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AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

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29 December 2016

FINANCE AND SERVICES SCRUTINY COMMITTEE

A meeting of the Finance and Services Scrutiny Committee will be held at **6.30 pm** on **Monday 9 January 2017** 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 - 16)

To approve as a correct record the Minutes of the meeting held on 1 December 2016, copy attached as an appendix.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. BUDGET PLANNING 2017/18 AND BEYOND (Pages 17 - 58)

To consider the attached report.

Contact Officer: Andrew Small (01296) 585507

6. CAPITAL PROGRAMME (Pages 59 - 68)

To consider the report attached as an appendix.

Contact Officer: Andrew Small (01296) 585507

7. PUBLIC SECTOR EQUALITY DUTY (Pages 69 - 82)

To consider the attached report.

Contact Officer: Andy Barton (01296) 585430

8. WORK PROGRAMME

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

6 February, 2017 – Quarterly Finance Digest, Vale Commerce Business Plan.

4 April, 2017 – Treasury Management Strategy.

10 July, 2017 – No items as yet

FINANCE AND SERVICES SCRUTINY COMMITTEE

1 DECEMBER 2016

PRESENT: Councillor M Rand (Chairman); Councillors B Chapple OBE (Vice-Chairman), C Adams (in place of A Huxley), J Bloom, A Christensen (in place of M Smith), S Lambert and M Stamp. Councillor Mordue attended also.

APOLOGIES: Councillors J Chilver, B Everitt, E Sims and M Winn.

1. MINUTES

RESOLVED –

That the Minutes of the meeting held on 4 October, 2016, be approved as a correct record.

2. TECHNOLOGY STRATEGY

The Committee received a report and presentation on the Connected Knowledge – Technology Strategy 2017-2022 which set out the vision and strategic aims Aylesbury Vale District Council had for its future use of technology and data.

The document was a robust technology strategy and was designed to be the catalyst for technological innovation and change, propelling the Council into the future. It would provide support and the necessary tools, policies and people, within an environment to help enhance the commercial mind-set and company culture.

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.

The strategy and its accompanying roadmap set out the necessary detail, the guiding principles and objectives. It contained the key achievements to meet to ensure that critically important and interdependent milestones were managed to completion. These included:

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

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

- Being 100% cloud software based, it would provide a simplified, lower maintenance Information Communication and Technology (ICT) landscape.

- Providing a more strategic approach to what the Council did, including on services provided, who was worked with and what was purchased.

In year 1, the strategy would aim to move more key systems to cloud based software-as-a-service (SaaS), publish new policies and guidance on the use of ICT at the council, have selected partners for the running of the network and telephony, establish strong governance for the execution of the strategy and roadmap.

In year 2, it was the aim to have; a single payroll, Human Resources (HR) and finance system, phased-out desk based telephony with a more mobile solution, create a data and information hub and our staff were consuming all council systems via an Internet browser instead of being dependant on software installed on their computers. It was also planned to have replaced the current Citrix user computing environment with a lower cost, lower maintenance alternative.

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

In year 4 and beyond the aim was to 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. Staff would deal with high-complexity-high-value demand while AI solutions would meet all other demand. It was also anticipated that other as yet unforeseen opportunities would be created because of the preparatory work done on the better management and exploitation of our data.

The Committee was informed that extensive work had been done with the Council's senior team to understand future direction and requirements, which had helped to shape the full strategy document.

Members expressed concerns on a number of issues that would need to be considered further in finalising the Strategy, including:-

- on occupational and health issues associated with home working and remote working.
- on ensuring there wasn't a loss of collective knowledge caused when teams were disaggregated and people worked from home for the majority of the time.
- that staff should be provided with the equipment they needed to do their job, rather than being required to use their own equipment.
- that the security of data held in the cloud was of utmost importance.
- that the Strategy contained a number of buzz words/phrases that needed to be spelt out in plain English to make the Strategy more understandable.
- that while they were supportive of the strategic approach for Years 1 and 2 of the Strategy, it would be important to ensure that staff and the unions were fully cognisant of the impacts from Years 3 and 4.

Members requested further information and were informed:-

(i) that the Strategy covered 5 years and aimed to provide a direction of travel for the Council and enable people to work properly from home, should they wish. It was acknowledged that a policy on people using their own devices for work would need to be agreed, including covering issues such as using it for work and private use.

(ii) that data security and compliance was of paramount importance to the Council, and no digital aims would be pursued without first gaining assurance of the security controls in place.

(iii) that it would be possible to put together a plainer English summary of the Strategy.

(iv) that while the Council was committed to ensuring that staff were properly trained, it was anticipated that the experience for customers and Councillors accessing

Council services on-line would be as easy as accessing services such as Amazon.

(v) that all Council data would be held in the cloud, which would make dealing with freedom of information requests a relatively straightforward task.

(vi) that the Strategy was aiming to move to simpler solutions in the future, which would include replacing the current Citrix user computing environment with a lower cost, lower maintenance alternative.

RESOLVED –

(1) That the Computer Services Manager be thanked for attending the meeting and explaining the Strategy.

(2) That Cabinet and Council be recommended to consider the concerns and feedback from the Scrutiny Committee in finalising the Connected Knowledge – Technology Strategy 2017-2022 for the future use of technology and data by Aylesbury Vale District Council.

(3) That the Scrutiny Committee would like to receive update reports on the Strategy as it was further developed and implemented.

3. DRAFT BUDGET PROPOSALS FOR 2017/2018

The Committee received a report that had been submitted to Cabinet on 8 November and which set out the high level issues facing the Council in developing budget proposals for 2017/2018 within the context of the Medium Term Financial Plan (MTFP).

The current MTFP for 2017/2018 had been agreed by Council in February, 2016. This had predicted the need to identify £1.6 million of savings in order to balance the budget for 2017/2018, based upon the information available at that time and a set of assumptions around key variables within the budget. These key assumptions would be revisited and reviewed as part of the budget planning process for 2017/2018 and for the four years thereafter, which made up the MTFP period.

Local government and most of the public sector had 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 Vale residents. With the recent change in Prime Minister and the European Referendum result, there were indications that the Government might soften its stance on austerity. However, it was currently considered unlikely that this would have any material impact on the targets local government had already been set for the period up to 2019/2020.

Whilst the Government worked to determine its position on Brexit and the implications for austerity longer term, there was likely to be a hiatus. The New Chancellor's Autumn Statement on 23 November had again confirmed that the need to reduce Government borrowing was unlikely to diminish significantly in the short term and that the Government would not be deviating from the 4 year spending settlement previously announced.

The tone of the report to Cabinet had primarily focussed around the delivery of savings and new income generating targets identified last year. Members were informed that the budget planning process would follow broadly the same as in previous years and a timetable was submitted.

The on-going work of officers and Cabinet Members under the commercialisation programme to deliver efficiencies, savings and new income again should mean that the process could be condensed. This was achievable because any strategic choices relating to the level or means of service delivery had already been debated and scrutinised throughout the year and therefore, were not required to be agreed as part of the budget planning process.

The commercialisation programme was being delivered as a 4 year programme of co-ordinated works and services reviews and not as 4 separate annual decision making rounds which presented Members with multiple, equally unpalatable choices around service cuts. This minimised the amount of decision making required as part of this annual refresh and update of the MTFP.

Members recalled that last year the Government had offered a multi year financial settlement to those councils who wanted it. Along with the majority of councils across the country, AVDC had opted to accept the offer because of the certainty this afforded. The Council was awaiting a response to its submission.
With some caveats around New Homes Bonus and the impact of the business rate revaluation, due to be effected on 1 April, 2017, the Council would know the level of Government support it could expect to receive in each of the years 2017/2018, 2018/2019 and 2019/2020. Whilst the reductions contained within these numbers still represented a significant challenge, for this, and all councils, it did at least allow the Council to plan ahead. This was preferable compared to the annual, invariably late, announcement from the Government in December which left little or no opportunity to react to unexpected variations. The figures contained within the settlement were as 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

The MTFP period, once extended as part of this planning process, would now run beyond 2019/2020 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, was uncertain. Whilst a long way into the future, some consideration would need to be given to this as part of budget planning.

The Government had announced its intention to review New Homes Bonus (NHB) as part of last year's settlement and had issued a consultation paper seeking views. The Council had responded but the Government had not yet published its conclusions. Consequently it remained uncertain as to whether the scheme would continue into 2017/2018 and if so, to what extent.

Like many councils, AVDC used a proportion of NHB in its revenue budget to replace the grant which the Government had top sliced in order to create the NHB scheme. This amount was equal to £1.178 million, compared to the £8.3 million received in total during 2016/2017.

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

Assuming any changes to the scheme only reduced the amount awarded, then there should be no immediate implications for the MTFP. If the Government decided to end the scheme immediately, what would become crucial would be how it reintroduced the funding released back to local government. No announcement had been hade as part of the Autumn Statement.

From 1 April, 2013, Government grant had been made up of two elements, namely Revenue Support Grant and Retained Business Rates. The system of business rate retention allowed councils to benefit or lose from changes in the amount of business rates collected in their area and thus each council would be incentivised to promote economic expansion. The Council's ability to gain from business rates growth was limited in practice, but it had still generated some gains over the 4 years during which the current system had been in place.

Appeals against the amount of business rates payable continued to present an issue. Thus far, these appeals had been successfully managed through an appeals provision. However, appeals against a number of the largest properties in the Vale were still unresolved and therefore presented a potential risk. The current assumption was that these could be managed within the existing appeals provision but this would need to be kept under review.

All business premises were revalued in a 5 year cycle. The current cycle had been extended to 7 years because of the introduction of the business rates retention system in 2013 and the first review under this system was now due to be implemented on 1 April, 2017.

Whilst the Government managed the impact to ensure that the amount of business rates collected nationally remained the same, there were regional variations and the baseline funding, which all councils received, would need to be adjusted from the numbers in the earlier table so as to ensure that individual councils were not adversely affected by the introduction of the revaluation data. The Government was currently consulting on its proposed mechanism for doing this.

In 2016/2017, AVDC had entered into a business rates pooling arrangement with Bucks County Council, Bucks Fire and Rescue, Chiltern District Council and South Bucks District Council. This arrangement, if successful, would allow these authorities to retain a greater proportion of business rates growth by reducing the amount that the Government would ordinarily capture.

Thus far the arrangement appeared to be working successfully but because of the inherent volatility caused largely by appeals, whether the current gains would continue to the year end remained difficult to predict at this juncture. The pool would continue with its current membership into 2017/2018, unless one of the authorities chose to dissolve it and reconstitute it with a different membership.

The Government was currently consulting on proposals to allow local government to retain all of the business rates collected nationally. These proposals were potentially more challenging and more far reaching than the changes that had been introduced in 2013. Thus far, the Government had issued an initial high level consultation paper seeking views which would enable it to shape a more detailed consultation later this year.

Once agreed, the Government intended to roll out the new system in either 2019/2020 or 2020/2021. Because of the uncertainties over the exact form of the system, it was unlikely that any significant assessment of the implications could be made in this budget development cycle.

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

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

The Government's Apprenticeship Levy would come into effect on 1 April, 2017, which imposed a tariff on all larger employers based upon their total wage bill. The tariff could be mitigated by employing apprentices and the Council was actively engaging to ensure the best financial outcome. However, it seemed likely that the Levy would result in some degree of higher cost which would need to be accommodated as part of budget planning.

The Local Government Pension Scheme was a national scheme which all local government employees were entitled to join. Periodically (every 3 years), the Pension Fund was revalued in order to fully understand expected future calls on the fund, the amount likely to be contributed to it over time and its investment performance. This determined the annual amount each employer needed to contribute to the scheme to ensure that it remained fully funded and was able to meet all of its current and future obligations.

Currently the scheme was underfunded but the Council had a recovery plan in place to address this. Initial indications were that whilst the deficit had 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 would be available in the next few weeks, once the Actuary had prepared the numbers for each individual organisation in the Bucks County Council scheme.

An opportunity existed, prior to the end of March, to make a lump sum payment to the Pension Fund, thereby reducing the deficit. As the early introduction of funding enabled the Pension Fund to generate its investment returns earlier, this could have a significant financially beneficial result.

As part of the budget development process, options would 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 created, in terms of lower employer contributions, could then be used to replenish the earmarked reserves.

Members were aware that the Council now had a number of commercial interest holdings, each at different stages of maturity. In line with the overarching governance approach adopted by the Council earlier this year, each of these interests would present an annual business plan for consideration and scrutiny alongside the budget development process. The financial implications of the agreed business plans would be reflected in the developing budget.

The Council's approach to balancing its finances over the MTFP was contained within the Commercial AVDC programme. This could be summarised as follows:-

- The Commercial AVDC programme had been initiated in late 2015 to manage the process of balancing the budget in the run up to the predicted total loss of Government grant.

- The programme comprised a two pronged approach of achieving savings by the consolidation of services, use of digital technology and reducing/eliminating duplication, whilst at the same time generating income through commercial activities. These activities were oriented around the customer, fulfilling their demands and delivering what they wanted. Services would be delivered speedily in response to demands and when the customer wanted them. Services would also be delivered in a cost effective manner at a price customers would pay.

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

The programme had 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, had won numerous awards. The Council was also promoting the work that it was doing in transforming itself through the "Surviving to Thriving" conferences. Two successful conferences had been held at The Gateway earlier in the year with a third scheduled for 22 November.

To date, the programme had achieved a number of key milestones:-

- "Lifting and Shifting" the organisation into the sector model, enabling savings to be realised through rationalisation and the removal of duplication of effort as well as allowing the Council to focus on developing its 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 could be both more efficiently operated and more commercially focussed on customer needs.

- Working through a formal collective consultation process with Union and Staff Representatives to develop a methodology to enable staff to be recruited into a new organisational structure.

Over the coming months staff would be recruited into the new organisation structure defined by the outcome of the business reviews. This process would be completed by July, 2017, enabling the Council to achieve savings on-going. The programme had an overall target to bridge the funding gap of £5.6 million by 2020. To date, for those services analysed, savings of £4.2 million had been identified, with £1.8 million of those savings forecast by managers for achievement in 2017/2018. It was anticipated that the balance of the funding gap could, if necessary, be met following the review of the remaining services. A schedule illustrating the business review programme was submitted.

Much of the proposed savings were dependent on the implementation of the Council's digital programme. The 5 year IT cloud strategy approved by Council in 2011/2012 was now coming to an end having achieved its objectives. A new strategy to enable the Council to offer better, more flexible services online was being developed for approval in early 2017.

The commercial services arm of the programme comprised 3 key elements:-

- Creating new services for residents and businesses that they would value and be prepared to pay for. These services were being developed by AV Broadband and Vale Commerce.

- Commercial Property Development and exploitation of the Council's 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.

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

The development of commercial opportunities for selling Council services to other organisations was based on identifying which packaged services such organisations might 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.

Whilst it was too early to give firm predictions of the levels of income that might be generated by commercial activities, early indications were good and it was encouraging that the strategy of offering high value services was receiving good feedback from potential customers, whether they be residents, businesses or other councils. It was noted that further reports would be submitted on the progress being made.

The Government had exercised tight control over the level of council tax increases in each of the last 6 years in order to ensure that reductions in Government Grant were not simply replaced by increases in the tax burden. The Government had imposed a referendum requirement on any council wishing to increase its council tax by 2% or above. A freeze grant had also been made available in some years to incentivise councils to hold their council tax at the same level.

Over those 6 years only one referendum had been held (by a police authority) and this had been heavily defeated. Given the costs of holding a referendum and the difficulty in persuading a community to accept a higher increase, the threshold in all but name, effectively represented a cap on council tax increases.

National policy had however now shifted away from the desire to see council tax levels frozen, to an acceptance of minimal increases. In fact, contained within last year's settlement had been an assumption that each council would increase its council tax by the maximum permitted – just short of requiring a referendum. The Government had assumed that each council would do this and had reduced the amount of grant it intended to award each council by an equivalent amount. Therefore, any council not increasing their council tax by the assumed amount would effectively be worse off than the Government intended.

The maximum allowable increase had also been fixed last year for certain types of council, with an additional 2% above the existing 1.99% being made available to those councils with responsibility for adult social care. Further flexibility had also been 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.

For district councils, the maximum increase had been changed to 1.99% or £5, whichever was the greater. Initially, the Government had intended that this would apply only to those district councils with lower quartile council tax levels, but this had subsequently been changed in the final settlement to allow all district councils to qualify. This change had occurred too late in this Council's budget setting process for any account to be taken of the additional freedom. Members confirmed that this would form a key factor in determining Council Tax levels for future years.

It was noted that in allocating grant reductions in the 4 year settlement, the Government had assumed that each qualifying council would take maximum advantage of this additional council tax increase threshold and had reduced grant by an additional amount equivalent to the extra council tax it expected councils to generate. Implicit within this was a new Government assumption that more of the burden of funding council services would be transferred to the taxpayer. Any council not wishing to pass this on to the taxpayer would consequently be worse off, as the Government would have reduced their grant, assuming that the increase had been applied. As mentioned above, it was therefore important for the Council in its budget planning for 2017/2018 and beyond, to consider carefully the position in relation to assumed council tax increases.

The one exception to council tax capping in recent years had been Parish/Town Councils, who were still able to increase their tax by any agreed amount. With the squeeze on County and District Council funding, there had been a gradual transfer of services to Parish/Town Councils to take advantage of their freedoms. Parish/Town Council tax charges had, on average, risen well above the rate of inflation as a consequence, with no proportionate reduction in the tax charged by those authorities transferring the services. Therefore the burden on the taxpayer had increased, despite Government's attempts to limit this to a maximum of 2%.

The Government was aware of this and had threatened in recent years to apply the referendum principles to some Parish/Town Councils. If anything, this policy had resulted in the opposite effect and many Parishes/Town Councils had sought to increase their tax by even greater amounts in order to beat any impending controls. This year the Government had moved a step closer to the imposition of some control and was consulting on extending referendum principles to some parish/Town Councils in 2017/2018. At face value, this was only a partial solution and would not solve the problem the Government had identified. Members would be kept appraised of future developments.

The council tax base was a measure of the number of households which were liable to pay council tax in an area in a given year. The tax base also took into account the banding (size) of the property and the entitlement to discounts.

With the growth of the Vale over recent years, the tax base had 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 was that the housing growth which had resulted in the tax base growth often contributed more cost by way of the demand for infrastructure and services, than the increased council tax income. It was estimated that the combination of these factors would result in actual council tax base growth of around 2.4% in 2017/2018, compared to the existing 1% assumed in the MTFP.

The revenue financing implications arising from the decision taken by Council to construct a new depot facility and replace the waste collection fleet would now need to be factored into the budget for 2017/2018.

The Capital Programme would be considered in a broadly parallel process to that of the revenue budget and the revenue impacts of any funding decisions taken would need to be considered and built into revenue planning as part of the overall approval process. Where the Council had accumulated spare cash balances, it had used these in lieu of borrowing. This had reduced the need to take long term borrowing and also the Council received the lender's return which was financially advantageous.

Using spare cash in this way was especially advantageous during periods of low interest rates. It was generally predicted that the Bank of England would begin to increase base rates during 2017, but this was still heavily dependent on external and global factors, and any increase, when it occurred, was likely to be small and gradual. The impact on investment income, the costs of borrowing and the returns on savings from investment decisions had to be considered in the round in order to understand fully the actual impacts of these decisions. The final impact of completed and planned investment decisions were still being modelled and it was noted that this would be the subject of subsequent reports.

As indicated previously, it was hoped that the budget for 2017/2018 could be resolved using the reorganisation and income generating strategies already put in place or planned and without the need for a crude or simplistic cuts exercise. It was believed that this should be possible but there were still some key uncertainties which would need to be better understood through the budget development process. It was 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.

The Council had working balances in excess of its stated minimum and these were invaluable in allowing the Council to proceed 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 use of) were therefore likely to form part of the strategy for concluding the balancing of the budget for 2017/2018.

As identified, the focus remained on restructuring and new income generation and not upon lists of potential cuts. If a specific proposal required a Cabinet decision and/or scrutiny, it would already have been taken through the democratic process at the appropriate time, or separately identified for debate as part of the budget development process. This would again make the budget process lighter touch and should avoid the need to take lists of potential service reductions through the scrutiny process. It was noted that an initial budget position would be presented to Cabinet in December and would be the subject of scrutiny by the Finance and Services Scrutiny Committee on 9 January 2017.

Members sought further information and were informed:-

(i) that a Council tax increase by an annual amount of £5 p.a. would equate to a 3.59% increase for a Band D property. The Government would publish core spending power information with the financial settlement in December which would assume that Councils took maximum advantage of all means available to maximise income, including to generate extra Council tax and would reduce grant by an equivalent amount.

(ii) that the amount of business rates payable related to the rateable value of business premises, not to the number of people employed by the organisation. While there was complexity in the adjustment calculation relating to business rates relief which could impact on some businesses, the overall assumption within the initial budget proposals was that any impact would be neutral for the Council.

(iii) that Cabinet would be recommended in December to hold the level of Band D Special Expenses charge for 2017/18.

(iv) that the Council would get more news on the New Homes Bonus allocation for 2017/18 in mid December with the local Government financial settlement announcement. However, as detailed in the report, it was likely that the amount of NHB paid in future years would be reduced or possibly removed.

(v) on the likelihood and complexity regarding negative grant funding from 2020.

(vi) that £50,000 of the £80,000 approved by Council to fund the development of a unitary business case had been spent. Should the whole sum be spent then any further expenditure would need to be approved by full Council.

Members also commented on their concerns that Council tax might be increased as the same time as the Council was looking to stop providing some services.

RESOLVED –

That the current approach being taken to develop the budget proposals for 2017/18 and in terms of updating the Medium Term Financial Plan be noted.

4. QUARTERLY FINANCE DIGEST: APRIL TO SEPTEMBER 2016

The Committee received the report on the Council's financial performance for the period 1 April 2016 to 30 September 2016. The current position at the half way point of the year was that the year-end position was showing a contribution from balances of £329,200, which was £238,000 higher than the June position. The latest Quarterly Finance Digest had been included as an appendix to the Committee report and Members referred to this document whilst considering the report.

The Council had spent £625,795 less on the provision of services than allowed in the budget. At the same time the contributions from balances had increased due to a few reasons, the main two that were the decision to create a reserve for the Commercial AVDC costs that were being incurred rather than show it against balances and an increase in income. In the reserves section of the digest (page 14) there was 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.

There were a few areas where spend was more than currently budgeted, namely:-

- Information Technology, where the cost of agency staff and IT licenses were higher than anticipated.
- Industrial / Town Centre Properties, where it was anticipated that income from rents and service charges would 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.
- Legal Services, where the contract costs with HB Law continued to be higher than budgeted, particularly around planning advice.
- Strategic Finance, which had higher costs as from agency staff and consultants working on the finance staffing review and a working practices review.
- Chief Executive's section, relating to the LGA Conference, training and consultants.

Areas that were currently under budget mostly related to increased income in the areas of Development Management and Building Control plus savings in maintenance costs of the refuse vehicles and the Kingsbury water feature. Other areas with forecast additional income or reduced costs were Car Parking and Strategic Housing, both of which were expecting increased parking fee income and advertising income, respectively, whereas domestic refuse was expecting reduced costs from a combination of staff and vehicle cost savings.

Budget holders' were continually asked during the year 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.

Members were informed that, as already mentioned, it had been decided to move the agreed use of balances for Commercial AVDC Change project to its own earmarked reserve. The amount of £1,106,000 had been taken from general balances to earmarked reserves to help make the funding of the Change project more transparent and shows a more accurate figure for the level of balances going forward.

As well as the revenue budget the digest reported information on 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. Balance now stood at £33.2m. As in most years reserve movements tend to be in the last quarter so the position was not unexpected.

No new borrowing had been taken out during the quarter and remained at £23.5m. The next repayment was not due until May 2018. The council had £54.0m invested at the end of the quarter, in a combination of banks, building societies and money market funds.

The Committee was informed that it had been hoped that this Digest would include summary information relating to the commercial companies, Vale Commerce and AV Broadband. However, this had not proved possible as we are currently working with our partners to agree an appropriate reporting format. It was anticipated that the position would be reported with the December Digest.

Members sought further information and were informed:-

(i) that the Council had £54m invested at the end of the quarter, and borrowings of £23.5m.

(ii) that the Council would always welcome any ideas Members had on generating additional income or could assist in making further savings.

(iii) that it was anticipated that financial information relating to the commercial companies Vale Commerce and AV Broadband would be provided with future Financial Digests.

RESOLVED –

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

5. WORK PROGRAMME

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

The agenda items for future meetings would be:-

(i) 9 January 2017 – Budget scrutiny, Public Sector Equality Duty

(ii) 6 February 2017 – Quarterly Finance Digest, Vale Commerce Business Plan, Capital Programme.

(iii) 4 April 2017 – Treasury Management Strategy.

RESOLVED –

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

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Finance & Services Scrutiny Committee
9 January 2017

BUDGET PLANNING 2017-2018 AND BEYOND

1 Purpose

1.1 Cabinet considered its initial budget proposals on 13 December 2016. The budget report submitted to that meeting (attached to this agenda) set out the high level issues facing the Council when developing the budget proposals for 2017/18 and beyond. Due to the timing of scrutiny meetings (the Finance and Services Scrutiny Committee last met on 1 December 2016) these proposals are being reported to this meeting.

1.2 Following the Government's announcements in late December regarding the draft Grant Settlement 2017/18 for Councils and on other significant issues such as the future of New Homes Bonus, Cabinet has further honed its proposals and an updated set of budget proposals will be reported to the Cabinet meeting to be held on 10 January, 2017. That report is also attached to this agenda.

1.3 The Scrutiny Committee is now asked to review the budget proposals for 2017/18 and identify comments and feedback to be reported verbally to Cabinet on 10 January, for its consideration in making recommendations to Council on the final budget proposals for 2017/18.

2 Recommendations/for decision

2.1 The Scrutiny Committee is requested to indicate any comments that it wishes Cabinet to take into consideration in finalising the budget proposals for 2017-2018.

3 Executive summary

3.1 Cabinet considered a report to its meeting on 13 December 2016 on the initial set of budget proposals for 2017/18 together with the Medium Term Financial Plan (MTFP).

3.2 Following the Government's announcements in late December regarding the draft Grant Settlement 2017/18 for Councils and on other significant issues such as the future of New Homes Bonus, an updated set of proposals for 2017/18 together with the MTFP will be reported to Cabinet on 10 January 2017.

3.3 A copy of both Cabinet reports are attached to the agenda.

Contact Officer — Andrew Small 01296 585507
Background Documents

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Cabinet
10 January 2017

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

1 Purpose

1.1 Cabinet considered its initial budget proposals on the 13 December 2016. These were referred to, and then considered by Finance and Services Scrutiny on 9 January 2017.

1.2 This report enables Cabinet to update its draft proposals in light of the views received from Scrutiny (updated verbally) and to take into account the Government's provisional announcement of Grant allocations following the Finance Settlement on 15 December 2016.

1.3 Based upon this, Cabinet is requested to make a final recommendation on next year's budget to Council.

2 Recommendations / for decision

2.1 Cabinet is requested to:

a. Consider the comments received from Finance and Services Scrutiny Committee in relation to the budget proposals and make any changes as deemed appropriate.

b. In relation to Council Tax, decide whether to proceed with its previous recommendation of increasing Council tax by £5.00 (3.59%), the maximum allowable for lower tier councils.

c. Subject to any amendments Members wish to make, recommend to Council the budget for 2017/18 and the Medium Term Financial Plan as set out in summary form in the table at Appendix A.

d. Recommend Council to approve Aylesbury Special Expenditure totalling £845,800 supported by a precept of £45.00, which again represents a Council Tax freeze for Special Expenses (as set out in Appendix F).

e. Agree the proposed Fees and Charges as set out in Appendix E.

3 Background

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

3.2 The report highlighted that there was still uncertainty around a number of issues, particularly retained business rates, further reductions in Government Grant and New Homes Bonus due to the late publication of the grant figures.

3.3 In the few weeks since the initial proposals were considered, work has continued to refine the budget assumptions contained within that report.

3.4 In practice, little has materially changed at a service level and so the significant elements of the final budget proposals are around the impact of the proposed Government Grant numbers and changes to other centrally funded support.

3.5 The revised and Final Recommended budget is attached to this report as Appendix A1. A summary of the changes, savings and pressures which have been used to arrive at the summary position are attached as Appendices A2, C and D.

4 Government Grant Update

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

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

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

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

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

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

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

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

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

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

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

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

5 New Homes Bonus

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

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

5.3 Since the consultation closed the Government has made no comment on the feedback it received, nor on how it was minded to reflect these in the final settlement.

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

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

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

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

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

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

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

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

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

6 Business Rates Pooling

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

6.2 Unless one of the Pool members choses to withdraw within 28 days following the announcement of the draft Finance Settlement on 15 December 2016, the Pool automatically continues into 2017/18. Should any member choose not to accept the Pool numbers, then the entire Pool will be dissolved.

6.3 The membership of the pool will continue to be Aylesbury Vale along with Bucks County Council, Bucks Fire and Rescue, Chiltern District Council and South Bucks District Council. The Pool composition can no longer be varied for 2017/18.

6.4 Based upon experience gained, thus far, during 2016/17 it is believed that the Council should continue as a member of the Pool during 2017/18 as the Pool is, on balance, likely to produce material gain for the Pool members.

7 Pension Fund

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

7.2 The final numbers for Aylesbury Vale increased marginally to £320,000, but include some options which employers may exercise and which might reduce this number back down. This increase will be managed within the total employers provision for pension contributions and annual fluctuations in that budget caused through restructuring.

7.3 As reported in the initial proposals, whilst the overall scheme deficit has reduced over the previous 3 years, expectations over future investment performance, taking into account the uncertainty surrounding the UK economy, take up of pensions and changing life expectancy, has lead the Actuary to conclude that the employer contribution needed to increase.

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

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

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

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

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

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

8 Fees and Charges

8.1 The Council's review of those Fees and Charges, which was felt needed to be changed, was consolidated into a single list for consideration by Cabinet in December.

8.2 Any comments received from Finance and Services Scrutiny on the proposed charges will be reported verbally at the meeting and so the proposals are re-produced again, almost un-amended, from those presented in December.

8.3 The one charge which was reported as requiring confirmation within that report was the charge for collection of Green Waste and it is now proposed that this has an inflationary increase rounded up to the nearest pound, equating to an increase of £1 in 2017/18.

8.4 These numbers are now included in Appendix E to this report for Cabinet's consideration and decision.

9 Implications for Council Tax Strategy

9.1 The initial Budget Proposals proposed by Cabinet recommended increasing Council Tax by the assumed maximum expected amount of £5.00 (3.59%).

9.2 The Finance Settlement confirmed the Council's ability to increase its Tax by this amount and so, for the reasons justified by Cabinet in December (i.e. as a means of partially mitigating the reductions in Government Grant and thereby protecting services valued by residents and businesses in the Vale), it is proposed that this increase be implemented from 1 April 2017.

9.3 The value of Government Grant lost in 2017/18 is £0.9 million.

9.4 A Council Tax increase of £5.00 would generate £355,000 per annum and would represent an increase equivalent to 10 pence per week and will increase the Band D Council Tax for Aylesbury Vale District Council to £144.06.

10 Impact on the Budget Proposals

10.1 The initial Budget Proposal presented to Cabinet in December considered the options for balancing the budget in the event that the final budget numbers differed from those contained in the initial proposals.

10.2 The numbers announced in the draft Finance Settlement in December were (in so far that they affect revenue resources) the same as those assumed in the Cabinet's Initial Budget proposals. Consequently, there is no impact arising from the draft Finance Settlement to reflect here.

10.3 Cabinet considered the developing central version of the AVE Business Plan for 2017/18 at its last meeting and this identified a Dividend distribution of £200,000 next year. This is consistent with the number already reflected within the budget proposal.

10.4 The AVE Business Plan also includes a downside Business Case, as part of their scenario planning, which does not include a dividend payment. Whilst this is recognised, the budget plan has been developed using the Central Case assumptions and the Downside Case is instead recognised as a budgetary risk and account is taken of this in determining the appropriate level of Working Balances to be held this year.

11 Reserves

11.1 Earmarked reserves represent the prudent saving of sums against the recognition of future financial events which, if not prepared for, would be difficult to deal with at the point they occur. In short, earmarked reserves are an essential part of sound financial planning.

11.2 As part of the development process for 2017/18 the Cabinet member for Finance, Resources and Compliance undertook the annual review of the Council's Reserves and Provisions. This included an holistic consideration of the total cash balances tied up within these reserves and whether the cash is being held effectively.

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

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

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

12 Balances

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

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

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

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

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

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

13 Medium Term Financial Plan (2017/18 and After)

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

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

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

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

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

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

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

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

14 Scrutiny of the Initial Budget Proposals

14.1 Because the Cabinet's meeting in January 2017 and the review of these draft proposals by Finance and Services Scrutiny Committee are only separated by a single day. Cabinet will need to be updated on the views of the Scrutiny Committee verbally at its meeting.

14.2 However, the fall of the meeting does allow for Scrutiny to receive a copy of this report and therefore understand the impact of the draft Finance Settlement in terms of reducing the uncertainty is the initial budget proposals.

15 Special Expenses

15.1 This report also includes a recommendation on the Special Expenses budget for Aylesbury Town.

15.2 The work undertaken since the initial indications has confirmed that the Tax in Aylesbury should remain frozen at its current level.

16 Options Considered

16.1 The report provides a commentary on the key elements of choice within the budget proposals and outlines the reasons for the recommendations.

17 Recommendations

17.1 These are set out within the report and summarised in paragraph 2.

18 Resource Implications

18.1 These are covered within the body of the report.

Contact Officer Andrew Small Tel: 01296 585507
Background papers

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

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

APPENDIX A2

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

SUMMARY OF CHANGES

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

APPENDIX B

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

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

APPENDIX C

Budget Savings Identified in 2017/18 Budget Planning

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

APPENDIX D

Budget Pressures Identified in 2017/18 Budget Planning

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

APPENDIX E

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

AYLESBURY SPECIAL EXPENSES - SUMMARY BUDGET 2017/18

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

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Cabinet
13 December 2016

BUDGET PLANNING 2017/18 AND BEYOND - INITIAL PROPOSALS
Councillor Mordue
Cabinet Member for Finance, Resources and Compliance

1 Purpose

1.1 The report presents the initial budget proposals for 2017/18 for Cabinet's consideration (Appendix A).

1.2 The recommendations of Cabinet will then be considered by Finance and Services Scrutiny Committee on the 9 January, 2017.

2 Recommendations/for decision

2.1 Cabinet are requested to consider the report and the initial set of budget proposals for 2017/18 together with the Medium Term Financial Plan and then agree;

a. To take into budget planning the £2.200 million of savings as set out within paragraph 4.6 to this report;

b. To increase Council Tax by an annual amount equal to £5.00 (3.59%) for a Band D property (equivalent to less than 10 pence per week), from 1st April 2017;

c. To agree for work to continue on the development of the budget proposals and for any net variance resulting to be either added to, or deducted from General Balances;

d. To agree the revised list of Fees and Charges attached as Appendix E to this report;

e. To recommend the initial budget proposals to Finance and Services Scrutiny Committee for consideration and comment.

2.2 Cabinet are also advised to recommend holding the level of the Band D Special Expenses charge for 2017/18 as part of their initial budget proposals.

3 Background

3.1 The report to Cabinet on 8 November 2016 set out the context for 2017/18 budget planning and explained the significant difficulty created by a variety of high value factors. The greatest of which being those associated with retained business rates, further reductions in Government Grant and New Homes Bonus.

3.2 This report therefore seeks to bring together an indication of those factors which can be predicted with some certainty and proposes a strategy for dealing with those factors which reasonably cannot.

3.3 This report has been written just after the Chancellor's Spending Review Statement (23rd November) but prior to the announcement of detailed grant allocations for councils (expected mid December).

3.4 The report divides the main elements of budget planning between pressures, savings, Government Grant, Business Rates and then discusses the proposals for Council Tax.

3.5 Work will continue on refining the elements of uncertainty between now and the Cabinet's final budget proposal. This will be informed by Finance and Services Scrutiny Committee's comments, the latest projected position on Business Rate Growth and the initial proposed grant numbers from Government expected mid to late December 2016.

3.6 Because of the greater than usual number of uncertain factors that exist within these initial proposals, it is anticipated that there is a greater prospect of amendments being required to the final proposals to be presented to Cabinet in January. It is intended that Scrutiny will be briefed on these potential amendments at their Budget Scrutiny meeting.

4 Savings and Income Identification Options

4.1 As set out in the report to Cabinet in November the approach adopted for setting the budget for 2017/18 is similar to that followed in recent years and relies primarily on capitalising on the savings delivered via reorganisation, income generation and restructuring during 2015/16 and 2016/17 in anticipation of the Government Grant reductions.

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

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

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

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

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

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

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

5 Pressures

5.1 Some expected pressures relating to 2017/18 were identified in the MTFP back in February. The assumptions which determined the sums to be provided have been reconsidered and new pressures have been identified. The revised sums to be included are set out within Appendix D to this report.

5.2 A number of new spending pressures have materialised since February, the main one being an expected increase in the Employers pension cost contribution. Based upon indicative numbers provided by the Pension Fund Actuaries it is believed that AVDC will be required to pay an additional 2%, which equates to £280,000.

5.3 Whilst the overall scheme deficit has reduced over the previous 3 years, expectations over future investment performance, taking into account the uncertainty surrounding the UK economy, has lead the Actuary to conclude that the employer contribution will need to increase.

5.4 At the date of writing this report, the Council is still waiting on the specific numbers for this Council and the financial model which calculates the impact of making lump sum contributions towards the scheme deficit.

5.5 There is a possibility that this sum could be reduced by the Council making a lump sum payment towards its overall deficit. The advanced payment is invested by the fund thereby generating income, which again reduces the deficit. However, the impact of this cannot be modelled until the Council receives the necessary information from the Actuary.

5.6 The lump sum payment would be made from the New Homes Bonus reserve, which would be repaid annually from the savings made by not making the lower contribution into the Pension Fund.

5.7 For now, the budget proposals have been prepared ignoring this opportunity, but this will be modelled and presented to Cabinet as part of the final proposals if a valid case can be made for doing so.

5.8 Other pressures are: increased costs relating to the HB Law (Legal) contract, where demand on the service has been higher than anticipated in the areas of Environmental Health and Property; An allowance for an additional post following the Strategic Finance review; Payment of the new Apprenticeship

Levy plus additional costs hosting new IT servers and systems; The business rates paid on our properties, particularly car parks, has added additional costs.

5.9 The total service based pressures within this report sum to £1.483 million of which (£463,000) represents a general provision for inflation and pay.

5.10 At the point of writing, negotiations on any pay award are yet to commence. Members will be updated during the budget development process if a conclusion is reached.

5.11 There is also a potential pressure that has not been included within these proposals for reasons of uncertainty. The pressure relates to the Council's asbestos liability on ex-council houses transferred to VAHT. VAHT is reaching the threshold where its liability ends and AVDC becomes responsible for the future costs of removal. Current indications are that the cost could potentially be as high as £300,000 per annum. Officers are currently working closely with VAHT to assess the position and to ensure all expenditure since the date of transfer has been properly incurred and recorded. If, ultimately, there is a call on the Council then the amount will be met from General Fund balances.

5.12 Elsewhere on the agenda is a Capital Programme update report that includes all the recent schemes that have been agreed. The revenue consequences of these schemes in the form of financing costs have been included within the budget proposals. These are shown in Appendix B under the title of Major Projects.

5.13 Finance and Services Scrutiny of 1 December 2016 received a report on the Technology Strategy. Once the strategy has been agreed by Council the revenue consequences will be fully scoped and built in to the MTRP.

6 Government Grant

6.1 Members will recall that last year the Government offered a multi year financial settlement to those councils who chose to accept it. Along with the majority of councils, Aylesbury Vale District Council chose to accept the offer for the certainty that this offered. The Government has now confirmed that we qualify for this offer.

6.2 The table below sets out the elements of Grant covered by the 4 year Settlement. Currently only the Revenue Support Grant element is confirmed as the Baseline Funding Level relates to the retained benefit the Council receives from the Business Rates it collects.

	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

6.3 The amount of Business Rates collectable from 1st April 2017 is presently uncertain as the first national revaluation of Business Rates system comes into effect on that date. The revaluation exercise is intended to be neutral across the Country as a whole and in order to achieve this the Government will need to redistribute the gains and losses experienced at a local level. It will achieve this by adjusting the Baseline Funding Level.

6.4 The Autumn Statement is the precursor to the Government making detailed announcements in relation to Local Government Funding, but the exact timing of its announcement of the Finance Settlement has yet to be made public.

6.5 The Government has indicated that it intends to make this announcement as soon as possible after the Autumn Statement and hoped to make the announcement before the end of November. At the point of writing this report, the announcement has yet to be made and it is understood the it might be expected mid December and, therefore, detailed numbers can not be incorporated into the initial budget plans.

6.6 However, the Government's intention is that the impact should be neutral and any reduction in the Base Line should be matched by an increase in the Business Rates collectable. Therefore, for the purposes of this draft budget proposal it has been assumed that there is no impact and the existing numbers have been used.

6.7 Whilst this assumption has been made, and in practice there is little else that could be assumed, there is complexity in the adjustment calculation which might still have an impact. Namely, the eligibility of businesses, which have experienced a change in their Rates payable, to mandatory relief from Business Rates.

6.8 For now, the assumption used in the initial budget proposals is that any impact will be neutral, but this area is flagged as one where a higher degree of risk exists which might impact upon the final position recommended to Council.

7 Retained Business Rates

7.1 As with the Grant position described above, the Business Rates Revaluation also clouds the position on the amount of Gain the Council might expect to achieve from Business Rates Growth in the Vale. However, the trends which sit below the revaluation are largely expected to continue through 2017/18.

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

7.3 Monitoring information available at the point of writing this report only covers the first 7 months of the year (up to and including October) and much can still impact during the remaining 5 months which might undermine this position.

7.4 The position will continue to be kept under review as the detailed budget continues to develop so that the final budget report can be informed by the latest information available at that time.

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

8 Business Rates Pooling

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

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

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

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

8.5 No account has been taken of any anticipated gain in this budget proposal, but given the uncertainty which exists in other parts of this report, it is considered that not to do so represents a prudent position for now.

8.6 The Pool created will continue to operate until any of the organisations that are party to it notify the Government that they wish to exit the arrangement.

8.7 For 2017/18 all parties have agreed to continue on the same basis, subject to seeing the final Government numbers contained in the Finance Settlement.

8.8 Should any council be unhappy with the position contained within the Settlement they would have a window of 28 days to withdraw from the Pooling arrangement from the date that the Finance Settlement is published. Such a decision, by any of the parties, would result in the Pool being disbanded.

9 Investments / Net Borrowing

9.1 The Council has been using its cash balances over the past few years in lieu of long term borrowing. This delivers an advantage over lending returns whilst base rates remain low. The financial advantage in terms of lower borrowing costs has been factored into the initial budget proposal.

9.2 As identified last year, the on-going low Bank Base Rate is creating financial pressure. Since 2010 the shortfall in investment earnings, which has arisen from the record low base rate, have been smoothed via the use of the Interest Rate Equalisation Reserve. This Reserve was created from excess interest earnings in times when the Base Rate was considerably higher than its present level.

9.3 This Reserve has been used effectively over the past few years to smooth the budget pressure created by the lower interest rates in the realistic expectation that rates would recover.

9.4 In August the Bank Base Rate was cut to 0.25%, the first cut since 2009, which has increased the pressure on the investment return. It was envisaged that rates would potentially start to increase, gradually, but this has now been reviewed and rates are not expected to rise until 2018 at the earliest.

9.5 Last year the MTRP included a reduction in the expected investment income to a more sustainable level, but following the recent base rate decrease and the expected outlook, the Council will need to make use of the Interest Equalisation Reserve once again.

9.6 So this year, as part of that budget planning exercise, it was proposed that a contribution of £80,000 be made from the Reserve in 2017/18.

10 New Homes Bonus

10.1 In last year's Spending Review the Chancellor signalled his intention to review the operation and distribution of New Homes Bonus. This was followed by a Consultation paper.

10.2 The consultation proposed both a reduction in the benefit, by reducing the time that it is payable and a sharpening of the scheme's focus. Notably, it sought views on;

- Limiting the benefit from 6 to 4, or even 2 years
- Reducing or removing the bonus on developments initially rejected by councils
- Reducing or removing the bonus from those councils without a local plan
- Setting an element of targeted growth
- Transitional protection for those councils impacted by the greatest amounts

10.3 The Government's stated its intention is to reduce the amount of Bonus payable and so, as the district receiving the greatest bonus, all of the proposals had a proportionately greater impact on this Council. The modelling accompanying the consultation projects allocations to this Council dropping away significantly from current levels.

10.4 Given the uncertainty surrounding its future, the Council agreed to not increasing the contribution from New Homes Bonus into the revenue budget.

10.5 The Consultation closed on 10th March 2016 and as at the date of writing this report, the Government has still yet to publish its response to the consultation exercise.

10.6 Because of its significance to many councils, in terms of their budget planning, it is expected that the Government will include its response within the Finance Settlement expected shortly.

10.7 Many councils rely heavily on New Homes Bonus to balance their Revenue Budgets and so it is expected that the Government is unlikely to make any significant changes to the modelled allocations contained within the consultation document and the Spending Power measures included within last year's Finance Settlement data.

10.8 Reflecting this, the initial budget proposals use unaltered assumptions in terms of NHB usage within the MTFP period. Once the Finance Settlement data is released the assumptions will be re-tested and any changes required will be reported back to Cabinet (and Scrutiny if timing permits) as part of the Final Budget Proposals.

10.9 Following the publication of the Government's Consultation response the Cabinet will need to review the ongoing policy in relation to how it uses the amounts it receives, e.g. should it continue to take the same amounts into revenue and should it allocate the same proportion to parishes. However, Cabinet cannot reasonably do this until the Government publishes its final consultation response.

10.10 The parish scheme is currently in abeyance pending the outcome of the Government's review.

11 Aylesbury Vale Estates

11.1 An AVE Business Plan for 2017/18 is currently being developed and it is expected that this will be presented to both Economy Scrutiny in early December and Cabinet in January 2017, alongside the Final Budget proposals.

11.2 Dividend payments are forecast within the developing central version of the AVE Business Plan for 2017/18 and these have been reflected within the budget proposal presented here for consistency. The AVE Business Plan also includes a downside Business Case, as part of their scenario planning, which does not include a dividend payment. This is recognised as a budgetary risk and account is taken of this in determining the appropriate level of Working Balances to be held this year.

12 Council Tax

12.1 The Government has yet to announce its policy on Council Tax increases (this will be contained within the Finance Settlement), but has signalled, through consultation, that a threshold is still likely to exist at the same level as introduced last year.

12.2 As report to Cabinet in the high level budget issues report in November 2016, national policy has now shifted away from the desire to see Council Tax levels frozen to an acceptance of minimal tax increases. In fact, contained within last year's 4 year settlement is an assumption that each council will increase its Council Tax by the maximum permissible amount, short of requiring a referendum.

12.3 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.

12.4 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.

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

12.6 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.

12.7 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.

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

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

12.10 Since the Government's austerity programme began the reduction in Government Grant support has been equal to £105 per resident.

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

13 Reserves

13.1 Earmarked reserves represent the prudent saving of sums against the recognition of future financial events which, if not prepared for, would be difficult to deal with at the point they occur. In short, earmarked reserves are an essential part of sound financial planning.

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

13.3 With the national focus on the reduction in resources and continuing media interest it is unfortunate that the Council's earmarked reserves position has shown a considerable jump as this belies the reality of the situation that the Council is facing.

13.4 The principal explanation behind the increase is the sizeable amounts of New Homes Bonus still being received by the Council on the back of the significant housing growth in the Vale and the difficultly in delivering infrastructure schemes in a short timeframe. The consequence of this is the ring fencing of these sums in Reserves pending the delivery of the schemes.

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

13.6 The size of the Reserves and the different timespans over which they will be required present an opportunity to mitigate some of the increase in Pension Fund contributions and, as explained in an earlier section, this will be explored as soon as the detailed modelling are made available.

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

13.8 Where the revenue budget is dependent upon the use of funding from reserves, reliance is being reduced to the point where the budget is deemed to be sustainable.

14 Review of Fees and Charges

14.1 Last year Cabinet received a comprehensive list of all the Council's Fees and Charges as a core part of the budget process.

14.2 This was introduced in accordance with the wider transparency agenda to enable any proposed changes to be debated and discussed in an open forum.

14.3 Prior to that, Fees and Charges were reviewed at various times during the year.

14.4 Appendix E to this report includes those fees and charges that have been reviewed and where it was felt that they needed to be changed. Where the fees and charges remain the same these have not been included in the appendix for the purposes of brevity.

15 Balances

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

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

15.3 Whilst the Government's 4 year settlement is a factor would justify a reduction in this level of Balances, it remains unchanged on the previous year and this is a reflection of the considerable uncertainty surrounding the impact of the Government's changes to the Grant numbers and the impacts of Business Rates revaluation together with the numerous other issues identified within this report.

15.4 The September Quarterly Digest projected showed a net contribution from balances of £238,000. This was made up of additional income / savings of £868,000 offset by a contribution to a new reserve of £1,106,000 to meet the costs of the Commercial AVDC project.

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

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

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

16 Risk Register

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

16.2 These risks are captured within its Risk Register together with the actions or mitigating factors which it relies upon to reduce or minimise these risks as far as possible.

16.3 This register is reviewed regularly by officers in order to ensure that decisions are taken and resources deployed effectively with regards to the risks that the organisation faces.

16.4 The Risk Register is also reviewed regularly by the Audit Committee. At its last meeting the Audit Committee commented on the value of this document and recommended that the Cabinet should consider its contents whilst considering its budget proposals, so as to ensure that the Council's strategic allocation of resources is consistent with the risks facing the Council.

16.5 In compliance with this recommendation, the current Risk Register is reproduced as Appendix F and in the confidential appendix.

17 Commercial AVDC

17.1 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.

17.2 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.

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

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

18 Medium Term Financial Plan (2017/18 and After)

18.1 The report to Cabinet in November set out the rationale for the core assumptions used in the Medium Term Financial Plan. In summary, the single biggest issue remains the ongoing and severe reductions in Government Grant, and the uncertainty (notably around Business Rates and New Homes Bonus) as to how these will be applied to individual councils.

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

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

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

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

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

18.7 Because of the various factors identified within this report as uncertain, it is expected that there may need to be material changes in the Final Proposals presented to Cabinet in January 2017. Where uncertainty exists it has been identified within this report along with the assumptions used and any mitigation strategy which exists.

18.8 Because of the narrow gap between Cabinet's meeting in January 2017 and the review of these draft proposals by Finance and Services Scrutiny

Committee, also in January, it is hoped than an update may be provided to the Scrutiny Committee on the developing proposals.

19 Special Expenses

19.1 This report normally seeks to include a recommendation on the Special Expenses budget for Aylesbury Town.

19.2 Work is progressing to develop this budget and initial indications are that a review of costs and service charged into this area are likely to result in the Tax in Aylesbury remaining frozen at its current level.

20 Options Considered

20.1 The report provides a commentary on the key elements of choice within the budget proposals and outlines the reasons for the recommendations.

21 Recommendations

21.1 These are set out within the report and summarised in paragraph 2.

22 Resource Implications

These are covered within the body of the report.

Contact Officer Andrew Small Tel: 01296 585507

APPENDIX A1

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

Classification	2016/17 Base	2017/18	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£
Business Transformation	256,800					
Economic Development Delivery	-1,472,000					
Environment & Waste	5,410,900					
Finance, Resources & Compliance	714,000					
Growth Strategy	1,329,100					
Leader	5,898,200					
Leisure, Communities & Civic Amnts	6,473,600					
Plus: Inflation, Savings / Growth	0	-717,500	-225,200	185,800	-8,100	870,100
Less: Savings Still Required	0	0	242,500	-214,600	-39,000	-909,000
Service Spend Total	18,610,600	17,893,100	17,910,400	17,881,600	17,834,500	17,795,600
Contingency Items	63,500	137,700	137,700	137,700	137,700	137,700
Financing & Asset Charges	-1,346,400	-1,048,800	-1,048,800	-1,048,800	-1,048,800	-1,048,800
Transfers to / (from) Reserves	135,600	70,100	70,100	70,100	70,100	70,100
Investment Interest	-245,000	-165,000	-165,000	-165,000	-165,000	-165,000
Cost of Borrowing	2,365,700	2,532,000	2,494,000	2,456,000	2,456,000	2,456,000
AVE Interest	-1,983,000	-2,136,000	-2,123,000	-2,113,000	-2,113,000	-2,113,000
Use of Balances	-90,900	0	0	0	0	0
Plus: Special Expenses	-844,400	-857,100	-878,500	-900,500	-923,000	-946,100
New Homes Bonus	-1,178,000	-1,178,000	-1,178,000	-1,178,000	-1,178,000	-1,178,000
Retained Business Rates	-476,700	-476,700	-476,700	-476,700	-476,700	-476,700
Council Tax Freeze Grant	0	0	0	0	0	0
Less: Parish LCTS Payment	70,600					
Funding Requirement	15,081,600	14,771,300	14,742,200	14,663,400	14,593,800	14,531,800
Funded By						
Government Grant	-5,219,300	-4,300,000	-3,809,500	-3,261,400	-2,713,300	-2,165,200
Collection Fund Transfer	-210,000	-228,000	-228,000	-228,000	-228,000	-228,000
AVDC Council Tax	9,652,300	10,243,300	10,704,700	11,174,000	11,652,500	12,138,600
Council Tax Base	69,409	71,107	71,818	72,536	73,261	73,994
Council Tax	**£ 139.06**	**£ 144.06**	**£ 149.05**	**£ 154.05**	**£ 159.05**	**£ 164.05**
Percentage Increase	1.99%	3.59%	3.47%	3.35%	3.25%	3.14%

SUMMARY OF CHANGES

Classification	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£
Plus:		0	0	0	0	0
Unavoidable Pressure		848,000	200,000	0	0	0
Inflation, Pay and Increments		463,000	676,000	786,000	805,000	928,000
Impact of Major Projects		171,500	275,000	275,000	-57,900	-57,900
Total	0	1,482,500	1,151,000	1,061,000	747,100	870,100
Less:						
New Income and Efficiency Proposals(17/18)		-2,200,000	-1,376,200	-875,200	-755,200	0
Major Projects						
Total	0	-2,200,000	-1,376,200	-875,200	-755,200	0
Total Pressures & Efficiencies Identified	**0**	**-717,500**	**-225,200**	**185,800**	**-8,100**	**870,100**
Change in Available Resources						
Reduction / (Increase) in Investment Interest		80,000	0	0	0	0
Reduction / (Increase) in Contribution From Reserves		-65,500	0	0	0	0
Reduction / (Increase) in Capital Financing		297,600	0	0	0	0
(Reduction) / Increase in Borrowing Costs		166,300	-38,000	-38,000	0	0
(Growth) / Reduction in AVE Interest Payment		-153,000	13,000	10,000	0	0
(Growth) / Reduction in AVE Dividends		0	0	0	0	0
(Increased) / Reduced Use of Balances		90,900	0	0	0	0
(Reduction) in Contingency Provision		74,200	0	0	0	0
Reduction in Collection Fund Surplus		-18,000	0	0	0	0
(Additional) / Lower Government Grant - RSG		919,300	490,500	548,100	548,100	548,100
Additional / Lower Business Rate Growth		0	0	0	0	0
New Homes Bonus		0	0	0	0	0
Tax Base Growth		-236,000	-98,900	-103,500	-108,100	-112,900
Additional Council Tax		-355,000	-362,500	-365,800	-370,400	-373,200
Government Funding for Council Tax Freeze		0	0	0	0	0
(Increase) / Decrease in Special Expenses		-12,700	-21,400	-22,000	-22,500	-23,100
Decrease in Parish Grant		-70,600	0	0		
Total Increase in Resources	**0**	**717,500**	**-17,300**	**28,800**	**47,100**	**38,900**
Savings Required	**0**	**0**	**242,500**	**-214,600**	**-39,000**	**-909,000**
Net Change in Resources	**0**	**0**	**0**	**0**	**0**	**0**

APPENDIX B

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

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

APPENDIX C

Budget Savings Identified in 2017/18 Budget Planning

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

APPENDIX D

Budget Pressures Identified in 2017/18 Budget Planning

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

FEES AND CHARGES (Amendments)	2015/16	2016/17	2017/18
Leisure			
Pitches / All Weather Pitches			
All Weather Pitch - MEADOWCROFT			
Peak Time-1/3rd area per hour	£22.50	£24.50	£25.00
Peak Time-2/3rd area per hour	£44.99	£49.00	£50.00
Peak Time-full area per hour	£67.50	£73.00	£75.00
Off peak time-1/3rd area per hour	£16.87	£18.50	£19.00
Off peak time-2/3rd area per hour	£33.75	£37.00	£38.00
Off peak time-full area per hour	£50.62	£55.50	£56.00
Flood lights-1/3rd area per hour	£11.25	£12.25	£12.50
Flood lights-2/3rd area per hour	£16.87	£18.50	£18.90
Flood lights-full area per hour	£28.12	£30.00	£31.00
Football Pitches Grass			
Adult pitch - per match at all venues	£64.90	£70.50	£77.00
Juniors aged 14 to 17 years inclusive, playing on an adult pitch - per match at all venues	£45.43	£49.00	£54.00
Juniors aged 13 years and under, playing on a junior pitch - per match at all venues	£41.32	£44.50	£47.00
Cricket Square			
Adult-afternoon-per match (14:00 - 19:00)	£82.60	£90.00	£92.00
Community Centres			
Alfred Rose Park, Bedgrove Park, Prebendal Farm, Southcourt and Hawkslade Farm			
All Community Bookings include Churches, Car Boots, Bazaars and Bank Holidays			
Saturday and Sunday			
8.00 - 13.00	£31.00	£33.00	£33.50
13.30 - 17.15	£31.00	£33.00	£33.50
Private and Commercial Events include Adult and Children’s Parties and Bank Holidays			
Monday to Thursday			
8.00 - 13.00	£60.00	£65.00	£67.00
13.30 - 17.15	£60.00	£65.00	£67.00
Contract Services	**2015/16**	**2016/17**	**2017/18**
Garden Waste	£38.00	£40.00	Updated Position to be Provided at Meeting
Garden Waste administration fee for non direct debit payers	£4.50	£4.50	
Waste Sacks (50 sacks)	£90.00	£90.00	
Recycling Sacks (100 sacks)	£85.00	£85.00	
MOT Licence (Taxi)	£43.00	£43.00	
MOT Licence (External)	£40.00	£40.00	
Car Parking	**2015/16**	**2016/17**	**2017/18**
Wendover Car Park Tariff			
0-1 Hours	Nil	Nil	£0.50
1-2 Hours	£0.50	£0.50	£0.50
2-3 Hours	£0.70	£0.70	£0.50
3-4 Hours	£1.00	£1.00	£1.50
4-5 Hours	£1.50	£1.50	£2.00
Over 5 Hours	£4.00	£4.00	£6.50

Corporate Risk Register Update

The Corporate Risk Register (CRR) shows the key risks to the Council and the actions that are being taken to respond to these risks. The CRR is reviewed on a regular basis by Transition Board and was last updated on 23 November 2016.

The CRR is reported to Audit Committee and at their meeting on 14 November it was resolved that "*Cabinet be recommended to review the Corporate Risk Register, a minimum of twice yearly and, as a part of setting and monitoring the Council's budget, and to report back to the Audit Committee on risks with an overall rating of high or extreme, in particular relating to the Council's approach to commercialisation*".

There are 19 risks on the corporate risk register. The residual risk rating is summarised as follows:

Residual Risk Rating			
Low risk 3	**Moderate risk 4**	**High Risk 10**	**Extreme risk 2**
11) Safeguarding arrangements, internal policies and processes are not adequate to address concerns about /protect vulnerable adults & children. 14) Fraud, corruption, malpractice by internal or external threats. 15) Equalities is not considered in decisions resulting in Judicial Review and other litigation	6) Fail to manage and deliver major capital projects - Waterside North 9) Business Continuity - Major or large scale incident causes business interruption affecting the Council's resources and its ability to deliver critical services. 13) Failure to manage a major partnership or a significant council contractor. 16) Failure to manage and deliver the requirements of the SLA for HS2.	1) Commercial AVDC programme does not deliver the required savings and efficiency gains 2) The Council's approach to commercialisation does not produce the income needed. 3) Organisational culture fails to support the strategy. 17) Unmanaged loss of key staff during time of change 5) Depot & workshop development project fails to address H&S and Environmental concerns and achieve commercial objectives. 7) Fail to Deliver the new Vale of Aylesbury Local Plan 8) Health & Safety - Non-compliance with Fire and Health and Safety legislation (excl. depot /waste services). 10) Information Governance - A significant data breach, Inappropriate access, corruption or loss of data 12) Business Intelligence (Customer insight & performance data) is not sufficiently robust to support effective decisions. 17) Unmanaged loss of key staff during time of change 19) Failure to effectively engage with members and the community around the Council's vision and strategy.	4) Partnership with AVE fails to deliver or hinders the achievement of the Council's objectives 18) Modernising Local Government agenda fails to achieve an outcome that addresses community needs / disruption to service delivery

Impact of Brexit - We continue to assess the potential risks arising following the Brexit decision. At this stage there is too much uncertainty about the specific implications on the strategic objectives and day to day operations of the Council to put anything meaningful on the CRR.

Risk Matrix

Impact	5	Catastrophic	**5**	**10**	**15**	**20**	**25**
	4	Major	**4**	**8**	**12**	**16**	**20**
	3	Moderate	**3**	**6**	**9**	**12**	**15**
	2	Minor	**2**	**4**	**6**	**8**	**10**
	1	Negligible	**1**	**2**	**3**	**4**	**5**
Score			Rare	Unlikely	Possible	Likely	Very Likely
			1	2	3	4	5
			Likelihood				

	1-3	Low Risk	Acceptable risk; No further action or additional controls are required; Risk at this level should be monitored and reassessed at appropriate intervals
	4 - 6	Moderate Risk	A risk at this level may be acceptable; If not acceptable, existing controls should be monitored or adjusted; No further action or additional controls are required.
	8 – 12	High Risk	Not normally acceptable; Efforts should be made to reduce the risk, provided this is not disproportionate; Determine the need for improved control measures.
	15 - 25	Extreme Risk	Unacceptable; Immediate action must be taken to manage the risk; A number of control measures may be required.

Risk Ratings - Impact

Score	Descriptor	Compliance	Finance	Health and safety	Internal Control	Political	Reputational	Staffing & Culture
1	Negligible	No or minimal impact or breach of guidance/ statutory duty	Small loss risk of claim remote	Minor injury; Cuts, bruises, etc.; Unlikely to result in sick leave	Control is in place with strong evidence to support	Parties work positively together with occasional differences; Members & executive work co-operatively	Rumours; Potential for public concern	Short-term low staffing level that temporarily reduces service quality (<1 day)
2	Minor	Breach of statutory legislation; Reduced performance rating from external/internal inspector	Loss of 0.1-0.25 per cent of budget; Claim less than £20k	Moderate injuries; Likely to result in 1-7 days sick leave	Control in place with tentative evidence	Parties have minor differences of opinion on key policies; Members and executive have minor issues	Local media coverage short term reduction in public confidence; Elements of public expectation not met	Low staffing level that reduces the service quality
3	Moderate	Single breach in statutory duty; Challenging external or internal recommendations or improvement notice	Loss of 0.25-0.5 per cent of budget; Claims between £20k - £150k.	Major injuries; More than 7 days sick leave – notifiable to HSE	Control in place with no evidence to support	Members begin to be ineffective in role; Members and Executive at times do not work positively together	Local media coverage – long term reduction in public confidence	Late delivery of key objective/service due to the lack of staff; Low staff morale; Poor staff attendance for mandatory/key training
4	Major	Enforcement action; Multiple breaches of statutory duty; Improvement notices; Low performance ratings	Uncertain delivery of key objectives/loss of 0.5 – 1.0 percent of budget; Claims between £150k to £1m	Death; Single fatality	Partial control in place with no evidence	Members raise questions to officers over and above that amount tolerable; Strained relationships between Executive and Members	National media coverage with key directorates performing well below reasonable public expectation	Uncertain delivery of key objective/service due to lack of staff; Unsafe staffing level or competence; Loss of key staff; Very low staff morale; No staff attending training
5	Catastrophic	Multiple breaches in statutory duty; Prosecution; Complete system changes required; Zero performance against key priorities and targets	Non delivery of key objective/loss of >1 percent of budget; Failure to meet specification/slippage; Loss of major income contract	Multiple deaths; More than one Fatality	No control in place	Internal issues within parties which prevent collaborative working; Que from members shift resources away from corporate priorities	National media coverage, public confidence eroded; Member intervention/action	Non-delivery of key objective/service due to lack of staff; Ongoing unsafe staffing levels or competence; Loss of several key staff; Staff not attending training on ongoing basis

Risk Rating – Likelihood

	Likelihood	Likelihood Descriptors	Numerical likelihood
1	**Rare**	May occur only in exceptional circumstances	Less than 10%
2	**Unlikely**	Do not expect it to happen/recur but it is possible it may do so	Less than 25%
3	**Possible**	Might happen or recur occasionally	Less than 50%
4	**Likely**	Will probably happen/recur but it is not a persisting issue	50% or more
5	**Very Likely**	Will undoubtedly happen/recur, possibly frequently	75% or more

Capacity to Manage

Capacity to Manage	Alert	Description
Full		Full – all reasonable steps have been taken to mitigate the risk and are operating effectively. The cost / benefit considerations on implementing additional controls have been considered and no additional actions are proposed.
Substantial		Substantial – there are sound arrangements to manage the risk with some scope for improvement. Arrangements have had a demonstrable impact in reducing either the likelihood or consequence of the risk.
Moderate		Moderate – there are a number of areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
Limited		Limited – there are significant areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
None		None – there are a lack of clear arrangements in mitigation of the risk.

Finance and Services Scrutiny Committee
9 January 2017

CAPITAL PROGRAMME UPDATE 2016/17 TO 2020/21

1 Purpose

1.1 The attached report gives an update on the capital programme for the current year and sets out an updated programme for 2017/18 onwards. The report was considered by Cabinet on 13 December 2016 and approved for the purposes of scrutiny, as required under policy framework requirements.

1.2 The Scrutiny Committee is asked to review the capital programme and highlight any issues that it wishes Cabinet to take into consideration in making formal proposals to Council.

2 Recommendations

The scrutiny committee is recommended to:

2.1 Consider the updated capital programme for 2017/18 onwards as set out in the attached report and highlight any issues that it wishes Cabinet to take into consideration in making final recommendations to Council.

3 Background

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

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

3.2 The programme is reviewed annually with the current programme being last approved and adopted at Council in November 2015.

3.3 Since then, the programme has been altered and amended on several occasions in response to organisational pressures. The attached report, which was considered by Cabinet on 13 December, 2016, provides an updated position with respect to forecast receipts and the position with regards to current and future major investment projects. It also incorporates changes made since November 2015 and reflects these in the overall resources projections.

3.4 The scrutiny committee is asked to consider the updated capital programme for 2017/18 onwards as set out in the attached report and highlight any issues that it wishes Cabinet to take into consideration in making final recommendations to Council.

Contact Officer Tony Skeggs 01296 585273

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Cabinet
13 December 2016

CAPITAL PROGRAMME UPDATE 2016/17 TO 2020/21
Councillor N Blake
Leader of the Council and Cabinet Member for Major Projects

1 Purpose

1.1 This report gives an update on the capital programme for the current year and sets out an updated programme for 2017/18 onwards. The Cabinet's comments will be passed to the Finance and Services Scrutiny Committee for review as required under policy framework requirements. After consideration of the review by scrutiny, Cabinet will be required to make formal proposals to Council.

2 Recommendations

The cabinet is recommended to:

2.1 Consider the updated capital programme for 2017/18 onwards as set out in Appendix A and if in agreement.

2.2 Request the Finance and Services Scrutiny Committee review and comment on the programme prior to Cabinet making its final recommendations to Council.

3 Background

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

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

3.2 The programme is reviewed annually with the current programme being last approved and adopted at Council in November 2015.

3.3 Since then, the programme has been altered and amended on several occasions in response to organisational pressures.

3.4 This report provides an updated position with respect to forecast receipts and the position with regards to current and future major investment projects. It also incorporates changes made since November 2015 and reflects these in the overall resources projections.

4 Capital Resources Update

4.1 The UK economy is still settling down after the decision to leave the European Union and will continued to do so. Whilst, the pound has fallen, there has been a boost to exports and with the recent cut in interest rates to a record low of 0.25%, the housing market is still taking time to react, which means the demand for land and its value may decrease.

4.2 The price of houses fell in July and August 2016, which meant that the annual growth has fallen to 6.9%, the lowest level for more than a year. This slowdown has had an affect on the anticipated income from Right to Buy sales, which is one of the Council's major sources of capital income, to the point that actual receipts could be down on the level received over the last couple of years.

4.3 The number of house sale completions over the last couple of years has dropped below the 40 mark which was being achieved prior to 2014/15. Last year, VAHT were anticipating house completions to be only 20 but the final figure for 2015/16 was 33, which boosted the level of receipts to £2,309,000. For 2016/17, the number of applications is running at the same levels as 2015/16 and so VAHT have upped their estimate for completions to 34, which will maintain the level of receipts AVDC can expect to receive.

4.4 During 2016/17 the final payments of the VAT shelter will be received, this will end the 10 year agreement that was put in place when the Council's housing stock was transferred to VAHT. Whilst the amounts received reduced over the years it was still a valuable source of capital resources.

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

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

a.) Share of house sale receipts from VAHT - these flow from the stock transfer agreement and run for 25 years from the transfer date. The number of sales has been forecast to be 34 for 2016/17, with the same number being forecast for 2017/18.

b.) Asset Sales - these are sums released from disposal of Council-owned assets mainly land or property.

c.) Lottery, Grants & Section 106 – This relates to external resources not related to asset sales.

d.) Revenue Contribution – Currently there are not expected to be any contributions from revenue to supplement existing capital resources other than a contribution from the New Homes Bonus pot.

4.7 The table below sets out the available resources at the beginning of 2016/17 and projected resources at the end of 2017/18 before any expenditure has been taken into account.

	Current Resources **April 2016** **£'000s**	**Resources Projection** **March 2018** **£'000s**
Current Resources	**8,587**	**11,556**
Share of Right to Buy Receipts	2,000	2,000
Asset Sales	823	910
VAT Shelter	20	0
Lottery, Grants and Section 106	126	3,000
Revenue Contributions (NHB)	0	5,000
Total End of Year	**11,556**	**22,466**

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

5 Capital Expenditure

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

6 Major Projects

6.1 The following are listed under the Major Projects section – Waterside Development, Pembroke Road depot, Silverstone Racing Circuit and the provision of a loan facility for a commercial property in Aylesbury.

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

Waterside North and Public Realm North of Exchange Street

6.3 At its meeting on the 14th September 2016 Council received a report outlining the current position with this scheme.

6.4 This report outlined the six areas of preparatory work that would need to be commissioned to enable the scheme to progress. Work is now at the viability stage. There are a number of conditions that still need to be signed and the commercial outlet pre-lets need to be confirmed but it is hoped that work will start on site during early 2017.

6.5 The expenditure and funding for this scheme were built in to the Capital Programme during the annual review last year.

Depot - Pembroke Road

6.6 At its meeting on the 26th October 2016 Council agreed to a scheme to develop the existing waste and recycling depot site at Pembroke Road.

6.7 The total scheme cost would be £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.

6.8 The report and business case was predicated on the cost of scheme being met from borrowing, whilst recognising that the amount might be reduced if there are additional capital resources received during the year.

6.9 The review of resources undertaken within this report balances the Council's need to invest in schemes with the anticipated unallocated resources available to it. Borrowing is not usually earmarked for individual purposes but instead intended to cover any gap between spending and income.

Silverstone Racing Circuit

6.10 At its meeting on the 14th September Council 2016 agreed to be part of a joint funding arrangement for a new Silverstone Heritage Centre by contributing £2 million by way of a loan facility.

6.11 Since the meeting the Silverstone Heritage Centre have confirmed that they have secured the £9.3 million Heritage Lottery funding that they had applied for. This was achieved on the basis that the surrounding councils and LEPS provided a maximum loan facility of approximately equal value. This has been achieved.

6.12 Even though this is a loan, the advance counts as capital expenditure for accounting purposes and must, therefore, be included within the capital programme review. The Council's resources will be replenished by the repayments of principal.

Provision of a Loan Facility for a Commercial Property in Aylesbury

6.13 General Purposes Committee met on 21st November 2016 to consider the provision of a loan facility for £5.2 million to an entity to enable them to secure a commercial property in Aylesbury.

6.14 Because of commercial sensitivity, the Committee met in closed session and agreed unanimously to make available the loan facility. Similarly to the loan to Silverstone Heritage Centre, the provision of this loan counts as capital expenditure.

6.15 The loan facility replaces a commercial offer and the terms will be similar to that commercial offer, thereby demonstrably being at a commercial rate if interest.

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

7. Housing Schemes

7.1 The main element of funding within this category relates to the Council's housing enabling function.

7.2 The Council continued to be successful in its delivery of affordable housing projects over the early period of the recession. However, currently housing associations have had to review their business plans in light of a change in the level of rents that they can charge, so potential new schemes have been delayed. Housing will continue to work with the housing associations to deliver as many houses as possible within their resources.

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

8. Other Projects

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

8.2 Project managers are currently looking at the current Wendover car park configuration and reviewing the best and most cost effective way of undertaking the redevelopment to provide additional parking bays. The size of the car park will not change, however the project managers are being tasked with making the most of the space available to ease parking pressures. No indicative project costs have yet been formulated and so the impact on the capital programme at the time of writing this report is unknown.

8.2 The programme already includes a provision to replace some of the Refuse and Recycling fleet. However, with the bulk of the fleet coming to the end of its lease period a proposal was agreed at Council, alongside the Depot enhancement project on the 26th October 2016, whereby the new vehicles are purchased rather than leased.

8.3 The cost of purchasing the fleet would be around £3.6 million, this amount has been included in the attached programme. If the cost cannot be met from within existing resources then borrowing will have to be undertaken.

8.4 Members approved funding in December 2014 to a Compulsory Purchase Order (CPO) in respect of a long term property in Albion Street, Aylesbury. The necessity of this purchase is currently under review as the status of the property may have changed and this is being investigated. If it is determined that the property can no longer be categorised as a long term empty property then the purchase will not go ahead. The funding allocated for the purchase will be carried forward until officers are able to confirm whether it is still required. It is hoped that this can be resolved before the start of the 2017/18 financial year.

9 Options considered

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

10 Reasons for Recommendation

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

11 Resource implications

11.1 Each of the additions of the Capital Programme made since the last formal reviews were accompanied by a detailed Business Case. These reviews included the detail revenue implications, both of the detailed proposal and any financing costs assumes within it.

11.2 The revenue costs are incorporated into the initial Budget Planning report included elsewhere on this agenda.

12 Response to Key Aims and Objectives

None.

Contact Officer	Tony Skeggs 01296 585273
Background Documents	Capital Programme 2015/16 to 2019/20 Cabinet November 2015

Capital Programme			2016/2017 £'000s Planned	2017/2018 £'000s Planned	2018/2019 £'000s Planned	2019/2020 £'000s Planned	2020/2021 £'000s Planned
Capital Resources							
Base Available Resources	**8,587**		**8,587**				
Add Contributions from New Homes Bonus	**5,000**			**5,000**			
Add Contributions from NHB Affordable Housing	**1,864**		**466**	**466**	**466**	**466**	
Add New Receipts and Contributions (Estimated)	**11,827**		**5,969**	**2,910**	**1,460**	**1,488**	**0**
FORECAST RESOURCE AVAILABILITY	**27,277**		**15,021**	**8,376**	**1,926**	**1,954**	**0**
Add Prudential Borrowing	**12,800**			**12,800**			
TOTAL FORECAST RESOURCE AVAILABILITY	**40,077**		**15,021**	**21,176**	**1,926**	**1,954**	**0**
Capital Spend	**SCHEME TOTAL**	**SCHEME COSTS TO DATE**					
Major Projects	**£'000s**	**£'000s**					
Waterside North (Exchange St) **(via part NHB)**	**4,100**	0		4,100			
Public Realm Waterside North (Exchange St)	**3,300**	0		3,300			
Pembroke Road Depot Upgrade **(via Borrowing)**	**11,305**	2105		9,200			
Silverstone **(via NHB)**	**2,000**			2,000			
Provision of Loan Facility	**5,000**		5,000				
Major Project Expenditure Total	**25,705**	**2,105**	**5,000**	**18,600**	**0**	**0**	**0**
Housing							
Disabled Facility Grants	**1,939**	1,233	306	100	100	100	100
Enabling schemes	**33,000**	25,750	1,069	1,500	1,500	1,500	1,681
Housing Expenditure Total	**34,939**	**26,983**	**1,375**	**1,600**	**1,600**	**1,600**	**1,781**
Other projects in current programme							
Car Park Improvements	**800**			600	200		
Refuse Vehicle Replacements	**4,100**	215	285	3,600			
Compulsory Purchase Albion Street	**300**		300				
Community Centre Improvements	**400**		150	250			
Play Area Replacement Programme	**420**			140	140	140	
Other Projects Total	**6,020**	**215**	**735**	**4,590**	**340**	**140**	**0**
WHOLE PROGRAMME TOTAL SPEND	**66,664**	**29,303**	**7,110**	**24,790**	**1,940**	**1,740**	**1,781**
Cumulative Balance Remaining	(- = overdrawn)		8,587	7,911	4,297	4,283	4,497
Net Spend (-) / Income For the Year.			-675	-3,614	-14	214	-1,781
Uncommitted Balance as at 31 March	(- = overdrawn)		**7,911**	**4,297**	**4,283**	**4,497**	**2,716**

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Finance and Services Scrutiny Committee
9 January 2017

PUBLIC SECTOR EQUALITY DUTY

1 Purpose

1.1 This report provides an assessment of the Council's performance against the Public Sector Equality Duty and meets the requirements of Regulation 2 of the Equality Act 2010 (Specific Duties) Regulations 2011.

2 Recommendations/for decision

2.1 The Scrutiny Committee is asked to consider the contents of the Equality Report 2016 and highlight any issues that it wishes Cabinet to consider prior to approving its publication (to meet the Council's statutory duty).

3 Supporting information

3.1 Section 149 of the Equality Act 2010, the Public Sector Equality Duty (PSED), came into force on 5 April 2011. The objective behind the duty is to ensure that consideration of equality issues forms part of the routine, day-to-day decision making and operational delivery of public authorities. In summary, requires that the District Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Equality Act
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not by:
    - o Removing or minimising disadvantage that people in the protected groups suffer because its connected to that protected characteristic
    - o Take steps to meet the needs of people from the protected groups where these differ to those of other people
    - o Encourage participation from protected groups in public life or other activity where their participation is disproportionately low
- Foster good relations between persons who share a relevant protected characteristic and those who do not by:
    - o Tackling prejudice
    - o Promoting understanding

3.2 The protected characteristics are age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity status, race, religion or belief, sex, sexual orientation.

3.3 The Equality Act 2010 (Specific Duties) Regulations 2011 came into force on 10 September 2011. In summary they require the District Council to:

- Prepare and publish one or more equality objectives that are specific and measurable. This is an ongoing requirement to be met within 4 years from the last date of publication.
- Publish annually information to demonstrate its compliance with the general Equality Duty and this information must include:

- o information relating to persons who share relevant protected characteristic who are its employees and other persons affected by our policies and practices (such as service users)

- Publish information in such a manner that it is accessible to the public, including within another published document.

3.4 The Government Equalities Office has stated that these regulations are designed to ensure that public bodies are transparent about their compliance with the Equality Duty. And, that by publishing information about their equality performance and objectives, public bodies will be accountable to the people and communities they serve.

3.5 Attached at Appendix 1 is the Equality Report 2016. The report includes information about the population of the district, information about our staff and what we have been doing to meet the equalities duty.

3.6 We are in the process of completing a full review against the requirements of the Public Sector Equality duty to re-evaluate all of the work that we do as an organisation. A status update on our progress in included in Section 3 of the attached report and it is expected a full report will be shared once the work is complete early in 2017.

3.7 This report will be considered by Cabinet in January 2017. The Scrutiny Committee is asked to consider the contents of AVDC's Equality Report 2016 and highlight any issues that it wishes Cabinet to consider prior to approving its publication (to meet the Council's statutory duty).

4 Options considered

4.1 None this is a statutory requirement.

5 Resource implications

5.1 None

Contact Officer	Andy Barton 01296 585430
Background Documents	None

Aylesbury Vale District Council

Equality Report

2016

Contents

Introduction

This document provides information about the work that Aylesbury Vale District Council has done over the last year to meet our equality duty. The Council aims to place equality and diversity at the heart of everything it does.

The Equality Act 2010 requires the Council to pay due regard to the way it can:

1. Eliminate unlawful discrimination, harassment, victimisation
2. Advance equality of opportunity between people who share a protected characteristic and people who do not share it
3. Foster good relations between people who share a protected characteristic and people who do not share

These are called the three aims of the public sector duty.

These aims are supported by specific duties intended to improve performance on the general duty. These specific duties require us to publish our equality objectives at least every four years and equality data annually to show:

1. How the authority has paid due regard to the 3 aims of the public sector duty.
2. That the authority consciously thought about the 3 aims of the public sector duty in its decision making.
3. Data relating to our employees, as we have over 150 employees within our organisation.
4. Information relating to people affected by our policies and service.

Last year we set out our equality objectives for 2016 - 2020 and these can be found in Appendix 1. We are in the process of completing a full review against the requirements of the Public Sector Equality duty to re-evaluate all of the work that we do as an organisation. A status update on our progress in included in Section 3 and it is expected a full report will be shared once the work is complete early in 2017.

Section 1: Our Residents

Aylesbury Vale is situated 40 miles west of London and 65 miles south east of Birmingham. It is 350 square miles of leafy Buckinghamshire countryside. It is within an hour's drive of Heathrow, Gatwick, Luton and Stansted airports. It is also home to the world-famous National Spinal Injuries Centre at Stoke Mandeville hospital and is the birthplace of the Paralympic movement.

Population

There are around 189,000 people living in Aylesbury Vale; making it one of the largest districts in the country.

- We have slightly more women (51%) than men (49%) living in the district.
- 16% of our population are over 65 years of age, slightly less than the UK figure (18%).
- 19% of our population are under 15 years of age, slightly higher than the UK as a whole (18%)

The following information is taken from the 2011 Census.

Health and Disability

In 2011, almost nine out of every ten (86%) residents of Aylesbury Vale described themselves as being in good or very good health (81% in England and Wales). In 2011, 11% of residents described themselves as being of fair health with 3% and 1% describing themselves as being of bad and very bad health respectively.

Nearly one in seven residents (14%) described themselves as having a long-term health problem or disability that limits their day-to-day activities, which had lasted, or was expected to last, at least 12 months - a 12% increase since 2001.[1]

Religion

Those affiliated with the Christian religion remained the largest group; 62% of Aylesbury Vale (59% of England and Wales). However, the number of residents who stated that their religion was Christian in 2011 was fewer than in 2001. This followed the national trend; the size of this group decreased by 12% to 62% of the Aylesbury Vale population in 2011, down from 74% in 2001. Nationally for England and Wales, the size of the Christian group decreased 13% points to 59% in 2011, down from 72% in 2001.

The size of the group who stated that they had no religious affiliation has increased by 71% since 2001, from 16% in 2001 to 26% in 2011. There was a 25% increase in this group for England and Wales.

Other religions accounted for 6% of the Aylesbury Vale population in 2011. The largest group being those who stated they were of the Muslim religion (4%). Those who did not state a religion accounted for 7%.

Ethnic Group

Most residents of Aylesbury Vale belonged to the White ethnic group 90% in 2011, decreasing from 94% of the population in 2001. Nationally in England and Wales, most residents belonged to

[1] In 2011 this question was structured differently to 2001 and therefore can only be considered as broadly comparable between Census years

the White ethnic group (86%) in 2011.

The Non-White Ethnic Group population increased by 83% in Aylesbury Vale and accounts for 10% of the population. In the non-white resident population; 2.2% were of Mixed or Multiple ethnic groups, 5.8% were from the Asian or Asian British (including Chinese) group, 1.9% were from the Black or Black British group and a further 0.4% were from Other ethnic groups (including Arabs in 2011, but not including Chinese in 2001 or 2011).

Within Aylesbury Vale 10% of households (12% in England and Wales) had partners or household members of different ethnic groups in 2011, a 51% increase since 2001.

Usual residents born outside of the UK

On the 27th March 2011, 11% of Aylesbury Vale residents stated they were born outside of the UK, with just under half (44%) arriving in the last 10 years (4.7% of Aylesbury Vale's population). This is similar to England and Wales where just over 13% of residents were born outside of the UK and just over half arrived in the last 10 years.

The nine most reported countries of birth of foreign born usual residents for Aylesbury Vale account for just over half of all residents born outside of the UK (51%). The most reported countries of birth for Aylesbury Vale are; Pakistan (1.3%), India (0.7%), Poland (0.7%), Ireland (0.7%), South Africa (0.5%), Germany (0.5%), The Caribbean (0.4%), United States (0.3%), South-East Asia excluding the Philippines (0.4%), and all other countries of birth (excluding the UK) 5.3%.

Household language

The 2011 Census collected information for the first time on main language and English language skills. In 2011, all usual residents in 94% of households spoke English as a main or preferred language. This is slightly higher than the average for England and Wales at 91%.

In 3.4% of households, at least one adult (16+) spoke English as their main or preferred language and in 0.5% of households no adults but at least one child spoke English as a main or preferred language. In the remaining 2.2% of households there were no residents who had English as a main or preferred language. It should be noted these statistics cannot be taken as a measure of English speaking proficiency, rather as a resident's preferred or main language.

Sexual Orientation

Questions on sexual orientation were not included in the 2011 census so figures for Aylesbury Vale are not available. The Office for National Statistics has produced figures for sexual orientation from its Annual Population Survey for the UK as a whole.

- In 2015, 1.7% of adults in the UK identified their sexual identity as lesbian, gay or bisexual (LGB).
- More males (2.0%) than females (1.5%) identified themselves as LGB in 2015.
- The population who identified as LGB in 2015 were most likely to be single, never married or civil partnered, at 68.2%.
- Around 3.3% of adults aged 16 to 24 years identified themselves as LGB in 2015. This decreased to 0.6% of adults aged 65 and over.
- Around 0.6% of adults identified themselves as bisexual, with women (0.7%) being more likely than men to do so (0.5%).
- London had the highest percentage of adults identifying themselves as LGB at 2.6%, while there were 1.9% of adults identifying themselves as LGB in the South East.

Section 2: Our Staff

Establishment

As of 31 March 2016, AVDC employed 471 people (484 last year), a reduction of 13 people over the year and 52 people less than four years ago. Additionally, over the last year Full Time Equivalent (FTE) posts decreased from 460 to 443.

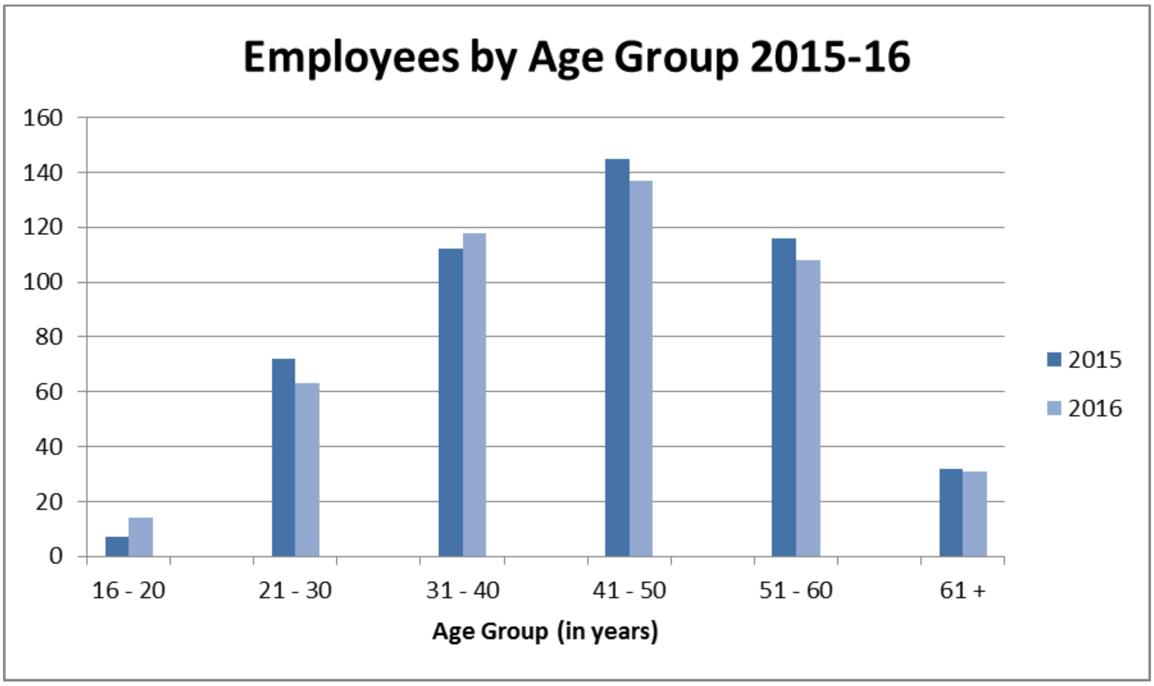
Casual workers, agency staff, apprentices and volunteers are not included in this report.

Flexible Working

The number of people working full-time reduced from 383 to 363, whilst the number of part-time employees increased slightly from 101 to 108. Part-time working accounts for more than a fifth (22.9%) of the workforce.

Age Profile

At the end of March 2016 the age profile of employees followed a natural distribution, with similar number of people employed at the upper age range than last year.

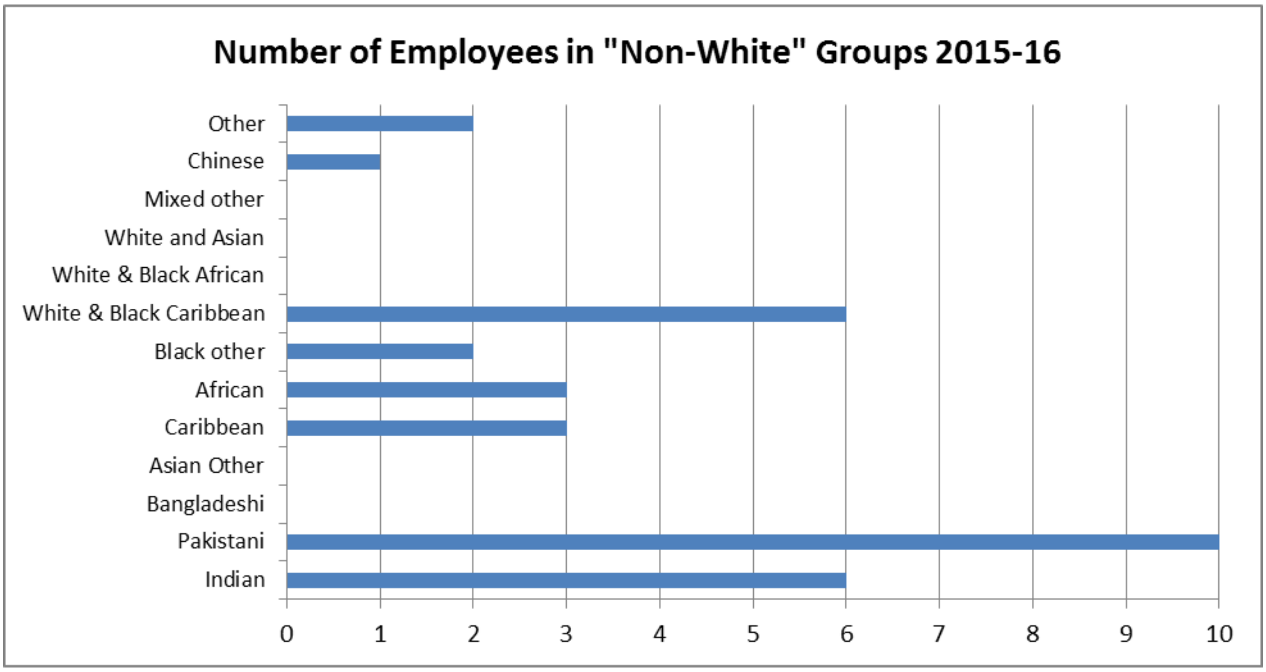


The age profile is similar to last year.

Ethnicity

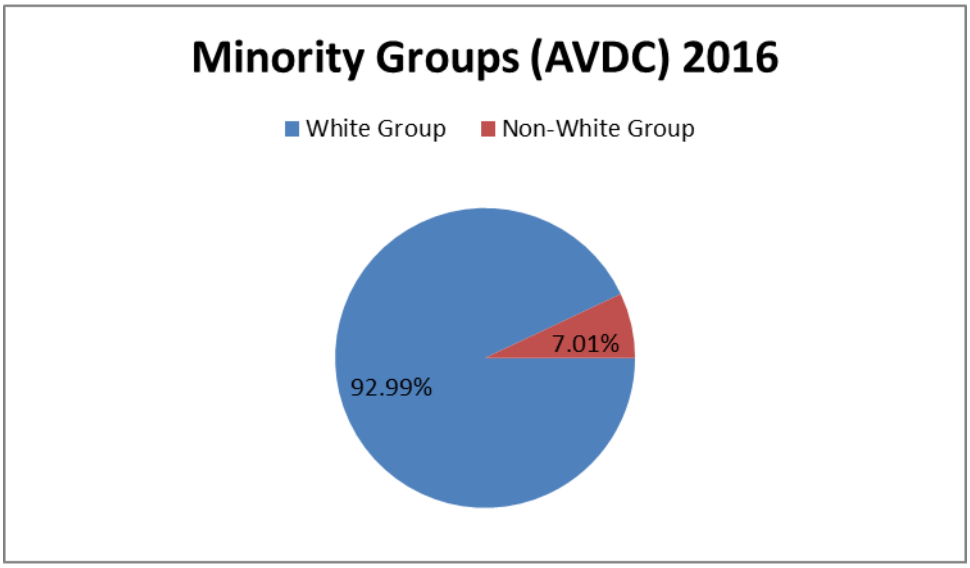
In March 2016, of 471 employees, 438 (92.99%) declared themselves to be “white”, white other, white Irish or were un-stated. The remaining 7.01% have defined themselves to be from one or other of various recognized minority ethnic groups. This has changes slightly over the last year; in March 2015 484 employees (92.1%) declared themselves to be “white”, white other and / or white

Irish and 7.9% declared themselves to be from one or other of various recognised minority ethnic groups.



The 2011 Census indicates that White British make up 85% of the local Aylesbury Vale population, with the national (English) average at 80%. The broader "white group" (White, White Other and White Irish) nationally makes up 90% of the community; slightly lower than that group of AVDC employees (92.99%).

The following chart, graphically, indicates the percentage (7.01%) of "not-white" minority groups employed by AVDC in 2015.



Disability

At 31 March 2016, there were 16 employees (15 in 2015) who considered themselves to have a disability under the provisions of The Equalities Act 2010, which represents 3.3% of the workforce (3.1% last year).

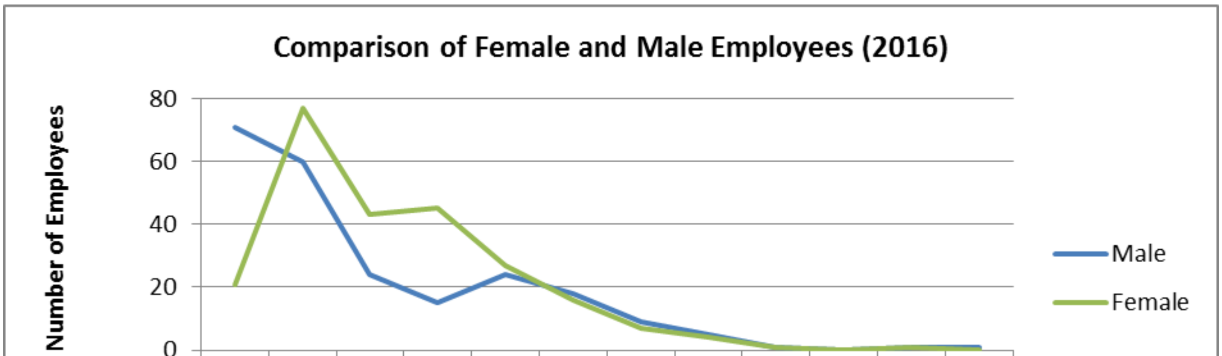
Previously, between 2008 and 2013 the number of employees with a self-declared disability had remained fairly constant at between 4% and 5%. Over the past three years, the numbers (as a percentage) have declined; the following table provides a more specific indication:

As at 31st March	2008	2009	2010	2011	2012	2013	2014	2015	2016
Percentage	5.0%	4.6%	4.3%	4.3%	4.5%	4.2%	3.6%	3.1%	3.3%

Gender

At 31 March 2016, the Council employed 471 people, of which 242 (51.3%) were female and 229 (48.6%) were male. Essentially, AVDC has a 50/50 gender profile, which can fluctuate, but as can be seen from the following chart for 2016, generally there were more females in the lower grades and less in the very senior roles.

The very high proportion of males at the lowest grade are employed within Recycling and Waste and reflects an inability to attract sufficient females in the roles of Loader and Driver.



	SG1	SG2	SG3	SG4	SG5	SG6	SG7	SG8	SG9	SG10	SG11	SG12
Male	71	60	24	15	24	18	9	5	1	0	1	1
Female	21	77	43	45	27	16	7	4	1	0	1	0

Training

AVDC continues to train staff on Equalities issues. All new starters complete an eLearning module and attend a half day face to face training course where the legislation is put into the work context. We also deliver additional support training for staff when needed. The table below illustrates the courses that have been delivered since April 2013 and the numbers of staff who have attended this training.

1st April 2013 to 31 March 2016	
Learning Activity	**Attendees**
Deaf Awareness Training	23
Dementia Information and Awareness	14
Difference Matters	26
Disability Awareness for Front Line Staff	10
Equalities at AVDC	40
Equality & Respect Training for Recycling	100
Equality and Diversity (eLearning)	72

We continue to deliver a series of bitesize sessions for Recycling and Waste staff based at our depot which include some session on Equalities. This has been integrated into the induction programme for staff and is also being rolled out to existing depot staff members as shown in the table above.

Section 3: Our Equality Progress

We are in the process of completing a full review against the requirements of the Public Sector Equality duty to re-evaluate all of the work that we do as an organisation. Early indications show that there are a number of key areas that the Council is working in including:

Information and Data Sharing

- The increased corporate use of Census and Health Inequality Data
- An on-going corporate project focusing on Business Intelligence and Customer Insight. There are currently various pilot schemes taking place. The objective is to map all available data sources.
- A Bucks wide Data sharing agreement is in place. Individual agreements are in place between specific partners.

Equality Impact Assessments

- Use of a Corporate Guidance/ toolkit for Equality Impact Assessments.
- EIAs prepared for all major projects. Findings are shared where they are completed and mitigating actions identified as appropriate.
- EIAs have been used to assess community needs and impact before removal of some AVDC services in the communities team
- Equality analysis and impact assessment has informed decision-making and facilitated different, tailored services that have improved outcomes in various services, e.g. Inclusive Play area and Fair4All taxi

Community Engagement

- Various engagement activities have been held in different venues and they have been designed to encourage everyone to participate.
- We offer variations to standard services for people with protected characteristics e.g. assisted and clinical waste collection services. We offer an assisted collection for the disabled or the elderly and short-term arrangements for other groups e.g. pregnancy/recovering from ops
- Protected groups are engaged via Independent Advisory Group (IAG) quarterly meetings
- We are aware of different communities and their different needs and is evidenced by different collection methods, e.g. bags, bins as appropriate
- We launched the Hate Crime eLearning module in December 2016
- We offered Community Chest grants to Calibre Audio Library
- We organised ladies only swimming and ladies only fitness sessions
- We designed leaflets/ posters/ communications/ events to promote positive relations. E.g. Play in the park (Aug 3rd, 2016)
- We engaged communities through events, consultations, public meetings etc. For example IAG, Landlords forums and other partnership opportunities
- IAG's have been held in people's own environment/venues when possible. When using AVDC venue's we have ensured that these are inclusive venues (hearing aid, light

adjustments etc) e.g. Paralympic Flame celebration

- We are aware that vulnerable people/ communities are participating more in events e.g. Schools in CSE awareness projects, Women's group linking with Women's Aid/TVP, Supporting disability (BuDS) projects, Local Conversation initiative in Southcourt and HCN
- Adult Learning (BCC) have encouraged our elderly community to be more familiar with online engagement platforms
- The Aylesbury Vale Times is now available in large print or CD (on request)
- We are also aware that protected groups are participating across a wider range of specific activities. e.g. solid wall insulation activities within the Asian community

Appendix 1: Equality Objectives 2016-2020

Equality Objective 1 – Ensure equality is always considered as part of our decision making process.

- Assess the impact on equalities when we make decisions that are likely to affect people
- Publish Equality Analysis documents on our website
- Report progress on our Equality Objectives

Equality Objective 2 - Promote diversity and general understanding of the Equalities Act 2010

- Carry out analysis of published data (2011 Census, IMD 2015)
- Communicate our responsibilities under the equality act to Staff and Members.
- Communicate regularly on equality issues, in particular hate crimes and their impact to community cohesion.

Equality Objective 3 - To ensure Council services are accessible to all

- Commit to producing easy to read documents
- Ensure that customer's access needs are met at the first point of contact
- Continue to monitor the accessibility of our website and address access for those at risk of digital exclusion.
- Aim to be a dementia-friendly organisation in the workplace and for our customers.
- Provide mandatory training to all front line staff to ensure customer best practice is intrinsic throughout the council i.e. awareness sessions on deafness and dementia.

Equality Objective 4 – Promote equality of opportunity as an employer.

- Ensure equality analysis is undertaken from an employment perspective for all restructures and reorganisations.
- Ensure managers are aware of fair recruitment and issues such as reasonable adjustments.