

FINANCE AND SERVICES SCRUTINY COMMITTEE

9 JULY 2018

PRESENT: Councillor M Rand (Chairman); Councillors B Everitt (Vice-Chairman), J Chilver, S Lambert, R Newcombe, M Smith, M Stamp, R Stuchbury, A Waite and M Winn. Councillors A Macpherson and J Ward attended also.

APOLOGY: Councillor J Bloom

1. ELECTION OF CHAIRMAN

RESOLVED –

That Councillor Rand be elected Chairman of the Committee for the ensuing year.

2. ELECTION OF VICE CHAIRMAN

RESOLVED –

That Councillor Everitt be elected Vice Chairman of the Committee for the ensuing year.

3. MINUTES

RESOLVED –

That the minutes of the meeting held on 4 April, 2018, be approved as a correct record.

4. LEISURE CENTRES MANAGEMENT CONTRACT - ANNUAL REVIEW 2017/18

The Committee received a report on the key outcome and outputs achieved by the Leisure Management Contract in 2017/18 and which also provided key performance information and an overview of the key suggested actions for 2018/19. The Cabinet Member for Civic Amenities attended the meeting and responded to Members' questions as part of the discussions.

Representatives from Everyone Active, who were responsible for the leisure management contract for Aqua Vale Swim and Fitness Centre and at the Swan Pool and Leisure Centre attended the meeting to support the presentation to Members and to answer questions. The current contract had commenced on 1 April 2013 for 10 years with a mutual option to extend for a further 5 years. This report looked at Year 5 of the contract.

Members were informed that the Leisure Management Contract realised betterment to AVDC of circa £620,000 per annum, £120,000 saving was achieved by no management fee being paid to the leisure centre operator as per the previous contract and £500,000 income was generated by EA paying the Council for the opportunity to manage the centres on AVDC's behalf. The management fee payable to the Council for the period 2017/18 was £522,503 as it rose in line with CPI annual increases.

AVDC provided a monitoring role as part of the contract arrangements and conducted monthly monitoring by holding Contract performance meetings and inspections. This was stepped up if there were areas of concern or an increase in complaints. The regular performance meetings examined a range of performance indicators which included information similar to that contained within Appendix A to the Committee report.

The information provided a baseline for future reports and for measuring contract outcomes and outputs.

The council had undertaken an extensive £2.7m modernisation project of Swan Pool and Leisure Centre between February 2015 and February 2016 which had delivered new and improved facilities and increased levels of customer satisfaction and usage. The last major modernisation project at Aqua Vale Swimming and Fitness Centre had been completed in 2012 at a cost of £6.7m.

Concerns had been raised in late 2016 over the quality of cleanliness at Aqua Vale and additional meetings and monitoring visits had been stepped up. EA had attended scrutiny meetings in April and November 2017 to respond to Members' concerns and detailed proposed actions to improve matters. Since the last meeting, the standards of cleanliness at Aqua Vale have continued to improve greatly and much had been done by EA to address Members' concerns.

The Cabinet Member for Civic Amenities had met with EA managers and toured the Aqua Vale on a number of occasions to see first hand the conditions and improvements made. Most recently, members of the scrutiny committee had been invited to visit Aqua Vale in June to see the centre and standards.

Currently, just under £100,000 of S106 funding was being spent to modernise and upgrade the pool side toilets, private showers and accessible changing along with new artificial planting to improve the condition and look of the centre. It is hoped that a further phase of improvements would take place later in the year to continue to increase customer satisfaction and increase usage. A list of improvements undertaken last year and planned for this financial year was detailed Appendix A in sections 8 and 9.

Members were informed that a new General Manager had started at Aqua Vale in May 2018, who was keen to continue to improve the quality of cleaning and customer service that had been apparent under the previous General Manager.

Cleanliness and cleaning standards remained a focus for the Cabinet Member and the Client Manager. Any complaints were followed up and discussed with the EA Contract Manager. The cleaning contract had been taken back in-house by EA last year and they now had complete control of the staff, processes and performance. There had been occasions when standards had fallen short but EA had been quick to resolve these

Whilst not excessive, there were instances of vandalism and wilful damage from time to time. Notably, each year, for the past three years, the front elevation glazing had been deliberately smashed causing approximately £10,000 of uninsured damage. The culprit had been identified and charged but no compensation had been possible. Despite owner's security and CCTV, there was an ongoing issue with bicycle thefts from the racks located at the front of the building. Thames Valley Police have been informed and consulted on this problem.

A number of the Committee had visited Aqua Vale Swim and Fitness Centre recently and were complimentary of the facility.

Members sought additional information and were informed:-

- (i) that EA had good relationships with both the secondary school and the Royal Latin School in Buckingham. It was possible that the Royal Latin School would be putting in their own facilities that would reduce their use of some of the facilities at the Swan Pool. This situation was being monitored and would be taken into account for the future.

- (ii) that creative options had been explored to improve the car parking situation including on the refunding of the car parking charge to customers. One proposal had been considered and rejected by the Council as it would have reduced the income received by AVDC by £20,000 p.a. It would be made more obvious to customers that they could get the car parking refund at either the entrance or in the café, which could reduce queuing at the entrance.
- (iii) that an email had been sent to BCC in relation to a membership deal for staff.
- (iv) on the efforts that were being made to reduce bicycle thefts from the cycle racks and the annual instances of vandalism. There had also been some issues with travellers at Aqua Vale which had required police attendance. These issues had been resolved quickly.
- (v) it was explained that the clientele were slightly different at Swan Pool (community based activities) compared to Aqua Vale (casual users). It was explained that various levels of staff received different types of training relevant to their jobs. This included training to deal with difficult customers.
- (vi) that while there were only a small number of complaints at the Centres, these were still taken very seriously. EA held monthly meetings with AVDC's Contract Performance, Funding and Partnerships Development Manager and the Cabinet Member to discuss individual complaints in detail. A breakdown of complaints into different types and whether they had been upheld would be included with future reporting to the Committee.
- (vii) that the leisure centres management contract was working well across both centres. The continued work to modernise and upgrade the pool side toilets, private showers and accessible changing along with new artificial planting was also improving the condition and look of Aqua Vale.

RESOLVED –

- (1) That the representatives from EA be thanked for attending the meeting and for the positive progress that continued to be made in managing the Council's leisure centres.
- (2) That EA be invited to provide a further update report to the scrutiny committee in 12 months time regarding the Leisure Centres management contract.

5. KINGSBURY AND MARKET SQUARE IMPROVEMENT SCHEMES

The Committee received a report setting out the challenges facing Kingsbury and Market Square, Aylesbury and which outlined the plans to bring forward improvement schemes for both spaces, as well as the associated costs. This regeneration of the Aylesbury town centre was reflected in the Aylesbury Town Centre Plan (published in 2014) and in the draft Vale of Aylesbury Local Plan.

It was abundantly clear that the demand for physical retail space was changing across the UK almost every operator including Marks & Spencer's and John Lewis partnerships were committed to undertaking portfolio reviews. Others such as House of Fraser, were already part way through that process and it was well known that the Aylesbury branch would close at some point. Whilst some of this change was offset by big box operators such as B&Q and Screwfix opening smaller, high street formats, users of town centres were undoubtedly looking to their towns (particularly those the size of Aylesbury), to provide a more social experience. National spend on casual dining and the increase in the number of restaurants and cafes had been phenomenal and whilst the dining out

market had also seen a softening in recent months, spend generally in this area continued to grow, with shopping being only part of the reason to visit. Aylesbury was no exception to this trend and had seen a number of new cafes and restaurants open in recent years, with more opening as part of The Exchange development.

A theme central to the entire Town Centre Plan, was the recognition that Aylesbury needed to improve the quality of its environment and public space to help create the experience people were looking for whether living, visiting or working. Whilst it was difficult to quantify a direct financial return on investment from public realm improvement, there was strong supporting evidence which showed that it could deliver both intrinsic and non-economic benefit, and these were set out in the Committee report.

While good progress had been made on delivering a range of public space improvements including decorative colourful planters and agreeing a parking order for Kingsbury to enable enforcement of illegal parking on the central area, a range of street entertainment and events in Market Square (such as Aylesbury on Sea, Whizzfizz and the Christmas lights switch on), there were still operational and aesthetic challenges which required significant schemes to come forward.

Kingsbury

The background and context of Kingsbury was detailed in the report. Use of Kingsbury had changed and whilst it still retained many fine buildings it had struggled in recent times to attract the footfall of its former years and to find its own identity. In 2004, a Government funded scheme to improve the public space had attract private investment in the commercial units and made it more integral to the retail circuit. However, this had not brought about the hoped for transformation. The on-going decline in footfall had led to new challenges and an increase in anti-social behaviour ranging from parking on the central area to public drinking outside the agreed areas. Much effort had also been made by AVDC and its partners to address these issues, but the overall feedback was that more significant investment was needed to enable Kingsbury to thrive and become a greater asset to the town.

The Action Plan for Kingsbury was attached as Appendix 1, which had a mini vision for the area to “create a more attractive environment for residents, visitors and businesses and improve it as the gateway to the old town.” A number of the actions listed had already been completed. However, one of the key outstanding actions was to, “form a stakeholder group to identify options for improving the physical environment, looking at seating, lighting, surfaces etc so that better use of the open space can be made all year round.”

Some preliminary work had already been undertaken by the Town Centre Manager to gauge interest by the business community in a scheme being brought forward. This engagement had been on the basis that whilst AVDC (working potentially with BCC who own the highway around the central area which was failing in parts), might be able to deliver enhancements to the public space, the land and buildings also need to be considered to achieve the best outcome for this relatively small area. This meant that the investment and commitment from the 40 landlord and tenants in Kingsbury would be needed as well.

The potential to transform Kingsbury through a joint approach was significant and any stakeholder engagement would also extend to other key partners such as the Aylesbury Town Council, Thames Valley Police and the Aylesbury Old Town Residents' Association. Some initial thought had been given as to what the future look and feel of Kingsbury could be taking into account the need to reduce the reliance on retail and ensure that Kingsbury complemented other areas of the Town Centre. An initial concept based on bringing the Roald Dahl theme from the museum in the adjacent area, to

Kingsbury (both land and buildings) had been suggested and well received. However, as part of the development of the concept, significant more work would need to be undertaken with stakeholders to ensure that the vision was shared and jointly owned.

Aylesbury Market Square

The background and context of Market Square was detailed in the report. Market Square was still a very popular space and was home to four markets a week – the Vintage & Craft Bazaar, general, foodie Friday, special markets, concerts, Christmas light switch-on, the Christmas Carol concert, Whizzfizz and more. However, despite its popularity, the square was constrained by key issues including accessibility (cobble square) and poor infrastructure which collectively prevented all of the space from being used for a wider range of activities.

The Action Plan for Market Square was attached as Appendix 2, which had a mini vision for the area to ““make more of the area’s presence as a key retail, catering and leisure hub”

As with Kingsbury, a number of the actions were already underway or complete. For example, significant investment had taken place to deliver the action about improving the markets. New stalls, and the development of the Vintage & Craft Bazaar and the foodie Friday markets, had all helped to revitalise the popularity of the town’s historic market tradition. However, the one key actions required was for a review of the public realm to ““create a more attractive and usable environment for shopping, eating, drinking and leisure (including large scale events and socialising).

The Action Plan also stated that the review should include looking at better links between areas; vehicle, pedestrian and events use, and the public space (including layout, surfaces, street furniture, signage, lighting and electricity supply).

Unlike Kingsbury, there was no plan at this stage to introduce a theme to Market Square unless the stakeholder engagement identified one. The brief was in essence set out in paragraph 4.18 of the Committee report but within the clear context of retaining the square’s heritage look and feel.

Indicative costs of the improvements

Members were informed that developing the concept to implementation of a scheme had a number of phases which would be applicable to both spaces. The key phases were:

- inception, concept preparation and stakeholder engagement.
- design development to planning.
- tender and construction pack
- delivery and project management.

Each phase carried costs which included to associated costs of specialist advice. Most were common to both spaces although with Kingsbury there would be an additional requirement to develop a design guide for the buildings. Both spaces would be considered together. This would ensure a cohesive approach to the improvements and possibly also deliver some economies of scale in terms of commissioning the various elements of work.

The fee and capital costs of both schemes were only indicative at this stage. However for the purpose of this report they had been identified as:

Collective fee costs for Kingsbury and Market Square: £180,000

Capital costs of delivery – Kingsbury: £2m
Capital costs of delivery – Market Square: £2m
Contingency: £320,000
Total: £4.5m

This would be funded from 3 sources:

- existing section 106 funding allocated to aylesbury town centre but not to any specific scheme: £1m.
- Heritage Lottery Funding townscape grants: £2m (potential funding source).
- New Homes Bonus: £1.5m

At this stage there was no guarantee that the bid for Heritage Lottery funding would be completely or partially successful. It was proposed that any gap in funding from the lottery would be met by additional new homes bonus monies.

It was anticipated that phases (i) to (iii) would take until late 2019 to complete, enabling procurement for the delivery in early 2019 with construction starting on site in spring 2019. Depending on the nature of the finally approved schemes, it was probable that work would be phased rather than carried out at the same time.

Members views were sought on the improvements schemes and the following comments were provided:-

- (i) the need to ensure that proper Business Plans had been put in place and agreed with stakeholders before committing to spend money. The Scrutiny Committee asked that the Business Plans come back to scrutiny before there were firm commitments made to spend money.
- (ii) that just because Council might agree capital expenditure of up to £4.5m on the 2 schemes, it didn't mean that all of this money needed to be spent to improve the squares. Business Plans needed to be properly costed, including maintenance/running costs for the future and have measurable KPIs.
- (iii) the need to ensure that the schemes fitted in with the wider visions / aspirations for the Town Centre and of partners and allowed for flexibility to react to what else is going on.
- (iv) Aylesbury was the county town with a long heritage which should be capitalised on in promoting the town as a destination. Could it also be branded as the 'Gateway to the Chilterns'? It should also be possible to make the most of the town's past as a live music venue.
- (v) the need to be clear that Kingsbury was looking at a Roald Dahl inspired theme, rather than Roald Dahl theme.
- (vi) while accepting that the current markets in Market Square were restricted by the supporting infrastructure and cobbles, the set up was lacklustre and needed to be livened up, and to attract more stalls. Aylesbury was increasingly becoming a commuter town so some of the themed markets held during the week could be switched to weekends.
- (vii) look at the feasibility of a saturation policy regarding betting shops in the Town Centre.
- (viii) Illegal parking at Kingsbury remained an issue (Members were informed that all enforcement had now been handed over to BCC).
- (ix) Other issues raised that the plans needed to consider included transportation infrastructure (including use of bicycles), town centre accessibility, looking at the linkages between the town / The Exchange / the canal basin / old town (this had featured in the Crest Nicholson plans a number of years ago), car parking

(including parking charges, especially on Sundays), signage (new finger posts and monoliths would be erected soon), Bowie statue signage, analysing shopping and retail issues in the town centre, more trees and greenery, a water feature (fountain) in Market Square, make the current statues the centrepieces of the 2 squares, making the best use of the theatre, more music / literary festivals, making best use of the former Courthouse, and having an area in the town centre where business meetings could be held (current options were a coffee shop or pub).

RESOLVED –

That while the Scrutiny Committee was supportive of improvement schemes going forward for Market Square and Kingsbury, Aylesbury, Cabinet was requested to consider the feedback from scrutiny at points (i) to (ix) above in making recommendations to Council, in particular on the need to ensure that there was proper scrutiny of the Business Plans before there were any firm commitments made to spend money.

6. TREASURY MANAGEMENT 2017-18 YEAR END REPORT

The Committee received a report on the Authority's Treasury Management Strategy and its performance for the 2017/18 financial year.. An annual report was required to be brought to Council after each year end.

The main objectives for the Treasury Management team for 2017/18 were laid out in the Treasury Management Strategy agreed by Council in February 2017, which were:-

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

The actual performance was in line with the plan which had ensured that the Council placed deposits in a decreasing market by spreading its deposits thinly across many trusted institutions in accordance with its policy. No new long term borrowings had been undertaken during the period, while the in-house team achieved interest rates above the 7 day LIBOR rate.

The Committee report charted the average monthly balances deposited by the in-house team, and detailed the average weighted rate of return received over the financial year compared to the LIBOR rates available

Period	AVDC Weighted Average Rate of Return (%)	7 Day LIBID	3 Month LIBID
Q1 2017	0.543	0.114	0.100
Q2 2017	0.458	0.112	0.180
Q3 2017	0.485	1.112	0.210
Q4 2017	0.512	0.275	0.348
Q1 2018	0.606	0.360	0.441

Over the financial year, the rate of return had increased, and credit risk reduced. For March 2018, the weighted average rate of return for the Council was 0.61% (on investment of £45.4m) This compares to Benchmarking data where, across 227

Authorities, Weighted average rate of return was 0.61%, on investment average of £67.1m. (Source of data: Link Asset Services)

Members were also provided with information showing the Council's performance against capital and treasury indicators, as indicated by the Council's Balance Sheet, as at 31 March 2018.

2016/17	Capital Financing and Borrowing (£000s)	2017/18
34,485	Capital Financing Requirement	41,204
34,485	Underlying Borrowing Requirement	41,204
23,410	External Borrowing	23,225
11,075	Under Borrowing	17,979
-19,366	Net Borrowing (exc. TFR debt)	-23,167
47,139	Balances available for investment	51,693
42,776	External investments	46,392
4,363	Internal investments	5,301
-6,712	Total Working capital surplus	-12,678

When managing the Council's deposits the primary consideration was to protect capital rather than to maximise return as the deposited sums were public money and, therefore, any loss of capital should be avoided at all costs. The Treasury Management team continued to invest money in line with its list of approved (safe) institutions, varying the amounts and length of deposit according to the institution and the cash flow requirements at the time. Although, a safe list of institutions was maintained, major unexpected events or a sudden loss of confidence in the banking sector could not always be predicted.

Historically, the majority of the Council's lending had been with Banks and Building Societies but over the last year the Council had increased its range of investment with some of the major UK banks in order spread the risk of its portfolio. The Council had also started to lend to other Local Authorities to reduce exposure to smaller un-rated building societies. The lending list was monitored throughout the year to take account of any changes within the sector i.e. building society mergers / conversions to banks. During 2017/18 there had not been any mergers that affected the Council's lending list.

With interest rates still at low levels, the actual amount of deposit income generated was £275,086. This was £15,086 higher than planned. This was due to the high level of money available for deposit from unspent reserves and balances held to meet capital programme obligations. With the prevailing low rates the likelihood of an increase in the interest generated remains low.

In November 2017, the Bank of England had raised Bank Rate to 0.5% from 0.25%. Market intelligence on forecast rates were informed by the political and economic markets. There was no change to the rate in June 2018, although there was some indication that the interest rate might increase in August by 0.25%

Money Market Funds

The council continued to operate two Money Market Funds to give the in-house team easy access to surplus funds. MMF interest rates had broadly increased in line with the Bank of England base rate. Returns for money market funds remain below those of fixed term deposits but they offer greater security being triple A rated. Although, the returns had reduced the MMFs were required to manage the daily cash flow as they offer daily access without any loss of interest.

New Borrowing

No new borrowing was taken out during the year. Any borrowing would have to be within the Authority's Authorised Limit and Operational Boundary, which were set at the beginning of each year. It was a requirement of the code that any deviations from these limits, approved or otherwise, are reported to Council.

The council does not use fund managers to aid its investment decisions. An update on the Treasury Management for 2018-19 will be prepared mid-year for review by Members.

Members requested further information and were informed that the transactions fees paid by the Council through spreading deposits thinly across many trusted institutions were negligible. Going forward, the Council was likely to move to using fewer institutions, mainly through a reduction in the number of building societies used.

RESOLVED –

- (1) That the Council's Treasury Management team be congratulated for their performance during the year, which had achieved an average weighed rate of return which were better than the LIBOR rates.
- (2) That the Council's performance against the Treasury Management Strategy for 2017/18 be noted.

7. QUARTERLY FINANCE AND PERFORMANCE REPORTING

The Committee received the Quarterly Financial Digest for the period to 31 March 2018, which represented the final outturn position for the Council for the financial year 2017-18. The digest was attached as Appendix 1 to the Committee report, and was based on the actual income and expenditure for the 12 month period from April 2017 to March 2018. The Council's financial statements for this period would be subject to external audit.

As at the end of March 2018, an overspend against budgets (after the use of reserves) of £453,507 was reported which was slight better than the forecast anticipated in December 2017. The slight improvement to the financial outturn left the General Fund working balances at a marginally higher level than predicted, with a closing balance on the General Fund for 2017-18 of £1.977m. This was also consistent with the financial outturn position used in budget planning for 2018/19.

Members were informed that the draft annual accounts had been completed by 31 May and presented to the Audit Committee meeting on 26th June 2018. Final approval of the accounts was due by 31 July 2018.

While the accounts present the definitive position on the Authority by way of its financial resources, it did not inform the reader as to whether this was a planned or expected position. The Quarterly Financial Digest was the primary reporting tool for in-year financial management and provided management information. It was designed to explain significant financial events which occurred during the year by comparing them with the expected or budgeted equivalent figures. Members referred to the Digest whilst considering the Committee report.

Income and Expenditure

The total income and expenditure position for the period to the end of March 2018 showed a total expenditure of £135.770m, which represents an overspend against the annual budget of £3.1m. These costs largely relate to the significant restructuring exercise undertaken in 2017/18 as part of the process of delivering a financially sustainable organisation for the period of the medium term financial plan. The financial benefit of the re-organisation would help to realise significant savings in staff costs in the future years and had been central to the Council setting a balanced budget for 4 years in January 2018.

For the financial year, £1.222m of salary savings had been recognised as a result of business reviews and vacancies. Some of these vacant posts were however filled by temporary staff (agency and consultants) at a premium cost. For the financial year, temporary staffing costs were reported as being £3.137m above budgeted levels.

Further staff cost pressures to date include redundancy cost of £1.725m. 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.

Work continues to provide Members with additional information and details on income and expenditure, and to ensure systems support the information requirements. The Committee report included details on:

- the top 20 types of income for 2017/18 (which represented more than 85% of the total income).
- the top 20 types of expenditure for 2017/18 (which represented more than 99% of the total expenditure).
- the final financial outturn, by portfolio, with further details of services provided in the Digest.

Forecast Outturn

Whilst overall the variance for the Council had remained largely unchanged from the forecast outturn position reported at the end of December 2017, there have been some changes which were reported. Producing forecasts for 2017-18 had been difficult given the particularly transitional changes happening across the Organisation in the financial year.

The forecast variance, at portfolio level, was worse than the year end position by £1.188m. The report detailed the main changes from the December forecast to the 2017-18 outturn, which included:-

- housing payments made in error as a result of system changes. This could not have been foreseen when completing the forecast at December 2017;
- changes in forecast income for car parking income and lettings, the forecast fell short of expectations.
- lower than forecast income from trade waste disposal fees and recycling credits. It had previously been indicated that income from recycling would reduce but this has happened earlier than anticipated;
- the impact of the staff changes across the organisation have been difficult to assess with precise accuracy. For operational issues, some changes didn't happen as quickly as forecast, and additional unanticipated costs were incurred in the last quarter; and

There had also been a number of changes in relation to the financing items, the overall impact of which was to offset the position reported at portfolio level. This included lower borrowing costs and higher than expected income from business rates.

The finance team engaged on a regular basis with budget holders to ensure that any emerging issues in relation to finance and related activities were flagged as early as possible to allow corrective action as required and to ensure forecasting was as accurate as possible.

Financial Performance by Portfolio

The 2017/18 financial performance comprised portfolio overspends of £3.358m, offset by underspends in Corporate Costs of £2.904m. The Council had established financial management procedures in place to monitor budgets and mitigate any forecast overspending. This had been successful in acting as an early warning of any budget variations. Revenue and capital budget monitoring information was reported to the Scrutiny Committee and Cabinet throughout the year and specific areas of concern were highlighted. This process facilitated a level of challenge, including a review of any potential impacts on budgets.

Portfolio information was provided setting out variances from the budget and which demonstrated that despite known pressures on staff costs, it had been possible to achieve additional efficiencies and income to offset these exception costs for 2017/18. In managing budgets, managers were encouraged to remain within the planned budget, whilst ensuring cost pressures were minimised and opportunities for additional income were maximised.

Reserves and Provisions

Detail of the earmarked reserves and provisions held by the Council were detailed on page 14 of the Digest. The closing balance for the financial year was £33.382m. This represented an increase of £760,000 over the balance held at the end of the previous financial year. Reserves were held against specific risks and commitments.

Capital Spend

A total capital spend of £8.505m had been incurred in 2017-18. Capital expenditure was financed by revenue contributions and capital receipts. It was anticipated during the year that a significant element of the programme would be funded from prudential borrowing.

The Council had taken a prudent approach to financing the capital programme by deploying revenue reserves and cash balances instead of using external borrowing where possible as this produces a lower net cost. The following issues in relation to the capital programme were highlighted:-

- The capital programme for 2017-18 had included spend and credits in relation to retention payments for completed schemes, including Aqua Vale and Waitrose.
- The capital works in relation to University Campus, Aylesbury Vale have now largely been completed. The residual carry forward of funding into 2018/19 represented funds allocated for residual and any required remedial works.
- Waterside North Phase 1 (The Exchange scheme) had commenced in January 2017 and consists of four restaurants, with 47 one and two bedroom apartments above and a new public square that was due to be completed by autumn 2018. The spend for Phase 1 was now almost completed.
- The capital programme included £4.1m for the purchase of a new Refuse and Recycling fleet all of which were in place at the end of the financial year. These

were all the latest and most efficient vehicles and enabled the Council to address the effects of increasing demands from growth in the district for at least the next 3 years. The increased spend above budget included spend on Telematics for the vehicles.

- At 26 October 2016, the Council had agreed to a scheme to develop the existing waste and recycling depot site at Pembroke Road. The total scheme cost was £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. This capital scheme continued into 2018/19.
- The capital spend for 2017-18 included a small spend on community centres. The residual allocation was likely to be spent on Community Centre renewal funded by the receipts from the sale of Elmhurst Community Centre some years ago, and also on some play area renewal work.

Investment and Borrowing

Information on the Treasury Management Outturn for 2017-18 was detailed in the report, and had been considered as a separate agenda item at the scrutiny committee.

Members sought additional information and were informed:-

- (i) that the overall financial position for 2017/18 was due to staffing costs in relation to the Council's reorganisation, being a combination of salary savings from business reviews and vacancies, offset by some vacant posts having to be filled temporarily by agency staff and consultants, and further staff cost pressures including redundancy costs of £1.725m. The reliance on agency staff and consultants was reducing all the time as people were recruited to the vacant posts.
- (ii) that the delay in an announcement regarding modernising local government in Buckinghamshire had not negatively impacted on the recruitment of staff.
- (iii) Report paragraph 4.7 (Expenditure table) – that the Rent allowances overpayment in year was not recoverable.
- (iv) Report paragraph 4.7 (Expenditure table) – that the figures for Basic Salary did not include on-costs (National Insurance and superannuation costs)

RESOLVED –

That the contents of the Digest and the final outturn position for the Council for the financial year 2017-18 be noted.

8. WORK PROGRAMME

The Committee considered their work programme for the period up until April 2019.

The agenda items for future meetings would be:-

- (i) 15 October 2018 – Silverstone Heritage Experience – update, Quarterly Finance and Performance report (April to June 2018)
- (ii) 17 December 2018 – Budget Planning 2019-20 and the Quarterly Finance and Performance reporting.

- (iii) 14 January 2019 – Budget Planning 2019-20, Capital Programme Review, Public Sector Equality Duty and the Treasury Management Strategy.

An agenda item on the Kingsbury Market Square Improvement Schemes would also need to be timetabled in due course.

RESOLVED –

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