE
DISTRICT COUNCIL

APPLICATION FOR HARDSHIP RELIEF UNDER THE PROVISIONS OF THE LOCAL GOVERNMENT FINANCE ACT 1988 SECTION 49

Section A

Account Number
…………………………………………………………………………………………………..

Address of rated property……………………………………………………………………………………..

Name of Organisation…………………………………………………………………………………………

Section B

Please complete the following questions to be considered for Hardship Rate Relief.

(a) Does the business form part of a national network of outlets or is the ratepayer franchised to more than one business outlet? ………………………………………………………………………..

(b) Is the business the only one of its type in the immediate local community? ……………………………………………………………………….

(c) Does the business provide an essential service or amenity to the immediate local community which would otherwise be lost and not replaced? ………………………………………………………………………..

(d) Does the business provide employment to the local community which would be otherwise lost and not replaced? ……………………………………………….................................

(e) Do you consider that any award of hardship relief would secure the future existence of the business which would otherwise be lost? ....

(f) Do you consider that the community would benefit from the business being helped and if so to what extent? ………………………………………………………………………..

Notes

In order to consider your application your must provide a copy of your Financial Accounts for the last two years together with a financial profile for the current year.

If you have not been trading for the past two years, you must provide a financial profile for the current year together with any current trading accounts.

Declaration: I certify that the foregoing particulars are correct to the best of my knowledge and belief (this must be completed in all cases)

Signature…………………………………………………………………………………………………

Address………………………………………………………………………………………………..

Capacity in which signed ……………………………………………………………………………….

Date ………………………………………………………………………………………………………

If you have any queries regarding this form please contact Mr G Wright on Aylesbury 01296 585313

Finance and Services Scrutiny Committee
4 October 2016

DEPOT DEVELOPMENT AND FLEET REPLACEMENT PROGRAMME

1 Purpose

1.1 To allow the Finance and Service Scrutiny Committee to review and comment upon the report relating to the Business Case for the Pembroke Road Infrastructure Development and Fleet Replacement Programme

2 Recommendations/for decision

2.1 The Scrutiny Committee is requested to indicate any comments that it wishes Cabinet l to take into account when considering whether to recommend approval of this scheme and the inclusion of provision within the Capital Programme for the infrastructure development of the depot and the fleet replacement programme.

3 Supporting information

3.1 Cabinet will be receiving a report (attached) 11 October seeking approval for the capital investment of both the depot infrastructure and fleet replacement programme.

3.2 In November 2011 Cabinet gave approval for the refurbishment of Pembroke Road Depot and to open negotiations with AVE in respect of the land transfer from AVE to the Council.

3.3 Negotiations with AVE were temporarily suspended while the Council reconsidered its position with regards the longer term Waste Strategy and alternative suitable locations for a Waste Transfer Station and Vehicle Depot.

3.4 Following an extended period of research and development of a business plan for an Enhanced Vehicle Maintenance Workshop, Pembroke Road was identified as the most suitable location for the Councils mid term (10 years) needs.

3.5 Pembroke Road was purchased from AVE in July 2016 and work has been underway to develop the depot layout and costings.

3.6 Pembroke Road is primarily a vacant site and many of the existing units are in a state of disrepair. Existing tenancies are considered in the Business Case and are factored in for the phasing of the Depot Development

4 Options considered and Resource implications

4.1 The investment proposals for Pembroke Road require a Capital Programme provision of up to £9.2 million, of which £1.9 million will only be required if there is sufficient evidence of the demand and take up for the expanded vehicle testing facilities included within the proposals.

4.2 The business case prepared here is predicated on all the required resources being borrowed with the repayment cost being borne by the General Fund.

4.3 The proposal to purchase, rather than lease, the new refuse freighter fleet will require a further £3.6 million (subject to full OJEU procurement). The savings from this decision (borrowing costs being lower than the existing leasing costs) will help mitigate the revenue repayment costs of the borrowing required for the Pembroke Road scheme.

4.4 The estimated net annual revenue repayment costs for the two combined schemes initially amount to £489,000 per annum, but reduce over time as the borrowing is repaid.

4.5 Crucial to the business case and assumed within the net revenue cost above is £364,000 of savings from the internalised maintenance and income from expanding vehicle testing and MOT operations. If not achieved as projected this will increase the net revenue cost to the organisation

4.6 In approving this scheme members will be asked to make provision in the capital programme for £12,860,000 funded by new borrowing and £489,300 in the revenue budget for 2017/18.

4.7 These sums may potentially be reduced when a review of Capital resources takes place later this year as part of budget setting. This may identify unallocated capital resources which could be allocated to this scheme in lieu of borrowing. However, this can not be guaranteed and so approval is sought on the basis of the maximum potential borrowing requirements and cost.

4.8 This is a considerable variation from the approved budget framework and sits outside of the standard budget development timeframe. Such a decision would not normally be brought forward for member consideration in isolation of the core budget considerations and members, in taking the decision, ought to be aware of wider affordability issues associated with the decision.

4.9 The justification for doing so is the considerable operational and health and safety risks facing the organisation from operating its waste collection service from a site which is now too small due to the rapid expansion of the Vale in recent years.

Contact Officer	Isabel Edgar Briancon 01296 585862
Background Documents	Business Case Pembroke Road September 2016

Aylesbury Vale
District Council

Business Case

Recycling, Waste and Community Spaces Capital Programme

Operations Depot at Pembroke Road and Fleet Replacement Programme

September 2016

Prepared by Isabel Edgar Briancon

1. Executive Summary

The requirement for the redevelopment of the Pembroke Road depot is driven by the following reasons:

1.1.The need to address health and safety risks

The current constraints on the site and the configuration of the depot pose considerable risks, in particular inadequate segregation of people and vehicles. The Workplace (Health Safety and Welfare) Regulations 1992 make clear recommendations with regard to the operation of traffic routes on site, however the current configuration and condition of the site does not comply on a number of key criteria.

1.2.The need to address environmental risks

The depot site is bordered to both the north and the south by rivers and the water table is relatively close to the surface. This poses a risk of flooding to the site; despite recent attenuation works to cover a 100-year event the site had to be closed temporarily following a flooding incident in 2014. Additionally there are identified risks of pollution from diesel and detergents escaping into the water course due to inadequate drainage.

1.3.Operational improvements

The current configuration of the depot does not lend itself to effective operational management. All operational activities are currently managed in an area of less that 2 acres hence the requirement to park all HGV's off site the past 3 months. Other Council vehicles are parked within operational areas and roadways and provide further constriction on the effective management of the site.

1.4.The need to accommodate the growth within the District

Recent demographic projections show that the population of Aylesbury Vale District will increase by around 33,000 new homes between 2011 and 2031. If it is assumed that this growth will be around 1,500 new homes per year and this will increase the requirements of the waste collection and recycling service in terms of the volumes of household waste collected, number of HGV vehicles and number of staff . The current size and configuration of the depot does not allow for this growth, and all recent works undertaken in 2012 are now at capacity.

1.5.Existing disrepair

There are repair and investment requirements on the current site, which require addressing. The yard also requires major resurfacing – the current state of the surface contributes to the pollution risks identified above.

2. Income Generation and Development costs

A capital and revenue ROI summary is provided in Appendix A.

2.1.Income Generation

The development of Pembroke Road allows new commercial opportunities to be developed as well as efficiencies and savings to be made elsewhere in the Recycling and Waste revenue budget.

The provision of an Enhanced Vehicle Workshop allows for a conservative total expected income/savings in year one £364,000 net, increasing to £837,100 net in year 10. This figure is primarily made up of savings in vehicle maintenance paid to third party suppliers, income generation from increased Taxi and public MOT's and income from a Authorised Testing Facility for commercial HGV MOT's.

2.2.Fleet procurement

Currently AVDC fleet are leased over a 6 year period. Now that AVDC are no longer required to tip waste into landfill on a regular basis it is prudent that the fleet are purchased outright. Current leasing costs are 864,000 per annum. Although subject to a full OJEU procurement, it is anticipated that the capital costs for a fleet will be in the region of 3.6 million. The payback period will be 7 years (the typical operating life of an RCV) and is estimated to save £300,000 per annum.

2.3.Development costs

The Pembroke Road development will provide a mid term option to accommodate around 10 years growth. The depot design is provided in Appendix B. Total capital cost of the full depot redevelopment works are approximately £ 9.2 million, this includes all professional fees and a large contingency .

The depot design has been costed in two parts, Option 1 and Option 1a. This allows for a review toward the end of the 18 month development project to re-evaluate the needs for staff parking and complete build of the Bulky waste storage shed, provide the necessary highways changes to manage vehicle access to the site and improve sight lines on the chicane roadway. Additionally this allows some income generation to continue from existing tenants in 2 of the units in Pembroke Road until their lease expires in late 2018.

A full budget breakdown is provided in appendix A, the table below provides a summary of the annual net revenue impact of the capital loan, including vehicle procurement capital.

Option	Loan amount	Year 1	Loan period	ROI
Depot 1a Fleet	7.3 million 3.6 million	274k	10 7	Year 5
Depot 1 Fleet	9.2 million 3.6 million	489k	10 7	Year 10

The full capital loan for the depot is repayable in 10 years and by year 11 savings/income generation relating to the enhanced workshop are estimated at £966,600 net.

Contents

3. Purpose of this document

This document sets out the requirements and issues relating to the refurbishment and reconfiguration of the Council's Waste Depot at Pembroke Road and the Fleet Replacement Programme.

An earlier Business Case was approved by the Council in 2011 for the replacement of the current vehicle workshop with a larger facility at a capital cost of £1.5m, reflecting the changing needs of the Council since this date, and also the purchase of adjacent land in order to enable expansion of the site. It also takes into account and supersedes a subsequent review of the previous Business Case in 2013 which proposed an extension to the new workshop in order to increase capacity and enable the generation of additional external income.

Included in this report are the proposals for the fleet replacement programme which enables the Council to offset some of the revenue burden for the capital investment for the Depot.

4. Strategic Context

The proposed capital spend for the refurbishment and reconfiguration of the Pembroke Road depot and the fleet replacement programme is intended to support the Council in its move to the New Business Model. Specifically this will be through:

- Addressing key urgent health and safety and operational requirements for the delivery of the services
- Providing services more cost-effectively, through seeking to reduce the cost of delivery and increasing external income generation from partnership working
- Making better use of assets through partnership working and sharing with other public bodies

5. Case for Change - Business needs

The requirement for the redevelopment of the Pembroke Road depot is driven by the following reasons:

5.1. The need to address health and safety risks

The current constraints on the site and the configuration of the depot pose considerable risks, in particular inadequate segregation of people and vehicles. For example, the current parking on site does not allow separation of vehicles, operations, and pedestrian; the yard sees significant movements of HGVs and plant during working hours, including Refuse Collection Vehicles (RCVs) turning and reversing in the yard to tip recycling materials, and articulated lorries reversing to collect the recyclate. The Workplace (Health Safety and Welfare) Regulations 1992 make clear recommendations with regard to the operation of traffic routes on site, however the current configuration and condition of the site does not permit compliance on a number of criteria. Should there be an accident, or any HSE visit, then this is likely to result in enforcement action such as closure of the depot and possibly including prosecution of the Council by the Health & Safety Executive (HSE).

5.2. The need to address environmental risks

The depot site is bordered to both the north and the south by rivers and the water table is relatively close to the surface. This poses a risk of flooding to the site; despite attenuation works to cover a 100-year event the site had to be closed temporarily following a flooding incident in 2014, and there is the risk of resulting damage to recyclable and other materials stored on site (the location of the recycling sheds to the northern edge of the site is particularly prone to flooding). The location of the vehicle wash and fuel pumps on the site also give rise to the risk of oil and detergents draining into the rivers and the potentially high risk of prosecution by the Environment Agency.

5.3. Operational improvements

The current configuration of the depot does not lend itself to effective operational management. For example, it does not enable vehicles to travel on a one-way system and instead requires turning and reversing. The size and location of the sheds do not allow recyclable material to be loaded on to the HGVs under cover, resulting in materials being spilled and blown around the site. The location of the fuel pumps and vehicle wash exacerbate the traffic management issues as well as the environmental risks, and there is no separate area for the parking of RCVs, hence these are currently parked at the Gateway overspill car park. Other Council vehicles are parked within operational areas and provide further constriction on the effective management of the site.

5.4. The need to accommodate the growth within the District

Recent demographic projections show that the population of Aylesbury Vale District will increase by around 33,000 new homes between 2011 and 2031. If it is assumed that this growth will be around 1,500 new homes per year and this will increase the requirements of the waste collection and recycling service in terms of the volumes of household waste collected (and in the case of recyclate stored within the depot) and the numbers of rounds and vehicles required. The current size and configuration of the depot does not allow for this growth. The Pembroke Road development will provide a mid term option to accommodate around 10 years growth.

5.5. Existing disrepair

There are repair and investment requirements on the current site, which require addressing. For example the current workshop building is in a poor state of repair and has effectively been “chopped in half”, including a low asbestos roof and lack of compliance with low emission guidelines. The yard also requires major resurfacing – the current state of the surface contributes to the pollution risks identified above.

6. Fleet Replacement Programme

As part of the regular replacement of vehicles, Recycling and Waste Services is seeking to replace the majority of the current fleet of Refuse Collection Vehicles (RCVs). The age of the current vehicles is making them difficult and expensive to maintain, and can affect refuse collection service reliability with an unacceptable rate of vehicle breakdowns.

AVDC currently operates a mixed fleet of vehicles some of which are leased and some of which are purchased outright.

The majority of Mainline collection fleet was procured in 2010 and in 2012. This was to accommodate the Waste Transformation and new service implementation at the time. The current Mainline fleet is 33 in number and this procurement seeks to replace 27 of these and add 5/6 further food collection vehicles in two phases. Additionally 3 ancillary vehicles also require replacement.

Vehicle Type	Age (yrs)	Quantity	Replacement Y/N information
Standard 26t RCV	6	6	Yes – Lease expires April 2017
Narrow 18t RCV	4	4	No – Lease expires June 2018, expected life span 7 years therefore maintain for spares
Podded RCV	4	13	Yes – Lease expires July & August 2018
18t RCV	9	2	Yes –Purchased
18t RCV	8	1	Yes - Purchased
Podded RCV	6	1	Yes - Purchased
Podded RCV	8	1	Yes - Purchased
Food Vehicle	3	5	No – Purchased, expected life 8-10 years
Skip Vehicle	20	1	Yes - Purchased
RORO	16	1	Yes - Purchased
Forklift	38	1	Yes - Purchased

The final quantity of vehicles for mainline fleet procurement is dependent on round modelling, however estimates have been based on current fleet /households + contingency for planned and unplanned maintenance

6.1. Existing Fleet Issues

Some of the existing fleet is still under lease and it is expected that these vehicles will also need to be on the programme for replacement. Currently the podded RCV's have proved operationally limiting due to the reduced payload and because of the increased complexity of the vehicle, compared to standard RCV's, and the vehicles are frequently away for repair. This has resulted in increased requirement to spot hire vehicle replacements. It is not possible to hire podded vehicles on the market and therefore 2 vehicles have to be hired to accommodate the waste types collected or if this is not possible waste food and recycling or refuse have to be mixed on the same vehicle.

The recycling and waste department have identified a greater need for flexibility of the fleet to reduce downtime due to vehicle repairs and allow greater capacity for waste collection. Currently make up of the fleet is making the collection service untenable in the short term, due to persistent breakdowns of the ancillary equipment on the vehicles. Therefore it is recommend to provide a standardised fleet of RCV's and 7.5 tonne food collection vehicles across the service. Additionally the capital cost of standard RCV's is around 25% less than podded RCV's and maintenance is reduced similarly.

Discussions with our current leasing partner SFS has begun. There is an early termination clause within the contract and there are financial impacts as a result of the early termination, which is likely to be around 1 year early. These include:

- All costs and expenses to SFS for recovering vehicles and enforcing terms of the agreement
- Agreed compensation for each lease schedule (termination sum) – balance of lease payments from termination date to end of lease date
- All arrears of rentals
- An amount equal to SFSs accounting book value for the vehicles as well as any costs incurring by SFS in breaking funding arrangement

In practise these cost are offset by any sums recovered from selling or re-siting the vehicles with other partners, and further offset by a reduction in maintenance, vehicle down time, and spot hire. Final costs to be calculated, as at the time of preparing this report SFS are were providing a quote.

6.2. Replacement Requirement

Outright purchase is normally the most economic way of procuring vehicles, and unless there are overwhelming reasons to vary this, outright purchase is the proposed method of acquisition for this procurement cycle.

Modern diesel-engine vehicles are very efficient, generally clean and are capable of running on more eco-friendly biofuels, which will become increasingly available over time and may in the future offer tax advantages with reduced fuel duties. They are generally more economical than their equivalent petrol-engine alternative, particularly over long distances.

It is intended to standardised the fleet as far as possible on diesel over the short term whilst keeping hybrid development under review particularly for heavier vehicles which currently operate at very low levels of fuel efficiency. If opportunities arise to pilot such technology at reasonable comparable cost these will be explored and decisions made on a case by case basis.

It is proposed that the following fleet is procured over an 18 month period with delivery of vehicles in two phases:

Vehicle Type	Quantity
Standard 26t RCV	18
Narrow 18t RCV	4
Food Vehicle	6
Skip Vehicle	1
RORO	1
Forklift	1

6.3.Fleet Costs

The procurement programme would be by Lot to ensure competitive tendering from the market, and allows delivery of the vehicles to be staggered. The cost to purchase the fleet outright is expected to be in the region of £3.7 million. The pay back period for the capital investment is 7 years (the typical operational life of an RCV) and represents around £300,000 per annum revenue saving compared to leasing.

7. Depot Infrastructure Requirements

Officers have identified the following requirements for the reconfigured depot:

Description	Considerations and issues	Priority
General principles	• Separation of people and vehicles • Remove/limit reversing vehicles • Speed limit on site • Improvement to Drainage	Essential Essential Essential Essential
Depot operational area	• Fix surface to south of site (necessary whether or not waste to be stored there) – Where waste is stored/moved/prepared etc. then drainage/bunding improvements i.e. if it is intended to store waste on south side where existing workshop is this whole area will need to be resurfaced due to bucket of JCB	Essential
Increased capacity to store recyclates	• Materials must be kept dry • Warehouse needs to be secured (locked up – Roller doors) • Potential to store materials separately by type. • Ability to load materials for onward haulage inside a building to avoid litter and spillage in the depot (min 10ms high). And improve haulage weights for onward transfer of material, by use of a grab loader. • Area for recycling contamination to be removed and store working bins • Resilience and district growth	Essential Essential Preferable Preferable Essential Essential
Increase capacity for general waste	• Externally stored waste requires additional drainage/bunding requirements. Where possible waste all should be stored inside • Residual waste for disposal - ad hoc tipping area (currently 8m x 5m) • Skips and Shipping containers storage • Hazardous waste containment (WEEE etc.) • Internal quarantine area for non-conforming waste (i.e. asbestos brought in unknowingly to site) • Waste materials to be sorted for flytipping (SITA/JOC)	Essential Essential Essential Essential Essential Essential
Weighbridge	• Options to add commercial weighing location, automation • Allows SITA to bring in waste to Pembroke Rd	Optional
Vehicle Wash	• Vehicle wash and Jet • Option to have 2 drive through and 2 jets, to reduce queuing. • Allow third party vehicle washing for ATF clients etc • Steam cleaning – preparation for MOT • Opportunity to offer cleaning to external parties (e.g. VAHT, SITA, Fire Service, BCC etc.)	Essential Preferable Preferable Optional Optional
Fuel Tank	• Above Ground • Security • Capacity	Essential Essential Essential

Security	• Existing CCTV provision is inadequate as parts of site not covered • Gated entrance and exit	Essential Essential
Sita Building	• Co-location of vehicles and staff with AVDC operation	Preferable
General Storage	• Address requirement of Facilities Team storage • Storage for Bins • Ancillary equipment	Essential Essential Essential Optional
Bulky Waste	• Area for storing bulky items for disposal • Area for storing bulky items for reuse	Essential Essential
Staff Facilities	• Reconfiguration of access to mess room for crews • Reuse of existing buildings on site? • Parking - increase in staff parking	Preferable Optional Preferable
Enhanced Workshop*	• 2 x car MOT lanes • 1 x full VOSA ATF test lane • 2 x HGV pit lanes	Essential Essential Essential Essential

8. Enhanced Workshop Benefits

The original business case for an enhanced workshop were approved by cabinet in 2011. The original Business Case was reviewed in 2013 by IESE and Officers and further income generation opportunities were identified.

Quantifiable	**Non Quantifiable**
• Income from providing VOSA Approved Testing Facility (ATF) • Income from additional taxi MOT and Inspections • Income from additional private MOTs • Savings in the cost of outsourced vehicle maintenance (taking into account growth in the fleet and net of increase in staffing)	• Improved health and safety
Financial	**Non-financial**
• Reduced cost of vehicle downtime • Savings in building running costs (utilities, repairs etc.) • Alleviation of flooding risk (potential cost avoidance)	• Accommodation of growth • Improved risk mitigation • Improved operational efficiency • Compliance and retention of Operators license • Environmental permit compliance

9. Enhanced Workshop Commentary

The original business case for the new workshop in 2013 (now updated) sets out the following costs and investment requirements that would be necessary in order to generate additional income:

- Increase in the size of the workshop from 357 square metres to 660 square metres.
- Increase from 3 bays (HGV service pit, group 4 MOT testing bay and floor area with 2 lift post) to 5 bays made up of a commercial Authorised Testing facility for HGV's and improved taxi and public MOT provision and improved HGV maintenance and repair provision to enable all

maintenance to occur in house. (1 x ATF DVSA test lane, 2 x HGV pit lanes and 2 x MOT bays with lifts)

- Increase in the staffing establishment from 4 (Fleet Manager and 3 Technicians) to 8 (Fleet Manager, Senior Technician, 6 Technicians) at an annual cost of £113,000 (increasing by 2% per annum) less between £30,000 to £40,000 savings on overtime.

9.1.Income from DVSA ATF

The Business Case assumes full utilisation of the ATF facility by year 7, yielding annual income of £182,000. Assumed income is only £36,000 and £72,000 in each of the first two years with a linear increase year on year. This is based upon a facility fee from DVSA of £91 per test and up to 8 tests per day.

In terms of achievability, officers have met with DVSA who confirm the need for an ATF in Aylesbury (nearest facilities are currently High Wycombe, Milton Keynes, Leighton Buzzard and Dunstable). Contact has also been made with nearby businesses with HGV fleets which confirm the likely interest in the facility. Officers have also identified a market from local residents with motor homes and horse boxes.

The ATF would also enable all of AVDC fleet to undergo MOT testing on site rather than being sent away for several days. Long term bookable slots for commercial MOTs would also enable improved operational planning and become a unique selling point for other HGV operators.

The income identified is achievable and the profiling prudent.

9.2.Income from additional taxi MOT and inspections

The Business Case assumes annual income of £36,000 from additional Taxi MOT's, based upon utilisation of 8 of the 8 available slots per day on the first MOT lane, an increase of 2-3 on the existing volume.

Figures from the Council's Licensing Section show that there have been 1,396 inspections from April to January (2015/16) compared to 1,370 for the whole of 2014/15 and 1,167 in 2013/14, an annual increase of around 20%. This represents 7 inspections per day on average.

To meet existing demand and continue to develop the income opportunity from Taxi Licensing the provision of more slots is necessary (currently this is achieved by staff overtime payments). Additionally a second MOT lane will meet longer term demand as the Licensing Section forecast a further increase in inspections as a result of an increase in the number of drivers applying for a taxi license and changes in legislation. It is prudent to assume a 10% increase in years 1 and 2 which would generate around £12,000 per year. Secondly the numbers do not include retests which are thought to number around 6 per week on average, which at £28 per retest would generate an additional £8,400 per year.

9.3.Income from additional private MOT

The Business Case assumes annual income of £36,000 based upon 30% utilisation of the second MOT lane (i.e. 3 tests per day). This is from year 1 and increase conservatively to 6 tests per day by year 4 and 100% occupancy by year 7.

The IESE business case for the Enhanced Workshop identifies the fact that the workshop is 'independent' and will not carry out follow-up repairs as a unique selling point for its MOT service and AVDC staff are seen as a target market. Evidence from Cherwell District Council demonstrates demand for Council operated MOT services.

The income target is challenging given the competition – there are around 50 garages in Aylesbury offering MOTs – and the fact that the existing workshop is only currently carrying out 5 private MOTs a week. However this is primarily because the private MOT service is not promoted due to the lack of slots available in the current facility.

The private and commercial MOT services link well with both the LimeCart and Incgen offering and the income identified is achievable and the profiling prudent.

9.4. Savings in vehicle repair costs and downtime

The Business Case assumes savings of £185,000 in year 1 from reduced usage of external garages rising by 10% to £327,800 by year 7, reducing in year 8 with the replacement of the vehicle fleet. Expenditure on external maintenance is budgeted at £312,000 in 2015/16 and is expected to increase to around £552,800 in year 7

The current fleet list shows 31 RCVs and other HGVs. The conditions within the Council's O Licence requires the vehicles to have a safety inspection every six weeks, therefore the maintenance plan per vehicle per year is as follows:

- 6 x A Service = Safety inspection, levels check and grease
- 2 x B Service = Safety inspection, engine oil and filter change, levels check and grease.
- 1 x C Service = Safety inspection, engine oil and filter change, gearbox oil and filter change, body filter change, levels check, grease, steam clean and MOT.

Each C Service is currently carried out externally due to the capacity of the workshop, and is taken to the garage on a Wednesday and collected the following Tuesday, hence is off road for 5 working days. Assuming on average a C service takes 12 hours then the downtime associated with taking each vehicle to the garage is 2.5 days. Over 29 RCVs this represents 72.5 days' downtime or one-third of the annual availability of a vehicle. At an annual running cost for a RCV of around £50,000 this represents a notional saving of £18,000 which can be realised through either avoiding the cost of short-term hires to cover downtime or through the deferral of purchasing an additional vehicle by using the increased capacity to absorb growth.

10. Business Benefits

10.1. Depot Redevelopment

10.1.1. Savings in building running costs

Over the last two financial years, the principal annual running costs for the buildings occupied by the Council and its contractors (SITA and John O'Connor) are as follows:

- Rates £61,000
- Electricity £19,000 to £20,000
- Gas £6,500 to £10,000
- Water £3,000 to £4,000

The units are of a basic construction and hence there would be opportunities for savings in gas and electricity costs should the buildings be replaced. Advice from the Council's Property & Estates Manager is that although a detailed survey has not been undertaken, whilst they are not necessarily beyond economic repair they are in need of major refurbishment. Roofs and gutters leak, cladding and access doors have been damaged, and the office and the mess facilities are out dated. The buildings also contain a degree of asbestos.

Annual reactive maintenance expenditure has run at £43,500 in 2014/15 and £27,000 in 2013/15, whilst planned maintenance has run at £16,000 per year.

Although it has not been possible to disaggregate all of the costs by building, a conservative estimate of the potential savings through complete replacement would be in the region of £41,000, based upon 10% reduction in gas and electricity costs (c. £3,000), 75% reduction in reactive maintenance (c. £30,000) and 50% reduction in planned maintenance (£8,000).

10.1.2. Improved Health and Safety

The HSE Guidance on Workplace Transport Safety sets out clear recommendations on site management in relation to the management of traffic on sites in accordance with the Workplace (Health Safety and Welfare) Regulations 1992:

- They must be suitable for the people and vehicles using them and organised so that they can both move around safely.
- Where vehicles and pedestrians share a traffic route, there must be enough separation between them (segregation).
- Pedestrians or vehicles must be able to use a traffic route without causing danger to the health or safety of people working near it.
- Vehicle routes must be far enough away from doors or gates that pedestrians use, or from pedestrian routes that lead on to them, so the safety of pedestrians is not threatened.

- Every traffic route must have a well-drained surface that is suitable for its purpose and must not be so uneven, potholed, sloped or slippery that it might expose anyone to a risk to their health or safety.
- They must, so far as is reasonably practicable, be kept free from obstructions and anything that may cause anyone to slip, trip or fall.
- They must have appropriate markings and signs where necessary for health or safety reasons.

The current traffic routes within the depot do not adequately address the issues of segregation, well-drained surfaces or obstructions. As a result there is a serious risk of incident which would lead to investigation and enforcement action by the HSE (including potential site closure) if the Council is judged to have taken inadequate steps to comply with the regulations or industry guidance. It must be noted that the latest Sentencing Council Guidelines1 state that "The offence is in creating a risk of harm" rather than injury or breaches of any regulations. This must therefore be a key objective of any works.

10.1.3. Alleviation of flooding risk

The site is at risk of flooding and the surface routinely floods during periods of heavy rain. Whilst this does not impact on operations, it does add to the environmental risk with diesel and detergent washing into the foul drain and watercourse without filtration. There is a financial impact of the ongoing risk, for example:

Potential damage to recyclable materials: Flooding of the sheds requires the disposal of all material stored as it cannot be re-processed. Based upon an estimated 300 tonnes of material stored and an average value of £51 per tonne plus income of £12 per tonne from UPM suggests a loss of over £18,900 for each incident of flooding, plus the disposal costs borne by the County Council. In addition the most recent incident in 2014 resulted in the Council having to also dispose of the recycling collected from households as residual waste as the Council could not tip at the depot for two days (which would be in the region of £2,520 per day through loss of income and payment of gate fees, based upon 40 tonnes per day at £63 per tonne).

10.1.4. Accommodation of growth

The 2013 revision to the original Business Case assumes the construction of 1,500 new homes per year within the district for the next 20 years and that the majority will be in and around Aylesbury. This is equated to the requirement for an additional 1.25 collection rounds per year or one new RCV (allowing for route optimisation). By definition this is a requirement for up to 20 additional vehicles. Historically the number of rounds has increased at this rate.

To review this requirement, in general terms most refuse collection crews will service between 850 and 1,500 homes each working day, dependent upon the geography and whether residual or recyclables (given the different weight and compaction). Assuming the lower level of collections per day and based upon the current four-day operating model, this would suggest an additional round would be required

[1] https://www.sentencingcouncil.org.uk/wp-content/uploads/HS-offences-definitive-guideline-FINAL-web1.pdf)

once every 2 years rather than each year, an additional requirement of around 10 vehicles eventually. An alternative calculation is based upon weights, with an average collection weight of 16kg. Given an RCV payload of between 6 and 11 tonnes (recyclate and residual respectively) and tipping twice a day with full loads, this would suggest that each RCV could collect from around 900 homes per day (3,600 per week). This capacity will reduce if for example:

- the proportion of waste recycled increases (lower tonnage for the same volume);
- more waste is collected by podded vehicles (smaller capacity);
- the extent of 'dispersal' of new homes around the district and the impact on travel distances vehicles are able to collect two full payloads each day.

Whilst an assumption of average tonnages and collection levels would suggest one new round every two years, the impact of new household growth could be faster depending on the variables above and so it is possible that a continuation of one new round per year may arise. This will also be affected by the waste strategy review that is currently underway.

The household growth will – based on the current collection model – also have an impact on the depot in terms of the volumes of recyclable material collected and tipped at the depot each day, which will need to be stored until collected. Based upon 16kg average collection weight and 60% recycling, this would suggest an additional 3.6 tonnes per day to be tipped and stored. This is against an estimated 300 tonnes that can be on site at any one time so approximately a 10% increase. However it should also be noted that the current Environmental Permit for the site requires for up to three days of waste collection to be stored within the depot.

Other aspects of growth that will need to be accommodated on the site include:

- growth in food waste
- bulky waste: the availability of storage on site is a constraint on the growth of the current service which only operates one day per week
- the impact of new collection rounds on staff accommodation, i.e. mess provision, toilet facilities and parking (for example 7 new rounds would result in 34 additional staff)
- the need for additional skips
- the need for additional bin storage

10.2. Fleet Replacement Programme

Much of the existing waste collection fleet is due for renewal. In previous years the Council has elected to lease the fleet. This was primarily because the operational life expectancy of the vehicles was reduced by around 2 years due to having to tip waste into landfill. Now that AVDC's vehicles tip directly into the EfW facility, wear and tear on the vehicles is greatly reduced. Life expectancy of modern RCV's that do not have to regularly operate on landfill are expected to last around 8-9 years.

11. Risks

Risk	Probability	Impact	Mitigation	Business/ Service
Delays in acquisition of the site mean that detailed site investigations have not been possible. Issues may relate to contaminated land, EA requirements etc.	Medium	High	Business Case includes provisional sum to cover potential additional works. Initial desk based studies are reassuring	Business
Ecological survey results in delays to commencement of works and achievability of timescale	Medium	High	Some contingency built into programme provided no significant delays	Business & Service
Difficulty in obtaining possession of remaining commercial units due to length of lease remaining	Medium	Medium	The majority of Tenants have already received notice. Alternatives are being considered including the relocation of 2 tenants whose lease expires 2018.	Business
Difficulty in maintaining 'business as usual' during works period	Low	High	Proposed phasing of works allows for maintaining BAU	Business & Service
Waste strategy review recommends service model that cannot be incorporated within existing or planned depot configuration	Low	Medium	Project to work alongside waste strategy review – due to complete late 2016 – and flexibility built into design	Service
Council seeks to externalise service in the future	Medium	Low	The Council would still need to make a suitable depot and waste transfer available	Service
Service does not deliver level of income projected within Business Case	Medium	High	Service to develop clear business plans to deliver additional net income. Current projections in ROI are conservative.	Business & Service
Sustainable Urban Drainage requirements	Medium	High	Business Case includes provisional sum to cover potential additional works. Early engagement with Planning and EA	Business & Service

12. Depot Design Options

12.1. Option 1

Option 1 meets all the requirements of the brief, while maintaining existing road infrastructure, office and storage buildings. Key features include:

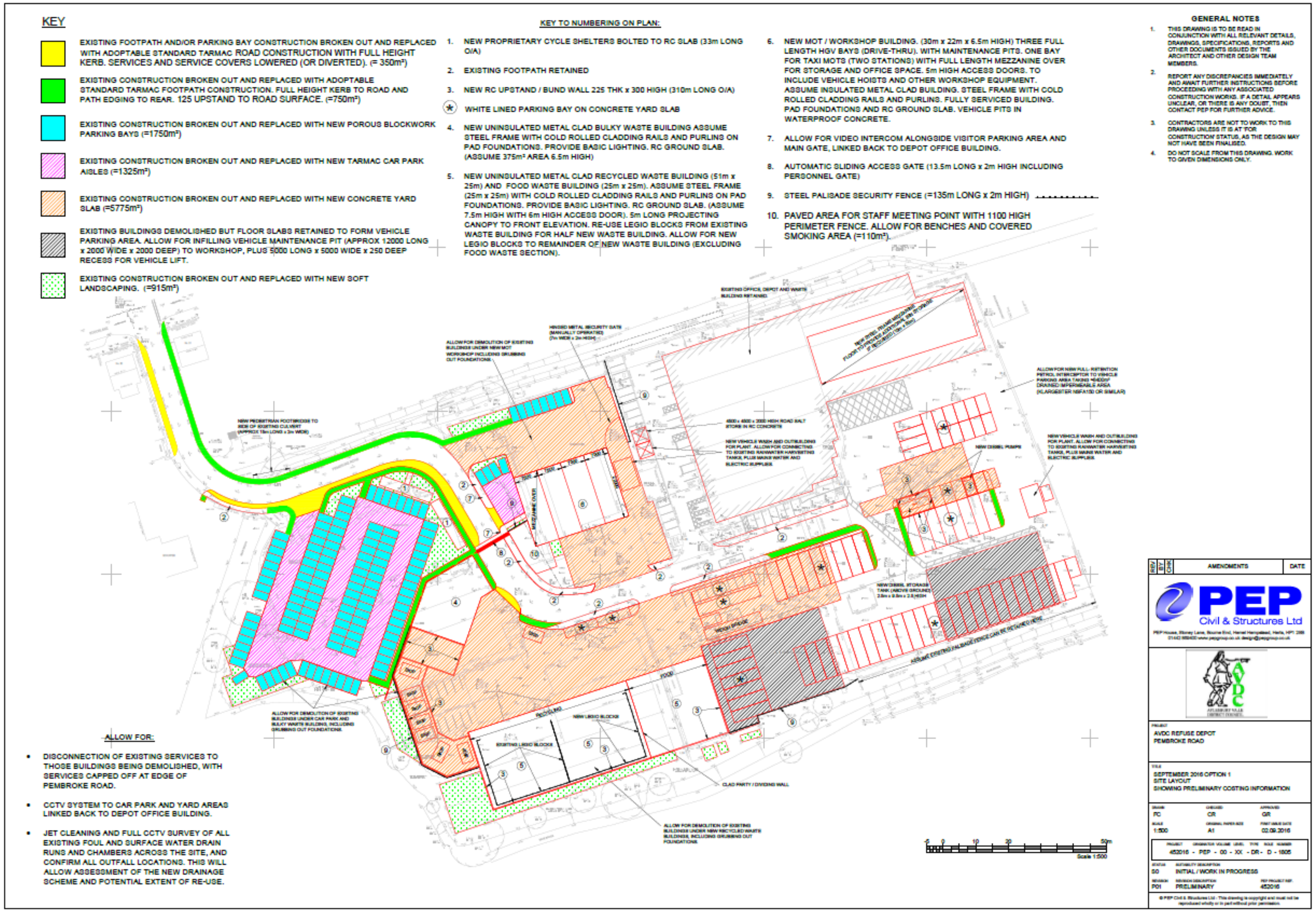
- All public activities such as visitor parking and MOT's are located outside a secure boundary of the operational aspects of the site, with controlled entry only.
- Meets all fire, waste and operators licence regulations and works to the last H&S principals recommended.
- Allows for separate HGV parking that minimises reversing and separates pedestrians.
- Allows for co-location of Street Cleansing and Horticultural services in one site.
- The enhanced workshop is located in the public area of the site and provides for the Commercial ATF, MOT's and all non specialist internal vehicle maintenance.
- Waste transfer and waste storage is located in the south of the site, away from residential properties. The waste transfer area is also located in an area that is not known for flooding and therefore works relating to drainage is minimised.
- New buildings/infrastructure is built away from the river course through the site. EA requires an 8 meter corridor for new infrastructure.
- The waste storage sheds allow for 10 years of growth for recycling and food and is built for flexibility with internal walls moveable. The sheds also allow for loading internally and therefore reduces the impact of litter and escape of waste from the site.
- Existing storage prone to flooding is adapted for general storage of around 20,000 bins on site.
- Links are run from existing rain water harvesting to vehicle wash.
- Provides for improved fuelling and vehicle washing and prevents escape of spilled fuel or detergent entering water courses.
- Provides for weighbridge for commercial activities associated with ATF and waste management
- Parking for 128 staff.
- Widens and clears roadway to remove blind bend and allows better sight lines into the facility to improve vehicle and pedestrian/visitor access

12.2. Option 1a

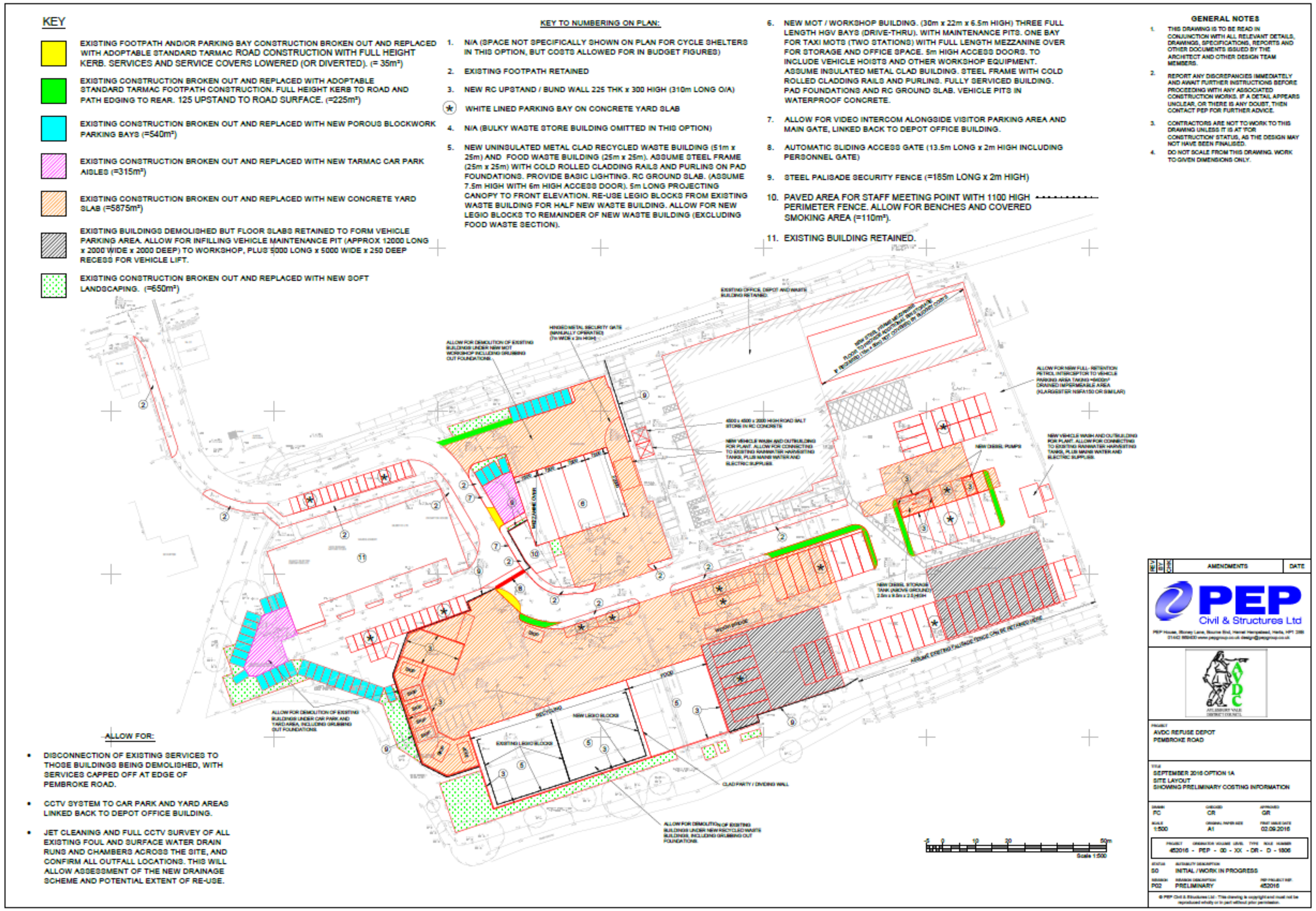
Option 1a meets most of the requirements for the brief with the notable exceptions of:

- Does not allow for provision of a bulky waste building – This part of the operation will need to be located in existing storage sheds (allocated for bin storage) and therefore waste transfer activities for bulky will remain in pedestrianised areas of the site.
- Does not allow for total parking requirements – interim parking may need to be provided during development
- Reduces the operational area for waste management activities
- Does not improve Highways issues or remove 'blind bend' access into site
- Does not widen road to improve pedestrian access into site

Appendix B - Depot layout option



Appendix B - Depot layout option 1a



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Finance and Services Scrutiny Committee
4 October 2016

QUARTERLY FINANCIAL DIGEST – APRIL TO JUNE 2016

1 Purpose

1.1 This report presents the Quarterly Financial Digest for the period 1 April to 30 June 2016.

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 to 30 June 2016 for members' consideration. The financial digest has been emailed separately.

3.2 The digest presents the current position after the first quarter point of the year together with the latest estimate of the expected outturn. At the end of the quarter there was no change to the predicted year–end position, which was for a contribution from balances of £91,000.

3.3 The Council spent £90,900 less on the provision of services than allowed in the budget.

3.4 There were a few areas where spend was more than currently budgeted, one was in the area of Town Centre Properties where a Retail Investment Strategy was commissioned for the Exchange Street North properties. Another property related expense was that the reactive maintenance property costs were more than expected.

3.5 Other areas included Legal Services where the first quarter contract costs with HB Law were higher than budgeted. Design and Conservation have incurred higher salary costs following a redundancy and within the Chief Executive's section there were extra costs relating to the LGA Conference, training and consultants.

3.6 As for the areas that are currently under budget these mostly relate to increased income in the areas of Development Control and Building Control plus savings in maintenance costs of the refuse vehicles and the Kingsbury water feature.

3.7 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.

3.8 Although, there is no real change in balances as a result of the revenue position, there is a change due to the Commercial AVDC Change project. The original budget was for a use of balances of around £600,000 but this has been revised to £946,000 following a report to Council on the 18th May. This agreed to an extra £506,000 use of balances for the project but it is envisaged that only £350,000 will be spent this financial year.

3.9 As well as the revenue budget the digest, on page 13, also reports 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 remains at £32.1m. As in most years reserve movements tend to be in the last quarter so the position shown in this digest is not unexpected.

3.10 On page 15 there is 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 £23.5m. The next repayment is not due until May 2018.

3.11 The council had £56.0m invested at the end of the quarter, in a combination of banks, building societies and money market funds.

3.12 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	None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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