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AYLESBURY VALE DISTRICT COUNCIL
Democratic Services

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AYLESBURY VALE DISTRICT COUNCIL

17 November 2016

FINANCE AND SERVICES SCRUTINY COMMITTEE

A meeting of the Finance and Services Scrutiny Committee will be held at **6.30 pm** on **Thursday 1 December 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

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 4 October, 2016, copy attached as an appendix.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. TECHNOLOGY STRATEGY (Pages 13 - 54)

To consider the attached report.

Contact Officer: Maryvonne Hassall (01296) 585663

6. DRAFT BUDGET PROPOSALS FOR 2017/2018 (Pages 55 - 68)

To consider the attached report.

Contact Officer: Andrew Small (01296) 585507

7. QUARTERLY FINANCE DIGEST: APRIL TO SEPTEMBER 2016 (Pages 69 - 90)

To consider the report attached as an appendix.

Contact Officer: Tony Skeggs (01296) 585273

8. WORK PROGRAMME

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

- 9 January, 2017 – Budget Scrutiny (proposals for 2017/18), Public Sector Equality Duty
- 6 February, 2017 – Quarterly Finance Digest, Capital Programme, Vale Commerce Business Plan
- 4 April, 2017 – Treasury Management Strategy
- 10 July, 2017 – No items as yet

FINANCE AND SERVICES SCRUTINY COMMITTEE

4 OCTOBER 2016

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

APOLOGIES: Councillors B Everitt and M Stamp.

1. MINUTES

RESOLVED –

That the Minutes of the meeting held on 11 July, 2016, be approved as a correct record.

2. BUSINESS RATES

The Committee received a report which provided an explanation of the business rates system and which covered issues including how Councils gained from it, how it might change in the future and how it was used to support local businesses.

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

Business rates were calculated according to a property's 'rateable value' which was set by the Valuation Office Agency (VOA) for each non-domestic property in England. This was an amount equal to the annual rent for which it was estimated a property might be let at a set date. A business rates bill was 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 was eligible for, which could include transitional relief.

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

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

Revaluations normally took place every five years with a purpose of aligning rateable values with current rental values set by the market. As a result, revaluations reflected relative changes in the rental value of property between different sectors and locations, so that the total business rates bill was shared fairly across ratepayers.

A revaluation did not raise any extra revenue but aimed 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 were changed at valuation, the government adjusted 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 would increase.

The most recent revaluation had come into effect on 1 April 2010 and was 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 was currently underway and would come into effect in April 2017.

The Current System

On 1 April 2013 a new system of business rates retention (BRR) had begun in England to reward local authorities for increasing and supporting the businesses in their area. Local authorities were now able to retain up to 50% of the income they collect from business rates, with the remaining 50% retained by central government. In order to equalise between areas with different amounts of business rate income there was a system of top ups and tariffs in place.

Because Business rates were mainly collected by lower tier councils (districts) but grant was mostly required by upper tier councils (counties) most districts handed over most of the business rates they collect in the form of 'tariffs', whilst most counties receive 'top-ups'. Under the previous system, local authorities collected and paid all business to the Treasury who then redistributed the monies back via a formula known as formula funding.

The current system allowed for councils to benefit from the economic growth in their areas and incentivised them to promote business growth generally. Equally, councils lost resources from under investment which resulted in businesses closing or relocating outside of their areas.

Most Business Rates under the current system were still either captured by central government or redistributed nationally within local government as a whole. Locally, Aylesbury retained somewhere in the order of 6% of the £50 million of business rates payable in the area. However, at the margins of the system Aylesbury Vale was allowed to capture 40% of new growth above a baseline determined annually by Government and lost 40% of any reduction in business rates below that baseline.

Councils with business rates growth were 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 lost more than 7.5% of the business rate income in any year. Therefore, the effective rate of growth retention at the margin was only 20%.

There were opportunities within the current system to retain larger shares of growth locally through mechanisms such as Pooling and through Enterprise Zone designation. The system, whilst offering some financial incentive to promote economic growth within an area was complex and fraught with risks to the income streams over which local authorities had 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.

The Government confirmed in the Autumn Statement 2015 that it intended to move to local Government retaining 100% of their business rates by 2020. In the face of only limited gain under the existing system this was broadly welcomed. However, there were significant challenges inherent in designing such a system which needed careful consideration and modelling before a detailed design could be produced. The Government was currently consulting on these principles with a view to designing a detailed scheme for consultation later this year.

The key areas of discussion associated with the proposals were as follows:-

- Retained Business Rates would in future form (almost) the only means of funding local government and core funding (Revenue Support Grant) would end. It would be important to ensure that each council started with a level of resources proportionate to their relative needs. This would require a new system of assessing what was a fair baseline for distributing funding across the Country. This would likely be divisive as councils disagree on whether their unique characteristics were fairly reflected in the new system.

- The value of Business Rates (£24bn) was far greater than the support Government currently provided to councils (£12bn) and so the Government would likely seek to transfer its funding responsibilities to local Government by an amount equal to the gain. The responsibilities and controls that might be handed to local Government were still to be determined.

- The current risk reward share between counties and districts, which was weighted 80:20 in the favour of Districts, was not reflective of the dependency on grant between tiers of local government and would also need to be reassessed.

- While Councils would have the ability to reduce the amount of business rates payable by up to 100%, only those with an elected Mayor would be able to increase Business Rates within their area and by a maximum of 2%. It would need to be determined in two tier areas (where business rates were shared) who would gain or lose from these decisions.

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

- Whilst the proposals reflected what local government had long requested, i.e. full autonomy over the resources it collected, the high level and detailed design of the new system would heavily influence each councils' ability and the extent to which they actually benefitted in practice.

The Council's Ability to provide assistance to local businesses

The current system and the uncertainty about the future system placed constraints on Council's ability to support local businesses. The future system, whereby councils retained 100% of business rates, might give greater freedom to Councils in designing systems of support and relief to businesses but it would still be a national system and any freedoms would inevitably be curtailed by the Government's desire to exercise its own policy agenda.

However, the existing system, did give significant support to certain types of business. For example, all charities received 80% mandatory business rate relief and most small businesses were exempted from all business rates liability thanks to an extension and expansion of the current Small Business Rates Relief threshold. A summary of the different types of relief that were available were explained, as detailed below. Councils were allowed to provide support beyond this but it would be entirely at their own cost.

These types of relief included:-

(a) Mandatory and Discretionary Charitable Relief – this could reduce the business rates liability of most clubs and charities to 20%, with the associated costs of this shared in proportion with those that receive shares of the collected business rates. The value of Mandatory Relief awarded in Aylesbury Vale was nearly £5m per annum

The Council also ran a discretionary rates relief scheme for clubs and charities that struggled with the residual 20% of their business rates liability. Further information on the eligibility and scoring criteria for this were included at Appendix A to the Committee report. The current cost to the Council of discretionary scheme was £338,000.

Charity shops (providing they sold donated or third world goods) were entitled to 80% mandatory rate relief. This encouraged landlords of empty shops who had to pay 100% rates after a 3 month exemption to let to charities. In some areas this created a perceived issue with agglomerations of charity shops.

(b) Small Business Rates Relief – over recent years (in line with the Government's policy objectives) the business rates liability for small businesses (with a rateable value of up to £6,000) had been reduced from the basic level of 50% relief to 100%. They amount of relief available had also doubled to business with a rateable value between £6,001 to £12,000 which was calculated on a sliding scale. This specific policy initiative had removed the majority of businesses in the Vale, as the area had a strong base of smaller and rural businesses.

As the Government had to date compensated councils for the cost of extending this policy, the extra relief was generally welcomed. When taken in conjunction with mandatory and discretionary rates relief, the majority of clubs, charities and small businesses were excluded altogether from any business rates liability.

(c) Reoccupation Relief and Retail Relief – 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. At the same time it had introduced Reoccupation relief of 50% to businesses which were taking occupation of premises which had been empty for up to 2 years. Both reliefs had ceased from 31 March 2016, with any costs fully refunded to the Council.

(d) Hardship Relief – there were fewer mechanisms to support businesses that fell outside the Mandatory and Discretionary relief systems. While the Council was empathetic to businesses such as rural pubs, community shops and independent retailers, it had no means to offer relief within the business rates system and only a small budget, (£2,000), with which to support them directly. The application form for applying for such relief was included at Appendix B to the Committee report.

If the Council had greater resources to support such businesses then it would need to agree on an open and transparent policy to decide on applications. Any such policy would be problematic because of the subjectivity as to which requests were worthy and which weren't. The issue was further complicated by the fact that the Council could not subsidise the operating costs for one business and give it a competitive advantage to the detriment of others. This would leave the Council open to accusations of fairness and possibly subject to challenge.

Enterprise Zones

The existing system of business rates provides for the designation of areas as Enterprise Zones. Subject to the necessary governance arrangements being put in place the Government would allow councils to keep all business rates collected in the Enterprise Zone areas for 20 years, provided that they were re-invested in the infrastructure and creation of jobs in those areas.

The Government also allowed 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 reimbursed councils for the cost of any business rate reductions given. This created a powerful incentive for these areas in attracting new businesses into the Zone.

Enterprise Zones were usually created around a specific theme or sector and businesses were attracted which fitted into that criteria. The discounts on offer were 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.

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

Members sought further information and were informed:-

(i) that AVDC currently received approximately £3.5m annually in business rates, plus £200,000 as a proportion of rates growth, against a base revenue budget of £17.5m.

(ii) that the majority of business rates in the Vale were generated from larger urban areas and business parks. Some of the business rates income received by the Council would be used to provide services across the District, including in rural areas, but it was not believed that this was unfairly skewed.

(iii) that based on current rental values it was likely that 55% of business properties would have a rateable value of less than £12,000.

(iv) that it was likely that the new business rates system would provide for qualifying businesses to get rates relief for up to 5 years, which would give them greater certainty for their business planning. It was also likely that the small business rates relief threshold would be increased from £18,000 to £51.000 (Rateable Value).

(v) that each Enterprise Zone had a governing board who had decided that business rates relief would not be offered to organisations who moved to zones from within the Bucks area. Enterprise Zones such as those at Silverstone and Westcott would also be selective and look to attract businesses related to their particular specialist sectors.

(vi) that, unfortunately, there were still a large proportion of business rates appeals that had not been finalised. Some of these dated back to 2010. The new system would be putting measures in place to try and ensure that rateable values were correct from the start of the scheme. Where a business appealed against a rateable value then they had to provide information to substantiate their claim.

(vii) that further thought would need to be given when developing the new scheme on how rates discounts were apportioned between local authorities in two tier areas.

(viii) that Business Rates Inspectors were proactive and regularly visited Business Parks such as Westcott to ensure the Council was aware of business operating on these sites.

(ix) that AVDC had spoken to the County Council about the weighting of business rates distributed in Bucks. However, any new distribution formula for the new system would ultimately be decided by the Government.

(x) that AVDC was allowed to net off some of the business rates collected to recompense the Council for operating the Business Rates team. AVDC's team was one of the best in the country and had consistently been one of the Top 10 collecting local authorities in the country.

RESOLVED –

(1) That the Rating and Recovery Manager be thanked for attending the meeting and explaining the business rating system to Members, and also be congratulated on his team's performance over a number of years.

(2) That the position regarding the current business rates system and its operation, and on the emerging new scheme be noted.

3. CAPITAL PROGRAMME (DEPOT DEVELOPMENT AND NEW FLEET)

The Committee received a report, that would be submitted to Cabinet on 11 October, 2016, for consideration, on the business needs and benefits of redeveloping the waste and recycling depot at Pembroke Road and the capital investment required to put in place the infrastructure necessary to meet the regulatory and growth needs of the Vale. The report also covered a proposal for replacement of the vehicle fleet. In relation to both issues, a schedule showing the projected rate of return was submitted as part of the confidential agenda.

The need to redevelop the depot was driven by the following factors which were detailed fuller in the report:-

- The need to address health and safety risks.
- The need to address environmental risks.
- Operational improvements.
- The need to accommodate the growth of the District.
- Existing disrepair.
- Income generation and development costs.
- Fleet procurement.

The Pembroke Road development would provide a mid term option to accommodate around ten year's growth. The depot design was submitted as part of the Cabinet report. The total capital cost of the full redevelopment was circa £9.2 million, including professional fees and a contingency.

The depot design had been costed in two parts – option 1 and option 1a. This would allow for a review towards the end of the 18 months development project to re-evaluate the needs of 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. Also this would allow some income generation to continue from existing tenants in two of the units in Pembroke Road until their lease expired in late 2018.

The Cabinet report included a full budget breakdown, but the following was a summary of the net revenue impact of the capital loan:-

Option	Loan amount	Loan period	ROI	Net revenue burden Year 1
1a	7.3 million	10	Year 5	274,700
1	9.2 million	10	Year 10	489,300

In November, 2011, approval had been given for the refurbishment of Pembroke Road and for negotiations to be commenced with Aylesbury Vale Estates (AVE) in relation to a land transfer (from AVE to AVDC). These negotiations had been suspended temporarily while the Council reconsidered its position with regard to its longer term waste strategy and possible alternative locations for a waste transfer station and vehicle depot. However, after an extensive period of research and the development of a business case for an enhanced vehicle maintenance workshop, Pembroke Road had been identified as the most suitable location for the Council's mid term needs (ten years).

Pembroke Road had been acquired from AVE in July, 2016 and work had been underway to produce a layout and costings. Pembroke Road was primarily a vacant site and many of the existing units were in a state of disrepair. The existing tenancies had been factored into the phasing of the depot redevelopment.

The investment proposals for Pembroke Road required a Capital Programme provision of up to £9.2 million, of which £1.9 million would only be required if there was sufficient evidence of the demand and take up for the expanded vehicle testing facilities included within the proposal. The business case was predicated on all the required resources being borrowed, with the repayment cost being borne by the General Fund.

The proposal to purchase rather than lease the new refuse freighter fleet would require a further £3.6 million (subject to full OJEU procurement). The savings from this proposal (borrowing costs being lower than leasing costs) would help to mitigate the revenue repayment costs of the borrowing.

The estimated net annual revenue repayment costs for the two combined schemes initially amounted to £489,000 per annum, but would reduce over time as the borrowing was repaid. Crucial to the business case and assumed within the net revenue cost above was £364,000 of savings from the internalised maintenance and income from expanding vehicle testing and MOT operations. If not achieved as projected, this would increase the net revenue cost to the organisation. The Capital Programme therefore required provision £12,860,000 funded by new borrowing and £489,300 in the revenue budget for 2017/2018.

These sums might potentially be reduced when a review of capital resources took place later this year as part of budget setting. This might identify unallocated capital resources which could be allocated to this scheme in lieu of borrowing. However this could not be guaranteed, hence approval being sought for the maximum borrowing requirement.

Members sought further information on the proposals and were informed:-

(i) that the business case had looked at the future benefits of purchasing vehicles versus leasing them, taking into consideration issues such as the benefits on cash flow of leasing, and had evaluated that fleet ownership was a cheaper and better option. It was also noted that the current arrangements for leasing refuse vehicles did not include maintenance cost which had to be met by the Council and that vehicle procurement would be staggered over time as some of the current refuse vehicles would not need to be replaced for another 2-3 years.

(ii) that the Council was in discussions with a current Pembroke Road tenant to assist in finding an alternative local property for relocating the business.

(iii) that an Enhanced Vehicle Maintenance Workshop providing vehicle testing and MOT operations would have the dual benefit of allowing the Council to maintain its own vehicles (there was a severe lack of HGV MOT/maintenance facilities in the region), and to provide a revenue stream from other businesses using the facility.

(iv) that the estimated net annual revenue repayments for the two combined schemes would initially amount to £489,000 per annum, but would reduce over time as the borrowing was repaid. The repayments could also potentially be less than forecast if better income revenue could be achieved from the Enhanced Vehicle Maintenance Workshop.

(v) that the proposals would not lead to a net gain in vehicles movements to/from the Pembroke Road depot during the next 10 years. While there would likely be an increase in refuse vehicle movements over time, this would be negated by the reduction in vehicle movements to/from companies currently located in the Pembroke Road industrial estate that would move to other locations.

(vi) that the Council had considered a number of alternative suitable locations for a Waste Transfer Station and vehicle depot, but the current Pembroke Road site had been most suitable. This was because it was located near to the largest population centre (particularly important when collecting recyclables due to the space they took up when being collected) and the cost of providing for a new depot at a new site would likely cost £25m plus the cost of purchasing land.

(vii) an explanation was provided of the work that had been done to mitigate future flooding. AVDC had invested heavily in works during the last few years and the County Council had also provided flooding attenuation as part of the recent Stocklake highway improvements. As the site expanded all potential higher danger contaminants would be located to the highest point on the site. It was still uncertain how the Environment Agency would view these measures but a sizeable contingency of £800,000 had been built into the programme to deal with any issues.

(viii) that while the income revenue figures in the business case for an Enhanced Vehicle Maintenance Workshop were conservative, every attempt would be made to maximise revenue in line with the Council's aspirations of operating as a commercial organisation.

(ix) that the new refuse vehicles would meet Euro 6 emission standards, which would be an improvement on the Euro 5 standards met by the current fleet. Given that many of the fleet had to travel up to 160 miles per day it was not appropriate to operate electric vehicles. Electric vehicles were also far more expensive to purchase.

(x) that while the expanded Pembroke Road site would not be big enough to operate as a secure lorry park for HGVs, AVDC was investigating how such a facility might be provided for in the District.

(xi) that, subject to Council approval, borrowing would be negotiated through the Government's Debt Management Office (Public Works Loan Board) which was currently offering loans to local authorities at historic low interest rates. It was the Council's policy to borrow money at fixed rates.

Following consideration of the report and the business case in the confidential part of the agenda, it was –

RESOLVED –

That the scrutiny committee was supportive of the scheme and proposals for the Council to approve a capital budget of up to £9.2m for option 1 and option 1as referred to in the Cabinet report / business case, for the infrastructure development of the depot and the fleet replacement programme.

4. QUARTERLY FINANCE DIGEST (JUNE 2016)

The Committee received the report on the Council's financial performance for the period 1 April 2016 to 30 June 2016. The current position after the first quarter point of the year was that there was no change predicted in the year-end position, which was for a contribution from balances of £91,000. Copies of the latest Quarterly Finance Digest had been circulated separately and Members referred to this document whilst considering the report.

The Council had spent £90,900 less on the provision of services than allowed in the budget. There were a few areas where spend was more than currently budgeted:-

- Town Centre Properties where a Retail Investment Strategy had been commissioned for the Exchange Street North properties.
- Reactive Maintenance property costs had been more than expected.
- Legal Services – first quarter contract costs with HB Law had been higher than budgeted.
- Design and Conservation – higher salary costs had been incurred due to a redundancy.
- Chief Executive's section – extra costs relating to the LGA Conference, training and consultants.

Areas that were currently under budget included Development Control and Building Control (who had seen an increase in income). There had also been savings in the maintenance costs of the refuse vehicles and for the Kingsbury water feature.

In line with previous years, 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 possible for the September Digest.

Although there was no real change in balances as a result of the revenue position, there was 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 18 May 2016. 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.

As well as the revenue budget the digest, on page 13, reported the level of reserves and provisions and any movements that have been made during the quarter. During this quarter there had been no movement in reserves and so the balance remained at £32.1m. As in most years reserve movements tended to be in the last quarter so the position shown in this digest was not unexpected.

Page 15 of the Digest included 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 was not due until May 2018. The council had £56.0m invested at the end of the quarter, in a combination of banks, building societies and money market funds.

RESOLVED –

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

5. WORK PROGRAMME

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

The agenda items for future meetings would be:-

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

(ii) 9 January 2017 – further budget scrutiny (if required).

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

RESOLVED –

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

6. EXCLUSION OF THE PUBLIC

RESOLVED –

That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following 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.

7. CAPITAL PROGRAMME (DEPOT DEVELOPMENT AND NEW FLEET)

In reaching the decision referred to above in connection with the Capital Programme (Depot Development and New Fleet), consideration was given to the confidential financial information relating to the business case.

Finance and Services Scrutiny Committee
1 December 2016

CONNECTED KNOWLEDGE – TECHNOLOGY STRATEGY 2017-2022

1 Purpose

1.1 This document sets out the vision and strategic aims Aylesbury District Council (AVDC) has, for its future use of technology and data.

2 Recommendations/for decision

2.1 We seek approval for this report to move to next approval stage. The technology strategy will be published online once Cabinet and Council have approved it.

3 Executive summary

3.1 This document sets out a robust technology strategy for AVDC.

3.2 Designed to be the catalyst for technological innovation and change, propelling our organisation into the future.

3.3 Supporting us with the necessary tools, policies and people, within an environment that further enhances the commercial mind-set and company culture. For which we are already widely acknowledged as championing, as a public sector organisation.

3.4 The advances we made with our previous five year cloud strategy have created a strong foundation for the next five years. Enabling us to think bigger and more creatively about the challenges and opportunities and how we are best positioned to benefit from them. Primarily we are working to ensure the future happens for us, not to us.

3.5 This strategy and its accompanying roadmap sets out in the necessary detail, the guiding principles and objectives. It contains the key achievements we will meet. Ensuring critically important and interdependent milestones are managed to completion. This Includes:

3.6 The creation of the Connected Knowledge platform, a platform data and intelligent systems enabling properly integrated and automated transactions for all our customers.

3.7 The introduction of artificial intelligence (AI) and AI powered voice control, which over time will serve increasingly complex customer demands.

3.8 Being 100% cloud software based. Meaning a simplified, lower maintenance Information Communication and Technology (ICT) landscape.

3.9 A more strategic approach - to what we do, the services we provide, who we work with and what we buy.

3.10 In year 1 of this strategy we will have; moved more key systems to cloud based software-as-a-service (SaaS), published new policies and guidance on the use of ICT at the council, selected partners for the running of the network and telephony, established strong governance for the execution of this strategy and roadmap and replaced the current Citrix user computing environment with a lower cost, lower maintenance alternative.

3.11 In year 2 we will have; a single payroll, Human Resources (HR) and finance system, phased-out desk based telephony with a more mobile solution, created a data and information hub and our staff are consuming all council systems via an Internet browser instead of being dependant on software installed on their computers.

3.12 In year 3 we will have; decommissioned remaining ICT assets, in favour of more agile cloud consumption models. Used AI and digital voice-control for multiple scenarios, provided commercial services to peers and private sector organisations and considerably reduced the number of software applications we use and have successfully integrated the remaining ones.

3.13 In year 4 and beyond we will have; made home working and remote working the ‘new normal’ for the majority of staff the majority of the time, become one of the smallest tenants of The Gateway Centre We have positioned our staff to deal with high-complexity-high-value demand while AI solutions meet the rest. Created opportunities, yet unforeseen, because of the preparatory work on better management and exploitation of our data.

4. Supporting information

4.1 Extensive work was done with the senior team to understand the council future direction and requirements. An initial vision document was produced and agreed priority to the full strategy document being created.

5. Options considered

5.1 None.

Contact Officer: Maryvonne Hassall (01296) 585663
Background documents;

Aylesbury Vale District Council

Connected Knowledge

Technology Strategy 2017-2022

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Contents

Table of Figures

1 Introduction

This document sets out the vision and strategic aims Aylesbury District Council (AVDC) has, for its future use of technology and data.

The document supports the strategic aims of the organisation as a whole. For that reason it is not simply an IT strategy. It is intended as a detailed narrative that describes how we (AVDC) will make full use of technology to meet our organisational aims, at the same time creating commercial opportunities for this council so we can continue to thrive amidst increasing budgetary pressures.

This document should also be read in conjunction with the accompanying AVDC Digital and Technology Roadmap 2016.

For clarity when we refer to 'customers' we refer to both external customers and AVDC staff and members alike.

Note: Where product and/or vendor logos and names are referred to, they are used **for example only**. This is to better illustrate a concept and not to commit to their use, now or in the future.

CUSTOMERS

Customers will include businesses, residents, parishes, members, partners and staff.

1.1 Scope

The scope of this strategy is Aylesbury Vale District Council.

However, its subsidiaries, such as Vale Commerce, can now make an informed decision on whether to adhere to this strategy, entirely, in part or not at all.

2 Executive Summary

This document sets out a robust technology strategy for AVDC.

Designed to be the catalyst for technological innovation and change, propelling our organisation into the future. Supporting us with the necessary tools, policies and people, within an environment that further enhances the commercial mind-set and company culture. For which we are already widely acknowledged as championing, as a public sector organisation.

The advances we made with our previous five year cloud strategy have created a strong foundation for the next five years. Enabling us to think bigger and more creatively about the challenges and opportunities and how we are best positioned to benefit from them.

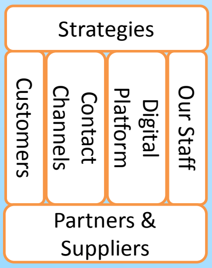
Primarily we are working to ensure the future happens for us, not to us.

This strategy and its accompanying roadmap sets out in the necessary detail, the guiding principles and objectives. It contains the key achievements we will meet. Ensuring critically important and interdependent milestones are managed to completion. This Includes:

- **The creation of the Connected Knowledge platform**, a platform of integrated data and intelligent systems enabling properly integrated and automated transactions for all our customers.
- **The introduction of artificial intelligence (AI) and AI powered voice control**, which over time will serve increasingly complex customer demands

CONNECTED KNOWLEDGE

We see the future as an interconnected world with staff, customers, partners all engaging with the digital technology to deliver the Councils Strategy.



See detailed connected knowledge landscape further on.

- **Being 100% cloud software based.** Meaning a simplified, lower maintenance Information Communication and Technology (ICT) landscape
- **A more strategic approach** - to what we do, the services we provide, who we work with and what we buy.

In year 1 of this strategy we will have; moved more key systems to cloud based software-as-a-service (SaaS), published new policies and guidance on the use of ICT at the council, selected partners for the running of the network and telephony, established strong governance for the execution of this strategy and roadmap and replaced the current Citrix user computing environment with a lower cost, lower maintenance alternative.

In year 2 we will have; a single payroll, Human Resources (HR) and finance system, phased-out desk based telephony with a more mobile solution, created a data and information hub and our staff are consuming all council systems via an Internet browser instead of being dependant on software installed on their computers.

In year 3 we will have; decommissioned remaining ICT assets, in favour of more agile cloud consumption models. Used AI and digital voice-control for multiple scenarios, provided commercial services to peers and private sector organisations and considerably reduced the number of software applications we use and have successfully integrated the remaining ones.

In year 4 and beyond we will have; made home working and remote working the 'new normal' for the majority of staff the majority of the time, become one of the smallest tenants of the Gateway Centre, positioned our staff to deal with high-complexity-high-value demand while AI solutions meet the rest. Created opportunities, yet unforeseen, because of the preparatory work on better management and exploitation of our data.

3 Vision

Empowering customers. Collective knowledge, through **Connected Knowledge**.

A unified, nationally recognised, digital customer experience. Powered by the information we hold and the technology we automate.

A digital service platform. We exploit technology to enable maximum business flexibility and offer seamless automated transactions for all. Exceeding the expectations of both public and staff.

A market leading digital business service, which enables maximum flexibility, support for continuous improvement and value creation.

Our staff are our business experts and understand our organisation needs. Supported by our transformed technology function, they are equipped with the relevant skills and are empowered to continuously improve, finding opportunities and implementing solutions that can be measured using real-time information to provide better, faster and cheaper outputs.

3.1 Key Messages of the Vision

- Provide the same digital experience and channel shift for our customer internally and externally

- Recognising that data collection, storage and analysis is key to achieving our organisational aims
- The resilience of our platform becomes a measure of the resilience of our business
- Traditional IT cost base becomes indiscernible from the ongoing cost of serving our customers
- Staff become experts in our business, its customers and the use of our platform
- Specialised staff become experts in our data turning our data into information we can use
- Create, promote and support commercial opportunities
- Technology choices, in line with our strategy, are appraised and informed by the needs of our customers
- Our data and information becomes a commercial opportunity for both our organisation and the district.
- Security controls are transparent and evident from the start, with the focus on visibility not deniability

Self-Serve

Self-Serve also known as Web self-service is a type of electronic transaction that allows customers to access information and perform routine tasks over the Internet, without requiring any interaction with a member of staff

4 Our Mission

To operate an exemplary digital business service experience within a smarter, data driven council.

The main aims of our mission are to focus on serving customers not maintaining assets. To drive up mobility in the workforce and increase the level of organisational expertise while reducing the need for individual specialist IT expertise.

We will build on the past successes and drive up staff skillsets by integrating and automating SaaS solutions and reducing the reliance on Infrastructure and traditional IT skills.

Making the most of data will be a key aim of specialist staff using architecture, repeatable standards and exploitation of data to add value to all and supporting the business as a whole.

We will use the same solution for all that we do. This singularity of purpose (diagram below) will be achieved by closing the gap between external and internal demand types, closing the gap between the tools, platforms and skills as we rise to meet demand from inside and outside.

Our customers are empowered, can see their own data and self-serve.

4.1 Business Value

Three key business outcomes this strategy will create are:

1. A leaner, better and more unified customer experience
2. Improved access to information, enabling better and faster decision making for all
3. Commercial opportunities from both our innovation and the recognition it receives (from partners, industry and our peers)

5 Key Technology Outcomes

Key practical outcomes of this strategy will be:

- Being 100% Software-as-a-Service (SaaS) consumers
- Creation of a data and technology architecture team/function
- Creation of a data and information hub for internal and external customers
- Introduction of machine learning predictions and artificial intelligence
- Practising strategic partner management and recruiting the staff it requires
- Enabling 100% of staff to work flexibly
- Enhanced network resilience and flexibility
- Enhanced security controls
- Reduction in number of suppliers, increase in number of partners
- Reduction in narrow applications, increase in number of consolidated functions
- Single Identities & authentication management, consolidated into the cloud
- Retiring the use of Windows Server operating system(s) and Active Directory (see Identity box for explanation)
- Retiring the use of the Citrix (the current technology used to provide virtual desktops for staff, rather than using desktop PCs or laptops) desktops.
- Use of email reduced significantly, replaced by in-app messaging functions
- An organisation wide strategic technology awareness programme

Machine Learning

Machine learning is a type of artificial intelligence (AI) that provides computers with the ability to learn without being explicitly programmed. Machine learning focuses on the development of computer programs that can teach themselves to grow and change when exposed to new data

(source Google)

THE CITRIX desktops have served us well in enabling greater flexibility, including hot desking. However they are becoming less useful in our SaaS world, and do require extensive day-to-day management.

5.1 Singularity of purpose

Use the same tools, platforms and skills to meet demand from inside and outside. A single platform to manage all demand:

Figure 1 - Demand Confluence

As we move from the left of this diagram to the right, time moves forward. Today there is a big gap between the external demand from our external customers and the internal demand from staff. For example, a resident may want to know when they will receive their next benefit payment and a member of staff may want to see their pay slip. Today different solutions deliver these functions. Over time the same solution will deliver both requests in a similar way, via a self service real time applications.

Similarly, today the IT costs are distinct from other council costs. As time moves forward these costs will align so that IT costs will be part of the cost of doing business. Each member of staff will have costs which will include the cost of any IT provision. Singularity enables cost visibility, predictability and better control.

Figure 2 - Cost Confluence

6 Strategic Technology Objectives

In-line with the overall stated strategic objectives of AVDC, the objectives for digital and technology use are:

- Provide an always-on, 24x7x365 public service, available to customers whenever and wherever.
- Continuing to drive up engagement with our customers, through digital channels
- Digital services become the primary means of better understanding our customer needs (through data collection and analysis in a standardised way)
- IT as we know it disperses, to become a self-sustaining digital services team
    - Eliminating ICT asset ownership
    - Enabling AVDC to meet the needs of the district
- Making technology a profit centre and not a cost centre
- Technology is maximised to meet the commercial aims of AVDC.
- Transforming from hybrid-cloud IaaS (Infrastructure as a Service) and SaaS to pure cloud SaaS

7 Measuring Success

There are three key measures of success for this strategy

1. Receiving outstanding customer feedback
2. Achieving 100% software-as-a-service (SaaS)
3. All staff having ease of access to management information and data they can make use of to improve our services

Other measures include:

- Our ability to execute high-priority aspects of the published roadmap
- The positive use of data to create and successfully launch new services and measurable improvements to existing services
- Presentation of actionable information to internal and external audiences
- Increased registrations, voluntary enrolment onto the digital offers by both consumers and businesses
- Our platform being nationally recognised as a model of ‘commercial-for-public-good’
- Our platform being further used by other organisations, as opposed to building their own (thus extending the benefit outside AVDC to benefit those living and working in the district.

- Our ability to rapidly adapt the platform to accommodate new channels e.g. voice-as-a-channel.

8 Principles

Overall principles that guide what we do and the decisions we make

- Understand that data underpins value
- Every purchase needs a champion
- Deliver configuration not customisation
- Be the customer
- Drive collaboration
- Be commercial-for-public-good
- Solve the hard problems to create strong opportunities

Design principles:

- One identity, one customer record
- Browser based, will run on any computer system
- Cost control and visibility
- Seamlessly interlinking services not websites
- Iteration is good
- Design for customer needs
- Security visibility as standard
- Open interfaces
- Customer to prefer to use digital
- Self service
- Upfront payment
- Identify upsell opportunities
- Digital not paper
- Process cost transparency
- Automation is the way

9 Connected Knowledge

Our strategic focus and a culture of striving for singular purpose will be enhanced by our customer's ability to use a common platform that joins all business areas providing a single customer view and experience. This platform will, overtime, be indiscernible from, and even merge into, the one used to currently provide digital services to our external customers, such will be the similarity of demand types.

Equal access to the organisations data through the Connected Knowledge platform will drive up commercial behaviours, such as data driven decision making and the need for measuring throughput and output.

Connected Knowledge also ensures the initial work is completed to enable the business to make swift use of its information assets when, not if, the opportunities arise in the near future. For example, data collected on common demand types will enable greater automation. This will include the use of chat robots, also known as 'chat bots', can also be more easily fed into a machine learning environment for purposes of making predictions and commercial modelling.

The focus of the team(s) tasked with maintaining Connected Knowledge will be;

- Open data access
- Interoperability/integration
- Process automation
- Standards and continuous improvement.

Rather than; individual asset management, lifecycles and commodity management, as these functions are inherent to and duties of the cloud SaaS provider.

9.1 The Rise of the Customer

We are well positioned to bring value to our customers.

Our proven agility, innovative and commercially minded company culture and success of our last five year technology strategy, aligns well to what the market are calling 'the age of the customer'.

The diagram Figure 3 shows alignment to the demands of today's customer and their high expectations of a digital first experience. Complex needs (on right of picture) are met by our expert staff, but increasingly more efficient way of doing this is with voice activated services, artificial intelligence (AI) using our data, backed up by our people (our expertise).

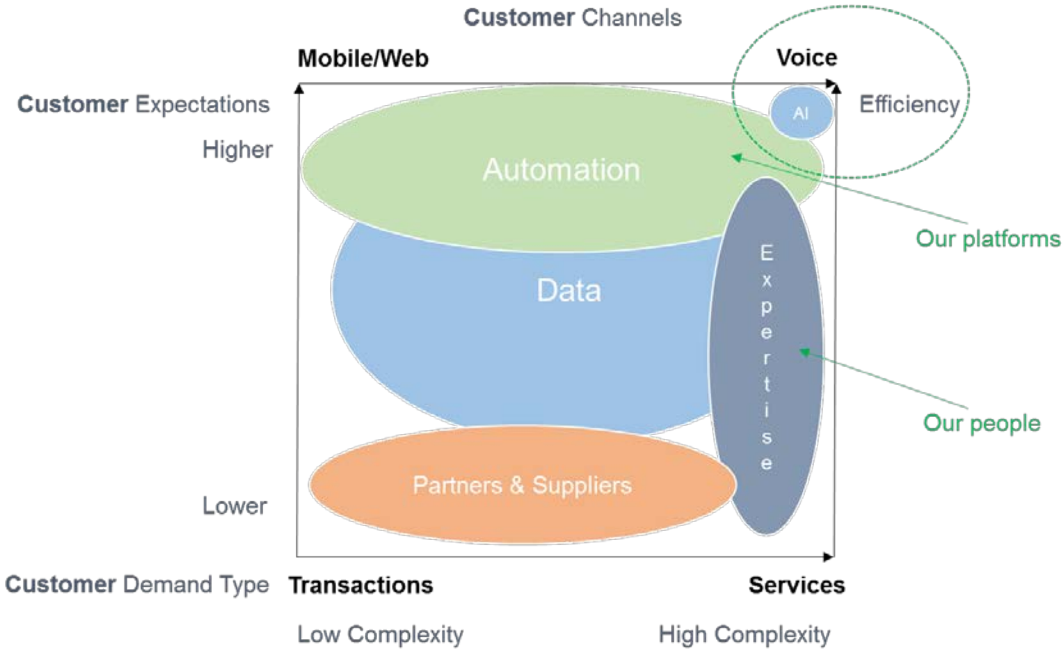
Basic transactional demands / simple needs (on left of picture) are automated, but customers still have high expectations of these. As our customer expectations increase (at the top of the picture) increasingly more complex services (top right) will be delivered by people and AI, through a combination of online and automated chat and AI powered voice control. Whereas simple transactions (top left) will be served through mobile and web automation. Voice can also serve transactional needs.

Ultimately, AI & voice-as-a-channel will drive the highest level of efficiency (circled in dotted green below).

THE AGE OF THE CUSTOMER

It's all about the customer. People have more access to technology today in the form of smart phones, technology enhanced home appliances, and the internet where you can see and buy anything. Customers expect things to be available all of the time, and expect clever, fast delivery of information. The rise of the customer is about ensuring we are ready to meet the increasing customer demands fast enough, and being able to deal with complex queries well.

Figure 1 – Customer Expectations, Demands & Channels



The orange sphere (bottom) is where partners add value. We will utilise partners to either co-create value directly impacting customers but for less-visible, but still important, activities. An example of this would be providing Wi-Fi hotspots in our towns.

9.2 The Platform

In this case, the platform is a term used to describe a range of software solutions sitting on a pool of connected data. Cloud SaaS products provide these solutions, which have been evaluated by AVDC and integrated with the assistance of partners.

The platform value is enabled by the ability of all systems to work seamlessly together, ease of access, ease of use and continuous improvement.

Continuous improvement efforts will be focused on the ever present need to automate business processes, not on laboured customisation, building and bespoke tailoring.

- Both public and community cloud SaaS types will be considered for use in the platform
- The platform spans the entire organisation and can even be extended to partners where necessary
- AVDC will take on the roles of business as usual (**BAU**) platform customer support, architecture, data use/analytics, standards and policy.
- 3rd parties will be used for the roles of initial Application Programme Interface (**API**) integration and detailed technical escalations.

9.2.1 Strategic Purchases

Making technology purchases in line with this strategy is an important discipline, because this strategy aligns to pre-set organisational goals.

Straying from what this strategy defines, will have a long term impact on the businesses ability to execute the roadmap in a timely way.

1. Purchasing criteria will stipulate minimum levels that each software (software-as-a-service (SaaS)) purchase should confirm to. These criteria will need to be formulated.
2. All technology purchases will be reviewed by the technology strategy owner.
3. ll existing purchases will be reviewed against this new criteria. Not to cause disruption or to prompt a re-procurement, but instead for the business to have fuller understanding of its current digital landscape and if it’s in keeping with this strategy.
4. Tracking adherence to this standard (and the gaps, if any) will be the responsibility of the new data and technology architecture function. This enables informed decision making and drives up use and understanding of purchases.

In addition, Strategic technology purchases will each be successful when a virtual team is formed, comprising of stakeholders across the business, which will include:

- Procurement
- Partner management
- Data and architecture
- Project management

Figure 2 - Virtual Purchasing Team

Purchases will follow the summarised pattern below, as well as the principles set out in previous sections:

- **Business and financial needs being met**
  - Having a champion who understands the business need
  - Pricing model (i.e. a transparent, cloud pricing model in keeping with cost visibility)
  - Contracts compliant to the new contract clauses (data and intellectual property ownership)
  - Meets service level minimums (availability, performance, modes of support)
- **Technical needs being met**
  - Product is entirely SaaS
  - Use of well documented API's
  - Compatibility of API's with our platform(s), including the information hub
  - Browser based
  - No code or low code, absolute clarity on skill requirements
- **Security and compliance**
  - Compatibility with our chosen identity and authentication providers
  - Compatible with activity visibility and reporting mechanisms
  - Assurance level and controls in place proportionate to its use
  - General Data Protection Regulation (GDPR) impact
- **Strategic**
  - Complies with principles
  - Can't be done with existing tools
  - Enables us to consolidate other tools into it
  - Is purchased with our customers in mind
  - Doesn't require tailoring such that the real total cost of ownership (**TCO**) defeats the business case
- **Procurement**
  - G-Cloud will be the default route
  - Contract length

With criteria in place, the business can yet again ensure business decisions are/were made based on data. Even where a system does not meet some of the criteria, it may still be chosen, but is done so based on the business being aware of and accepting of its shortcomings.

The practical process of evaluation being followed ensures record keeping and continuity at important times, such as contract renewal points.

Proving Value

We will run short proof of concept demos using examples from the real world to test that they deliver the value we require.

9.2.2 Applications

We currently make use of cloud software-as-a-service (SaaS) as well as cloud infrastructure-as-a-service (IaaS) for legacy applications. Legacy applications are hosted on a range of servers in the Amazon Web Services (AWS) cloud virtual tenancy. The legacy applications are presented to users via a Citrix virtual desktop environment also in our AWS tenancy.

- The Citrix environment and the legacy applications create a significant challenge for AVDC due to the resources they consume. E.g. maintaining optimum running conditions, supporting users, supporting the infrastructure and importantly maintaining security and compliance.
- One significant other legacy application exists on premise (software installed and running on computers in the Council's building).

The need for rationalisations and consolidation

- We have 179 applications, from over 100 software vendors. Including those which are cloud SaaS related titles.
  - 60 of these have 10 or less users.
  - 18 are available to all users
  - 16 are available to 100 – 254 users
  - 35 are true cloud SaaS applications, accessed on the internet via a web browser
  - 66 are delivered through Citrix
  - 20 legacy applications are considered to be mission critical

(see Appendices 1 - Current Application Estate for detail)

We will:

- Use the criteria to replace legacy applications
  - Wherever possible consolidate application use cases (the list of actions and interactions between a customer and a system) into an existing or future cloud SaaS purchase
    - This could include asking partners to develop applications with narrow uses cases, to exist on an existing SaaS platform e.g. Salesforce.
- Seek off-the-shelf SaaS replacements for legacy applications where we cannot consolidate the functionality
- Seek to maximise returns on existing investments in SaaS while maintaining a balance between being seen to get better value from technology and customer need.
  - I.e. we won't use SaaS just because it's there, we will appraise each use case on its merits.
- Gradually introduce bring-your-own-device (BYOD) and over time phase out council supplied desktops, laptops, tablet computers.

9.2.3 API Management

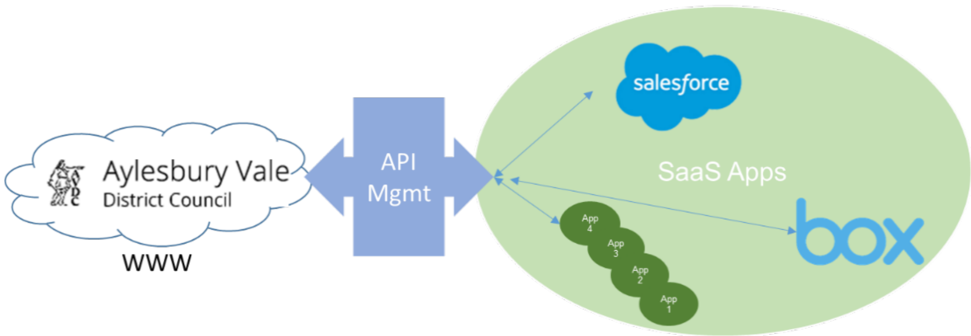
Our platform will depend on the ability of all systems to work seamlessly together to enable good integrations, which in turn creates a catalyst for process automation.

Any change to technology architecture should result in solved problems. We will have a number of SaaS applications in use, and we will need application programme interface (API) management. This is a requirement today, but will increase in scale as more applications are connected together. A better level of visibility, orchestration and policy management over how our SaaS purchases integrate is now needed. This need will only grow, to do this seamlessly and in a standardised way API management becomes a necessity.

We will:

- Create a “proof of value” trial with real world use cases
- Based on a successful outcome of the above, commission the design of an API architecture aligned to this strategy
    - This will include the selection of cloud SaaS API management tooling and the implementation of such tooling
    - This will include a final decision on whether to include legacy applications or not.

Figure 3 - API Management Use Case



Challenges to this hypothesis

Whilst it is prudent to plan for API management being required it is possible it may not be needed if all the SaaS integrations co-exist on a common platform with a common API or where no-code/low-code use cases are presented on mass. E.g. Salesforce.

9.3 Data

The management and use of data becomes a critical factor in the execution of this strategy and therefore meeting the stated organisational aims.

- We will use controls to keep OFFICIAL data within the European economic area (EEA) wherever it is possible to do so and where it is necessary to do so.
- Data is the most important and most sensitive asset we hold.

Our data is, and will continue to be, geographically dispersed on account of the distributed cloud infrastructure and SaaS architecture we are pursuing.

Previous efforts have been focused on migrating to cloud services and the use of virtual desktops infrastructure (VDI). Those now being completed, enables us to embark on the next evolution which is focused on the data in the cloud.

Creating a cloud data and information hub will enable AVDC to access its most valuable asset. This is done separately and discretely from the applications that have primacy over the data and also enables a standard toolset. This toolset will be used as the basis for data visualisations, presentation to customers via dashboards, exporting information and mining collectively.

Early value realisation will be achieved with ‘proof of value’ exercises being run with sample data sets. A key test of the value will be internal management information being made readily available to our stakeholders, and encouraging their input into its ongoing development. It will enable delivery of Business Intelligence to the organisation.

Key to achieving this are the following:

- Selection of SaaS Business Intelligence solution
- Formation of permanent Data and Platforms Team (described in later sections)
- Integration into existing data repositories/applications
- Internal discovery exercises with sector leads and managers into their reporting needs
- Agile and extensive data analysis

The enhanced use of data, turning it into information or knowledge we can use, will mark a significant milestone. It reflects the commitment and execution of more practical aspects of the commercial mind-set of AVDC and a tangible and visible outcome for AVDC to exhibit.

9.4 Security & Trust

We will set security visibility into the platform, with the emphasis being on knowing the data is secure, and not saying no. This enables informed decision making, saying ‘no’ restricts agility, innovation and business advantage.

The security policy will introduce a level of self-assurance into application usage, with clear guidance being published by AVDC for its staff. Staff will be accountable for their own actions in line with the policy. Agility is key to a sustainable business, meaning security must support this. We continue to use risk management and threat profiling to protect our data. Our level of real-time visibility will increase over time, meaning we can make better informed decisions with (more) real data.

Our staff will have one online identity, which will enable seamless transference from one application to another, via our new cloud-access-security-broker (CASB) portal and application.

Staff will only have access to business applications based on their role.

Security

As our solutions will be supported by 3rd parties, our role will be to check their security is of a high enough level, not do to our own internal checks.

9.4.1 Trust

Trust will be enhanced by a stronger commitment to security transparency, vulnerability scanning by accredited 3rd parties, cross cloud boundary checking and spot checking will take place., ensuring we are able to not only evidence the effectiveness of our security visibility internally, but also to interested parties.

Until then the annual checking will be carried out as per the existing routines.

The integrated API SaaS design enables internal and external security testing to be more easily planned and executed .Most importantly, any remediation activities from these tests will thus be limited to a smaller set of components. This approach enables a significantly narrower scope to that of a traditional ICT operation which would have included; physical and virtual servers, storage systems, more complex networking, applications, hypervisors and other operating systems and appliances (and more).

9.4.2 SaaS Identity and Access Management

Security and compliance is of paramount importance to AVDC and no digital aims will be pursued without first being assured of the security controls in place.

Our cloud access security strategy includes:

- A SaaS identity management service
- A cloud-access-security-broker(s) (CASB)
  - This function acts a gateway for all internal users to gain access to all AVDC applications
  - Built-in to this will be security dashboards, capable of visual reporting on a per user/per app basis
  - Essential to this will be role based access control i.e. internal customers only see applications they need for their role
  - It is transparent to the users once authentication has taken place
- Multi-factor authentication for all internal customers (staff)
  - This will be based on the principle of the things you have and the things you know. I.e. a username, password and a one-time password delivered to a device, such as a pre-registered mobile phone.
- A level of mobile device and end user device management, which provides the council with assurance balanced against the risk and in view of the benefits of a more mobile and flexible workforce
- A review of the customer end user agreements, such as the Acceptable Use Policy, in-line with new strategy

Cloud Access Arbitration

Internal customers will access the platform through the CASB application on their smartphone and/or tablet and from their PC/laptop via their internet browser.

They will be authenticated against the new cloud identity service, which also requires them to provide the multi-factor authentication. This is likely to be delivered to their mobile phone via text message, but the system can also generate a ‘onetime’ password.

Once authenticated, the user will be presented with the councils cloud SaaS applications based on their role, defined using the rules about who can access what. The system brokers their connection to the SaaS applications, enabling visibility and therefore reporting/alerting on a detailed and granular basis.

There will be legacy applications incompatible with the CASB initially, but still compatible with the identity service. Shown immediately below as ‘Phase 1’, these applications (apps) will be phased out in line with the roadmap. Over time only fully compatible applications will remain, shown in the ‘Phase 2’ illustration.

Figure 4 - SaaS Access Arbitration Phase 1

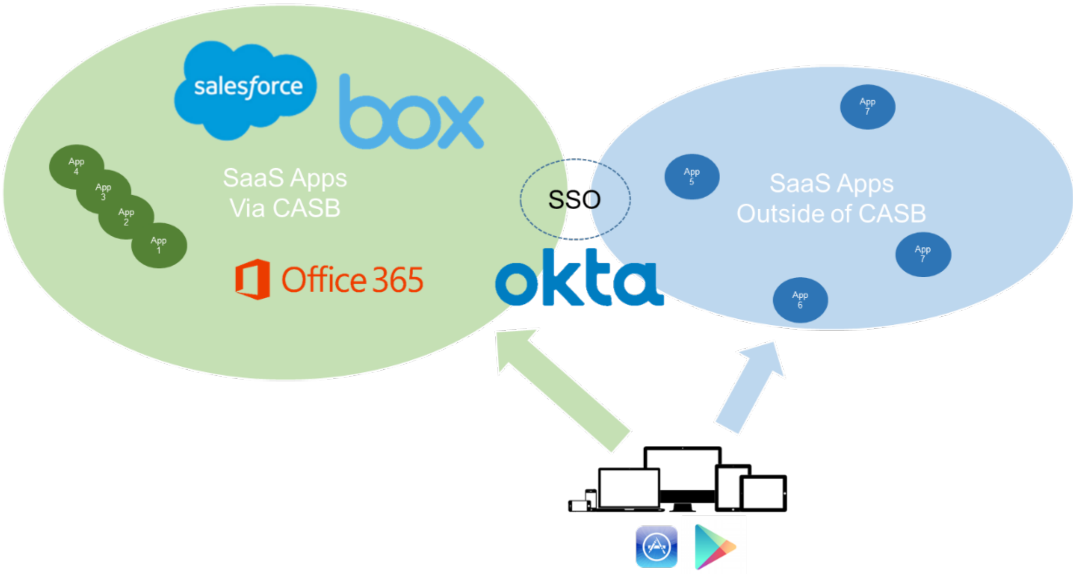
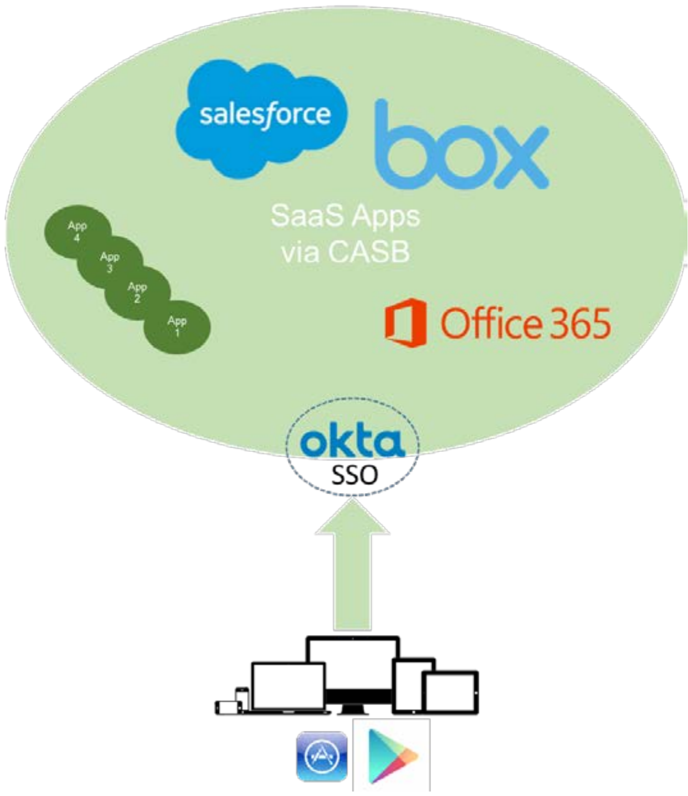


Figure 5 - SaaS Access Arbitration Phase 2



9.5 Server Infrastructure

The use of physical and virtual server assets that currently underpin the platform will be phased out.

This will be made possible as the applications are transferred to SaaS.

- Currently the council maintains Citrix and Windows application server environments hosted in virtual datacentres, in Amazon Web Services (AWS).

These will be transformed / transferred into SaaS services, in line with the key outcomes set out by this strategy.

We will:

- Phase out the Windows Server operating system
- Phase out use of Citrix desktops and servers, which may mean finding a cloud platform alternative in the short-medium term, as an interim solution.
    - This will reduce the burden of maintaining Citrix infrastructure, but the burden of application maintenance mostly remains during this interim period.
- Phase out Active Directory. Once it is only being used a means of authentication for users and no services or servers rely on it, the identities can be fully migrated to the yet be to be chosen SaaS identity management service

9.6 Connectivity, Telecoms & PSN

We will re-procure and redesign our wide area network, to better meet the needs of this strategy.

The PSN network connectivity we make use of is part of the existing contract, as are some other bundled services.

Todays issues include:-

- The current cost is competitive only when compared to services that also do not meet our needs.
- We need better resilience
- We need a partner to first take ownership of transition and then design our new dis-aggregated network (and implement it).

We will:

- Replace the Internet connectivity with dis-aggregated model, placing less reliance on the current hub and spoke layer 3 network model, focusing instead on providing the shortest, fastest path to the internet. For internal customers.
    - This means a far less complex WAN, with less dependency on our neighbours and their chosen providers
    - Seek a supplier who can suitably provide PSN Assured connectivity, Internet filtering, and resilient Internet connectivity. Which is suitable for mission critical Internet based services.
- Retain our LAN infrastructure in key locations but seek to renew and/or re-procure the LAN management contract on a fully managed basis

Network

Currently our IT network is made up of a Wide Area Network (WAN) that connects all our sites together, and, Local area networks (LAN) at each of our sites. Today to work we sit in the Gateway, access a desktop in Dublin, connect back to London, over the Bucks network to the internet.

Going forward, we will just connect via a browser over the internet to the applications we need to access.

- The LAN could, in time, be used solely for the tenants of the Gateway Centre
    - End-of-life equipment will be replaced with the cheapest supportable equivalent, that still meets security and compliance requirements but does not need to be as 'fully featured' as the current equipment. As AVDC has a reducing set of network requirements. In line with this strategy
- Move to wireless-by-default model, to better accommodate bring-your-own-device (BYOD), mobile telephony and reduce the need for wires to desks
- Continue to be PSN Assured compliant, but reduce the scope over time, as PSN use cases become more narrow and discreet.
- Phase out AWS Direct Connect. However it will be renewed/re-procured in the short term and later phased out. As our need for it reduces in line with the server estate in AWS reducing.
- Enable workers to take and make calls at times and from places they deem appropriate and from their own devices.
    - •I.e. make it a necessity to have connectivity to carry out such tasks, but not dictate that such connectivity requires a desk in The Gateway Centre or other council locations.
- Continue to provide free Guest Wireless access, but re-evaluate the current provision against the backdrop of growing demand for wireless, by internal customers.

Figure 6 - Current High Level Hub and Spoke

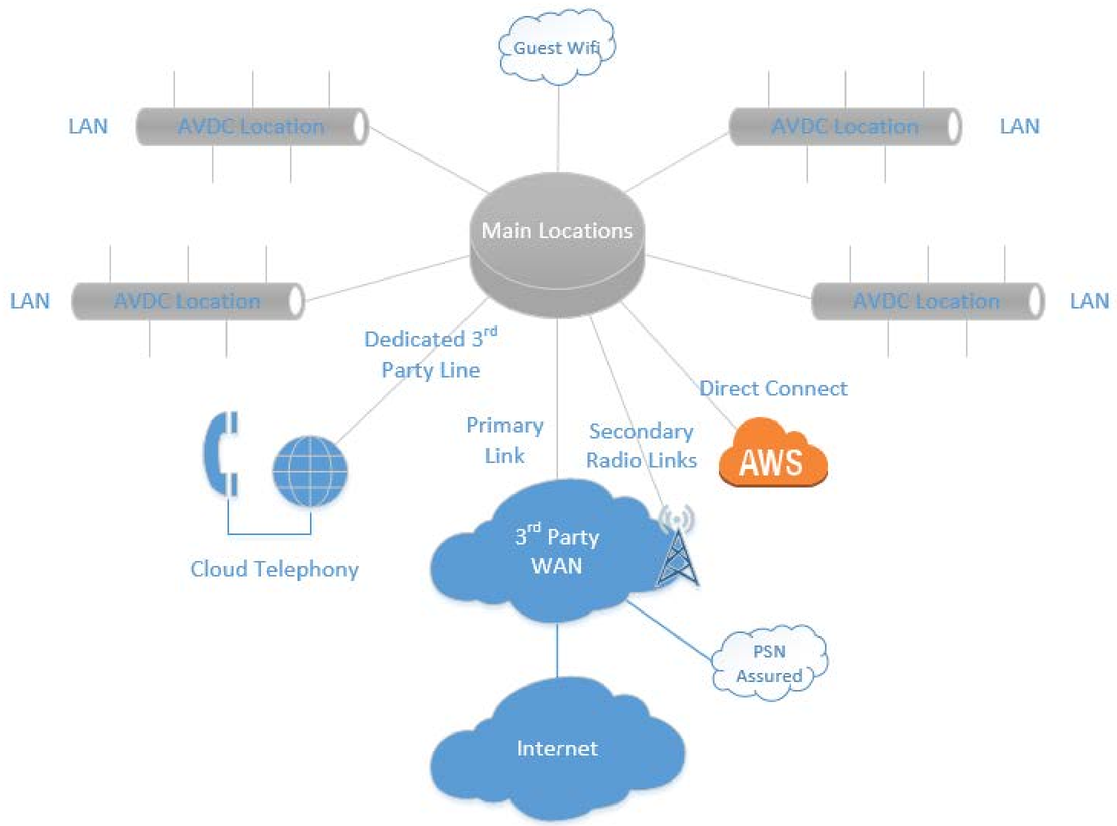
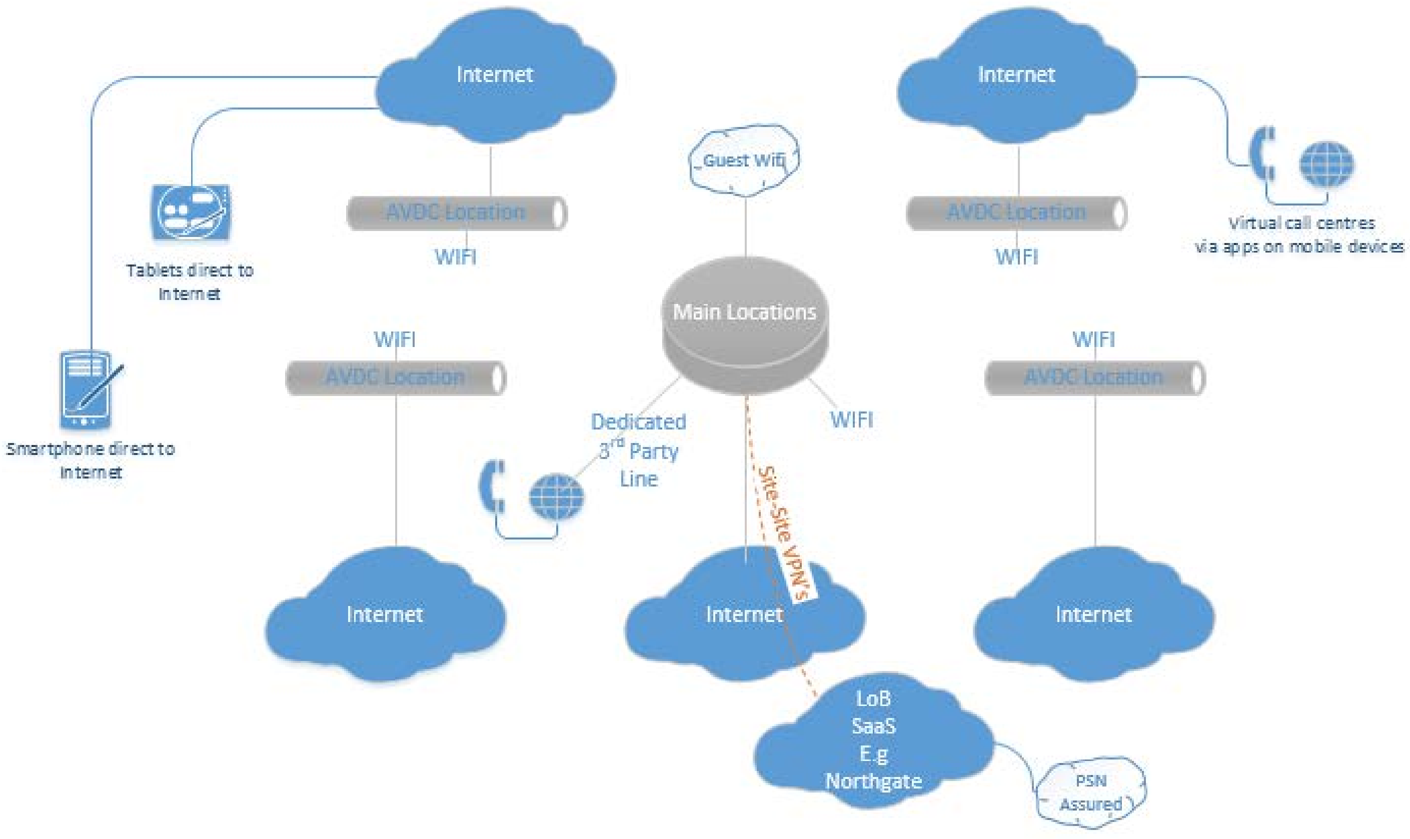


Figure 7 - Dis-aggregated Internet Access Model & No LAN



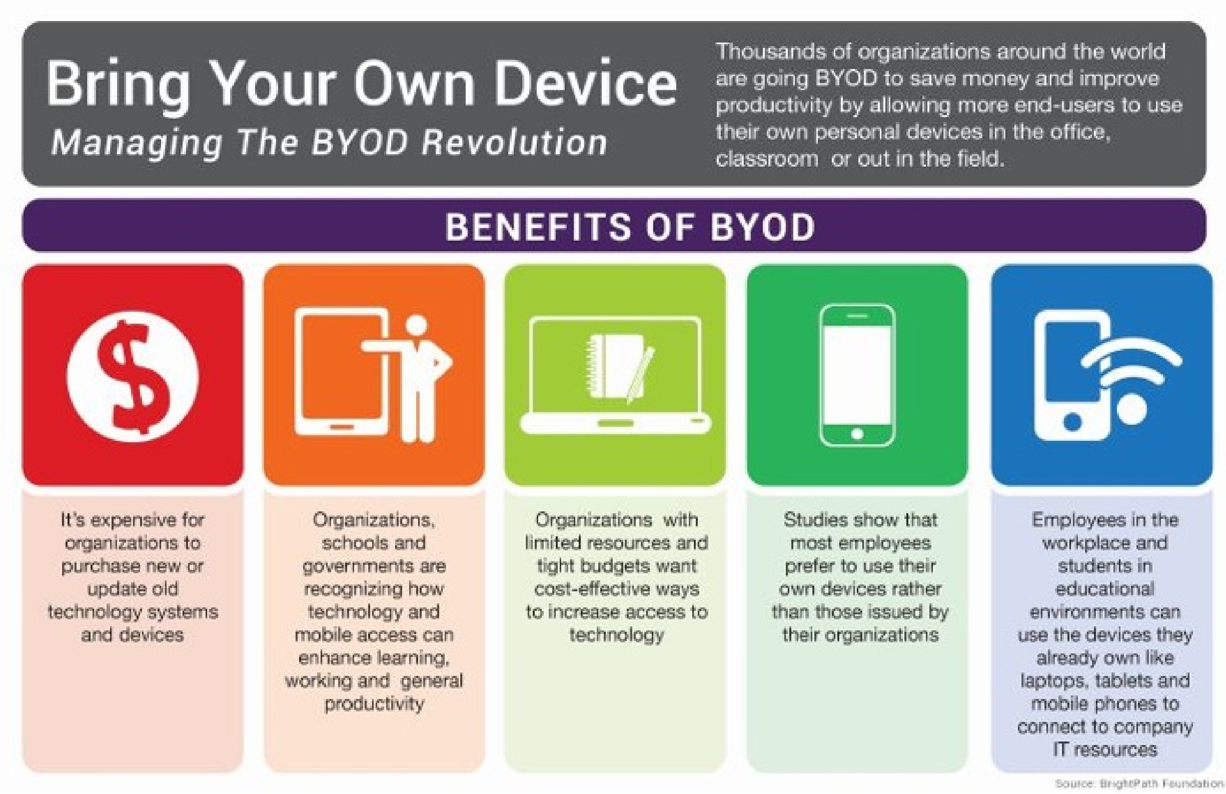
9.6.1 Mobile Telephony

We encourage a more mobile workforce, with this comes the need for a telephony solution that supports and encourages mobility.

Our new BYOD policy will extend to mobile phones. All staff that require a dedicated number/extension will have the (yet to be) chosen software phone (softphone app) loaded onto their devices. This will enable the same functionality, if not more, which staff currently expect from in the office.

Thus further enabling a seamless experience, regardless of location, as long as Internet connectivity is available.

- **BYOD** for mobiles will be a gradual, “phased approach”, introduced over a period of 1-2 years.
- No new investments in hardware desk phones
- All council calls will be routed in and out of the cloud telephony solution, via council numbers that are only available while the softphone apps are online
  - o This enables (personal) number privacy



(Source: Bay Computing : BYOD and Your Business: Why BYOD Policies Are Key to Success by Lisa Meleney on May 8,2015)

We will:

- **Use cloud based telephony solution** which support this activity natively i.e. with little or no customisation for call centre and other staff
- **Encourage and even incentivise the use of own phones** (as part of the BYOD policy)
- **Over time, only supply smartphones by exception**, i.e. in a small number of situations, to be laid out in the forthcoming BYOD policy
    - Supply a phone where we know there is requirement for a permanent phone number, for emergency use.
    - Retain a small stock of temporary 'loan' devices. For such things as temporary workers and unforeseen eventualities
- **Not renew the current mobile phone contract**. Instead allow it to rollover for a period of no more than 6mths from this documents publish date
- **Use technology that allows 'secure hand-off' of payment details** to assured payment systems
    - Thus ensuring payments are not taken over the phone
    - Provide new guidance to staff, on the types of activities and behaviours we expect
- **Investigate the viability of providing a level of subsidy for the cost of the bandwidth (an incentive to use own device)**

One outcome of this telephony strategy is that mobile telephony becomes the new normal and that phones are no longer synonymous with a person's own desk or the need to be in the 'office. Home working will be encouraged

Bring your own device

"the practice of allowing the employees of an organization to use their own computers, smartphones, or other devices for work purposes."

With BYOD staff will use their own devices, such as phones, tablets, laptops chromebooks, MACS, whatever comes along, supporting their own devices and replacing their own devices.

Staff will use their own device working from anywhere, whether in the office, at home or in the field.

(Source: Google)

9.7 Non-Strategic Systems

Some systems exist that do not warrant the time, effort and expense required to transform them. This is because these systems are functioning to meet a narrow need, not related to our strategic aims. Two examples of such systems are:

- CCTV Systems
- Door Access Systems

In these cases suppliers will be sought to take ownership of the daily operation, maintenance and upkeep of such systems. These systems will not be 'transformed' by AVDC, instead they will continue operating but in the hands of suppliers who are selected based on competitive tender.

The example systems are required to securely run physical sites owned by the council such as the Gateway and are closely aligned to day-to-day running of that that facility. It is possible that in the future that the Gateway facilities management was also outsourced or run at 'arm's length' and that space and services would be bought back by the council.

- The desired outcome is that we are able to better focus on meeting organisational aims. Using suppliers on fixed price, fixed term contracts to operate systems not-aligned to our strategic aims.

10 Strategic Technology Operating Model

We must create teams, roles and make data driven decisions that reflect the organisational aims.

We will gradually re-organise our existing ICT delivery teams, as related roadmap milestone items are achieved. This means, the creation of new teams and roles.

A two phased approach will be taken to this transformation of the ICT functions.

- **Phase 1** – Changes to role descriptions and reporting lines, this is to be completed in first calendar quarter (CQ1) 2017.
- **Phase 2** – Detailed below, will be completed as and when dependant aspects of the technology roadmap are completed. I.e. Phase 2 can only happen upon successful completion of **Phase 1** and subsequent completion of various linked items on the roadmap.

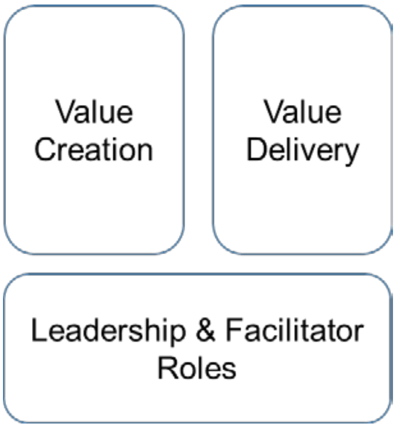
Phase 2 Summary:

This strategy outlines the need for;

- A new role, reporting to the Executive Team, to oversee the execution of this strategy
- The creation of two new digital and technology teams
    - o A Digital Support Team and
    - o A Digital Data and Platforms Team
- The creation of a Strategic Partner Management Role within this new structure

Within the new teams, staff are assigned by their primary customer value. Either Value Creation or Value Delivery.

Figure 8 - Value Creation & Delivery

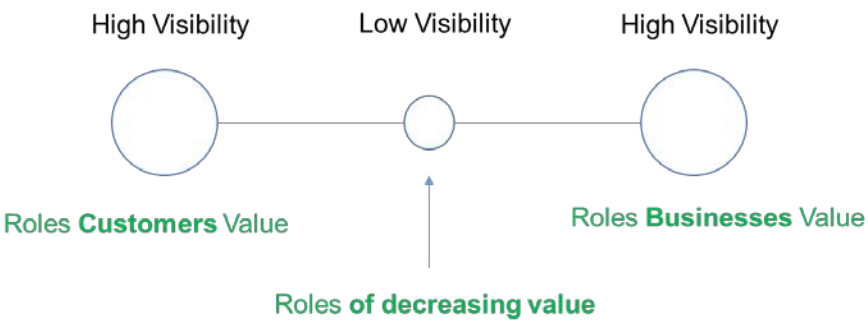


- The Digital Data and Platforms Team will concern itself with the standards, design, use of data and roadmap for the Connected Knowledge platform. This will be the value creation team.
- The Digital Support Team will arbitrate, broker and support customers through the benefits of the digital experience. This will be the value deliver team.

AVDC will invest in roles that create and deliver value to customers. Roles that are highly visible to customers and the business, rather than roles pre-occupied with the need to maintain assets and infrastructure, these roles are not typically visible to either end of the spectrum (figure 11).

As key milestones are achieved in the technology strategy, legacy Infrastructure support roles (and others) can be transformed and better aligned to the two teams above. The new leadership role leading and commanding the authority is required to execute the ambitious aims of the technology strategy, core to this is the need for strategic partner management with which AVDC can integrate high value commercial capability into its offer.

Figure 9 - High Visibility, High Value Roles



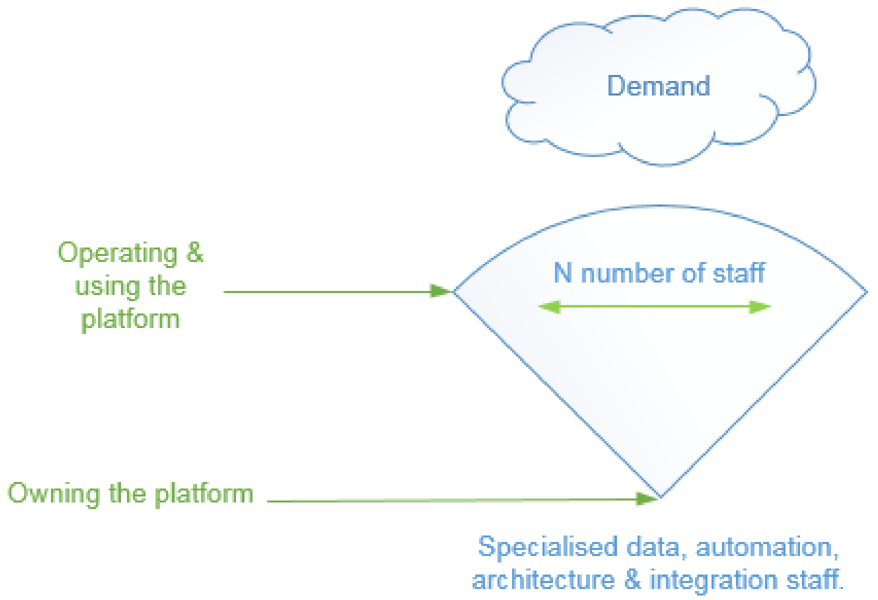
10.1 Model

There is no appetite to build an in-house, hands-on, technically led ICT function. There will be no assets to service in future, only the data the authority holds and the SaaS it is using to deliver the platform and vision. The figure below shows the new structure interacting with partners, peers and wider AVDC.

The figure 12, below illustrates that there should always be a greater number of staff focused on meeting customer demand (at the front-end) versus the number of staff at the back-end working on incremental development of data and product integrations. These two activities and their respective staff must however be tightly integrated culturally and practically, to create a high value feedback loop.

The strategy AVDC already employ is about meeting customer demand rapidly and increasing the number of request types being resolved ‘right-first-time’, whilst striving for more self-service requests being met through digital means.

Figure 10 - FTE Ratios



Front Office & Back Office

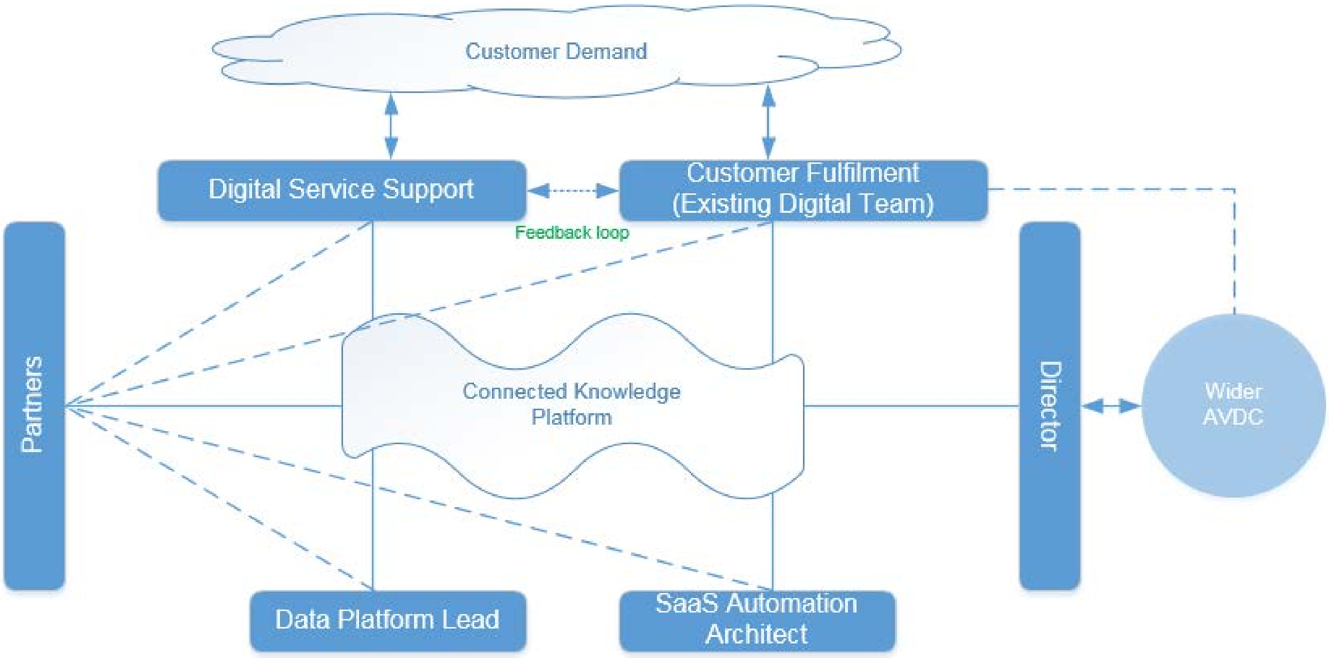
For instance you could have a ratio of 2.5 : 1 between front officer staff and back officer staff to meet customer demand

The figure below illustrates digital support staff working in parallel with existing Customer Fulfilment digital staff. Over time, harmonising customer demand types, the tools they use and other working practices where relevant and not arbitrarily. There is clear potential for these teams to merge in the future, dependant on some major milestones being completed in the wider technology strategy.

As the vision takes shape a dotted line (arrowed feedback loop below) enables pooling of knowledge and the two functions get closer both logically and practically as the organisation and its customers change and adapt to a singular digital experience.

Partners (left on the figure) are small in number but key to the mission. Front-line teams and back-end teams are in regular contact with them, however the request types are different in nature, from support issues on the front-line to integration and interoperability queries for the back-end. Escalations and strategic decisions are fed back to AVDC either through the new structures reporting lines or in the case of Customer Fulfilment through the existing Head of Customer Fulfilment. Regular forums and communications will take place where processes, successes and failures are discussed and replayed to ensure iteration is not just possible but baked into continuous improvement and again to ensure no gulf is created between front and back-end roles.

Figure 11 - Logical Model



10.2 Key Operating Model Outcomes

The key outcomes of this transformed operating model are:

- Functional roles better aligned to strategic aims
- Roles aligned to demand types and value forms *e.g. Creation or Delivery of Value*
- Ownership of technical strategy and its execution
- Less visible roles are transformed to highly valued and visible roles, over time.
- Creation of roles responsible for horizon scanning, architecture, standards and automation.
- Creation of roles responsible for collection, processing and presentation of data
- Partners and suppliers are managed and selected strategically
- Partners and suppliers are used for low value, low visibility commodity and asset servicing, the need for which reduces over time.
- Partners are preferred for strategic aspects
- Customer Fulfilment and Digital Support become one, in due course.

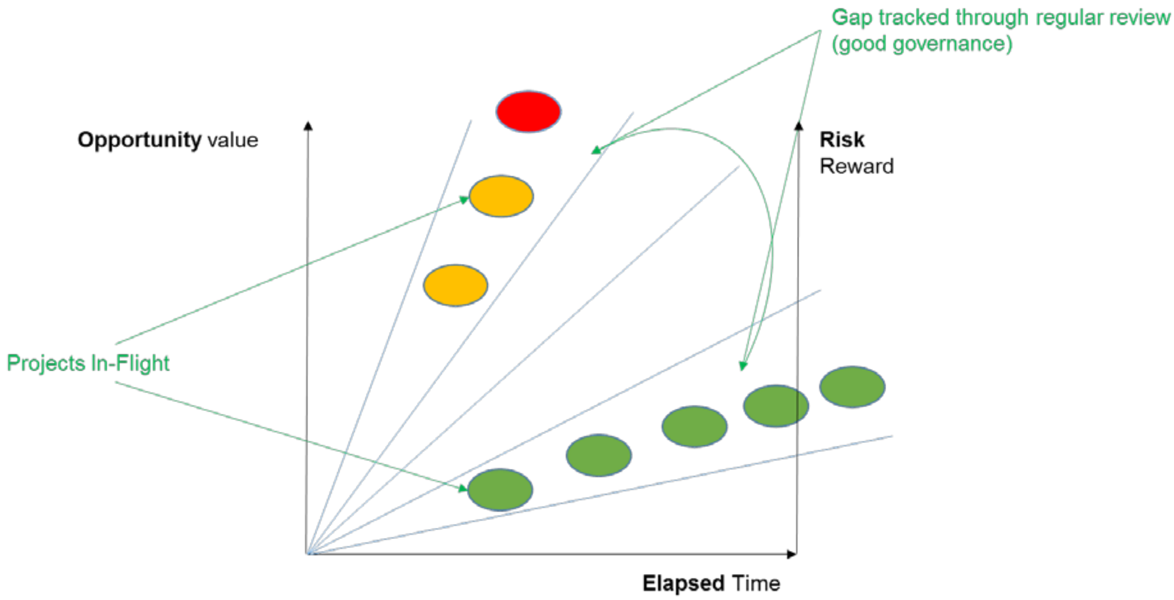
10.3 Leadership

AVDC must pursue both commercial and efficiency opportunities. Technology facilitates both aims.

The approach must be consistent both in tone and methodology. For this to be executed as such, an authoritative position should be present to lead the transformed IT function and its commitments. A role shall be created to reflect these responsibilities and fill the current gap. The figure below illustrates a scenario, whereby a leadership role is required to appraise value, risk and opportunity in technological advances in relation to our strategic and tactical aims. It shows the gap existing between high-value-high-risk opportunities to exploit a product or technology and the planned projects on the published roadmap.

Managing this gap and finding the right balance between risk and reward will be a key responsibility of the leadership team and any new leadership roles.

Figure 12 - Bridging the Gap



The following regular activities will be initiated:

- **Horizon scanning**
  - Regular briefings from presenters; including peers from the public sectors, commercial enterprises, vendors and thought leaders. Helping to understand trends, market conditions and opportunities.
- **User engagement**
  - Inviting more voluntary participation, feedback sessions, trials and piloting
- **Opportunity tracking**
  - Closely related to horizon scanning activities, the team will maintain a list of technology opportunities. For the purposes of tracking, and possible inclusion on the roadmap.

11 Opportunities in Technology

The technology areas identified for immediate/regular review are:

- Open data,
- Information hubs and data analytics,
- Artificial intelligence,
- Co-created intellectual property,
- IoT and Smart Cities, and
- Any technology that enables better use of existing data and its presentation to consumers. E.g. augmented reality via smart phones and other information overlays.

Technology initiatives already underway:
Artificial Intelligence (AI) - Types of AI are in use today, both in enterprise and the home. These are however narrow applications of AI, e.g. an online chat robot (also known as ‘chat bots’) used to answer frequently asked questions, this example aligns well to some AVDC customer transactions. There are likely to be more.

- For the reason stated, AI will be chosen as a key area for further research with the specific aim of producing a proposal on its possible uses, against specific pre-defined AVDC use cases.

Shifting channels – It is possible that ‘the web’ becomes a legacy form of digital presentation, and that the Internet becomes nothing more than a means to transmit/transit data. This will happen as new means of accessing services, like voice control, gain popularity. Voice control is a means by which our customers may wish to engage with us in the mid-long term. For this reason we are expecting in 3+ years, technologies like Amazon Echo and Apple Siri to be a viable platform by which we can meet some demand types.

Figure 13 - Amazon Echo with AVDC App. ‘Voice-as-a-channel’

12 Connected Knowledge Landscape

Figure 14 - Connected Knowledge Landscape

This is the framework that we envisage how all the elements of Connected Knowledge are grouped and joined

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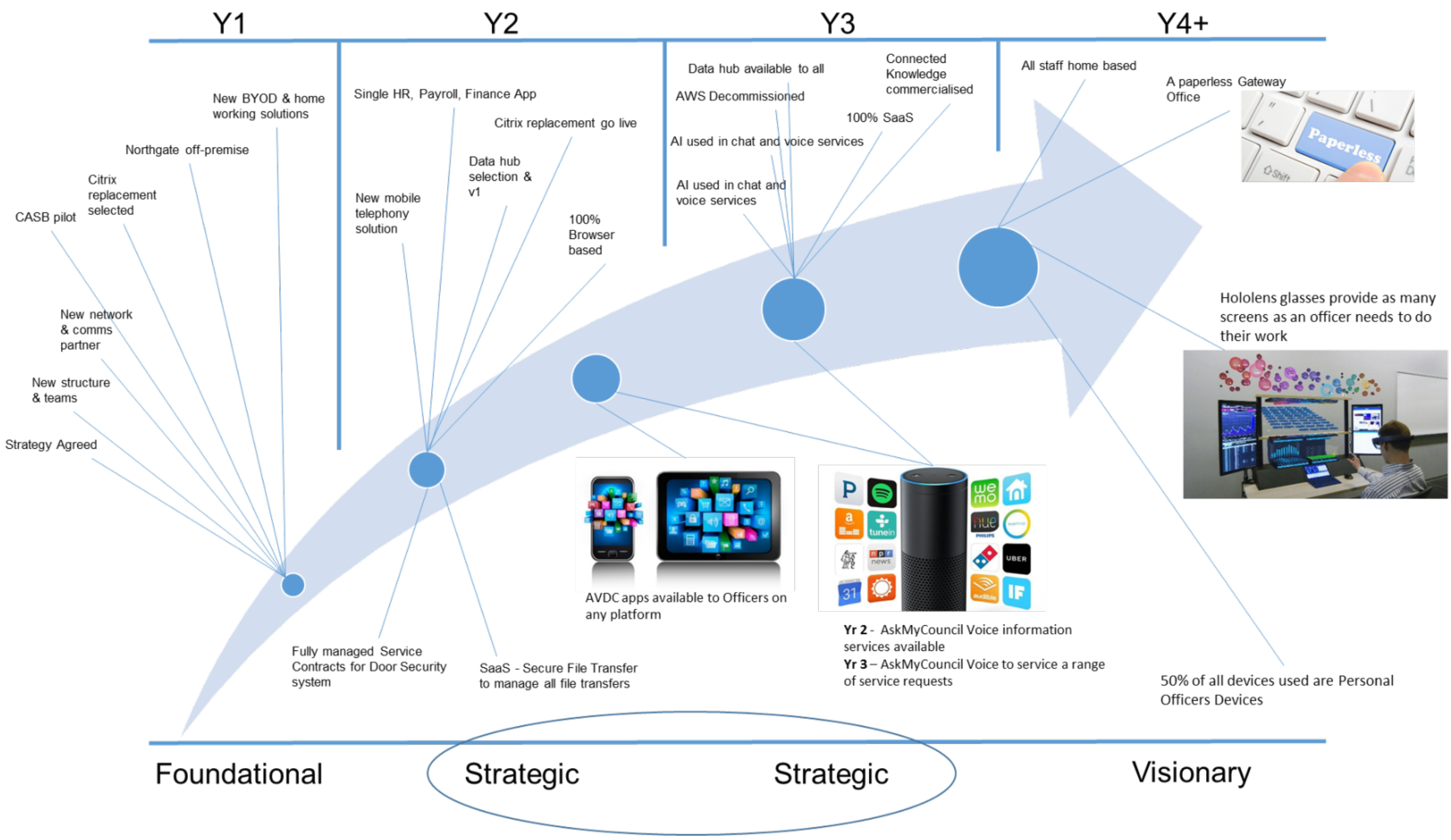
13 High Level Roadmap

Figure 15 - High Level Roadmap

These are some of the key elements on the future roadmap that will make up the delivery of this strategy



14 Appendices

14.1 Appendices 1 - Current Application Estate

Application Name	Application Version	Type	Hosted by
7Zip	7Zip	On Premise - AWS	AVDC
8x8 Directory	8x8 Directory	SaaS	8x8
Abintegro	Abintegro	SaaS	Abintegro
Acorn Profiler		On Premise - AWS	AVDC
Active Directory		On Premise - AWS, AVDC	AVDC
ActiveSync		SaaS	Microsoft
ADFS		On Premise - AWS	AVDC
Adobe	Creative Studio 6	On Premise - AWS	AVDC
Adobe	Creative Cloud Applications	On Premise - AWS	AVDC
Adobe	Photoshop Elements 9	On Premise - AWS	AVDC
Adobe	Acrobat 10	On Premise - AWS	AVDC
Adobe	Reader 10	On Premise - AWS	AVDC
Adobe	Acrobat Pro		
Adobe	Photoshop 64Bit		
Adviser Net		On Premise - AWS	AVDC
AirWatch		End of life	End of life
Amazon Administration		IaaS	AWS
Amazon Web Services		IaaS	AWS
Appsense	Environment Manager	On Premise - AWS	AVDC
Appsense	Administration	On Premise - AWS	AVDC
Aptos (Data only)		End of life	End of life
Arc Cataloge	9.3	On Premise - AWS	AVDC
Arc Cataloge	10.3	On Premise - AWS	AVDC
Arc Map 10.3	10.3	On Premise - AWS	AVDC
ArcGIS Desktop			
ArcGIS Desktop Admin			
ArcMap 9	9.3	On Premise - AWS	AVDC
Ash	e-Go Recovery	On Premise - AWS	AVDC
Ash	Administration - Security	On Premise - AWS	AVDC
Authoring Tool NEW		On Premise - AWS	AVDC
Autocad		On Premise - AVDC	AVDC
AVDC-VERINT			
Balvin (Fuel pump system)			
Bartec R12	Bartec R12		
Bill Analyser (BT)		On Premise - AWS	AVDC
BOX (Edit)		PaaS	BOX
BOX (MS Office Plugin)		PaaS	
Business Objects (ITrent)			
Business Objects (Northgate)		On Premise - AWS	AVDC
CD View		On Premise - AWS	AVDC
Chrome for Business		On Premise - AWS	AVDC
Citrix	Citrix XenAPP 6.5	On Premise - AWS	AVDC
Citrix	Citrix XenDesktop 7.6	On Premise - AWS	AVDC
Citrix	Citrix XenAPP 5.0	On Premise - AWS, AVDC	AVDC
Citrix	AppCentre	On Premise - AWS	AVDC
Citrix	Studio	On Premise - AWS	AVDC
Citrix	Director	On Premise - AWS	AVDC
Citrix	XenServer 6.2		
Citrix	XenCentre		
Cloudbridge (Arcus Box)			
Collective (Bartec)	Bartec R6	On Premise - AWS	AVDC
Condeco		SaaS	Condeco
Connect		SaaS	Axis12

CoreFTP		On Premise - AVDC	AVDC
Corel Draw		End of life	End of life
Crystal Report Writer 2013		On Premise - AWS	AVDC
Dameware		On Premise - AWS, AVDC	AVDC
Dashboard Powerpoint 2010			
DCTM		On Premise - AWS	AVDC
Desksmart	Intranet Payment	On Premise - AWS	AVDC
DHCP			
DNS	External		
DNS	Internal		
Energy Manager (Systemslink Energy)		On Premise - AWS	AVDC
Energy Manager folder			
Enterprise Car Club			
Express	Management	On Premise - AWS	AVDC
Express	Register	On Premise - AWS	AVDC
Ezytreev		On Premise - AWS	AVDC
Fibutex PC			
File-Aid		End of life	End of life
Fimms		End of life	End of life
FTP			
Galileo		End of life	End of life
Gandlake		End of life	End of life
GCSx Firewall			
Geocoder 63			
Harvest		SaaS	Harvest
HelioXD		SaaS	Annodata
Hornbill		SaaS	Hornbill
ICE Chat		On Premise - AVDC	AVDC
Iclipse	Back End Database	On Premise - AVDC	AVDC
Iclipse	Front End Client	On Premise - AVDC	AVDC
Idea		On Premise - AWS, AVDC	AVDC
IDOX CICO		On Premise - AWS	AVDC
IDOX EDMS		SaaS	IDOX
Internet Explorer		On Premise - AWS, AVDC	AVDC
iTrent		SaaS	Midland HR
iWorld		On Premise - AVDC	AVDC
IWS		On Premise - AWS	AVDC
Java		On Premise - AWS	AVDC
Kalamazoo		SaaS	Vendor
Kantech		On Premise - AWS, AVDC	AVDC
Kitty		End of life	End of life
Landlord Portal			
Laserform		On Premise - AWS	AVDC
Learning Pool		PaaS	learningpool
Lisson Grove QBC			
LocalView General - Mavis			
Locata		SaaS	Locata
LogSmart	External - Payments	On Premise - AWS	AVDC
LogSmart	Internal - Payments	On Premise - AWS	AVDC
LogSmart	Administrators	On Premise - AWS	AVDC
LSS 3D Vantage			
LSS Elite			
McAfee Antivirus		On Premise - AWS, AVDC	AVDC
Metrel PatLink		On Premise - AWS	AVDC
Microsoft ISA			
Microsoft Office	Visio	On Premise - AWS	AVDC
Microsoft Office	Access	On Premise - AWS	AVDC
Microsoft Office	Excel	On Premise - AWS	AVDC
Microsoft Office	Outlook	On Premise - AWS	AVDC
Microsoft Office	Powerpoint	On Premise - AWS	AVDC

Microsoft Office	Project	On Premise - AWS	AVDC
Microsoft Office	Word	On Premise - AWS	AVDC
Microsoft Office	Word 2010		
Microsoft Office	Project 2013		
Microsoft Office 365	OWA	SaaS	Microsoft
Microsoft Office 365	Intune	SaaS	Microsoft
Microsoft Office 365	Administration	SaaS	Microsoft
Microsoft SharePoint		End of life	End of life
Microsoft SQL Server		On Premise - AWS	AVDC
Microsoft Windows	7 Professional	On Premise - AVDC	AVDC
Microsoft Windows	Server 2012 R2	On Premise - AWS	AVDC
Microsoft Windows	Server 2008 R2	On Premise - AWS	AVDC
Milestone Protect CCTV		On Premise - AVDC	AVDC
Netcall			Netcall
Netsweeper		SaaS	Updata
NEW ASH TEST			
One Drive		SaaS	AVDC
Oracle		On Premise - AVDC	AVDC
OrgPlus 2012		On Premise - AWS	AVDC
OS Mastermap Data Converter			
Outlook for Ezytreev			
P11D		On Premise - AWS	AVDC
Pencil Project		On Premise - AWS	AVDC
Performance Plus	Standard	On Premise - AWS	AVDC
Performance Plus	Admin	On Premise - AWS	AVDC
PGP Encryption		On Premise - AVDC	AVDC
Planning Portal		SaaS	PlanningPortal
Policy Hub		SaaS	Hiteclabs
Productivity Suite License Manager			
ProSteel,Super Beam,EuroBeam		On Premise - AWS	AVDC
Public Access		SaaS	IDOX
Quark Express 7		End of life	End of life
RAG			
Reach SMS		SaaS	Reach
Remote Desktop			
Renovator		On Premise - AWS	AVDC
Repliweb			
Safend		On Premise - AVDC	AVDC
Safenet Management		SaaS	Safenet
Salesforce	Customer Fullfillment Team	PaaS	Salesforce
Salesforce	myaccount	PaaS	Salesforce
SFTP			
Shaw Forms		On Premise - AWS	AVDC
Skeddly		SaaS	Skeddly
Sketch Up		On Premise - AVDC	AVDC
Skype		On Premise - AWS	Microsoft
Smart Sheet		SaaS	Smartsheet
SMTP			
Spur Parking		SaaS	Xerox
Steve Grimmer DTI			
Symantec Backup Exec			
Systemslink Energy (Energy Manager)		On Premise - AWS	AVDC
TeamViewer		SaaS	AVDC
Tech One		SaaS	technologyonecorp
TEST ArcMap			
Timebase	Admin	SaaS	Timebase
Timebase	User	SaaS	Timebase
Uniflow	MomClient	SaaS	Annodata
Uniflow	Admin	SaaS	AVDC
Uniform		SaaS	IDOX

VisionApp		On Premise - AWS	AVDC
Vodafone mail			
VPN			
VT Multiclient		On Premise - AWS	AVDC
Websmart	AWS-ITWSRV01	On Premise - AWS	AVDC
Winzip		On Premise - AWS	AVDC

Summary Information

Total Apps	Known Types	Count	AVDC Hosted
	SaaS	32	#
	On Premise - AWS	67	
	On Premise - AWS, AVDC	7	
	On Premise - AVDC	12	
	IaaS	2	
	PaaS	5	
	End of life	10	
	Awaiting Assessment	44	
179		**179**	**88**

14.2 Appendices 2 - Commercial and IT Principles

Commercial Principles

- Work in a Commercial Way based on AVDC Behaviours Framework
- Utilise knowledge of our customer to provide services across the organisation and ensure services are designed from the customers perspective
- Provide a single and informed view of our customers
- Own the customer relationship regardless of customer delivery model
- Support organisational flexibility from start up to maturity
- Create empowered and appropriately skilled and equipped staff and teams
- Enable and encourage upsell opportunities
- Encourage ‘up front’ payment
- Understand demand and cost of delivery
- Maximise self-service and automation for all processing

Commercial IT Principles

- Provide anytime, anywhere end user focused, easy to use services and systems for customers and staff
- Automate customer interaction, test with end users and enable continuous improvement
- Remove complexity
- Provide standard solutions
- Be consistent in design
- Ensure service management, not equipment provision
- Provide standard, predictable, user based costs
- Provide a scalable, agile platform for the future and be horizon scanning
- Consolidate suppliers into a small set
    - Consider the benefit of whole, and minimise specialist solutions
    - Each project doesn’t require a financial case, but must have a business case
- Buy not build, sourcing expertise from the market and internal resources
- Ensure systems have open interfaces
- Ensure solutions meet security standards
- Ensure good information management and provide single, logical data model

14.3 Appendices 3 - AVDC Objectives and Principles

Aylesbury Vale District Council

Our Vision

"To secure the economic, social and environmental wellbeing of the people and businesses in the area"

Aylesbury Vale District Council

Customer Principles & AVDC Values

We will:

Provide a great service every time, meaning:

- *We will listen to our customers, treat them as we would want to be treated and recognise individual needs.*
- *We will always leave the customer with a good impression of ourselves and the Council*
- *We will deliver our promises on time and keep the customer informed of progress on their enquiry.*

Be open, trustworthy, innovative and efficient, meaning:

- *We will go the extra mile for customers and take personal responsibility for making things happen.*
- *We will communicate clearly with our customers, in line with our customer care standards and make it easy for them to contact us and get the services they need.*
- *We will be open and honest in our dealings with customers, and willing to learn from mistakes.*
- *We will look for better and more cost effective ways of doing things and be open to ideas and challenge.*
- *We will look for opportunities to involve local people and communities in decisions where appropriate.*

Aylesbury Vale District Council

Strategic Objectives

- Create brilliant commercial offerings, which our customers value, in order to profitably generate income
- Understand our customer needs and use every opportunity to gain a better understanding of them
- Make the difference, and be trusted, reliable and respected by our communities
- Make our core services as efficient as we can, bridging the £5m gap in funding
- Be an ambitious, innovative and efficient customer focused organisation, available online 24 x 7 x 365

Aylesbury Vale District Council

Commercial Principles

- Work in a Commercial Way based on AVDC Behaviours Framework
- Utilise knowledge of our customer to provide services across the organisation and ensure services are designed from the customers perspective
- Provide a single and informed view of our customers
- Own the customer relationship regardless of customer delivery model
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- Maximise self service and minimise automation for all processing

Aylesbury Vale District Council

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  - Each project doesn't require a financial case, but must have a business case
- Buy not build, sourcing expertise from the market and internal resources
- Ensure systems have open interfaces
- Ensure solutions meet security standards
- Ensure good information management and provide single, logical data model

15 External References

None used.

16 Glossary of Terms

PSN: Public Services Network, the framework for delivering secure connectivity for (and on behalf of) public sector organisations and suppliers

SSO: Single sign-on, the ability to use one identity to access many applications and in this case sign-in once per session to access the applications offered as part of the platform.

VDI: Virtual desktop infrastructure, a type of thin computing, whereby the desktop operating system exists in the cloud and is typically accessed using a more discreet user terminal.

VR: Virtual reality, an immersive experience, taking place entirely within a digitised environment where all artefacts and persons are digital representations. I.e. not reality, even though what is said and exchanged has meaning, hence its possible value in terms of communication.

AR: Augmented reality, a less immersive experience where digital information is overlaid onto real or digital artefacts. E.g. digital camera images with information transposed onto them. For example Google Maps satellite images with hints about your nearest points of interest (restaurants, cash machines etc.)

Partners and Suppliers: We are purposefully distinguishing between partners and suppliers. Partners are those whom support our strategic aims through co-creating products and services, helping us sell products and services and help us execute our roadmap. Suppliers are those whom sell to us, and those which are supplying commodity items or less strategic services. Such as, water, power and facilities management.

Community cloud: A cloud type, with similar functionality to public cloud but is used only by a community of like-minded and/or similar organisation types. In this context community cloud is likely to be local government customers using a common platform, such as a cloud software solution which is exclusive to the public sector.

CASB: Cloud access security broker(s), commercially available products/technology which arbitrates access to cloud resources. E.g. software applications. CASB’’’s allow better control, visibility and management of access to applications through a ‘‘‘portal like’’’ experience.

Finance & Services Scrutiny Committee
1 December 2016

BUDGET PLANNING 2017/18

1 Purpose

1.1 The Scrutiny Committee is asked to consider the report that was submitted to Cabinet on 8 November 2016 (attached as an appendix) and that sets out the high level issues facing the Council when developing budget proposals for 2017/18, and also impacts on updating the Medium Term Financial Plan (MTFP). The report also sets out a proposed timetable in order to agree the budget and set the Council tax prior to the end of February 2017.

1.2 The views and comments of the Committee will be reported back to Cabinet so that they can be taken into consideration in developing the 2017/18 budget.

1.3 A further report on the budget process and proposals for 2017/18 will be submitted to the Scrutiny Committee in January 2017.

2 Recommendations/for decision

2.1 The Scrutiny Committee is requested to indicate any comments that it wishes Cabinet to take into consideration in developing the 2017/18 budget.

3 Executive summary

3.1 Cabinet received a report to its meeting on 8 November 2016 on the high level issues facing the Council when developing budget proposals for 2017/18, and also impacts on updating the Medium Term Financial Plan (MTFP).

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

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

Contact Officer	Andrew Small 01296 585507
Background Documents	

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Cabinet
8 November 2016

BUDGET PLANNING 2017/18
Councillor Mordue
Cabinet Member for Finance, Resources and Compliance

1 Purpose

1.1 This report sets out the high level issues facing the Council when developing budget proposals for 2017/18 and in terms of updating its Medium Term Financial Plan (MTFP).

1.2 The report also sets out a proposed timetable in order to agree the budget and set the Council Tax prior to the end of February 2017

2 Recommendations/for decision

2.1 Cabinet is requested to consider the report and agree the approach proposed for developing the 2017/18 budget and the Medium Term Financial Plan.

1. Supporting information

2.1 The current Medium Term Financial Plan (MTFP) for 2017/18 was agreed by Council in February 2016. This predicted the need to identify £1.6 million of savings in order to balance the budget for 2017/18, based upon the information available at that time and a set of assumptions around key variables within the budget.

2.2 These key assumptions will be revisited and reviewed as part of the budget planning and preparation process for 2017/18 and for the 4 years thereafter, which make up the Medium Term Planning period.

2.3 Local Government, and most of the public sector, has been managing the consequences of the Government's balancing of the public sector funding equation over the last 6 years whilst at the same time managing the expectations of the Vale's residents.

2.4 With the recent change in Prime Minister and June's European Referendum Vote, there are indications that the Government may soften its stance on austerity. However, it is currently considered unlikely that this will have any material impact on the targets local government have already been set for the period up to 2019/20.

2.5 Whilst the Government works to determine its position on Brexit and the implications for austerity longer term, there is likely to be a hiatus. Some clarity is expected to materialise in the new Chancellor's Autumn Statement, due to be made on 23 November. However, the need to reduce Government Borrowing is unlikely to diminish significantly in the short term and so it seems equally unlikely that the Government will deviate from the 4 year spending settlement previously announced.

2.6 The tone of this budget setting and planning report is, therefore, still primarily focused around delivering the savings and new income generating targets identified last year.

2.7 This report identifies some of the key issues and areas which will need to be considered as part of the review and update process this year and sets out the timetable for scrutinising and agreeing the budget and Medium Term Financial Plan for the next 4 years.

3 Timetable

3.1 The proposed process broadly follows the same format as in previous years and is set out below.

Meeting Date	Meeting	Possible Reports
8h November	**Cabinet**	**Scene Setting Report**
16th November	Budget Seminar	Consideration of Scene Setting / Grant Changes
13th December	**Cabinet**	Initial Budget Plan / Strategy
	No Scrutiny of Budget Proposals by Economy or Environment	At this stage there are thought to be no operational service impacts arising from the proposals which require Scrutiny consideration
9th January	Finance Scrutiny	Consideration of Cabinet Report
10th January	**Cabinet**	**Budget Recommendation to Council**
19th January	2nd Budget Seminar	
1st February	**Council**	**Budget Setting**
22nd February	Council	Council Tax setting

3.2 The ongoing work of the Council's officers and its Cabinet members under the Commercialisation programme to deliver the efficiencies, savings and new income generation required in the Medium Term Financial Plan should again mean that the process can be condensed. This should be achievable, as any strategic choices relating to the level or means of service delivery have already been debated and scrutinised throughout the year and therefore are not required to be agreed as part of the budget development process.

3.3 The Commercialisation Programme is being delivered as a 4 year programme of co-ordinated works and services reviews and not as 4 separate annual decision making rounds which present members with multiple, equally unpalatable choices around service cuts. This minimises the amount of decision making required as part of this annual refresh and update to the Medium Term Plan.

4 The Government Grant Settlement and the 4 year offer

4.1 Members will recall that last year the Government offered a multi year financial settlement to those councils who chose to accept it. Along with the majority of councils, Aylesbury Vale District Council did choose to accept the offer for the certainty that this offered. The deadline for acceptance has now passed and the Council is waiting to formally hear whether it will qualify.

4.2 With some caveats around New Homes Bonus and the impact of the Business Rate Revaluation, due to be effected on 1st April 2017, the Council will know the level of Government support it can expect to receive in each of the years 2017/18, 2018/19 and 2019/20.

4.3 Whilst the reductions contained within these numbers still represent a significant challenge for this, and all councils, it does at least allow the Council to plan. This is preferable compared to the annual, invariably late, announcement from the Government in December which left little or no opportunity to react to unexpected variations.

4.4 The figures contained within the settlement are set out below;

	2016-17 £M	2017-18 £M	2018-19 £M	2019-20 £M
Settlement Funding Assessment	5.22	4.30	3.83	3.26
of which:				
Revenue Support Grant	1.57	0.58	0.00	0.00
Baseline Funding Level	3.65	3.72	3.83	3.95

Tariff/Top-Up	-16.16	-16.47	-16.96	-17.50
Tariff/Top-Up adjustment				-0.69

4.5 The Medium Term Planning period, once extended as part of this planning process, will now run beyond 2019/20 and therefore, the end of the current parliament. The Government had set a target date for balancing its budget, and therefore the end of austerity, as 2019. What the Government's policy might be thereafter, particularly given the uncertainty surrounding Brexit and the softening of the date for balancing the budget, is uncertain. Whilst far in the future, some consideration will need to be given to this as part of budget planning.

5 New Homes Bonus (NHB)

5.1 The Government announced its intention to review New Homes Bonus (NHB) as part of last year's settlement and issued a consultation seeking views.

5.2 This Council responded before the deadline in March 2016. The Government has yet to publish a conclusion to this consultation and so councils are in the dark as to whether the scheme will continue into 2017/18.

5.3 Like many councils, Aylesbury Vale uses a proportion of the NHB received in its revenue budget to replace the Grant which the Government top-sliced in order to create this Bonus Scheme.

5.4 This amount is equal to £1.178 million, compared to the £8.3 million received in total during 2016/17.

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

5.6 Assuming any changes to the scheme only reduce the amount awarded, then there should be no immediate implications for the MTFP. If the Government decides to end the scheme immediately, what will become crucial is how it reintroduces the funding released back to local government.

5.7 It is currently expected that councils will not hear the outcome of the Government's review until the Autumn Statement.

6 Business Rates Revaluations, Pooling and 100% Business Rates Retention

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

6.2 The Council's ability to gain from business rates growth is limited in practice, but it has still generated some gains over the 4 years the current system has been in place.

6.3 Appeals against the amount of business rates payable continue to present an issue. Thus far, these appeals have been successfully managed through an appeals provision. However, appeals against a number of the largest properties in the Vale are still unresolved and therefore present a potential risk. The current assumption is that these can be managed within the existing appeals provision but this will need to be kept under review.

6.4 All Business premises are revalued in a 5 year cycle. The current cycle has been extended to 7 years because of the introduction of the Business Rates Retention system in 2013 and the first review under this new system is now due to be implemented on 1st April 2017.

6.5 Whilst the Government manages the impact to ensure that the amount of Business Rates collected nationally remains the same, there are regionally variations and the Baseline Funding, which all councils receive, will need to be adjusted from the numbers in the earlier table so as to ensure that individual councils are not adversely affected by the introduction of the revaluation data. The Government is currently consulting on its proposed mechanism for doing this.

6.6 In 2016/17, Aylesbury Vale entered into a Business Rates Pooling arrangement with Bucks County Council, Bucks Fire and Rescue, Chiltern District Council and South Bucks District Council.

6.7 This arrangement, if successful, allows these councils to retain a greater proportion of Business Rates growth, by reducing the amount the Government would ordinarily capture.

6.8 Thus far, the arrangement appears to be working successfully but, because of the inherent volatility caused largely by appeals, whether the current gains will continue to the year end remains difficult to predict at this point.

6.9 The Pool will continue with its current membership into 2017/18, unless one of the councils chooses to dissolve the Pool and reconstitute it with a different membership.

6.10 The Government is currently consulting on proposals to allow local government to retain all of business rates collected nationally.

6.11 These proposals are potentially more challenging and further reaching than the changes introduced in 2013. Thus far, the Government has issued an initial high level consultation paper seeking views with which to shape a more detailed consultation later this year.

6.12 Once agreed, the Government intends to roll in the new system in either 2019/20 or 2020/21. Because of the uncertainties over the exact form of the system, it is unlikely that any significant assessment of the implications can be made in this budget development cycle.

7 Inflation, Pay and Brexit

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

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

7.3 The Government's Apprenticeship Levy comes into effect from the 1st April 2017, which imposes a tariff on all larger employers based upon their total wage bill. The tariff can be mitigated by employing apprentices and the Council is actively engaging to ensure the best financial outcome, however, it seems likely that the Levy will result in some degree of higher cost which will need to be accommodated as part of budget planning.

8 Tri-annual Pension Revaluation

8.1 The Local Government Pension Scheme is a national scheme which all local government employees are entitled to join.

8.2 Periodically, (every 3 years), the Pension Fund in revalued in order to fully understand expected future calls on the pension fund, the amount likely to be contributed to it over time and its investment performance. This arrives at the annual amount each employer needs to contribute to the scheme to ensure it remains fully funded and able to meet all of its current and future obligations.

8.3 Currently the scheme is underfunded but the Council has a recovery plan in place to address this. Initial indications are that whilst the deficit has reduced since the last valuation a predicted deterioration in future investment performance might require the contribution rate to be reviewed. A clearer understanding of the position will be available in the next few weeks, once the Actuary has prepared the numbers for each individual organisation in the Bucks County Council scheme.

8.4 An opportunity exists, prior the end of March, to make a lump sum payment to the pension fund, thereby reducing the deficit. As the early introduction of funding enables the pension fund to generate its investment returns earlier, this can have a significant financially beneficial result.

8.5 As part of budget development process, options will be explored to use some of the Council's earmarked reserves, held for longer term obligations, to pay down a proportion of the pension fund deficit. The saving this creates, in terms of lower employer contributions, can then be used to replenish the earmarked reserves.

9 AVDC Commercial Interests

9.1 Members will be aware that the Council now has a number of commercial interest holdings, each at different stages of maturity.

9.2 In line with the overarching governance approach adopted by Council earlier this year, each of these interests will present an annual Business Plan for consideration and Scrutiny alongside the budget development process. The financial implications of the agreed Business Plans will be reflected in the developing budget.

10 Strategy for Balancing the Budget / Commercial AVDC

10.1 The Council's approach to balancing its finances over the Medium Term Financial Plan is contained within the Commercial AVDC Programme. Members will be aware of the content of this Programme through regular briefings, but in summary;

- The Commercial AVDC programme was initiated in late 2015 to manage the process of balancing the budget in the run up to the predicted total loss of government grant in 2020.
- Members will recall that the programme is adopting a two pronged approach of achieving savings by consolidation of services, use of Digital and reducing or eliminating duplication while at the same time generating income through commercial activities. The Commercial activities are developing to provide services that are -

    - Orientated around the customer, fulfilling their demands, delivering what the customer wants

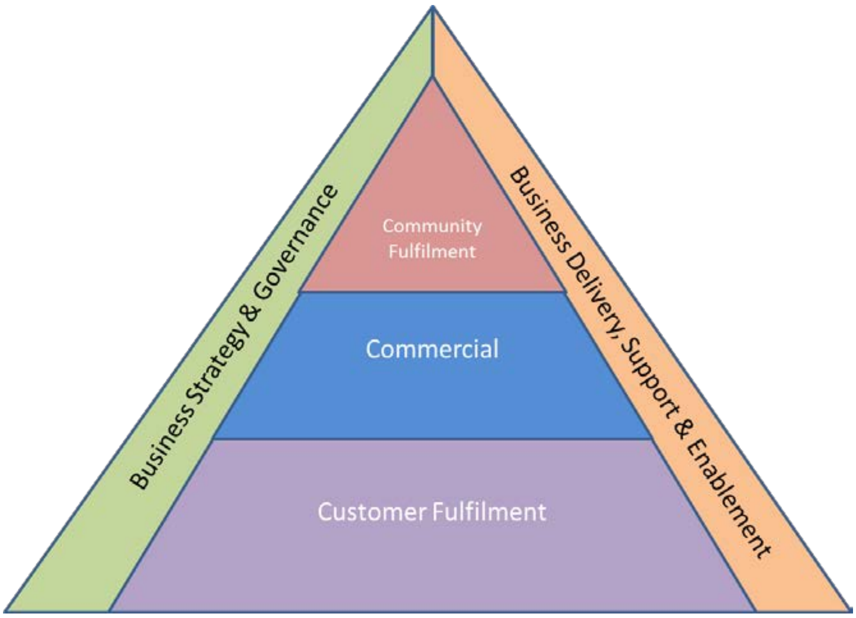
- Speedy response to customer demands, delivering services when the customers want it
- Delivering within a cost effective delivery model at a cost the customers will pay.

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

10.3 The programme has received widespread recognition outside the Council with requests for Officers and Members to present at conferences worldwide. In addition the programme, or elements of it, has won numerous awards. The Council is also promoting the work that it is doing in transforming itself through the "Surviving to Thriving" conferences. Two successful conferences were held at the Gateway earlier in the year with a third scheduled for 22nd of November.

10.4 To date the programme has achieved a number of key Milestones.

- "Lifting and Shifting" the organisation into the Sector Triangle model enabling savings to be realised through rationalisation and removal of duplication of effort as well as allowing us to focus on developing our Commercial Services.



- Development of a Commercial Behaviour Framework and working with external providers to develop an assessment approach to enable the Council to recruit staff on the basis of their knowledge and application of the Behaviours and to develop staff to enable them to operate in a more commercial way.

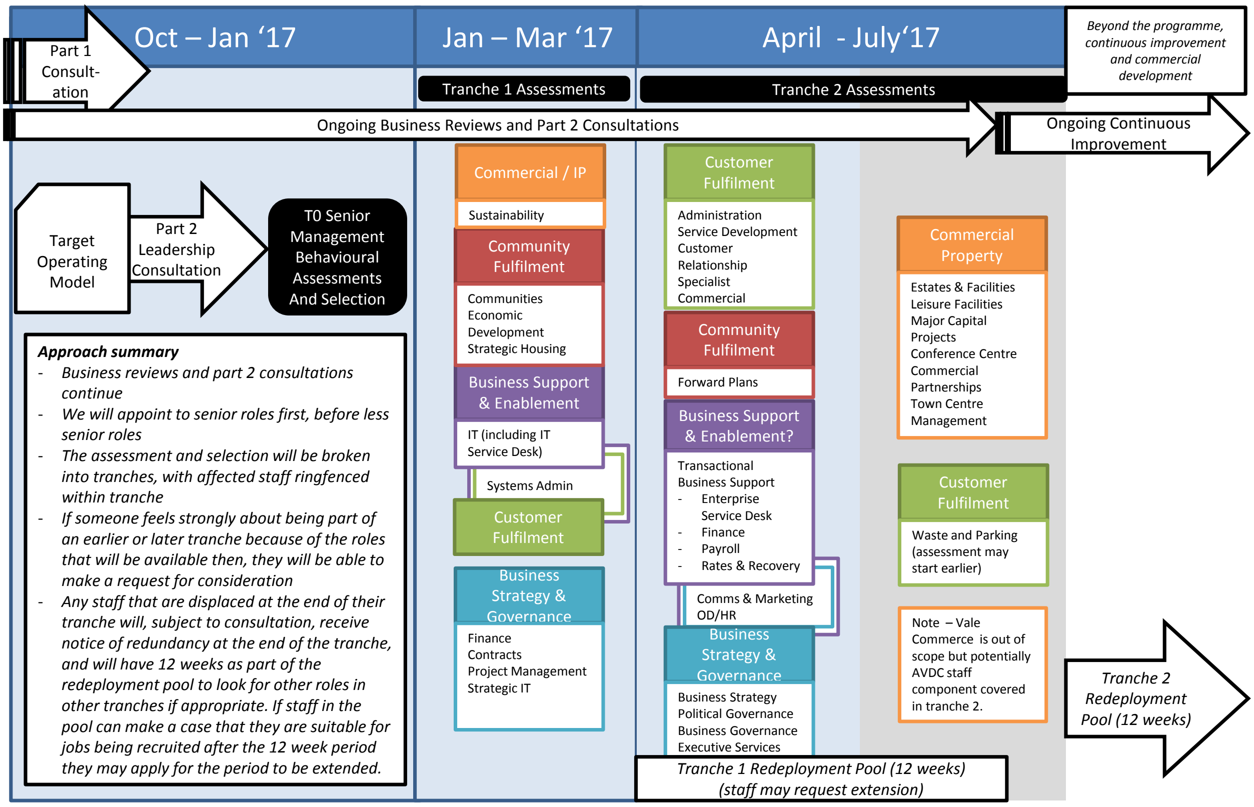
- Development of “Business Reviews” of services within the organisation looking at how they can be both more efficiently operated and more commercially focussed on customer needs.

- Working through a formal Collective Consultation process with Staff and Union representatives to develop a methodology to enable staff to be recruited into a new organisation structure.

10.5 Over the coming months staff will be recruited into the new organisation structure defined by the outcome of the Business Reviews. This process will be completed by July 2017 enabling the council to achieve savings ongoing.

10.6 The programme has an overall target to bridge the funding gap of £5.6m by 2020. To date for those services analysed savings of £4.2m have been identified with £1.8m of those savings forecast by managers for achievement in 2017/18. It is anticipated that the balance of the funding gap can, if necessary, be met following the review of the remaining services.

10.7 The schedule for the Business Reviews between now and July 2017 is shown below.



10.8 Much of the proposed savings are dependent on the implementation of the Council’s Digital Programme. The 5 year IT Cloud Strategy approved by Cabinet/Council in 2011/12 is now coming to an end having achieved its objectives. A new strategy to enable the council to offer better, more flexible services online is being developed for approval in early 2017.

10.9 The Commercial Services arm of the Commercial AVDC Programme consists of three key elements

- Creating innovative new services for our Residents and Businesses that they will value and be prepared to pay for. These services are being developed by AV Broadband and Vale Commerce

- Commercial Property Development and exploitation of our existing built assets.

- Developing the commercial opportunities offered by the packaging and selling of Council expertise and services, e.g. assisting other Councils to implement a Lottery, Payroll services, development of IT and Transformation Strategies.

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

10.11 The development of commercial opportunities for selling Council services to other organisations is based on identifying which "packaged" services other organisations may need and basing the pricing strategy on the value of the overall package to the customer rather than simply trying to sell the services of staff to other organisations on a straight consultancy basis.

10.12 While it is too early to give hard predictions of the levels of income that may be generated by commercial activities early indications are good and it is encouraging that the strategy of offering high value services is receiving good feedback from potential customers across the board whether they be residents, businesses or other councils.

10.13 Further reports to Cabinet and Council on the progress of the Commercial AVDC programme will be provided as and when there are developments to be communicated.

11 Council Tax

11.1 The Government has exercised tight control over the level of Council Tax increases in each of the past 6 years in order to ensure that reductions in Government Grant were not simply replaced by increases in the burden on the Taxpayer.

11.2 In each of the last 6 years the Government has imposed a referendum requirement on any council wishing to increase its Council Tax by 2% or above. A Freeze Grant was also on offer in some years to incentivise councils to hold their Council Tax at the same level.

11.3 In all 6 years only one referendum has been held (by a Police authority) and this was heavily defeated. Given the costs of holding a referendum and difficultly in persuading a community to accept a higher increase, the threshold, in all but name, effectively represents a cap on Tax increases.

11.4 However, national policy has now shifted away from the desire to see Council Tax levels frozen to an acceptance of minimal tax increases. In fact, contained within last year's 4 year settlement is an assumption that each council will increase its Council Tax by the maximum permissible amount, short of requiring a referendum.

11.5 The Government has assumed that each council will do this and has reduced the amount of Grant it intends to award each council by an equivalent amount. Therefore, any Council not increasing their Council Tax by the assumed amount will effectively be worse off than the Government intended.

11.6 The maximum allowable increase was also flexed last year for certain types of councils, with an additional 2%, above the existing 1.99% being made available to councils with responsibility for Adult Social Care. Further flexibility was also given to district councils, thereby acknowledging the huge disparity in individual levels of Council Tax and consequently the maximum gain achievable by a percentage increase.

11.7 For district councils, the maximum increase was changed to 1.99% or £5, whichever is the greater. Initially, the Government intended that this would apply only to those districts with lower quartile Council Tax levels, but this was subsequently changed in the Final Settlement to allow all districts to qualify. This change came too late in our own budget setting process for any account to be taken of this additional freedom.

11.8 It is important to note that in allocating grant reductions in the 4 year settlement, the Government has assumed that each qualifying council will take maximum advantage of this additional council tax increase threshold and has reduced grant by an additional amount equivalent to the extra Council Tax it expects councils to generate. Implicit within this, is a new Government assumption that more of the burden of funding council services will be transferred to the taxpayer.

11.9 Any council not wishing to pass this on to the taxpayer will consequently be worse off, as the Government will have reduced their Grant, assuming that they had.

11.10 In planning its budget for 2017/18 and beyond the Council will need to consider its position in relation to assumed Council Tax increases.

12 Parish Council Tax Increases

12.1 The one exception to Council Tax capping in recent years has been parish councils, who are still able to increase their Tax by any agreed amount. With the squeeze on county and district council funding there has been a gradual transfer of services to parish councils to take advantage of their freedoms. Parish Council Tax charges have risen well above inflation (on average) as a consequence with no proportionate reduction in the tax charged by those authorities transferring services and so the burden on the tax payer has increased, despite the Government's attempts to limit this to a maximum of 2%.

12.2 The Government has been aware of this and threatened, in recent years, to apply referendum principles to some parish councils. If anything, this policy has had the opposite effect and many parishes have sought to increase their tax by even greater amounts to beat the imposition of controls.

12.3 This year, the Government has moved one step closer to imposing control and is consulting on extending referendum principles to some parishes in 2017/18. At face value this is only a partial solution and will not solve the problem the Government has identified.

12.4 We will keep parishes briefed as the consultation develops.

13 The Council Tax Base

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

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

13.3 It is estimated that the combination of these factors will result in actual Tax Base growth at around 2.4% in 2017/18, compared to the existing 1% assumed in the Medium Term Financial Plan.

14 Capital Planning and the Impact of Spending Decisions

14.1 The revenue financing implications arising from the decision taken by Council at its last meeting to construct the new Depot Facility and replace the Waste Fleet will now need to be factored into the budget for 2017/18.

14.2 This, along with the impacts of any other new decisions, will need to be modelled alongside the position on capital resources.

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

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

14.5 Utilising spare cash in this way is especially advantageous during periods of low interest rates. It is generally predicted that the Bank of England will begin to increase base rates during 2017, but this is still heavily dependent on external and global factors and any increase, when it comes, is likely to small and gradual.

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

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

15 Process for Resolving the Budget for 2017/18

15.1 As previously described it is hoped that the budget for 2017/18 can be resolved using the reorganisation and income generating strategies already set in train and without the need for a crude or simplistic cuts exercise. It is believed that this should be possible but, as highlighted, there are some key uncertainties which will need to be better understood through the development process.

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

15.3 The Council has Working Balances in excess of its stated minimum and these are invaluable in allowing the Council to push forward with new invest to save initiatives or to flex savings targets from one year to the next in the event of unexpected funding pressures or new windfalls. Balances (adding to, or a use of) are therefore likely to form part of the strategy for concluding the balancing of the budget for 2017/18.

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

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

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

16 Options considered

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

17 Reasons for Recommendation

17.1 The report asks members to note the current position and asks them to agree the process to be adopted for concluding Budget Planning for 2017/18 and for revising the MTFP.

18 Resource implications

18.1 These are included within the report.

19 Response to Key Aims and Objectives

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

Contact Officer Andrew Small Tel: 01296 585507
Background Documents

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Finance and Services Scrutiny Committee
1 December 2016

QUARTERLY FINANCIAL DIGEST – APRIL TO SEPTEMBER 2016

1 Purpose

1.1 This report presents the Quarterly Financial Digest for the period 1 April to 30 September 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 September 2016 for members' consideration. The financial digest is attached as an appendix to this report.

3.2 The digest presents the current position at the half way point of the year together with the latest estimate of the expected outturn. At the end of this quarter the predicted year–end position is showing a contribution from balances of £329,200. This is £238,000 higher than the June position.

3.3 The Council spent £625,795 less on the provision of services than allowed in the budget.

3.4 The contribution from balances has increased due to a few reasons but the main two are the decision to create a reserve for the Commercial AVDC costs that are being incurred rather than show against balances and an increase in income. In the reserves section of the digest (page 14) there is an entry of £1.106m representing the agreed funding of the Commercial AVDC project. This contribution to reserves has been partly offset by an anticipated increase in planning and building control income of around £472,000.

3.5 There were a few areas where spend was more than currently budgeted, one was in the area of Information Technology where the cost of agency staff and IT licenses are higher than anticipated. Also, within the Industrial / Town Centre Properties it is anticipated that income from rents and service charges will be less than expected due to a review of the actual costs for 2014/15 and 2015/16 that were charged and a change in the basis of how the costs are apportioned.

3.6 Other areas included Legal Services where the contract costs with HB Law continue to be higher than budgeted, particularly around planning advice. Strategic Finance have higher costs as from agency staff and consultants working on the finance staffing review and a working practices review. As reported in the last quarter there were extra costs within the Chief Executive's section relating to the LGA Conference, training and consultants.

3.7 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.

3.8 Other areas this quarter that are forecasting additional income or reduced costs are Car Parking and Strategic Housing where both are expecting increased parking fee income and advertising income, respectively, whereas domestic refuse is expecting reduced costs from a combination of staff and vehicle cost savings.

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

4.0 As mentioned in paragraph 3.4, it has been decided to move the agreed use of balances for Commercial AVDC Change project to its own earmarked reserve. So the amount of £1,106,000 has been taken from general balances to earmarked reserves. This makes the funding of the Change project more transparent and shows a more accurate figure for the level of balances going forward.

4.1 As well as the revenue budget the digest, on page 14, also reports the level of reserves and provisions and any movements that have been made during the quarter. During this quarter the only movement in reserves has been the creation of the Commercial AVDC reserve. So the balance now stands at £33.2m. 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 16 there is information on the level of investments and borrowings during the first quarter. Once again 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 £54.0m 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.

3.13 It was hoped that this issue of the digest would include summary information relating to the commercial companies, Vale Commerce and AV Broadband, but this has not proved possible as we are currently working with our partners to agree an appropriate reporting format for the digest. We should be in a position to include the information in the December issue.

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

AYLESBURY VALE DISTRICT COUNCIL

QUARTERLY FINANCIAL DIGEST
SEPTEMBER 2016

FINANCE SECTION
AYLESBURY VALE DISTRICT COUNCIL
THE GATEWAY
GATEHOUSE ROAD
AYLESBURY
BUCKS HP19 8FF

ISSUE 2 - 16/17

CONTENTS

Main points of note contained within September's digest

The Main Message

- The Council spent £625,795 less on the provision of services during the first six months of 2016/17 than allowed for in the budget.
- The projected overspend for the year is £238,300.
- Areas to monitor over the coming months are detailed below.

The Main Issues

The main issues arising are highlighted below, with further analysis included in the main body of the digest:

	Variance to Date £	Predicted Outturn £	
Top 5 Over Budget			
Information Technology	126,989	141,200	Cost of agency staff and IT licences
Industrial Estates and Town Centre Props	102,862	201,500	Reduced rents and service charges
Legal Services	74,239	100,000	Increased costs on HB Law contract
Accountancy	71,561	140,600	Salaries, agency staff and consultancy costs
Chief Executives Support Services	32,319	41,900	Costs of LGA Conference & consultants
Top 5 Under Budget			
Development Control	(406,401)	(400,000)	Increased fee income
Domestic Refuse	(136,464)	(187,000)	Employee and vehicle cost savings
Car Park Management	(124,628)	(174,000)	Increased service charge income
Building Control	(66,076)	(25,000)	Savings from vacant posts and increased fee income
Strategic Housing	(55,317)	(52,600)	Increased advertising income

GENERAL FUND SUMMARY AS AT 30TH SEPTEMBER 2016

GENERAL FUND STATEMENT OF BALANCES	ACTUAL OUTTURN 2015/16 £'000	ORIGINAL BUDGET 2016/17 £'000	EXPECTED OUTTURN 2016/17 £'000
Brought Forward 1st April	**(3,765)**	**(4,191)**	**(3,975)**
Planned Use of Balances	0	91	91
Less General Underspend Assumption	(867)	0	238
Contribution to the HS2 Fund	66	0	0
Web & E-Commerce Project	441	0	0
Commercial AVDC Change Project * & **	150	600	0
Net Contribution to Balances	(210)	691	329
Working Balance Carried Forward	**(3,975)**	**(3,500)**	**(3,646)**

* Agreed at Council Meeting 3rd February 2016
** Agreed at Council Meeting 18th May 2016

New Homes Bonus

New Homes Bonus - General and Parish Statement of Balances	Actual Outturn 2011/12 £'000	Actual Outturn 2012/13 £'000	Actual Outturn 2013/14 £'000	Actual Outturn 2014/15 £'000	Actual Outturn 2015/16 £'000	Expected Outturn 2016/17 £'000
NHB Received	(987)	(1,609)	(3,334)	(4,280)	(5,822)	(6,252)
NHB Affordable Housing Received	0	(125)	(250)	(345)	(430)	0
Total NHB Received	(987)	(1,734)	(3,584)	(4,625)	(6,252)	(6,252)
New Homes Bonus Reserve						
Balance Brought Forward	0	(987)	(987)	(3,110)	(6,152)	(9,343)
Contributions Received	(987)	(1,609)	(2,123)	(3,042)	(4,136)	0
Contributions Made						
- Pembroke Road Depot	0	1,609	0	0	0	0
- Swan Pool	0	0	0	0	945	0
End of Year Balance NHB Reserve	**(987)**	**(987)**	**(3,110)**	**(6,152)**	**(9,343)**	**(9,343)**
New Homes Bonus - Parish Initiatives						
Balance Brought Forward	0	0	0	(441)	(849)	(1,278)
Contributions Received	0	0	(491)	(672)	(938)	0
- Use of Reserve	0	0	50	264	509	0
End of Year Balance - Parish Initiatives	**0**	**0**	**(441)**	**(849)**	**(1,278)**	**(1,278)**
Combined End of Year Balance	**(987)**	**(987)**	**(3,551)**	**(7,001)**	**(10,621)**	**(10,621)**
Commitments						
- Ringfenced for Housing						690
- Pembroke Road Depot						986
- East/West Rail Contribution						5,000
- Parish Initiatives						582
						7,258
Balance Uncommitted						3,363
						10,621

Please Note: Bracketed figures represent income

Fund	General

	Full Year		Year to Date		
Portfolio	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals to Date**	**Significant Variances**
Business Transformation	256,800	111,900	115,400	219,686	104,286
Economic Development Delivery	(1,480,000)	152,000	(338,659)	(247,632)	91,027
Environment & Waste	5,410,900	(199,000)	2,049,786	1,887,431	(162,356)
Finance, Resources & Compliance	698,000	206,500	1,757,385	1,954,522	197,137
Growth Strategy	1,329,100	(472,700)	350,931	(167,437)	(518,368)
Leader	5,881,000	(23,000)	2,211,206	2,218,824	0
Leisure, Communities & Civic Amenities	6,586,700	(552,500)	2,382,734	2,037,595	(345,139)
Total Portfolio Expenditure	**18,682,500**	**(776,800)**	**8,528,784**	**7,902,989**	**(625,795)**
Net Interest Receivable	(1,198,000)	0			
Contribution To Reserves	1,260,300	1,106,000			
Contribution From Reserves	(291,500)	0			
Contingency Items	63,100	0			
Asset Management	(1,454,000)	0			
Financing Items	1,335,700	0			
District Expenditure	**18,398,100**	**329,200**			
Less Aylesbury Special Expenses	(817,700)	0			
Contribution (from)/to Special Expenses	(28,900)	0			
Net District Expenditure	**17,551,500**	**329,200**			
Government Grant	(7,194,400)	0			
Collection Fund	(10,266,200)	0			
Underspend	**90,900**	**329,200**			

Please Note: Figures in brackets are underspending/additional income

Fund	General
Portfolio	*Business Transformation*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals to Date**	**Significant Variances**	
Commercial Solutions	256,800	111,900	115,400	219,686	104,286	➀
New Trading Company	0	0	0	0	0	
Grand Total	**256,800**	**111,900**	**115,400**	**219,686**	**104,286**	

Notes

* Services annotated with an asterisk are either wholly or in part recharged to other services. The figures for these services are the net cost after recharges have been made.

➀ £104,286 higher costs - costs associated with Salix and carbon management schemes. The forecast has been amended to reflect the anticipated outturn position.

Fund	General
Portfolio	*Economic Development Delivery*

	Full Year		Year to Date			
Service	Current Budget	Expected Year End Variance	Budget to Date	Actuals Plus Commitments to Date	Significant Variances	
Bus Station	155,900	0	15,250	16,526	0	
Economic Development	278,500	(65,000)	86,621	76,978	0	①
Facilities Management	218,200	(35,100)	280,448	258,858	(21,590)	②
Industrial Estates and Town Centre Props	(2,228,500)	201,500	(1,140,548)	(1,037,686)	102,862	③
Local Land Charges	400	36,500	(65,300)	(51,403)	13,897	④
Non Operational Property	(7,300)	(19,200)	(3,354)	(17,687)	(14,333)	⑤
Office Accommodation	102,800	33,300	488,224	506,782	18,557	⑥
Grand Total	(1,480,000)	152,000	(338,659)	(247,632)	91,027	

Notes

* Services annotated with an asterisk are either wholly or in part recharged to other services. The figures for these services are the net cost after recharges have been made.

① The forecast has been amended to reflect full year salary savings.

② £21,590 lower costs - salary savings £18,000 plus a number of smaller underspends across a range of services. The forecast has been amended to reflect the anticipated outturn position.

③ £102,862 lower income - reduced rents receivable for UCAV of £105,000, lower service charges at the other Waterside properties of £35,000, plus higher building insurance costs and rates of £90,000, and speculative costs at Exchange Street North of £40,000 are offset by higher rents at High Street and Pembroke Road of £83,000. The forecast has been amended to reflect the anticipated outturn position.

④ £13,897 higher costs/higher income - final costs relating to the search litigation of £36,500 largely mitigated by increase land search fee income. The forecast has been amended to reflect the litigation costs.

⑤ £14,333 higher income - rental income from undeveloped land. The forecast has been amended to reflect the anticipated outturn position.

⑥ £18,557 lower income - lower service charges ar Gateway. The forecast has been amended to reflect the anticipated outturn position.

Fund	General
Portfolio	*Environment & Waste*

Service	Full Year: Current Budget	Full Year: Expected Year End Variance	Year to Date: Budget to Date	Year to Date: Actuals Plus Commitments to Date	Year to Date: Significant Variances	
Abandoned Vehicles	2,000	0	1,002	(41)	0	
Contract Services	37,500	0	231,902	233,046	0	
Depot / Workshop	0	30,000	91,456	118,793	27,338	①
Domestic Refuse	4,270,300	(187,000)	2,189,831	2,053,368	(136,464)	②
Environment & Health Admin	261,300	0	43,901	44,945	0	
Environmental Services	907,700	0	25,467	19,889	0	
Land Drainage and Sewerage Works	52,500	0	12,000	11,746	0	
Licensing	16,100	0	(207,676)	(208,202)	0	
Public Burial Fees	3,000	0	1,500	(3,852)	0	
Staying Put Agency	69,400	0	8,358	11,594	0	
Trade Refuse	(208,900)	(42,000)	(347,954)	(393,856)	(45,902)	③
Grand Total	**5,410,900**	**(199,000)**	**2,049,786**	**1,887,431**	**(162,356)**	

Notes

* Services annotated with an asterisk are either wholly or in part recharged to other services. The figures for these services are the net cost after recharges have been made.

① £27,338 higher costs - security costs associated with the temporary relocation of the refuse & recycling fleet following improvement works at Pembroke Road. The forecast has been amended to reflect this.

② £136,464 lower costs / lower income - £135,000 employee cost reduction, £50,000 vehicle fuel & £50,000 maintenance costs reduced by £48,000 reduction in recycling credits contract with UPM.

③ £45,902 higher income - increased garden waste customers. The forecast has been amended to reflect the anticipated outturn position.

Fund	General
Portfolio	*Finance, Resources & Compliance*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Accountancy	0	140,600	279,796	351,358	71,561	①
Business Assurance	10,500	(6,300)	179,558	141,595	(37,963)	②
Communications & Marketing	0	1,000	244,454	243,335	0	③
Fraud	0	0	0	0	0	
Housing Benefits	(172,000)	0	(122,300)	(122,300)	0	
Housing Benefits Administration	470,600	(38,000)	(111,509)	(133,735)	(22,227)	④
Information Technology	(32,500)	141,200	733,811	860,800	126,989	⑤
Insurance Services	8,400	0	4,103	(3,852)	0	
Legal Services	(44,200)	100,000	139,806	214,045	74,239	⑥
People & Payroll Services	(2,500)	(42,600)	174,618	181,222	0	⑦
Revenues	459,700	(89,400)	235,047	222,054	(12,993)	⑧
Grand Total	**698,000**	**206,500**	**1,757,385**	**1,954,522**	**197,137**	

Notes

* Services annotated with an asterisk are either wholly or in part recharged to other services. The figures for these services are the net cost after recharges have been made.

① £71,561 higher costs - increased salary costs £7,000 and agency and consultancy costs relating to the Finance service review and working practices of £65,000. The forecast has been amended to reflect the anticipated forecast outturn position.

② £37,963 lower costs - current savings from vacant posts which will be offset by on-going consultancy fees.

③ The forecast has been amended to reflect a small saving in staff costs.

④ £22,227 higher costs/higher income - Salesforce costs of £64,000 offset by £100,000 additional costs income and other savings across a range of services. The forecast has been amended to reflect the anticipated outturn position.

⑤ £126,989 higher costs/lower income - agency staff costs of £105,000, plus higher hardware, software and server hosting and licence fees of £60,000 offset by salary savings of £40,000. The forecast has been amended to reflect the anticipated outturn position.

⑥ £74,239 higher costs - higher contracted staff costs.

⑦ The forecast has been amended to reflect salary savings of £77,000 off set by redundancy costs of £14,000 and increased I-Trent costs of £23,000.

⑧ £12,993 lower costs - a number of savings across a range of services. The forecast has been amended to reflect savings in court and insolvency costs.

Fund	General
Portfolio	*Growth Strategy*

Service	Full Year: Current Budget	Full Year: Expected Year End Variance	Year to Date: Budget to Date	Year to Date: Actuals Plus Commitments to Date	Year to Date: Significant Variances	
Building Control	51,300	(25,000)	(44,847)	(110,923)	(66,076)	①
Design & Conservation	339,500	0	143,399	143,975	0	
Development Control	29,100	(400,000)	(138,000)	(544,401)	(406,401)	②
Engineering Services	53,400	(28,700)	24,850	(308)	(25,158)	③
Forward Planning	816,800	0	353,035	349,514	0	
Local Delivery Vehicle	0	0	0	0	0	
Planned Development	39,000	(19,000)	12,494	(6,320)	(18,814)	④
Planning Administration	0	0	0	1,026	0	
Grand Total	**1,329,100**	**(472,700)**	**350,931**	**(167,437)**	**(518,368)**	

Notes

* Services annotated with an asterisk are either wholly or in part recharged to other services. The figures for these services are the net cost after recharges have been made.

① £66,076 lower costs / higher income - salary savings from vacant post & additional fee income currently ahead of target. The forecast reflects the salary savings from the vacant post.

② £406,401 higher income - increased planning fees . The forecast has been amended to reflect this.

③ £25,158 lower costs - salary savings from vacant post. The forecast has been amended to reflect this saving.

④ £18,814 higher income - additional s106 fee income received. The forecast has been amended to reflect this.

Fund	General
Portfolio	*Leader*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Central Staff Costs	2,116,800	0	1,006,154	1,006,154	0	
Chairman's Expenses	32,400	(6,200)	5,400	5,136	0	①
Chief Executives Support Services	26,200	41,900	158,401	190,720	32,319	②
Core Costs	1,434,000	0	45,100	45,100	0	
Democratic Representation	1,745,200	(72,600)	291,254	257,755	(33,499)	③
Democratic Services	0	300	102,052	103,782	0	④
Directors	0	0	133,255	129,959	0	
Electoral Registration	341,500	1,700	126,540	124,227	0	⑤
Highways and Amenity Areas	7,300	0	2,750	4,550	0	
Sector Leads	177,600	11,900	340,300	351,440	11,140	⑥
Grand Total	**5,881,000**	**(23,000)**	**2,211,206**	**2,218,824**	**0**	

Notes

* Services annotated with an asterisk are either wholly or in part recharged to other services. The figures for these services are the net cost after recharges have been made.

① The forecast has been amended to reflect savings in the Chairman's allowance.

② £32,319 higher costs - LGA Conference, consultant expenses and training expenses. The forecast has been amended to reflect this expenditure.

③ £33,499 lower costs - savings on members' allowances. The forecast has been amended to reflect the anticipated outturn position.

④ The forecast has been amended to reflect a number of savings across a range of services.

⑤ The forecast has been amended to reflect a number of savings across a range of services.

⑥ £11,140 higher costs - a number of overspends across a range of services. The forecast has been amended to reflect salary savings that will not be met.

Fund	General
Portfolio	*Leisure, Communities & Civic Amenities*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Bed and Breakfast	10,800	0	5,000	6,391	0	
Budget Advisory Services	0	0	0	0	0	
Car Park Management	(861,900)	(174,000)	(374,658)	(499,286)	(124,628)	①
Choice Based Lettings	13,600	0	(1,200)	(9,355)	0	
Community Centres	372,500	14,400	116,317	118,470	0	②
Community Safety	351,400	(8,400)	69,197	71,384	0	③
Concessionary Travel	41,800	0	7,700	7,689	0	
Festive Lighting	42,700	0	(2,000)	0	0	
Grant Funding	394,500	0	258,000	257,190	0	
Grant Unit	238,600	3,300	99,027	99,358	0	④
Griffin Place	22,600	0	0	270	0	
Homelessness Management	948,200	(85,000)	346,406	291,209	(55,197)	⑤
LEAP	0	0	0	0	0	
Leisure Administration & Management	642,900	0	179,501	170,640	0	
Leisure Tourism Marketing & TICs	81,300	(64,600)	39,905	7,095	(32,810)	⑥
Markets	4,400	(1,200)	10,102	12,798	0	⑦
Parish Initiatives	1,000	(600)	0	0	0	⑧
Parks, Pitches & Open Space	1,059,500	0	477,995	469,721	0	
Partnership Funding	53,500	0	35,798	34,388	0	
Play Services	3,600	(9,900)	(638)	(4,919)	0	⑨
Private Rent Scheme	7,100	0	1,990	2,113	0	
Programme Funding & Special Projects	66,900	(900)	25,648	17,240	0	⑩
Public Conveniences	121,100	0	42,550	40,559	0	
Shopmobility	87,800	(1,300)	48,250	46,717	0	❶
Social Housing Enabling	107,600	0	107,600	107,600	0	
Strategic Housing	212,400	(52,600)	89,950	34,633	(55,317)	❷
Sweeping & Cleansing	1,413,500	0	561,850	565,334	0	
Swimming Pools	145,800	(7,000)	(208,400)	(212,114)	0	❸
Town Centre Manager	141,800	1,800	35,546	40,486	0	❹
Town Centre Open Spaces	120,000	(70,800)	50,150	18,083	(32,067)	❺
Waterside Theatre	741,700	(95,700)	361,148	343,902	(17,246)	❻
Grand Total	**6,586,700**	**(552,500)**	**2,382,734**	**2,037,595**	**(345,139)**	

Notes

* Services annotated with an asterisk are either wholly or in part recharged to other services. The figures for these services are the net cost after recharges have been made.

① £124,628 higher income - £224,000 service charge income for Waitrose MSCP reduced by £20,000 shortfall P&D income & £30,000 shortfall in Penalty Charge Notice income. The forecast has been amended to reflect the anticipated outturn position.

② The forecast has been amended to reflect reduced income due to the loss of some regular customers.

③ The forecast has been amended to reflect higher employee costs associated with a post redundancy.

④ The forecast has been amended to reflect salary savings that won't be met.

⑤ £55,197 lower costs - salary savings from vacant posts. The forecast has been amended to reflect these savings.

⑥ £32,810 lower costs - savings arising from closing the Aylesbury Tourist Information Centre. The forecast has been amended to reflect the full year savings.

⑦ The forecast has been amended to reflect savings in business rates.

continued overleaf

⑧ The forecast has been amended to reflect a small saving in running costs.

⑨ The forecast has been amended to reflect a number of savings across a range of services.

⑩ The forecast has been amended to reflect a number of savings across a range of services.

❶ The forecast has been amended to reflect salary savings as a result of a post redundancy.

❷ £55,318 higher costs/higher income - increased salary costs of £15,000 more than offset by affordable housing advertising income of £68,000. The forecast has been amended to reflect the anticipated outturn position.

❸ The forecast has been amended to reflect savings in building insurance.

❹ The forecast has been amended to reflect a small overspend in staff costs.

❺ £32,067 lower costs - savings associated with Kinsgsbury water feature. The forecast has been amended to reflect the anticpated outturn position.

❻ £17,246 lower costs - reduced TUPE costs. The forecast has been amaneded to reflect both this and a reduction in the management fee from October 2016.

Fund	General
Special	Yes
	(All)

Service	**CC Description**	**Full Year** Current Budget	**Full Year** Expected Year End Variance	**Year to Date** Budget to Date	**Year to Date** Actuals Plus Commitments to Date	**Year to Date** Significant Variances
Community Centres	Administration	72,700	1,600	24,586	25,750	0
	Bedgrove	54,600	(9,200)	17,128	17,357	0
	Southcourt	49,200	6,900	19,056	15,442	0
	Alfred Rose	48,400	1,000	16,349	12,094	0
	Prebendal Farm	40,700	6,200	14,958	16,748	0
	Quarrendon and Meadowcroft	41,600	0	7,646	7,788	0
	Haydon Hill	4,900	0	1,050	956	0
	Elmhurst	0	6,400	0	6,316	0
Community Centres Total		**312,100**	**12,900**	**100,774**	**102,451**	**0**
Markets	Market	4,400	(1,200)	10,102	12,798	0
Markets Total		**4,400**	**(1,200)**	**10,102**	**12,798**	**0**
Parks, Pitches & Open Space	Alfred Rose Park	41,100	0	19,450	17,966	0
	Bedgrove Park	62,700	0	31,344	29,258	0
	Meadowcroft Playing Fields	65,200	0	30,198	30,918	0
	Vale Park	14,900	0	7,448	8,136	0
	Walton Court Sports Ground	44,200	0	20,694	18,937	0
	Parks Administration	235,700	0	22,079	20,425	0
	Edinburgh Playing Fields	50,200	0	21,598	20,709	0
	Fairford Leys	83,100	0	36,450	34,574	0
Parks, Pitches & Open Space Total		**597,100**	**0**	**189,261**	**180,922**	**0**
Grand Total		**913,600**	**11,700**	**300,137**	**296,171**	**0**

Notes

Service totals include charges for use of capital, but these are deducted before calculation of Council Tax

GENERAL FUND REVENUE RESERVES AND PROVISIONS

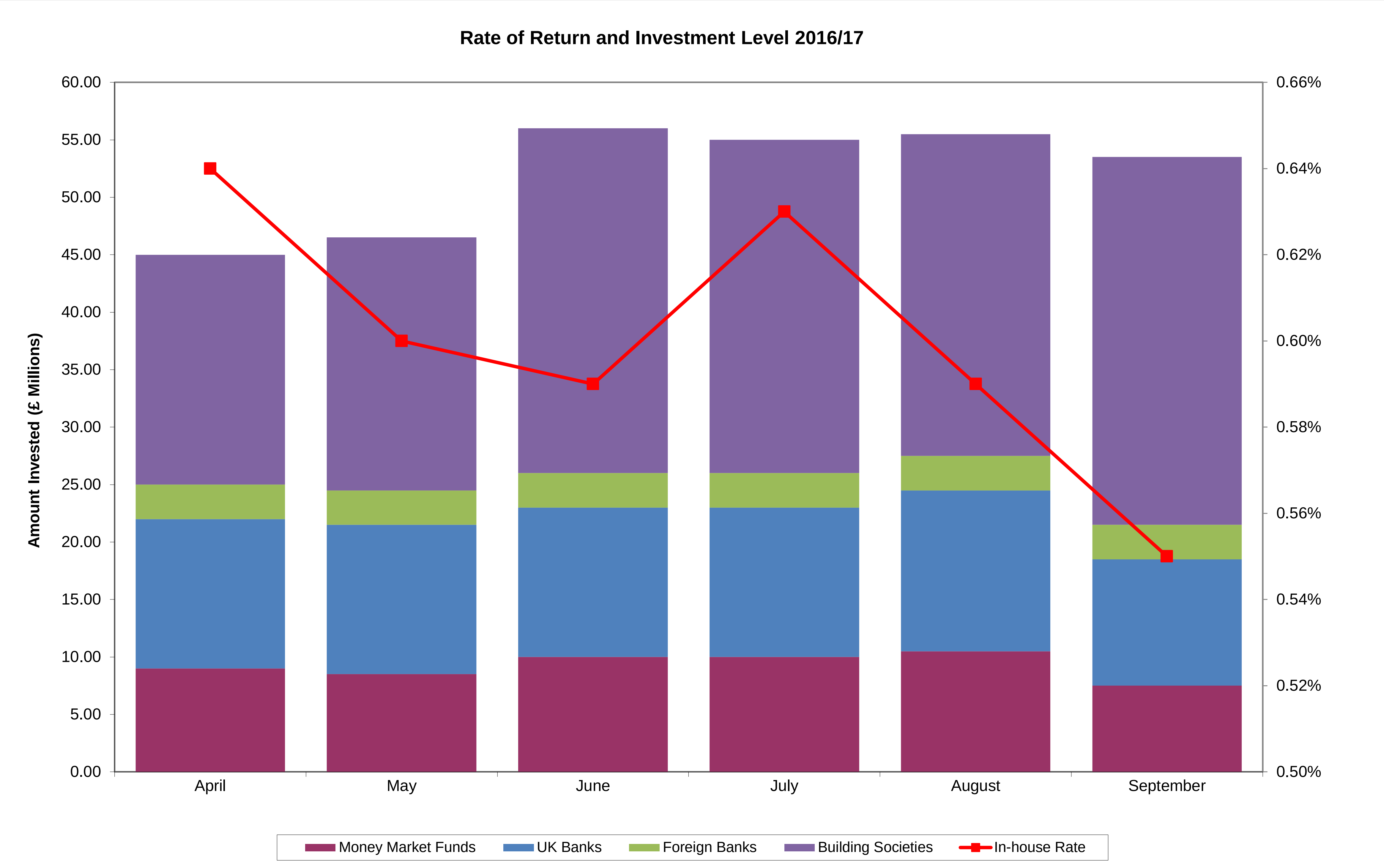
The table shows the current level of provisions and reserves held by the Council at the beginning of the year, the movements the closing balance at 30th September 2016.

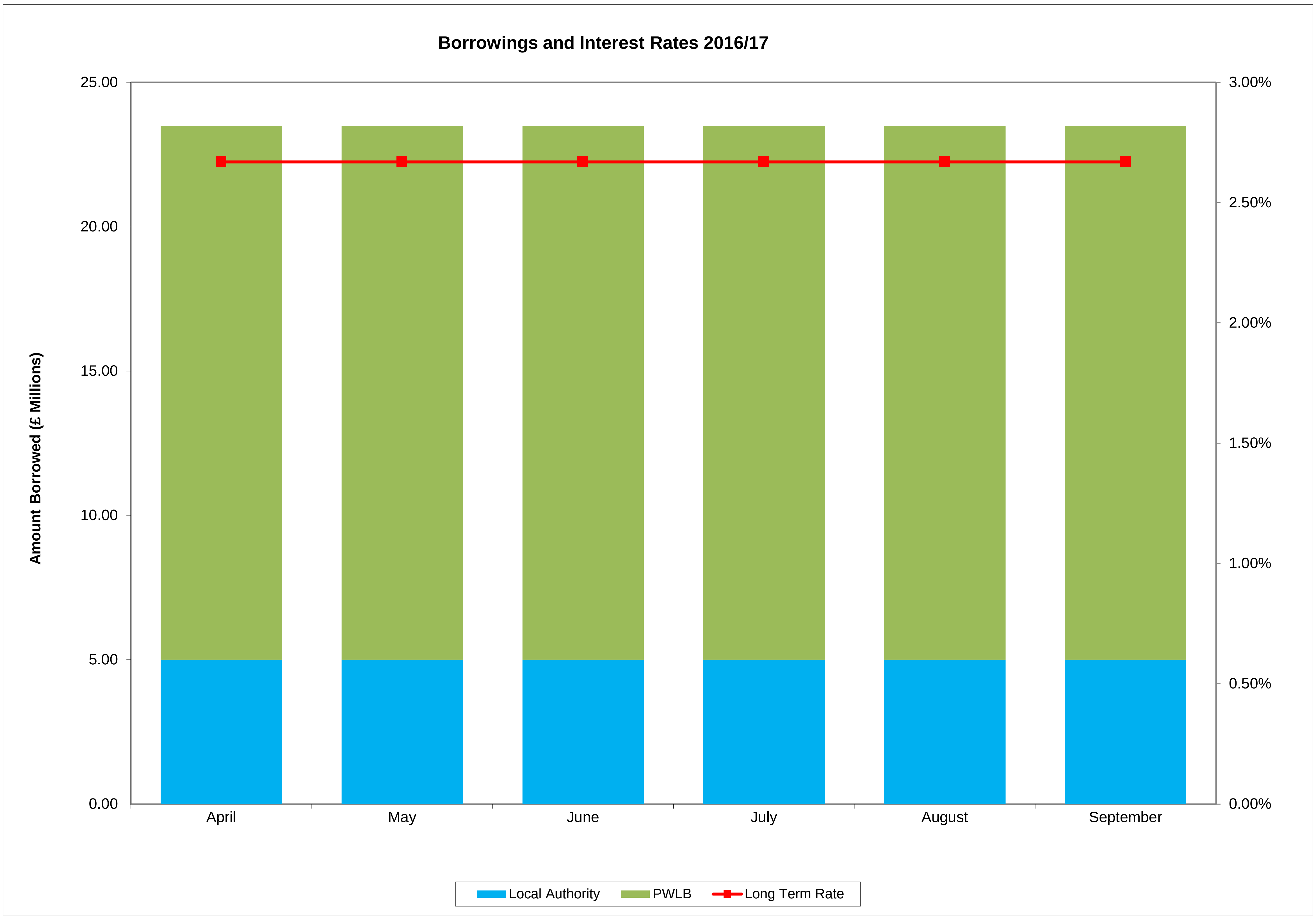
GENERAL FUND REVENUE RESERVES AND PROVISIONS	OPENING BALANCE 01/04/2016 £'000	INCOME TO 30/09/2016 £'000	SPEND TO 30/09/2016 £'000	CLOSING BALANCE 30/09/16 £'000
PROVISIONS				
NNDR Appeals	(1,744)	0	0	(1,744)
Refundable Bonds	(187)	0	0	(187)
BAD DEBT PROVISIONS				
Housing Benefits Overpayments	(2,068)	0	0	(2,068)
Local Taxation	(480)	0	0	(480)
Other	(94)	0	0	(94)
On Street Parking	(69)	0	0	(69)
Haywoods Way	(41)	0	0	(41)
	(4,683)	**0**	**0**	**(4,683)**
RESERVES				
New Homes Bonus	(10,621)	0	0	(10,621)
Interest Equalisation Reserve	(2,834)	0	0	(2,834)
Amenity Areas	(2,748)	0	0	(2,748)
Planning Related	(2,346)	0	0	(2,346)
Business Rates	(2,001)	0	0	(2,001)
Property Sinking	(1,812)	0	0	(1,812)
New Technology	(1,448)	0	0	(1,448)
Superannuation	(1,283)	0	0	(1,283)
Repairs & Renewals	(1,139)	0	0	(1,139)
Commercial AVDC	0	(1,106)	0	(1,106)
Fairford Leys Riverine Corridor	(862)	0	0	(862)
LABGI	(857)	0	0	(857)
Benefit Subsidy	(807)	0	0	(807)
Insurance	(577)	0	0	(577)
Property Strategy	(540)	0	0	(540)
Aylesbury Special Expenses	(504)	0	0	(504)
Recycling and Composting	(306)	0	0	(306)
Car Parking Related	(207)	0	0	(207)
District Council Elections	(199)	0	0	(199)
Licensing	(171)	0	0	(171)
Leisure Activities	(158)	0	0	(158)
Historic Buildings	(141)	0	0	(141)
Housing Needs & Section 106	(107)	0	0	(107)
Business Support Fund	(102)	0	0	(102)
Business Transformation	(89)	0	0	(89)
Rent Guarantee Scheme	(71)	0	0	(71)
CCTV for Community Centres	(56)	0	0	(56)
Corporate Market Research	(47)	0	0	(47)
Playgrounds	(40)	0	0	(40)
Land Registry	(11)	0	0	(11)
Other	(8)	0	0	(8)
Corporate Improvement	(8)	0	0	(8)
Future Vehicle Costs	(4)	0	0	(4)
	(32,104)	**(1,106)**	**0**	**(33,210)**

CAPITAL PROGRAMME SPEND TO 30TH SEPTEMBER 2016

	REF	APPROVED SPEND £s	PRIOR YEARS' SPEND £s	EXPECTED SPEND 16/17 £s	CARRIED FORWARD TO FUTURE YEARS £s	ACTUAL SPEND AT 30/09/16 £s
Swan Pool Refurbishments	8000	2,645,000	2,841,304	0	0	(41,800)
University Campus, Aylesbury Vale	8001	16,550,000	16,114,406	435,594	0	13,870
Waitrose *	8002	0	0	0	0	(241,163)
Canalside *	8003	0	0	0	0	1,600
Public Realm Waterside North *	8004	0	0	0	0	75,308
Refuse Vehicles Replacement	8005	500,000	214,916	285,084	0	6,480
Depot Purchase / Refurbishment	8006	3,650,000	2,110,243	1,539,757	0	3,503,228
Car Park Improvements	8007	800,000	0	0	800,000	0

Notes


Rate of Return and Investment Level 2016/17
Amount Invested (£ Millions)
60.00
55.00
50.00
45.00
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
0.66%
0.64%
0.62%
0.60%
0.58%
0.56%
0.54%
0.52%
0.50%
April
May
June
July
August
September
Money Market Funds
UK Banks
Foreign Banks
Building Societies
In-house Rate


Borrowings and Interest Rates 2016/17
Amount Borrowed (£ Millions)
25.00
20.00
15.00
10.00
5.00
0.00
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
April
May
June
July
August
September
Local Authority
PWLB
Long Term Rate

MEMBER FEEDBACK / QUESTION SHEET

ISSUE 2 - 16/17

FEEDBACK

If any members have any questions regarding the digest then please ring one of the Finance team on the numbers below or alternatively use the tear off page to record you comments or questions.

Accountancy	Team	Phone No.
Andrew Small	Director	585507
Tony Skeggs	Finance Manager	585273
Sharon Russell-Surtees	Senior Accountant	585391
Gareth Davies	Senior Accountancy Assistant	585276

FEEDBACK

QUESTION

QUESTION

Feedback Sheet Returned by:

COUNCILLOR ______________________________

DATE ______________________________

Please return Feedback / Question sheet to:

Finance Section

Aylesbury Vale District Council

The Gateway, Gatehouse Road

Aylesbury

Bucks HP19 8FF

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