



AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

Please ask for: Craig Saunders; csaunders@aylesburyvaledc.gov.uk;
Switchboard: 01296 585858
Text Relay Prefix your telephone number with 18001

22 March 2018

FINANCE AND SERVICES SCRUTINY COMMITTEE

A meeting of the Finance and Services Scrutiny Committee will be held at **6.30 pm** on **Wednesday 4 April 2018** 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 Everitt (Vice-Chairman), J Bloom, J Chilver, S Lambert, R Newcombe, M Smith, M Stamp, R Stuchbury 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 - 10)

To approve as a correct record the Minutes of the meeting held on 5 February, 2018, copy attached as an appendix.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. CONTRACT MANAGEMENT / PROCUREMENT UPDATE (Pages 11 - 14)

To consider the attached report.

Contact Officer: Rafael Lima (01296) 585248

6. QUARTERLY FINANCE AND PERFORMANCE REPORT (Pages 15 - 40)

To consider the attached report.

Contact Officer: Nuala Donnelly (01296) 585164

7. WORK PROGRAMME

In line with the comments at the last meeting about better aligning Committee meeting dates for future financial / performance reporting, a proposed timetable of meetings will be reported to the 9 July 2018 meeting.

Meetings are currently scheduled as follows:-

- **9 July 2018** –Everyone Active has already agreed to attend the meeting to report on the Leisure Centres Management contract
- **15 October 2018** – Quarterly Finance and Performance
- **17 December 2018** – budget scrutiny, Quarterly Finance and Performance
- **14 January 2019** – budget scrutiny, Equality Duty report
- **8 April 2019**

FINANCE AND SERVICES SCRUTINY COMMITTEE

5 FEBRUARY 2018

PRESENT: Councillor M Rand (Chairman); Councillors B Everitt (Vice-Chairman), J Bloom, J Chilver, S Lambert, L Monger (in place of M Smith), R Newcombe, M Stamp, R Stuchbury and M Winn.

APOLOGIES: Councillors E Sims and M Smith.

1. MINUTES

RESOLVED –

That the minutes of the meeting held on 8 January, 2018, be approved as a correct record.

2. TREASURY MANAGEMENT STRATEGY 2018-19

The Committee received a report on the Treasury Management Strategy for 2018/19. The Treasury Management Statement, Treasury Management Strategy Statement and the Annual Investment Strategy, attached as appendices to the Committee report, would be reported to full Council on 22 February, 2018, for approval.

The annual Treasury Management Strategy included Prudential Indicators that were used as part of the self governance framework. The Committee report provided supplementary background information to the Strategy and summarised a number of issues. The key messages were:-

- Investments – the primary governing principle would remain with security over return and this was reflected in the criteria for selecting counterparties.
- Borrowing – overall, this remained fairly constant over the period covered by this report and the Council would remain under-borrowed against its borrowing requirement due to the higher cost of carrying debt.
- Governance – strategies were reviewed by the Audit Committee with continuous monitoring which included Mid-Year and Year End reporting.

The Prudential Code for Capital Finance in Local Authorities (the Code) was a professional Code that set out a framework for self-regulation of capital spending; in effect allowing councils to invest in capital projects which best met their service delivery objectives as long as they were affordable, prudent and sustainable, subject to Government reserve powers to restrict borrowing for national economic reasons.

The Code required the Council to agree and monitor a number of prudential indicators covering affordability, prudence, capital expenditure, debt levels and treasury management. The indicators also formed the basis for in-year monitoring and reporting.

The limits and indicators that the Authority were required to determine by the code were:-

Capital and Debt Indicators

- Capital Expenditure – represented the agreed Capital Programme and set out the planned capital expenditure over the next three years.
- Capital Financing Requirement – the amount the Authority needed to borrow in order to deliver its Capital Expenditure plans.
- Affordability Index – this was the proportion of the Authority's income that was taken up by loan repayments and interest. The more the Authority borrowed the less was available for delivering services.

Treasury Management Indicators

- Exposure to Interest Rate Risk – the maximum proportion of borrowing which could be on either fixed or variable interest rates. By setting a maximum proportion a limit was placed on the amount by which the Authority's finances could be affected by movements in base rates.
- Maturity Profile – the maximum length of time over which borrowing could be taken. Authorities could borrow for any length providing they could afford to do so.
- Authority Limit – the combined maximum amount the Authority could take in borrowing to finance its capital expenditure plans and its day to day cash flow purposes.
- Operational Limit – the amount the Authority realistically expected to borrow and represented the figure that the Authority would not expect to exceed on a day to day basis.

The Strategy had been drawn up in association with the Council's treasury management advisors, Link Asset Services and reflected up to date information and advice. There had been no significant changes to the 2018/19 strategy.

The Committee was informed that the Council's capital expenditure plans were the key driver of treasury management activity. The Capital Programme for 2018/19 had been approved by Council on 31 January, 2018 and provided forecasts of receipts and the position with regards to current and future major investment projects. A total capital spend of £10.85m had been approved for 2018/19.

A number of changes in respect of anticipated resources have been factored into the programme and were detailed in the report. While there were no explicit requirements for further loans or borrowings the report explained that borrowing decisions were made on a case by case risk assessment basis. The reduced borrowing costs for 2018/19 was a direct result of decisions to borrow less against agreed plans.

Other matters covered in the report including:-

- that the strategy had been updated in 2017/18 to allow the Council to lend to parish councils, if the opportunity arose (a £500,000 and six month limit had been set).
- a Commercial Property Strategy which included a capital fund of £100m to be met from borrowing from the Public Works Loans Board, and a revenue budget of £100K from the New Homes Bonus (NHB) Fund had been agreed by Council in 2017 although no draw down had taken place, and was unlikely until 2018/19.
- that in December 2017, CIPFA had issued a revised Treasury Management Code of Practice and a revised Prudential Code which focused on non-treasury investments and especially on the purchase of property with a view to generating income. CIPFA had issued a statement that accepted that revising codes at this late stage for the current 2018-19 budget cycle would be difficult. The codes required all local authorities to produce detailed Capital Strategies, though CIPFA accepted that authorities may not be able to implement this in the 2018-19 budget cycle.
- that the Council was waiting on the outcome of a DCLG consultation undertaken in December 2017, which had focussed particularly on non-financial asset investments. The Government believed that local authorities needed to demonstrate more transparency and openness in relation to investment activities. The DCLG were looking to extend the principle of Security, Liquidity and yield to non-financial investments.
- information on the Minimum Revenue provision (MRP), including that the Government had launched a consultation suggesting four key changes to the current

MRP. It was anticipated that revised guidance would come into force from 1 April 2018.

- information in relation to IFRS arising from the 2018/19 Accounting Code of Practice proposals for financial assets.
- on the difficult investment environment which impacted on the Council's ability to get material returns from investments. The Council's treasury advisor, Link Asset Services, as part of their service had provided a view on the future forecast rates for Base Rate and PWLB up until March 2021.
- that, from 3 January 2018, the EU had introduced a "Markets in Financial Instruments Directive" (MIFIS 2) to regulate firms who provided services to clients linked to financial instruments and the way they were traded. Under MiFID II, all local authorities were classified as retail counterparties and had to consider whether to opt up to professional status to be able to invest in certain funds and products. This would impact on AVDC who would be opting in to it.
- information on investments and loans as at 31 December 2017, as follows:-
 - Borrowings – Fixed Rate Funding - £22.886m at an average rate of 3.545%
 - Investments – Fixed Rate and Notice Account Investments - £56.129m at an average rate of 0.518%.
- that the Council operated an Interest Equalisation Reserve for a number of years to smooth out fluctuations in interest rates. At the end of 2017/18, the reserve was estimated to be £2.718m.
- that the Credit Quality/Rating table in the Creditworthiness policy (Banks) should be updated with points 1.2 to 1.4 inclusive combined into a point 1.2, to indicate that these all referred to non UK banks.

Members requested further information and were informed:-

- (i) that the Council had agreed in September 2017 to set up a Commercial Property Strategy which included a capital fund of £100m. However, the Council was still awaiting clarification as the Government had introduced additional controls for Council borrowings for such Strategies. It was confirmed that although there had been no borrowings made to date (or any borrowing costs incurred), a Panel still needed to be established that would approve expenditure within the overall limit of the Strategy, subject to agreement on satisfactory business case / risk assessment proposals.
- (ii) that any proposals that required borrowings above the authorised borrowing limits would be considered by scrutiny before being submitted to full Council for approval.
- (iii) that the training needs of Members and Treasury Management Officers would be reviewed in 2018/19, in line with the CIPFA Code requirement.
- (iv) that the Council was complying with all investment rules and guidance relating to the introduction of the MiFID II legislation.
- (v) that further consideration could be given to managing investments through the Public Sector Deposit Fund managed by CCLA Investment Management Limited.
- (vi) with an explanation of the average rate (3.545%) for borrowings made by the Council. It was explained that this was an overall blended rate comprising both long-term and short-term borrowings.

RESOLVED –

- (1) That Council be recommended to approve the Treasury Management Strategy for 2018/2019, along with the Prudential Indicators and Minimum Revenue Provision policy provision, as detailed in the appendices to the report.
- (2) That the Committee's concerns regarding the delay in establishing the Panel that could approve investment proposals under the Commercial Property Strategy, and regarding borrowings above the authorised borrowing limits be mentioned in the report to full Council.

3. FINANCIAL REPORTING: PROPOSALS FOR DISCUSSION

The Council had undergone significant changes in the last 2 years with major organisational restructuring and changes. At its meeting in November 2017, the Finance and Services Scrutiny Committee had recommended that the Quarterly Finance Digest be refreshed to ensure that Members were getting sufficient information to understand the financial position of the Council and any inherent and emerging risks.

Financial Reporting Requirements

The Council needed to demonstrate how well money was being spent and then report it appropriately. There were a number of good principles in relation to this, namely:

- Members should receive regular and accurate accruals based financial information including the risks to the financial position and how they are being managed.
- Information for Committees should be summarised appropriately, and provide details on the next steps/ required actions.
- The level of information should be commensurate with decision making required.
- Committee Members should receive regular and accurate information on the balance sheet.
- There should be a link to operational performance and financial reporting.
- Reporting needs should be informed by users
- Reports should be user friendly and understandable, and financial terminology explained
- Reports should be indicative that financial performance was aligned to operational performance.
- Allow for exception reporting/ RAG rated, with appropriate risks highlighted.

A number of options had been considered on how financial information could be presented to Members, who would also receive annual financial information as part of the Annual report.

Currently, the Quarterly Finance Digest was the main vehicle for reporting to Members on the Council's financial performance to Members. Recent feedback from Internal Audit and from the Scrutiny Committee suggested that whilst this provided a good financial overview of the Council, some additional information was required.

One option would be for interim changes to be made to the current reporting format that would allow for immediate progression on changes to reporting of information.

Work was progressing to review the content of the Quarterly Finance Digest for the third quarter of 2017/18 and the following was being suggested:

- a move to a more narrative report – taking the variance analysis from the tables to a narrative report.
- The narrative report would give an overview of the financial position and provide additional narrative on exceptional areas only by portfolio

- An organisation overview would be produced with a report on costs and income, and the net position. The spend would also be split between pay and non-pay costs to give further granularity of detail. This could be at portfolio level.
- subjective level analysis would be available, e.g. spend on areas of interest e.g. agency spend /forecast by Portfolio.
- The report would identify variance to plan and outline actions plan/corrective actions being taken to address emerging issues.
- Additional narrative on cash and treasury.
- Performance against capital budgets
- Some comments had been raised by members re: budget profiling. This would be reviewed when reporting and commented upon as appropriate.
- Aim to produce reports within 6 weeks of end of period

A second option would involve a longer-term project to develop reporting requirements for the Council and Members. Any suggested changes would need to be iterative and the development of reporting processes would need to be discussed with key stakeholders. It would also depend upon system reporting capabilities.

Members were also asked to comment upon the timing and regularity of reporting. As a general guide, monthly reporting was good practice although the Finance Digest was currently produced quarterly. Other issues impacting on reporting included providing enough level of detail so that Members could get the big picture, reporting both reactively and on emerging issues, reporting by exception and highlighting information in a way that helped Councillors understand the impact of the budget variances and on the remedial action that could be taken.

It was suggested that the key measures for financial management should be cash resources, operating results, balance sheets and financial Key Performance Indicators (KPIs). A list of reports that were a useful indicator of financial performance included:

Income and Expenditure (I&E)

- Organisational I&E – Year to date Plan / Actuals/ Variances to plan.
- Organisational I&E - In month performance (plan/actual/variances).
- Organisational Income and Expenditure – Annual budgets/ Forecast outturn/ variances.
- Organisational Month by month expenditure levels (to assess trends).
- Organisational Month by month income levels (to assess trends).
- Information on Budget profiling and impact of budget profiling.
- What are we spending our money on?
 - Subjective level reporting – staff and non-pay
 - Income by type
- Performance against Procurement savings.
- Trend information: Last years outturn as indicator
- Overview of Risk analysis: Key risks and actions being taken to address.
- Overview of Financial Opportunities: Regular review financial opportunities.

Balance sheet reporting/ Financial reporting to include:

- Treasury Management information: levels of cash / rolling cash flow
- Treasury Management: Detail of Investment balances
- Treasury Management: Detail of borrowings
- Use of balances – risk and opportunities
- Balances on Reserves ... and likely commitments/ cash outflow over time
- Debt: Aged profile of debt, monthly changes in bad debt provision

Key Financial Performance Indicators

- Payment information: performance against payment terms
- Key KPIs in relation to finance, including e.g. creditor and debtor invoices.
- Other “performance” indicators might also be identified in relation e.g. to Customer activities.

Currently, the Quarterly Digest did not make direct references to non-financial data to support the review of the financial position although some progress had been made in producing integrated performance reports through the “Business Intelligence Project”.

The Business Intelligence Project was responsible for development of integrated performance management information, providing metrics to help the senior management team monitor overall performance. A Dashboard was also being developed.

Member considered all of the information and their requirements regarding future reporting and commented:-

- (i) that different Members would require different levels of information. However, it would be helpful to provide some narrative with reporting.
- (ii) that they would like information to be reported monthly (with key messages), and then summarised quarterly for the Committee. It would also be helpful for reporting cycles to coincide with Committee meetings.
- (iii) that they were open to experimenting with levels of information provided, but would like the following to be considered:-
 - report by Department, rather than I&E information, on planned, actual and variances against budget (for both last year and this year), including a brief narrative on exceptions and on the remedial action being taken in relation to variances. This should also include highlighting significant differences for Members.
 - Summary Dashboard, with both financial and non-financial (KPI) information, and including direction of travel information and using a traffic light (RAG) rating system. This would primarily be a summary of major information supported by some narrative.
 - Members having access to a financial reporting system so they were able to ‘drill down’ and analyse spend on areas of interest.
 - information on end of year variances and re-charges.
 - Reserves – to be clear whether they were committed or non-committed (with a very brief narrative).
 - more financial and non-financial information to be provided on Connected Knowledge programme, particularly due to the size of investment in the programme and its importance in delivering a sustainable infrastructure for the Council that will support the delivery of further efficiencies.
 - automating systems so that financial information could be easily produced for Members and senior Officers.
- (iv) that, if the Council established any more companies, it should be explicit in their Articles of Association that the accounts would be available and able to be viewed through the Council’s financial systems.

In summary, Members were in agreement with the options proposed to update financial reporting for the future. The Committee also recognised that any changes to the reporting would be iterative and the development of reporting processes would be dependent on system reporting capability.

RESOLVED –

That Officers be requested to take into account the discussions and comments made at the meeting, wherever possible, in reviewing the format and financial / performance information reported to the Committee.

4. WORK PROGRAMME

The Committee considered the work programme for the period up until October 2018.

RESOLVED –

The future work programme be agreed as follows:-

- (i) 4 April 2018 – Contract Management / Procurement Update, Quarterly Finance Digest.
- (ii) 9 July 2018 – Leisure Centres Management Contract, Quarterly Finance Digest.
- (iii) 15 October 2018 – No items as yet.

To be timetabled: Budget Monitoring (challenge new areas of savings), Connected Knowledge programme update.

This page is intentionally left blank

AVDC'S APPROACH TO CONTRACT MANAGEMENT AND PROCUREMENT

1 Purpose

- 1.1 The purpose of this report is to inform Members on the approach taken by the Business Support and Enablement sector to manage procurement activities and contract management across the organisation.

2 Recommendations/for decision

- | | |
|-----|--|
| 2.1 | The Committee is asked to note the approach taken and identify any other information they would like reported to a future meeting. |
|-----|--|

3 Background

- 3.1 During the Commercial AVDC programme in 2016/17 a business review was undertaken to identify opportunities to deliver best practice in procurement and make recommendations for potential efficiencies across both the procurement and contract management functions for the council.
- 3.2 The analysis categorised all contracts by risk, value and opportunity, and identified strategic and tactical contracts that could deliver better quality services and/or cost efficiencies.
- 3.3 Additionally the output of the review made recommendations to: recruit a procurement and contract management specialist team, develop a consistent approach to procurement, implement a framework for effective contract management, develop training and upskill contract owners to ensure contracts were being delivered effectively and identify opportunities to reduce/amalgamate spend across the organisation. Typically with measures such as these in place around 2.5% - 5% of efficiencies and savings could be delivered over the life of all contracts (roughly 5 years).
- 3.4 In Autumn 2017 the centrally led expert team were created to govern the process. It was recognised that low value/ low risk contracts did not necessarily need to be led by this team, however the team would monitor and act as quality assurance to deliver the identified efficiencies.
- 3.5 The new Corporate Contracts and Procurement team was created with four members. Aligned with the investments and evolution of Connected Knowledge, the team is managed by Rafael Lima as the IT Procurement Specialist who supports all IT functions. The roles of procurement specialist, contract management specialist and procurement apprentice were also created to support all other categories.
- 3.6 The area's objectives are to enhance benefit/value from external service providers, achieve the budget commitment for contract savings, manage risks and ensure compliance with legislation and internal policies. A recent example of this is the Guide to the General Data Protection Regulation (GDPR) requirements, where all, even low value contracts, are being amended for compliance.
- 3.7 The new Contract Management practice is pro-actively acting on contracts up for renewal, reviewing the scope with internal stakeholders and re-negotiating terms, ensuring exit and termination of contracts are managed, and that unnecessary expenditure and risks are mitigated.

- 3.8 Difficult supplier-contract relationships where the Council believes best value is not delivered are being closely monitored in an new Monthly Performance Review process. The collaborative approach invites both AVDC and the supplier to take actions on areas such as communication, fulfilment of contract and cost. With this approach we are already seeing improvements to internet connection (MLL) and the Finance System (Technology One). At this stage in the evolution of the team, the Monthly Contract Reviews are targeting contracts above £60k with participation of Contract Owners/Budget Holder to drive improvements in the service.
- 3.9 The Tender Exercise process is being standardised, to improve the reporting and outline the team's performance, a savings methodology was aligned with Strategic Finance. Circa £43,000 reduction in 2018's budget was achieved through the tender exercise for facilities cleaning and maintenance.
- 3.10 The specific focus at the moment is to improve cost-benefit obtained through tender exercises, amend existing contracts for GDPR compliance and embed procurement practices and procedures across the Council.
- 3.11 The Council's Contracts Procedure Rules states that procurement involvement is legitimately optional for values below £30,000. In these early stages the procurement team is focussing on renewals and tender exercises above this threshold. The lower value categories are being analysed and spend is being monitored monthly to identify opportunities to reduce costs or align into a contract.
- 3.12 In February, Topic Tasters sessions were delivered to managers to create awareness and a revised toolkit was launched with standard templates and up-to-date information on Connect. Training sessions are being delivered in April/May to instruct on best practices of purchases, review of procedure, negotiation and contracting.
- 3.13 Finally, a closer engagement with Commercial Strategy team has identified new ideas of how Procurement can cultivate partnerships for added value/income opportunities. Further implementation of contracts with built in pay backs terms and outsourced consultants acting on behalf of AVDC are projects in progress.

4 Supporting information










- 4.1 The Corporate Contracts and Procurement Team are also piloting a Quality Management System, where a series of Key Process Indicators (KPIs) were created to monitor the performance and identify continuous improvement.
- 4.2 The KPIs cover the areas of improvement highlighted in this report and provide quantitative and qualitative data to enhance the service delivery, help prioritisation, and provide the leadership a concise reporting dashboard. KPIs are attached as Appendix 1.

5 Options considered

- 5.1 Not to update the previous existing practices. However, this was not considered sufficient to meet the Council's obligations in relation to Best Value and result in the Council falling behind current procurement practices.

Contact Officer	Rafael Lima, Corporate Contracts and Procurement Manager (01296) 585248
Background Documents	None

Appendix 1 – Procurement KPIs

Area	KPI	Metric	Jan-18	Feb-18	Change	
Procurement	Spend w/ Contract	75% (↑)	37%	34%		Percentage of spend with contract
	Supplier Selection Quality	75% (↑)	86%	89%		12 month average of supplier scoring
Contract Management	Contract Register Completion	90% (↑)	73%	67%		Percentage of Contract Register completed
	Contract Mng Quality	75% (↑)	42%	66%		Average of AVDC scoring of key suppliers
	Expired Contracts	0 (↓)	15	15		Number of expired contracts
Performance	Risk Management	90% (↑)	0%	0%		Percentage of contracts compliant with Safeguarding, GDPR and H&S
	Cost reduction	£100k (↑) (budget target)	£44k	£54k		Accumulative 2018/19 budget reduction achieved to date
	Cost Avoidance	- (↑) (no budget target)	£422k	£422k		Accumulative 2018/19 potential cost increase reduction achieved to date
	Income	- (↑) (no budget target)	£0	£0		Percentage of spend with contract

This page is intentionally left blank

QUARTERLY FINANCIAL DIGEST : APRIL – DECEMBER 2017

1 Purpose

- 1.1 This report presents the Financial Digest for the period to 31 December 2017.

2 Recommendations

Members are requested to consider the digest and its contents.
--

3 Supporting information

- 3.1 This report presents the financial digest for the period to the end of December 2017 for members consideration.
- 3.2 The financial digest is attached as Appendix 1.
- 3.3 The year to date financial information is based on the actual income and expenditure for the 9 months of the financial year, April to December 2017. An estimate of the expected financial outturn position for 2017/18 is also provided.
- 3.4 As at the end of December 2017, an overspend against budgets of £2.323m is reported.
- 3.5 The forecast at the end of the financial year is £487,400 overspend against budget (after the use of reserves). The report provides further detail on the financial position.
- 3.6 This position is marginally reduced from the financial position reported at the end of September 2017.
- 3.7 The financial position is also consistent with that used in budget planning for 2018/19.
- 3.8 Members have previously discussed a number of options to review the content of the Financial Digest report.
- 3.9 A number of proposals were reviewed at the Finance and Services Scrutiny Committee meeting on 5th February. It was generally agreed that more timely and some additional granular information is required, and that over time Members would be presented with options for change aligned to reporting capability.
- 3.10 Work continues to both address the timeliness of reporting and also the content of the Digest. As agreed with Members, an iterative approach will be adapted and proposals tested and addressed in the forthcoming financial year.

4 Income and Expenditure

- 4.1 The table below details the total income and expenditure position for the organisation for the period to the end of December 2017 and forecast for the year.

Type	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Forecast Budget £000s	Forecast Actual £000s	Forecast Variance £000s
Cost	61,379	64,596	3,217	94,264	97,386	3,122
Income	(47,439)	(48,333)	(894)	(73,812)	(74,764)	(953)
Grand Total	13,940	16,263	2,323	20,452	22,622	2,170

- 4.2 The table shows a total year to date expenditure of £64.596m, which represents an overspend against the YTD budget of £3.217m.
- 4.3 The table shows a year to date total income recovery of £48.333m which is £0.894m above budgeted levels.
- 4.4 The year to date position, by portfolio, is detailed in the table below and further detail by service is provided in the Appendix.

Portfolio (Spend in £000s)	Year to date Budget	Year to date Actual	Year to date Variance
Civic Amenities	(128)	(397)	(269)
Commercialisation & Business Transfor	2,434	2,855	421
Communities	2,181	2,256	75
Economic Development & Regeneration	(1,048)	(1,170)	(122)
Environment & Waste	3,724	3,574	(150)
Growth Strategy	1,146	1,442	296
Leader	2,546	3,132	587
Resources, Governance & Compliance	3,084	4,569	1,485
Grand Total	13,940	16,263	2,323
** Brackets in variance denote underspend			

- 4.5 The financial position is largely being driven by above budgeted levels of staff costs in relation to the Council reorganisation. Over the past 12 months, the Council has undergone a series of business reviews in order to position itself as a more commercial organisation. The financial benefit of the re-organisation has realised significant savings in staff costs in the future years and has been central to the Council setting a balanced budget for 4 years in January 2018.
- 4.6 In the nine months to the end of December, £0.943m of salary savings were recognised as a result of business reviews and vacancies. These vacant posts are however being filled by temporary staff (agency and consultants) at a premium cost. For nine months of the financial year, temporary staffing costs are reported as being £2.309m above budgeted levels. As we progress through the year it is anticipated that these vacancies will be filled and the reliance on temporary staff should reduce as staffing structures become more established.
- 4.7 Further staff cost pressures to date include redundancy cost of £1.667m
- 4.8 For non-pay budgets, a reported adverse variance against the YTD budget of £0.18m is reported (0.38% overspend). This relates to spend e.g. maintenance and repairs on premises and properties, utilities costs and also include transport costs and other non pay costs in relation to service delivery.
- 4.9 As at the end of December 2017, income recovery is £0.894 above budgeted levels. The over-recovery includes additional income from rents and lettings, grants and income from planning and garden waste.

- 4.10 The year to date position, by sector, is detailed in the table below. This view of the financial position reflects the management structure of the Organisation, and is included for information.

Sector (Spend in £000s)	Year to date Budget	Year to date Actual	Year to date Variance
Business Delivery, Support & Enablement	6,568	6,492	(76)
Chief Executive Services	475	504	29
Commercial & Business Strategy	2,307	3,067	760
Commercial Property	127	137	10
Community Fulfilment	2,996	3,003	7
Customer Fulfilment	1,466	3,059	1,593
Grand Total	13,940	16,263	2,323
** Brackets in variance denote underspend			

5 Forecast Outturn

- 5.1 The financial position at the end of the year is forecast to be £2.169m adverse against budget.
- 5.2 The forecast is derived using the year to date financial information and an estimation of anticipated income and expenditure for the last 3 remaining months of the financial year. The financial forecast represents a view of the likely financial outturn for the financial year, given current working assumptions and is informed by budget managers.
- 5.3 The table below shows the forecast variance, by portfolio.

Portfolio (Nos in £000s)	Forecast Var: Cost	Forecast Var: Income	Forecast : Total variance*
Civic Amenities	(457)	(164)	(621)
Commercialisation & Business Transformation	540	(94)	446
Communities	21	24	45
Economic Development & Regeneration	103	(209)	(106)
Environment & Waste	(31)	(223)	(254)
Growth Strategy	363	(127)	236
Leader	640	(45)	595
Resources, Governance & Compliance	1,943	(114)	1,829
Grand Total	3,123	(953)	2,170
Brackets in variance denote underspend*			

- 5.4 The forecast financial position includes £1.739m of redundancy costs.
- 5.5 The cost of redundancy will be funded from reserves. The use of reserves to meet redundancy costs has previously been agreed to fund these exceptional costs of reorganisation. The council anticipates pay back of costs incurred through staff savings over the next few years.
- 5.6 A forecast overspend of £487,400(after use of reserves) is currently forecast for the period to the end of March 2018.
- 5.7 At an organisational view, the forecast overspend reflects
- Salary underspends of £1.222m
 - Agency and consultancy overspend of £3.144m
 - Redundancy costs of £1.739m
 - Over-recovery of income streams of £0.953m
 - Other related budgetary underspend of £0.539m

- 5.8 2017/18 has been an exceptional year for the Council in that the restructuring has resulted in exceptional staff changes and resultant exceptional costs.
- 5.9 Savings of £1.222m have been realised as a result of business reviews and vacancies.
- 5.10 Significant agency use has been required to meet vacancies and staff turnover during the financial year.
- 5.11 In relation to redundancy costs, a forecast spend of £1.739m have been assumed.
- 5.12 It is anticipated that savings of £0.539m will be realised from non staff related budgets during 2017-18 and this is included in the financial forecast.
- 5.13 The Organisation have benefited from increase income streams to the Council. Successful initiatives through income from waste services, recycling and planning have increased income above budgeted levels.
- 5.14 All opportunities to realise in-year savings through efficiencies are actioned to ensure financial benefit. In year, there have been significant savings arising from the introduction of the new waste fleet in that running costs have been reduced significantly.

6 Financial Performance by Portfolio

- 6.1 The report provides a detail of key issues impacting on each Portfolio.
- 6.2 This is intended to give a high level summary of the financial position and the contributory factors influencing budget management at Portfolio level.
- 6.3 Civic Amenities.
The reported year to date and forecast underspend against budget is largely a factor of savings from salaries, business rates and other building related costs. The savings have been realised through the implementation of service reviews and represent a recurrent saving to the Council.
The forecast includes variations across services in relation to savings with reported savings on insurances and increased contract income.
- 6.4 Commercialisation & Business Transformation
The year to date and forecast overspend is being driven by the higher than budgeted costs in relation to the Commercial solutions initiative. It is anticipated that there will be future payback of these costs as future income costs are developed and established.
Significant redundancy costs (£146,300) have been incurred across the Portfolio
- 6.5 Communities
A forecast underspend of £45,000 is predicted for the financial year 2018-19. The financial position represents a range of pressures in relation to staff costs. Whilst vacancies across services have resulted in savings of circa £167,200 these have largely been offset by agency costs and redundancy costs of £200,900. The exceptional staff costs, resulting from implementation of services reviews, is anticipated to be non-recurrent but provides a framework for a more established staffing structure for 2018-19.
The forecast includes above budgeted levels of income for community services.

6.6 Economic Development & Regeneration

The financial position is being driven by a number of factors. Although there are savings arising from vacancies (£334,700), these have been offset by the use of agency staff, consultancy and redundancy costs (£399,100). Increased income from Pembroke Road and High Street (£170,000) has offset the financial deficit. The portfolio is forecasting a favourable variance to budget of £106,000 for the financial year.

6.7 Environment & Waste

A forecast underspend of £253,700 is forecast for the financial year. Whilst the Portfolio have experienced cost pressures in relation to staffing (£210,000), the financial position has benefited from both reduced costs in relation to vehicle savings resulting from the introduction of the new fleet (£180,000) and also over-recovery of income in relation to waste collections and income from recycling and bins sales (£300,000).

6.8 Growth Strategy

Staffing cost pressures in relation to planning services are the main factor underlying the forecast overspend against budget of £236,000 for the portfolio. The planning department have experienced significant change resulting from the service reviews. Agency and redundancy costs have only been partially offset by staff savings from vacancies (£400,000 cost pressure) but additional income from building control and planning fee income of £100,000 has offset the overall financial deficit for the service.

Within the portfolio, savings have also been realised through staff vacancies in the strategy and partnerships service.

6.9 Leader

The financial position and forecast variance relate mainly to staff costs arising from the organisational change undertaken during 2017-18. Of the forecast overspend of £594,900, £534,700 relates to staff cost overspends. The departments have depended on agency and consultancy to provide services, and have incurred £259,000 of redundancy costs.

Increased repair and maintenance costs, and some non-recurrent office refurbishment have also resulted in above budgeted costs (£60,000)

6.10 Resources, Governance & Compliance

A significant overspend of £1,829,100 is forecast. The sector has incurred in-year spend on agency, consultancy and redundancy of £1,729,000. Service pressures particularly across Housing Benefits, Finance and Payroll services and Personnel services have resulted in these exceptional costs. Staff turnover has also resulted in additional costs associated with recruitment. The management team are working to review staffing arrangements to ensure future spend is aligned to budget.

7 Budget profiling

7.1 Spend does not incur evenly throughout the year.

7.2 Budgets are profiled to reflect when spend will be incurred/ income received.

8 Reserves and Provisions

- 8.1 Detail of the earmarked reserves and provisions held by the Council are detailed on page 13 of the digest. After allowing for known movements, the balance of reserves is forecast to be £35.541m at 31st March 2018. These are held against specific risks and commitments.

9 Capital Spend

- 9.1 As well as the revenue budget the digest, on page 14 also reports on the level of capital spend to 31st December 2017. Whilst the year to date spend of £5.743m represents only 43% of the total anticipated spend, there is no perceived risk on the delivery of the schemes and it is anticipated that spend will increase in line with plans over the last 3 months of the year.

10 Investment and Borrowing

- 10.1 On page 15 there is information on the level of investments and borrowings during the first six months of the financial year. No new borrowing has been taken out during the year and so the current level remains at £23.5m.
- 10.2 The council had £56.1m invested at the end of December, in a combination of banks, building societies and money market funds.

11 Options considered

- 11.1 The financial forecast represents a view of the likely financial outturn for the financial year, given current working assumptions. We are working within a very dynamic environment and the financial outlook is being reviewed on an on-going basis to both reduce financial risks that may impact adversely on the financial forecast and also to identify opportunities to improve on the current forecast position.
- 11.2 As part of routine financial management arrangements, budget holders' are being asked to review all of their areas of responsibility to assess areas where spend can be minimised and income opportunities optimised. Budget managers have been encouraged to review anticipated staff costs and agency costs over the coming months, with an emphasis to drive costs down whilst still maintain service delivery. The strategic team will also review possible mitigating actions and opportunities to improve the forecast position.

12 Risks and Mitigations

- 12.1 The financial environment is challenging and the focus of the Council remains to delivering financial stability.
- 12.2 2017/18 is an exceptional year and budget managers are being encouraged to manage any in-year pressure including in built staff savings to be managed through e.g. turnover.
- 12.3 The last year has been a time of transition as staff changes have been made in line with the cultural change environment. Having largely completed this, 2018/19 represents a time for consolidation as revised staffing establishments will be in place. The dependency on high cost agency staff will be targeted to reduce risk of in-year overspends.

- 12.4 Escalation processes will be in place, during 2018-19, to monitor performance in year against the agreed plan.
- 12..5 The key financial management messages for the Organisation, based on the forecast outturn for 2017-18 and the financial plan for 2018-19 will be highlighted as being:
- Reduce agency spend and dependency on temporary staffing solutions
 - Identify where things could be done more efficiently, and at reduced cost
 - Maximise all opportunities to increase income to the Council
 - Reduce spend on non-pay items where possible

13 Resource Implications

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

14 Response to Key Aims and Objectives

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

Contact Officer Nuala Donnelly 01296 585164

Background Documents Appendix : Financial Digest December 2017

This page is intentionally left blank



FINANCIAL DIGEST DECEMBER 2017

CONTENTS

	PAGE NUMBER
Main Points	1
General Fund Summary	2
Portfolio	
General Fund Summary	3
Civic Amenities	4
Commercialisation & Business Transformation	5
Communities	6
Economic Development & Regeneration	7
Environment & Waste	8
Growth Strategy	9
Leader	10
Resources, Governance & Compliance	11
Special Expenses	12
Reserves and Provisions	13
Capital Programme	14
Rate of Return and Investment Level	15
Members Feedback / Question Sheet	16

Main points of note contained within Decembers digest

The Main Message

- The Council spent £2,323,182 more on the provision of services during the first 9 months of 2017/18 than allowed for in the budget.
- Over the past 12 months, the Council has undergone a series of business reviews in order to position itself as a more commercial organisation.
- This has led to a total structural reorganisation which will result in significant savings in staff costs in the future.
- During the first 9 months of the year, we recognised £942,916 of salary savings as a result of these business reviews and other unforeseen vacancies.
- These vacant posts are currently being filled by temporary staff (agency and consultants) which have cost £2,052,505 in excess of budget.
As we progress through the year it is anticipated that these vacancies will be filled and the reliance on temporary staff will reduce.
- We are currently predicting a full year overspend of £487,400 after use of Reserves.
- This includes redundancy costs of £1,739,200 and temporary staff costs of £2,756,400, offset by full year salary savings of £1,222,200 in excess of the salary savings requirement.
- It is expected that the redundancy costs will be funded from reserves.

The Main Issues

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

	Variance to Date £	Predicted Outturn £	
Top 5 Over Budget			
Housing Benefits	1,013,153	1,257,400	Redundancy, agency staff & salary costs
Assistant Directors	385,062	425,700	Redundancy, salary and consultancy costs
Finance & Payroll Services	318,952	341,700	Redundancy, agency staff & salary costs
Planning Services	256,964	217,900	Redundancy, agency staff & salary costs
Business Strategy	224,597	233,100	Staff costs relating to Commercial Solutions initiative
Top 5 Under Budget			
Waste & Recycling - Non Commercial	(336,861)	(306,100)	Savings arising from new fleet & increased income
Car Park Management	(207,312)	(554,200)	Savings in business rates & potential income from Chiltern Railways
Commercial Property	(106,740)	(128,300)	Salary savings & increased income
Strategy & Partnerships	(66,670)	(82,900)	Salary savings
Economic Development	(48,736)	(57,900)	Additional Building Control fees reduced by redundancies, agency staff & salary costs

GENERAL FUND SUMMARY AS AT 31ST DECEMBER 2017

GENERAL FUND STATEMENT OF BALANCES	ACTUAL OUTTURN 2016/17 £'000	ORIGINAL BUDGET 2017/18 £'000	EXPECTED OUTTURN 2017/18 £'000
Brought Forward 1st April	(3,975)	(3,646)	(2,873)
Planned Use of Balances	91	0	0
Less General Overspend Assumption	(168)	0	487
Contribution to the HS2 Fund	10	0	2
Web & E-Commerce Project	424	0	0
Commercial AVDC Change Project	745	0	450
Net Use of Balances	1,102	0	939
Working Balance Carried Forward	(2,873)	(3,646)	(1,934)

Fund	General
-------------	----------------

	Full Year		Year to Date		
Portfolio	Current Budget	Expected Year End Variance	Budget to Date	Actuals to Date	Significant Variances
Civic Amenities	579,900	(621,300)	(127,626)	(396,540)	(268,914)
Commercialisation & Business Transformation	2,121,400	445,600	2,433,798	2,855,123	421,325
Communities	3,444,400	45,000	2,181,082	2,256,225	75,142
Economic Development & Regeneration	(940,800)	(106,100)	(1,047,752)	(1,170,163)	(122,411)
Environment & Waste	6,266,000	(253,700)	3,724,456	3,574,447	(150,010)
Growth Strategy	2,663,000	236,000	1,146,157	1,442,191	296,035
Leader	2,857,500	594,900	2,545,736	3,132,447	586,711
Resources, Governance & Compliance	3,460,500	1,829,100	3,083,981	4,569,285	1,485,304
Total Portfolio Expenditure	20,451,900	2,169,500	13,939,833	16,263,015	2,323,182
Net Interest Payable	(1,147,500)	0			
Contribution To Reserves	823,400	0			
Contribution From Reserves	(2,951,700)	(1,739,200)			
Contingency Items	104,900	0			
Asset Management	(1,490,900)	0			
Financing Items	1,502,000	57,100			
District Expenditure	17,292,100	487,400			
Less Aylesbury Special Expenses	(830,300)	0			
Contribution (from)/to Special Expenses	(38,000)	0			
Net District Expenditure	16,423,800	487,400			
Government Grant	(5,478,000)	0			
Collection Fund	(10,945,800)	0			
Underspend	0	487,400			

Please Note: Figures in brackets are underspending/additional income

Fund	General
Portfolio	Civic Amenities

	Full Year		Year to Date		
Service	Current Budget	Expected Year End Variance	Budget to Date	Actuals to Date	Significant Variances
Car Park Management	(761,600)	(554,200)	(494,886)	(702,198)	(207,312) ①
Community Centres	412,400	(10,000)	200,120	190,068	(10,051) ②
Leisure Centres	136,000	(27,300)	(341,607)	(365,569)	(23,962) ③
Market	(1,700)	2,000	(8,475)	(3,326)	0 ④
Public Burial Fees	3,000	0	250	62	0
Public Conveniences	123,400	(800)	69,725	65,608	0 ⑤
Theatre & Leisure Centre Management	122,900	(37,000)	80,650	52,354	(28,296) ⑥
Town Centre Manager	139,100	21,100	92,597	102,371	0 ⑦
Waterside Theatre	406,400	(15,100)	274,000	264,090	0 ⑧
Grand Total	579,900	(621,300)	(127,626)	(396,540)	(268,914)

Notes

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

- ① £207,312 lower costs/lower income - savings in business rates of £243,000, utilities £14,000 and salaries following the service reviews £76,000, offset by reduced P&D income £78,000 and redundancy costs £42,000. The forecast has been amended to reflect the full-year impact of these plus potential income at Friarscroft from Chiltern Rail.
- ② £10,051 lower costs - salary savings following the service reviews. The forecast has been amended to reflect the anticipated outturn position.
- ③ £23,962 lower costs/higher income - savings in building insurance costs £13,000 plus increased contract income £11,000. The forecast has been amended to reflect the anticipated outturn position.
- ④ The forecast has been amended to reflect increased business rates.
- ⑤ The forecast has been amended to reflect reduced business rates.
- ⑥ £28,296 lower costs - salary savings from vacant posts. The forecast has been amended to reflect the anticipated full year saving from these vacancies.
- ⑦ The forecast has been amended to reflect increased rent payable and additional salary costs following the service reviews.
- ⑧ The forecast has been amended to reflect savings in building insurance costs £10,000 and air & water quality surveys £5,000.

Fund	General
Portfolio	Commercialisation & Business Transformation

Service	Full Year		Year to Date		
	Current Budget	Expected Year End Variance	Budget to Date	Actuals Plus Commitments to Date	Significant Variances
Business Strategy	0	233,100	0	224,597	224,597 ①
Car Pooling Scheme	114,300	(30,000)	88,025	58,810	(29,215) ②
Communications & Marketing	500	85,900	349,709	447,598	97,890 ③
Digital Services	296,900	81,600	254,747	309,715	54,968 ④
IT - Strategic & Enterprise Service Desk	(93,800)	52,400	561,118	610,976	49,858 ⑤
Project Management Office	1,803,500	47,500	1,180,200	1,221,558	41,358 ⑥
Vale Lottery	0	(24,900)	0	(18,130)	(18,130) ⑦
Grand Total	2,121,400	445,600	2,433,798	2,855,123	421,325

Notes

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

- ① £224,597 higher costs - costs relating to the Commercial Solutions initiative, which should be offset from future income streams. The forecast has been amended to cover these costs for this year.
- ② £29,215 lower costs - lower vehicle leasing costs £20,000, vehicle insurance costs £8,000 and fuel costs £2,000. The forecast has been amended to reflect the anticipated outturn position.
- ③ £97,890 higher costs/higher income - redundancy costs £96,000 and agency staff costs £32,000 offset by salary savings following the service reviews £24,000 and increased advertising income £5,000. The forecast has been amended to reflect the anticipated outturn position.
- ④ £54,968 higher costs - temporary staff costs £131,000 offset by salary savings £76,000 following the service reviews. The forecast has been amended to reflect the anticipated outturn position.
- ⑤ £49,858 higher costs - redundancy costs £39,000 and agency staff costs £76,000 offset by salary savings £72,000 following the service reviews. The forecast has been amended to reflect these plus on-going agency staff costs.
- ⑥ £41,358 higher costs - redundancy costs £10,000, increased staff costs £27,000 following the service reviews and consultancy costs £3,000. The forecast has been amended to reflect the anticipated outturn position.
- ⑦ £18,130 higher income - income generated from the lottery which will offset voluntary grant spend during the year. The forecast has been amended to reflect the anticipated full year income outturn.

Fund	General
Portfolio	Communities

Service	Full Year		Year to Date		
	Current Budget	Expected Year End Variance	Budget to Date	Actuals Plus Commitments to Date	Significant Variances
Communities	560,000	(28,300)	215,150	202,939	(12,211) ①
Community Safety	391,600	34,700	208,475	239,220	30,745 ②
Concessionary Travel	40,600	(30,000)	29,400	(304)	(29,704) ③
Grants	404,600	28,600	371,447	385,504	14,056 ④
Housing Pathways	365,800	(65,700)	147,011	111,927	(35,084) ⑤
Housing Services	489,800	31,800	295,713	327,509	31,796 ⑥
Parks, Pitches & Open Space	1,164,000	73,900	913,886	989,430	75,544 ⑦
Grand Total	3,416,400	45,000	2,181,082	2,256,225	75,142

Notes

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

- ① £12,211 lower costs - salary savings following the service reviews £34,000 offset by redundancy costs £21,000. The forecast has been amended to reflect the anticipated outturn position.
- ② £30,745 higher costs - higher CCTV costs. The forecast has been amended to reflect these plus increased salary costs following the service reviews.
- ③ £29,704 lower costs - savings in taxi token costs. The forecast has been amended to reflect this.
- ④ £14,056 higher costs - cost associated with the infrastructure contract £7,000 plus increased salary costs following the service reviews. The forecast has been amended to reflect the anticipated outturn position, and is offset by increased income from Vale Lottery.
- ⑤ £35,084 lower costs/higher income -salary savings following the service reviews £71,000 offset by agency costs £30,000 and redundancy costs £8,000. The forecast has been amended to reflect these and future ongoing salary savings.
- ⑥ £31,796 higher costs - redundancy costs £45,000 & agency staff costs £40,000, offset by salary savings following the service reviews £35,000, savings in the levels of voids chargeable £8,000 and project funding £8,000. The forecast has been amended to reflect the expected full year impact of these.
- ⑦ £75,544 higher costs - redundancy costs £45,000, increased horticulture contract costs £15,000 and lost income due to closure of the all weather pitch £20,000. The forecast has been amended to reflect the anticipated outturn position.

Fund	General
Portfolio	<i>Economic Development & Regeneration</i>

Service	Full Year		Year to Date		
	Current Budget	Expected Year End Variance	Budget to Date	Actuals Plus Commitments to Date	Significant Variances
Bus Station	153,500	(900)	84,250	82,776	0 ①
Commercial Property	(2,005,500)	(128,300)	(1,559,215)	(1,665,955)	(106,740) ②
Economic Development	273,100	(57,900)	129,725	80,989	(48,736) ③
Industrial Estates and Town Centre Props	453,100	105,300	294,694	350,300	55,606 ④
Land Charges	(1,500)	(5,600)	(103,528)	(108,372)	0 ⑤
Non Operational Property	(23,500)	(52,500)	(21,627)	(70,070)	(48,442) ⑥
Sustainability	136,300	43,500	109,400	152,808	43,408 ⑦
Town Centre Open Spaces	73,700	(9,700)	18,550	7,362	(11,188) ⑧
Grand Total	(940,800)	(106,100)	(1,047,752)	(1,170,163)	(122,411)

Notes

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

① The forecast has been amended to reflect increased business rates costs.

② £106,740 higher income/higher costs - increased rental income at Pembroke Road £114,000 and High Street of £38,000 offset by lower service charges at High Street £32,000 and revenue costs relating to Exchange Street North £14,000. The forecast has been amended to reflect the anticipated outturn position.

③ £48,736 lower costs - salary savings following the service reviews. The forecast has been amended to reflect the full year impact of these.

④ £55,606 higher costs - agency staff costs £145,000 and consultancy costs £30,000 offset by savings in salary costs following the service reviews £118,000. The forecast has been amended to reflect these plus the on-going future costs of agency staff.

⑤ The forecast has been amended for agency staff costs £24,000 and redundancy costs £12,000 offset by salary savings following the service reviews £26,000 & increased fee income £15,000.

⑥ £48,442 higher income - increased rental and land licence income. The forecast has been amended to reflect the anticipated outturn position.

⑦ £43,408 higher costs - redundancy costs £68,000 and specialist advice £30,000, offset by salary savings following the business reviews £57,000. The forecast has been amended to reflect these.

⑧ £11,188 lower costs - savings in utility costs at Kingsbury. The forecast has been amended to reflect the anticipated outturn position.

Fund	General
Portfolio	Environment & Waste

Service	Full Year		Year to Date		
	Current Budget	Expected Year End Variance	Budget to Date	Actuals Plus Commitments to Date	Significant Variances
Environmental Services	924,300	16,200	107,654	141,912	34,257 ①
Health & Safety	(5,500)	15,100	47,266	54,973	0 ②
Land Drainage	52,500	0	29,500	28,831	0
Licensing	(74,600)	0	(423,364)	(427,612)	0
Waste & Recycling - Commercial	1,097,200	21,100	661,952	811,755	149,804 ③
Waste & Recycling - Non Commercial	4,272,100	(306,100)	3,301,448	2,964,588	(336,861) ④
Grand Total	6,266,000	(253,700)	3,724,456	3,574,447	(150,010)

Notes

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

- ① £34,257 higher costs - redundancy costs £68,000, agency staff costs £99,000 & lower licencing income £14,000 offset by salary savings following the service reviews £149,000. The forecast has been amended to reflect these full year costs.
- ② The forecast has been amended to reflect agency staff costs £53,000 offset by salary savings from vacant post £38,000.
- ③ £149,804 higher costs/higher income - £100,000 additional Trade Waste disposal fees, £68,000 redundancy costs following the business reviews and £60,000 security costs at Pembroke Road. This is reduced by £107,000 salary savings & £100,000 additional Garden Waste income from the increased customer base. The forecast has been amended to reflect the anticipated outturn position.
- ④ £336,861 lower costs/higher income - agency staff costs £485,000 and redundancy costs £92,000 offset by salary savings from vacant posts £363,000, £184,000 vehicle savings from the introduction of the new fleet, £216,000 running expense savings & £120,000 increased recycling & bins sales income. The forecast has been amended to reflect these on-going savings.

Fund	General
Portfolio	Growth Strategy

	Full Year	
Service	Current Budget	Expected Year End Variance
Forward Plans	938,700	13,100
Heritage	281,700	500
Highway and Amenity Areas	7,300	1,400
Planning Services	618,200	303,900
Strategy & Partnerships	817,100	(82,900)
Grand Total	2,663,000	236,000

Year to Date		
Budget to Date	Actuals Plus Commitments to Date	Significant Variances
655,193	698,106	42,914 ①
167,498	179,306	11,808 ②
4,575	2,805	0 ③
32,042	341,795	309,753 ④
286,850	220,179	(66,670) ⑤
1,146,157	1,442,191	296,035

Notes

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

- ① £42,914 higher costs - redundancy costs £107,000 offset by salary savings following the service reviews £49,000 & increased fee income £11,000. The forecast has been amended to reflect these plus on-going salary savings.
- ② £11,808 higher costs - consultancy costs £28,000 & agency staff costs £6,000 offset by salary savings following the service reviews £17,000. The forecast has been amended to reflect the anticipated outturn position.
- ③ The forecast has been amended to reflect public notices costs.
- ④ £312,840 higher costs/higher income - redundancy costs £315,000, agency staff costs £133,000 reduced by salary savings £24,000, additional Building Control & Planning Fee income £106,000 & running expenses £15,000. The forecast has been amended to reflect the anticipated outturn position.
- ⑤ £66,670 lower costs/higher income - salary savings following the service reviews £58,000 plus increased development partnership income £8,000. The forecast has been amended to reflect the anticipated outturn position.

Fund	General
Portfolio	Leader

Service	Full Year		Year to Date		
	Current Budget	Expected Year End Variance	Budget to Date	Actuals Plus Commitments to Date	Significant Variances
Assistant Directors	171,200	425,700	531,916	916,978	385,062 ①
Chairman's Expenses	32,400	(7,500)	14,006	8,637	0 ②
Chief Executive's Support Services	44,700	42,200	245,779	277,655	31,875 ③
Core Costs	1,296,900	(44,600)	62,600	57,128	0 ④
Democratic Services	1,190,500	(59,000)	175,872	137,560	(38,312) ⑤
Director - AS	1,500	(2,400)	100,263	96,035	0 ⑥
Director - TA	1,500	13,700	115,144	122,113	0 ⑦
Electoral Services	338,400	16,800	178,386	188,773	10,387 ⑧
Enterprise Service Desk Support	90,700	59,900	68,004	121,633	53,629 ⑨
Facilities Management	(372,500)	69,800	86,976	140,645	53,669 ⑩
Legal Services	(44,200)	(73,200)	316,873	296,661	(20,212) ❶
Office Accommodation	106,400	153,500	649,916	768,629	118,713 ❷
Grand Total	2,857,500	594,900	2,545,736	3,132,447	586,711

Notes

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

- ① £385,062 higher costs - redundancy costs £208,000, increased salary costs following the business reviews £68,000 and agency staff & consultancy costs £107,000. The forecast has been amended to reflect the anticipated outturn position.
- ② The forecast has been amended to reflect savings in ambassador duties £5,000 and car hire costs £5,000.
- ③ £31,875 higher costs/higher income - increased salary costs £14,000 and consultancy costs £30,000 offset by increased income £13,000. The forecast has been amended to reflect the anticipated outturn position.
- ④ The forecast has been amended to reflect savings in external audit fees
- ⑤ £38,312 lower costs - salary savings following the service reviews £47,000 offset by the costs associated with Modern.Gov The forecast has been amended to reflect these plus the on-going future salary savings.
- ⑥ The forecast has been amended to reflect salary savings following the service reviews.
- ⑦ The forecast has been amended to reflect increased salary costs following the service reviews.
- ⑧ £10,387 higher costs - increased salary costs as a result of the service reviews £15,000 offset by savings in software costs £6,000. The forecast has been amended to reflect the anticipated outturn.
- ⑨ £53,629 higher costs - increased salary costs following the service reviews and increased stationery costs £10,000. The forecast has been amended to reflect these plus future on-going salary costs.
- ⑩ £53,669 increased costs - redundancy costs £51,000 and increased salary costs following the service reviews £12,000 offset by land licence income £11,000. The forecast has been amended to reflect the anticipated outturn position.
- ❶ £20,212 lower costs - savings in agency staff costs. The forecast has been amended to reflect on-going agency staff costs savings plus savings in case management software costs.
- ❷ £118,713 higher costs - office refurbishment £41,000, increased repair & maintenance £58,000 plus security costs £14,000. The forecast has been amended to reflect the anticipated outturn.

Fund	General
Portfolio	Resources, Governance & Compliance

Service	Full Year		Year to Date			
	Current Budget	Expected Year End Variance	Budget to Date	Actuals Plus Commitments to Date	Significant Variances	
Contract & Procurement Services	144,000	21,400	87,903	79,987	0	①
Democratic Services	484,200	(9,800)	361,329	357,163	0	②
Finance & Payroll Services	1,915,100	341,700	1,914,364	2,233,316	318,952	③
Governance	(12,800)	(2,000)	210,342	195,264	(15,078)	④
Housing Benefits	788,700	1,257,400	132,394	1,145,546	1,013,153	⑤
Insurances	32,400	0	(2,692)	(2,692)	0	
Personnel Services	1,700	236,300	150,253	324,488	174,235	⑥
Rating & Recovery Services	101,600	(51,800)	136,455	103,662	(32,793)	⑦
Standby Services	10,000	0	7,512	7,307	0	
Training	(4,400)	35,900	86,119	125,243	39,123	⑧
Grand Total	3,460,500	1,829,100	3,083,981	4,569,285	1,485,304	

Notes

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

- ① The forecast has been amended to reflect increased salary costs following the service reviews £10,000 and the costs of management recruitment £12,000.
- ② The forecast has been amended to reflect small savings in members' allowances £4,000 and training costs £6,000.
- ③ £318,952 higher costs - agency staff and consultancy costs £202,000, redundancy costs £95,000, software costs £33,000 and recruitment costs £23,000 offset by salary savings following the service reviews £30,000. The forecast has been amended to reflect the anticipated outturn position.
- ④ £15,078 lower costs -salary savings following the service reviews £41,000, offset by increased consultancy fees £29,000. The forecast has been amended to reflect the anticipated outturn position.
- ⑤ £1,013,153 higher costs/higher income - redundancy costs £302,000, agency staff costs £598,000 and salary costs following the service reviews £159,000 plus recruitment costs £12,000 offset by higher grant income £58,000 & costs income of £50,000.
The forecast has been amended to reflect these plus future agency and salary costs.
- ⑥ £174,235 higher costs - increased salary costs following the service reviews £45,000, agency and consultancy costs £95,000, redundancy costs £9,000 plus recruitment costs £17,000 and software costs £7,000. The forecast has been amended to reflect these plus future consultancy costs.
- ⑦ £32,793 lower costs - agency staff costs £21,000 offset by savings in costs of debt collection £50,000. The forecast has been amended to reflect the anticipated outturn position.
- ⑧ £39,123 higher costs - redundancy costs £33,000 plus increased training costs. The forecast has been amended to reflect the anticipated outturn position.

Fund	General
Special	Yes

		Full Year		Year to Date		
Service	CC Description	Current Budget	Expected Year End Variance	Budget to Date	Actuals Plus Commitments to Date	Significant Variances
Community Centres	Administration	74,800	(100)	38,429	38,306	0
	Alfred Rose	49,800	6,600	30,921	36,361	0
	Bedgrove	53,000	(13,000)	20,723	7,842	(12,882)
	Haydon Hill	14,600	(100)	9,250	9,202	0
	Prebendal Farm	42,000	1,200	22,408	21,668	0
	Quarrendon and Meadowcroft	60,000	(500)	27,244	27,769	0
	Southcourt	46,400	(7,000)	23,958	18,587	0
Community Centres Total		340,600	(12,900)	172,933	159,735	(13,199) ①
Open Space	Alfred Rose Park	41,500	(100)	27,775	24,994	0
	Bedgrove Park	63,200	400	49,491	46,509	0
	Edinburgh Playing Fields	50,500	0	32,072	31,293	0
	Fairford Leys	83,700	400	44,266	43,822	0
	Meadowcroft Playing Fields	65,800	(300)	26,677	29,521	0
	Parks Administration	265,900	200	155,644	151,790	0
	Vale Park	15,200	0	18,649	22,395	0
	Walton Court Sports Ground	44,500	100	22,271	20,456	0
Parks, Pitches & Open Space Total		630,300	700	376,844	370,780	0
Market	Market	(1,700)	2,000	(8,475)	(3,326)	0
Market Total		(1,700)	2,000	(8,475)	(3,326)	0 ②
Grand Total		969,200	(10,200)	541,303	527,188	(14,115)

Notes

Service totals include charges for use of capital, but these are deducted before calculation of council tax.

① £13,199 lower costs - salary savings following the service reviews. The forecast has been amended to reflect the anticipated outturn position.

② The forecast has been amended to reflect increased business rates.

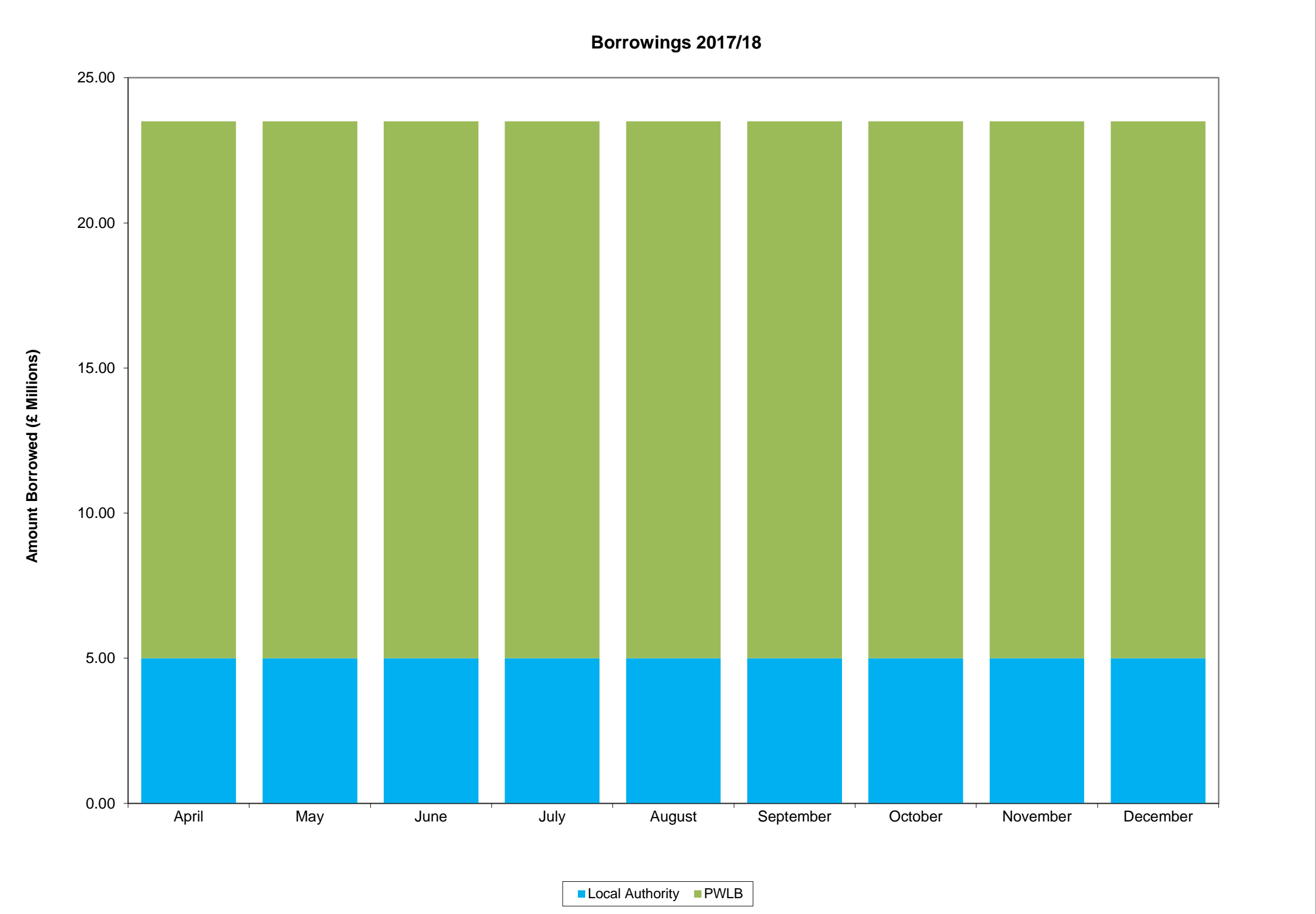
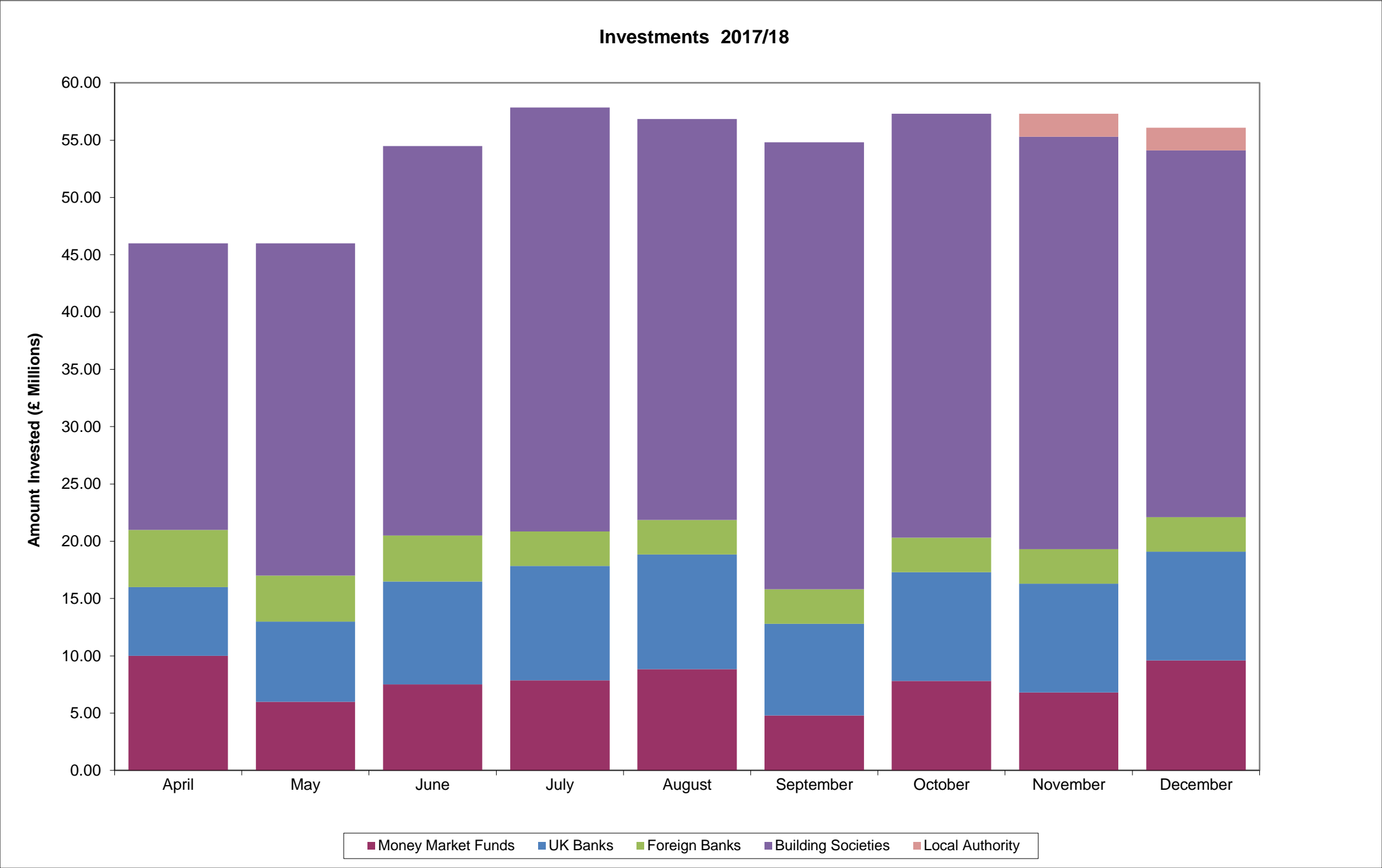
GENERAL FUND REVENUE RESERVES AND PROVISIONS

The table shows the current level of provisions and reserves held by the Council at the beginning of the year, the planned movements in the year and the closing balance at 31st March 2018.

GENERAL FUND REVENUE RESERVES AND PROVISIONS	OPENING BALANCE 01/04/2017 £'000	PLANNED INCOME £'000	PLANNED SPEND £'000	EXPECTED CLOSING BALANCE 31/03/18 £'000
PROVISIONS				
NNDR Appeals	(797)	0	0	(797)
Refundable Bonds	(187)	0	0	(187)
BAD DEBT PROVISIONS				
Housing Benefits Overpayments	(2,065)	0	0	(2,065)
Local Taxation	(480)	0	0	(480)
Other	(78)	0	0	(78)
On Street Parking	(74)	0	0	(74)
Haywoods Way	(41)	0	0	(41)
	(3,722)	0	0	(3,722)
RESERVES				
New Homes Bonus	(16,497)	(286)	0	(16,783)
Amenity Areas	(2,920)	(111)	0	(3,031)
Interest Equalisation Reserve	(2,897)	0	80	(2,817)
Planning Related	(2,010)	0	1,309	(701)
Business Rates	(2,001)	0	0	(2,001)
Property Sinking	(1,812)	0	0	(1,812)
New Technology	(1,569)	(297)	1,183	(683)
Repairs & Renewals (& CCTV)	(1,098)	(90)	0	(1,188)
Superannuation	(1,006)	0	277	(729)
Fairford Leys Riverine Corridor	(870)	(19)	0	(889)
LABGI	(857)	0	0	(857)
Aylesbury Special Expenses	(552)	0	0	(552)
Insurance	(541)	0	0	(541)
Property Strategy	(540)	0	0	(540)
Benefit Subsidy	(433)	0	0	(433)
Licensing	(411)	0	0	(411)
Leisure Activities	(259)	(20)	103	(176)
District Council Elections	(244)	(48)	0	(292)
Recycling and Composting	(223)	0	0	(223)
Car Parking Related	(207)	0	0	(207)
Historic Buildings	(140)	0	0	(140)
Future Vehicle Costs	(139)	0	0	(139)
Housing Needs & Section 106	(107)	0	0	(107)
Business Support Fund	(102)	0	0	(102)
Rent Guarantee Scheme	(71)	0	0	(71)
Corporate Market Research	(47)	0	0	(47)
Playgrounds	(40)	0	0	(40)
Business Transformation	(29)	0	0	(29)
	(37,622)	(871)	2,952	(35,541)

CAPITAL PROGRAMME SPEND TO 31ST DECEMBER 2017

	REF	APPROVED SPEND £s	PRIOR YEARS' SPEND £s	EXPECTED SPEND 17/18 £s	ACTUAL SPEND AT 31/12/17 £s
University Campus, Aylesbury Vale	8001	16,550,000	16,311,350	238,650	1,377
Public Realm Waterside North	8004	4,100,000	776,591	3,323,409	2,210,018
Refuse Vehicles Replacement	8005	4,100,000	214,916	3,885,084	3,132,103
Depot Purchase / Refurbishment	8006	11,305,000	5,791,856	5,513,144	396,441
Community Centre Upgrades	8008	150,000	14,698	135,302	3,530



MEMBER FEEDBACK / QUESTION SHEET

ISSUE 3 - 17/18

FEEDBACK

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

<u>Accountancy</u>	<u>Team</u>	<u>Phone No.</u>
Andrew Small	Director	585507
Nuala Donnelly	Strategic Finance Manager	585164
Sharon Russell-Surtees	Corporate Accountant	585391
Gareth Davies	Finance Business Partner	585276

FEEDBACK

QUESTION

QUESTION

Feedback Sheet Returned by:

COUNCILLOR

DATE

Please return Feedback / Question sheet to:

Strategic Finance

Aylesbury Vale District Council

The Gateway, Gatehouse Road

Aylesbury

Bucks HP19 8FF