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AYLESBURY VALE DISTRICT COUNCIL
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AYLESBURY VALE
DISTRICT COUNCIL

6 December 2018

FINANCE AND SERVICES SCRUTINY COMMITTEE

A meeting of the Finance and Services Scrutiny Committee will be held at **6.30 pm** on **Monday 17 December 2018** in **The Olympic Room - Aylesbury Vale District Council**, 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 A Waite

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 - 8)

To approve as a correct record the Minutes of the meeting held on 15 October, 2018, copy attached as an appendix.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. QUARTERLY FINANCE DIGEST (SEPTEMBER 2018) (Pages 9 - 32)

To consider the attached report.

Contact Officer: Nuala Donnelly (01296) 585164

6. BUDGET PLANNING 2019-20 (Pages 33 - 48)

To consider the attached report.

Contact Officer: Nuala Donnelly (01296) 585164

7. TREASURY MANAGEMENT 2018-19: MID YEAR REVIEW (Pages 49 - 54)

To consider the attached report.

Contact Officer: Nuala Donnelly (01296) 585164

8. CONNECTED KNOWLEDGE (Pages 55 - 76)

To consider the attached report.

Contact Officer: Maryvonne Hassall (01296) 585663

9. WORK PROGRAMME

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

14 January 2019
Budget Planning 2019-20
Capital Programme Update
Public Sector Equality Duty
Treasury Management Strategy
Debt Management report

8 April 2019 and 2 July 2019
No items as yet

FINANCE AND SERVICES SCRUTINY COMMITTEE

15 OCTOBER 2018

PRESENT: Councillor M Rand (Chairman); Councillors J Chilver, R Newcombe, M Smith, R Stuchbury and A Waite. Councillor H Mordue attended also.

APOLOGIES: Councillors B Everitt, J Bloom, S Lambert and M Stamp.

1. MINUTES

RESOLVED –

That the minutes of the meeting held on 9 July, 2018, be approved as a correct record.

2. SILVERSTONE HERITAGE EXPERIENCE

On 14 September, 2016, Council agreed unanimously to provide loan funding of £2 million as part of a total £8 million package of loan support provided by the 4 county and district authorities and 2 LEPS which cover the Silverstone circuit in order to enable the Silverstone Heritage Experience to be constructed. The combined facility of £8 million was required to secure Heritage Lottery Funding of £9.1 million. It was intended that the loan support would only be required in full or in part if the anticipated private sector funding could not be attracted.

Sally Reynolds, CEO of Silverstone Heritage and Stuart Pringle, Sporting Director of Silverstone Circuits attended the meeting to update Members on scheme progress, including the progress on attracting sponsorship, the planned opening date and the construction budget. An update was also provided in relation to the future of F1 at Silverstone.

The Committee received a presentation on the Silverstone Heritage Experience. It had originally been planned to open in October 2018 on the 70th anniversary of the first Grand Prix being held at Silverstone, however due to legal and other issues this would now occur in early 2019. The vision was to bring to life the extensive heritage of Silverstone and British motor racing life through the creation of a dynamic, interactive and educational visitor experience including:

- A permanent exhibition, at the entrance to the Circuit that would take visitors on an exciting two hour journey through motor racing at Silverstone set against the wider context of the sport and, in particular, the part that the Circuit, the British Racing Drivers' Club (BRDC) and the region's motor sport industry have played in its development worldwide.
- A Collections and Research Centre, offering museum and archive-accredited storage for the unique BRDC archive and other important motor sport collections.
- An extensive education programme focused on STEM learning which aimed to address the region's shortage of engineers by inspiring the engineers of the future through its interactive teaching sessions, engineering teaching bursaries and awards programmes. This would help to ensure the region continued to be a focus of high performance engineering with a readily available qualified workforce.

The Silverstone Heritage Experience would serve as a catalyst, stimulating further development at Silverstone, for example, a new 197 room hotel and a Family Entertainment Centre. Its marketing budget would also ensure that the attraction was promoted to a very large and diverse audience helping to strengthen Silverstone's and the region's standing nationally and internationally.

The scheme was supported by robust feasibility studies and a five year business plan which showed that the Silverstone Heritage Experience would deliver anticipated visitor numbers of 436,500 in its first full year of operation (2019). Once open, it would be self-funding, generating a healthy annual surplus so it could service the loan of £8million paid back over a ten year period. Nearly £11.5m Gross Visit Impact to the local and regional economy was projected for 2019 with an additional 87,000 bed nights generated in the region. The total number of jobs created by the Project was 78.

By virtue of the additional visitors the Project would attract to Silverstone it would help to secure the future of the Silverstone Circuit and its ability to continue to host the British Grand Prix and other national and international events which were crucially important for the region's visitor economy (and underpin the high performance engineering sector too). Silverstone remained the only Formula 1 venue in the world to operate without government or third party subsidies.

Members sought further information and were informed:-

(i) that the Heritage Experience (HE) was anticipating have a reduced entry price for students attending with a local school. However, the HE had debts that would need to be serviced so wouldn't be able to consider free entry for students until such stages as borrowings had been repaid.

(ii) that as a charity the HE had an aim to work with local education providers, including secondary schools and the Buckingham and Northampton Universities.

(iii) that the information provided at the meeting in relation to a cycle route between Buckingham and Silverstone would be looked into.

(iv) on the current financial position of Silverstone Circuits, in particular in response to reports that had recently appeared in the press regarding "material uncertainty" over its future. Silverstone Circuits were confident that agreement of an appropriate facility would be reached to allow the group to continue to meeting its liabilities, including F1's owner. Members were further informed that the financial streams for HE and Silverstone Circuits were ring-fenced.

(v) that legal and other issues had meant that the Heritage Experience would open at the beginning of 2019, rather than in October 2018 (70th anniversary of the Circuit). However, the HE was confident that this new deadline would be met.

(vi) that Silverstone Circuits had been developing a number of initiatives over the last few years and was confident that it could operate as a viable business without the British Grand Prix. Likewise, the Heritage Experience business model was not dependent on Silverstone retaining the F1 Grand Prix.

(vii) that the HE believed that 98% of its visitors would be British. It was likely that translators would be organised for non-English speaking groups, rather than providing information in a number of languages.

(viii) that the business plan for the HE and possible visitor numbers had been estimated based on number of people that lived within a 30 minutes, 1 or 2 hour drive. The impact of more housing growth in the north of the Vale would likely mean that the HE would be within the 'reach' of more people.

(ix) that Silverstone and the HE had an ambitious programme of future development that they hoped would be supported by AVDC's Planning Department dealing with planning applications expeditiously.

(x) on some aspects of the Communications and Marketing Strategy that had been developed to publicise the Heritage Experience, including for the opening in 2019 and for the British Grand Prix.

RESOLVED –

That the Silverstone Heritage CEO and the Sporting Director, Silverstone Circuits, be thanked for attending the meeting and updating Members on the positive progress made with the Silverstone Heritage Experience.

3. QUARTERLY FINANCE DIGEST: APRIL TO JUNE 2018

The Committee received the Quarterly Financial Digest for the period from 1 April to 30 June 2018, which represented financial information on the Council based on the actual income and expenditure for the first three of the 2018/19 financial year.

As at the end of June 2018, an overspend against budgets was reported of £120,532, along with forecast overspend of £321,604, before the use of reserves, fur the full year to the end of March 2019.

The Medium Term Financial Plan (MTFP) agreed by full Council in February 2018 had assumed a contribution to balances of £240,000 for 2018/19. Based on the forecast financial position, there was now an assumed use of balances of £134,000. General working balances were held by the Council as insurance against unexpected financial events.

The forecast level of balances for the financial year was reported as £1.843m, marginally below the minimum assessed level of balances of £2.0m. The forecast position did not currently assume any use of reserves to support emerging overspends. Earmarked reserves were held for legitimate reasons and the balances represented a fair assessment of the budgetary pressures that they were held against. Any use of reserves was an essential part of sound financial planning. The use of reserves would be assessed in year with any use of them resulting in a reduction of the forecast overspend and lessening the call on balances.

The first quarter position and forecast outturn had highlighted a number of emerging financial risks that would allow considered corrective actions to be taken. Members were given an assurance that budget holders, managers and finance business partners were working to mitigate issues and to address the year to date financial position.

The main reason for the overspend to date had been for the use of agency staff to support vacancies and some activity pressures. The use of agency staff incurred a premium and an adverse variance to agreed budgets. Members were informed that the dependency on high cost agency staff was being targeted to reduce the risk of further in–year overspends. For all of the areas identified as using agency staff, plans were being developed to address spend and mitigating actions were being taken. Some vacancies were being filled and proposals are being put forward for most effective delivery models

For the 3 months to date, agency staff had been employed in a number of key operational areas to support project work and service delivery. These included:

- People and Payroll department where agency costs had been incurred to support both vacancies and prolonged periods of sickness absences. This continued to be a concern but support arrangements were in place to support delivery and reduce dependency on agency staff.
- The Connected Knowledge and GDPR programme: These were work programmes for which funding had been allocated.
- IT: to cover key vacant posts. Recruitment in this area had historically been difficult but it was anticipated that the position would improve in October as appointments had been made.
- The Depot to employ loaders and also to meet additional costs of new waste rounds. The use of agency staff in these areas had allowed for flexibility to meet staffing patterns.
- Planning Department: this continued as the highest spend area and represented an area of concern. AVDC was a growth area for planning and received more applications than most other District Council. Whilst the planners needed to process this high volume of applications have now been recruited they still need to be trained and therefore significant support from agency planners is needed to ensure performance targets continue to be met.

Budget managers were provided with detailed agency staffing analysis on a monthly basis to ensure they have information on costs and to facilitate decision making in terms of using agency staff. Despite these known pressures on staff costs, it had been possible to largely offset agency costs with additional efficiencies and income for the first quarter. This related to Savings against budget in relation to transitional relief for business rates, and increased income from commercial rents, particularly at Pembroke Road.

The Committee was informed that page 13 of the Digest contained details of the reserves and provisions held by the Council against specific risks and commitments. The Digest also reported on the level of capital spend to 30 June 2018. Whilst the year to date spend of £1.586m represented only 16% of the total anticipated spend, there was no perceived risk on the delivery of the schemes and it was anticipated that the spend would increase in line with plans over the last 9 months of the year.

No new borrowings had been taken out over the last 3 months so the current borrowings remained at £18.5m. The Council had £51.0m invested at the end of June, in a combination of banks, building societies and money market funds.

Members sought additional information and were informed:-

(i) that the overall trajectory and costs in relation to the use of agency staff had reduced over the last six months.

(ii) Car Parking management – that the lower costs related to savings from transitional relief in business rates offset by lower income from car parks. It was likely that some of the losses would be capitalised within the capital programme.

(iii) Housing Services – that grant from Government for specific issues such as homelessness was usually held in a reserve that could be drawn down when needed. This also allowed the reserve to be carried forward to the next year.

(iv) Enterprise Service Desk support – that the higher costs related to the need to use agency staff. However, some staff had now been appointed and the costs were likely to reduce for the future.

(v) Bad Debt Provision for Housing Benefits overpayments – that the bad debt provisions were not calculated and charged until year-end.

(vi) Authorisation for employing agency staff – that managers had to manage the budget within their own areas. Where there was a need to employ agency staff, a decision would be made following consultation with the relevant Assistant Director and finance business partner.

(vii) that a new pay structure had been introduced at the Depot following a review. This had been well received by staff and was also assisting with staff retention and recruitment.

(viii) on the initiatives being undertaken to reduce the use of agency staff, for example, 'Grow Your Own' scheme, recruitment of graduates direct from university, apprenticeships (where this was possible and practicable), and offering flexible work arrangements for staff.

(ix) that it was likely that the amount of planning work would increase in response to issues such as additional work on the Vale of Aylesbury Local Plan (following the Planning Inspector's report) and the Expressway. The resource required to deliver planning work was regularly reviewed. The Council had asked central Government for capacity funding to offset some of the above planning costs associated with the Vale's additional housing growth.

(x) that the planning fees that the Council was able to charge were set by Government, although the Council had some discretion to charge for pre-planning application advice and for planning agreements if extra services were being delivered.

(xi) that an updated draft car parking strategy for Aylesbury would be reported to Cabinet and full Council in the next week or two.

(xii) that AVDC would be again offering free car parking at Council owned car parks in the run up to Christmas.

(xiii) that it would be possible to provide Members with a breakdown of the costs associated with employing agency planners.

(xiv) that the recent Audit Committee meeting had considered issues in relation to the quality of delivery of the Planning Service. Members had been informed at that meeting that the Council was generally successful in dealing with planning appeals, with considerably less than 1% of planning applications ending in non-determination findings.

(xv) that the expected Year End variance figure for the Aylesbury Special Expenses would be updated for the next Finance Digest.

RESOLVED –

That the contents of the Digest and the financial position for the Council for the first three months of the 2018/19 financial year be noted.

4. WORK PROGRAMME

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

The agenda items for future meetings would be:-

(i) 17 December 2018 – Budget Planning 2019-20, Quarterly Finance Digest (half year position), Connected Knowledge Update, and on Debt Management.

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

(iii) 8 April 2019 – No items as yet.

RESOLVED –

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

Finance and Services Scrutiny Committee
17 December 2018

QUARTERLY FINANCIAL DIGEST : APRIL 2018- SEPTEMBER 2018

1 Purpose

1.1 This report presents the Financial Digest for the period to 30th September 2018. This represents the financial position for the first six months of the financial year 2018-19.

2. Recommendations

2.1 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 September 2018 for member's 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 first six months of the financial year. An estimate of the expected financial outturn position for 2018/19 is also provided.

3.4 As at the end of September, an overspend against budgets of £457,979 is reported.

3.5 A forecast overspend of £238,100 is currently forecast for the period to the end of March 2019, before the use of reserves.

3.6 The forecast outturn represents an improvement of £83,600 from the previously reported position (£321,700 overspend).

3.7 The financial risks and opportunities of the Organisation remain largely consistent with the issues reported to Finance and Services scrutiny for the period to the end of June 2018

3.8 The Medium Term Financial Plan (MTFP) agreed by Council in February 18 assumed a contribution to balances of £240,000 for 2018/19. Based on the forecast financial position, it is now assumed there will be no contribution to balances. The Council holds general working balances as insurance against unexpected financial events.

3.9 Members can be assured that the timely reporting has allowed for mitigating actions to be identified by budget holders and managers across the Council to address the emerging financial position.

3.10 The forecast level of balances for the financial year is reported as £1.927m. This is marginally below the minimum assessed level of balances of £2.0m

3.11 The forecast position does not currently assume any use of reserves to support emerging overspends. Earmarked reserves are held for legitimate reasons and the use of earmarked reserves is an essential part of sound financial planning.

3.12 The use of reserves will be assessed in year. Any use of reserves will result in a reduction of the forecast overspend and lessen calls on balances.

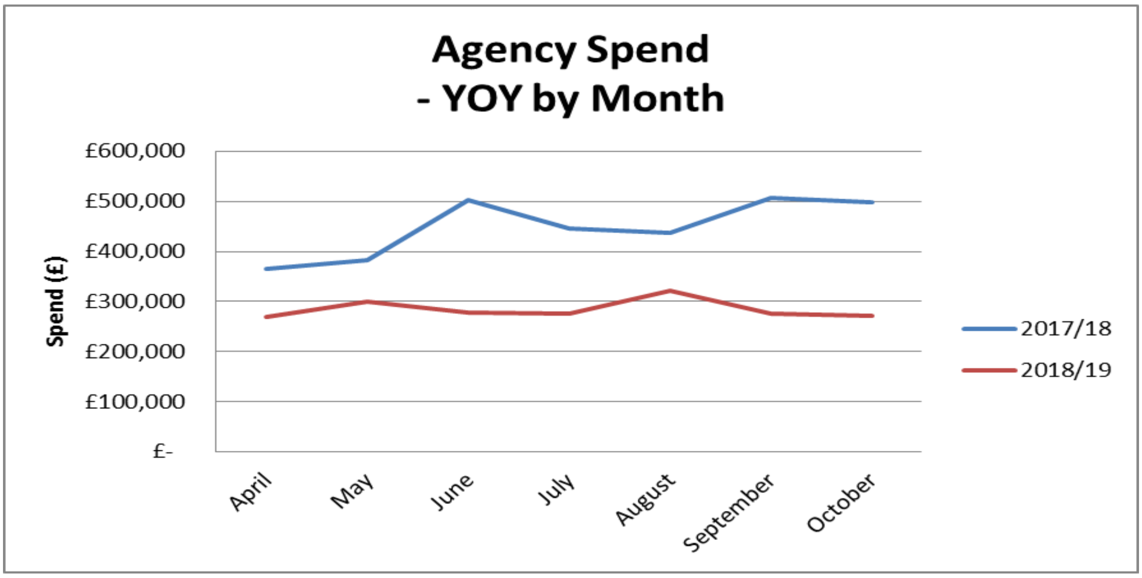
3.13 The year to date financial position is largely being driven by above budgeted levels of staff costs.

3.14 Agency spend is incurred for a number of reasons including

- To support funded project work e.g. Connected Knowledge programme and GDPR.
- To support service delivery where there are vacancies or activity related pressures.

3.15 The use of agency to support vacancies and activity pressures incurs a premium cost and adverse variance to agreed budgets.

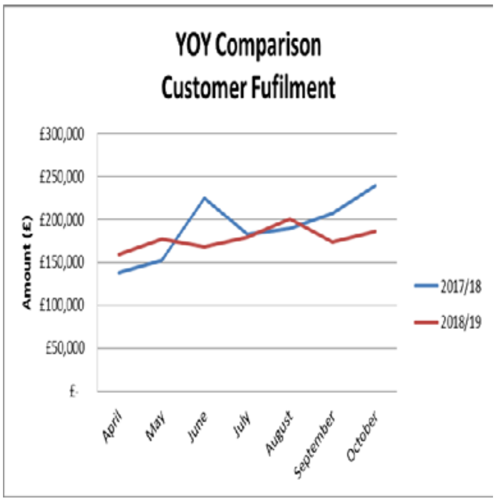
3.16 The graphs below detail the year to date spend across the organisation, at Sector level and also comparative information for 2017/18. A total of £1.740m has been incurred for the first six months of the financial year and the trajectory of spend, remains high but reducing marginally.

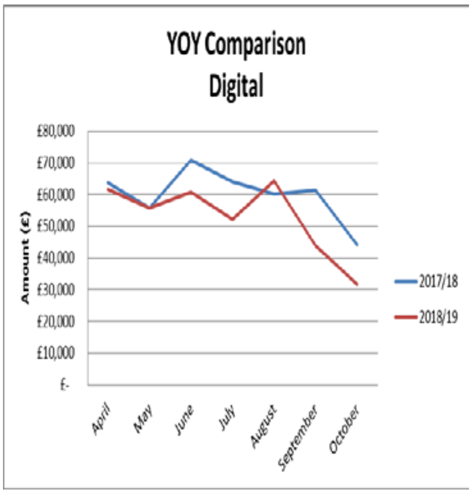


3.17 For the 6 months to date, agency has been employed in a number of key operational areas to support project work and service delivery. This includes:

- People and Payroll department where agency costs have been incurred to support both vacancies and prolonged periods of sickness absences.
- The Connected Knowledge and GDPR programme: These are work programmes for which funding has been allocated.
- IT: To cover key vacant posts.
- The Depot to employ loaders, providing flexibility to meet staffing patterns.
- Planning Department: To cover key vacant posts and to manage workload

3.18 Agency use is high particularly for planning and Digital (IT) services. The graphs below compare year on year spend for the departments and detail the monthly spend in 2018-19. For the planning department, staff vacancies and demands on workload continue to drive agency spend. For IT, the appointment to permanent staff has resulted in a significant agency spend reduction over the last few months. This had largely been forecast.





3.19 The dependency on high cost agency staff continues to be targeted to reduce risk of further in–year overspends. For all of the areas identified as using agency, plans are being developed to address spend and mitigating actions being taken. Some vacancies are being filled and proposals are being put forward for most effective delivery models.

3.20 Despite these known pressures on staff costs, it has been possible to largely offset agency costs with additional efficiencies and income for the period to date and forecast. These include:

- Savings against budget in relation to transitional relief for business rates.
- Increased income from commercial rents particularly at Pembroke Road, for garden waste and commercial waste services
- The forecast position reflects savings on interest charges due to lower than planned level of borrowing.
- Savings on vehicle costs at the depot due to previous capital investment.
- General efficiencies in running costs of departments including housing benefit court costs and savings on GDPR implementation provisions.

3.21 Detail of the reserves and provisions currently held by the Council are detailed on page 14 of the digest. These reserves are held against specific risks and commitments. This paper later details the Cabinet decision to utilise reserves to support the financial impact of the unitary decision.

3.22 As well as the revenue budget the digest, on page 15, also reports on the level of capital spend to 30th September 2018. Whilst the year to date spend of £4.352m represents 44% 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 6 months of the year.

3.23 On page 16 there is information on the level of investments and borrowings during the six months to date of the financial year. No new borrowing has been taken out so the current level remains at £18.5m.

3.24 The council had £47.3m invested at the end of September, in a combination of banks, building societies and money market funds.

4 Options considered

4.1 The financial forecast represents a view of the likely financial outturn for the financial year, given current working assumptions.

4.2 A forecast overspend of £0.238m is currently forecast for the period to the end of March 2019. Action is continually being taken to reduce this. This forecast overspend has reduced since the last reported forecast reported to the Committee.

4.3 No use of reserves has been assumed at this stage. It is legitimate that reserves be applied to address some budgetary pressures. Reserves are held e.g. for planning related issues and this is currently identified as having exceptional finance pressures in year.

4.4 With six months of the financial year left, it is difficult to assess the financial outturn with absolute certainty. In preparing forecasts, best estimates of income and expenditure are made in line with known expectations and intelligence on emerging issues in liaison with budget managers.

4.5 Timely forecasting is a vital function to support the financial management agenda. In preparing a financial forecast, it is possible to identify and flag any emerging issues in relation to finance and related activities, and early identification of issues allows for timely to corrective action to be identified as required.

4.6 Monitoring processes are in place, during 2018-19, to measure monitor performance in year against the agreed plan.

4.7 The key financial management messages for the Organisation for the remainder of the financial year, based on the YTD financial position are 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
- Manage financial uncertainties arising from external factors including Unitary decision

4.8 The financial environment is challenging and the focus of the Council remains to delivering financial stability.

4.9 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.

4.10 At the time of writing the report, the Secretary of State has confirmed his decision to create a single Unitary District Council for Buckinghamshire which will come into existence in May 2020.

4.11 The Council remains obligated to handover its affairs to the new organisation in the best state it can. This means continuing to tackle known budgetary issues, generating new income streams and balancing its finances.

4.12 At this early stage, the financial implications of the announcement are yet to be fully understood

4.13 With the need to resources an implementation plan for the new council and the need to manage staffing costs across a transition period, Cabinet have previously agreed that the equalisation funds for business rate and interest rates be repurposed and made available to offset the transition costs associated with local government reorganisation, subject to any demands being placed upon them in 2019/20.

4.14 Access to funds will allow for initial flexibility, but there is no clear sense at this stage whether this is sufficient (when pooled with the other councils) to see through the reorganisation. As a consequence, this will need to be revisited.

4.15 The combined value of these two reserves is estimated to be circa £5 million as at the end of 2018/19.

4.16 As well as the costs of implementation for the new Council, the decision may also impact on the organisational ability to retain and recruit staff during the transition period. The uncertainty may potentially lead to further reliance on agency and temporary staffing arrangements. This is highlighted as a risk to the financial outturn for 2018/19 and future years.

4.17 As thinking and understanding are progressed, the significant financial impacts will be reported to Members.

5 Resource Implications

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

6 Response to Key Aims and Objectives

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

Contact Officer	Nuala Donnelly 01296 585164
Background Documents	Appendix : Financial Digest September 2018

AYLESBURY VALE
DISTRICT COUNCIL

FINANCIAL DIGEST
SEPTEMBER 2018

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

ISSUE 2 - 18/19

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Main points of note contained within September's digest

The Main Message

- The Council spent £457k more on the provision of services during the first 6 months of 2018/19 than allowed for in the budget.

- Pay budgets are overspent against budget for the period ended Sept 18. Agency staff have been employed in a number of key operational areas to support project work and service delivery.
- Vacant posts have been filled by temporary and contract staff and this has resulted in a year to date overspend on employment costs of £1.2m
- Reviews are ongoing with services to target a reduction in spend.
- A number of factors offset the year to date reported overspend:
  For the period to date, savings of £229k have been reported in relation to transitional relief in business rates.
  For the period to date, income above budget has been achieved in relation to a number of properties and services.
  General efficiences have been achieved in the six months to the end of Sept as a number of cost centres are reporting underspends.

- We are currently predicting a full year overspend of £238k.
- It is forecast that pay budgets will overspend due to agency use .
- The forecast position reflects savings on transitional business rates.
- The forecast position reflects savings on borrowing costs due to lower than planned level of borrowing.

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			
Planning Services	591,207	740,000	Consultancy & agency staff costs
Business Strategy	61,346	78,800	
Personnel Services	57,601	82,300	Agency staff costs plus redundancy
Assistant Directors	56,529	47,000	Salary and agency staff costs
IT Services - Strategic & Enterprise Service Desk	43,671	90,000	Agency staff costs
Top 5 Under Budget			
Car Park Management	(208,505)	(294,600)	Savings from transitional relief in business rates, increased P&D income, increased insurance costs
Waste & Recycling - Commercial	(97,889)	(195,000)	Increased garden waste income
Housing Benefits	(70,515)	(100,000)	Increased awarded costs income
Housing Pathways	(30,473)	(40,000)	Savings in running costs and increased partner income
Parks, Pitches & Open Spaces	(20,930)	(25,000)	Grass cutting savings offset by lower pitch income

GENERAL FUND SUMMARY AS AT 30TH SEPTEMBER 2018

GENERAL FUND STATEMENT OF BALANCES	ACTUAL OUTTURN 2017/18 £'000	ORIGINAL BUDGET 2018/19 £'000	EXPECTED OUTTURN 2018/19 £'000
Brought Forward 1st April	**(2,873)**	**(1,924)**	**(1,977)**
Planned Use of/(Contribution to) Balances	0	(240)	(240)
Less General Overspend Assumption	453	0	238
Contribution to the HS2 Fund	3	0	2
Commercial AVDC Change Project	440	0	0
Commercial Activities	0	50	50
Net Use of Balances	896	(190)	50
Working Balance Carried Forward	**(1,977)**	**(2,114)**	**(1,927)**

Fund	General					
	Full Year			Year to Date		
Portfolio	Current Budget	Expected Year End Variance		Budget to Date	Actuals to Date	Significant Variances
Civic Amenities	35,800	(330,900)		(229,372)	(453,071)	(223,699)
Communities	1,342,500	(22,700)		429,916	408,241	(21,675)
Economic Development	(804,700)	16,800		(413,744)	(423,103)	0
Environment & Leisure	2,838,800	(33,300)		344,888	310,348	(34,540)
Finance & Resources	6,319,000	187,800		3,517,560	3,635,877	118,317
Leader	1,596,400	155,100		800,698	956,193	155,495
Planning & Enforcement	(874,300)	696,000		(41,570)	525,028	566,598
Strategic Planning & Infrastructure	1,160,100	49,600		433,678	457,956	24,278
Waste & Licencing	5,480,000	(245,000)		2,525,064	2,407,627	(117,437)
Total Portfolio Expenditure	**17,093,600**	**473,400**		**7,367,118**	**7,825,097**	**457,979**
Net Interest Payable	(1,189,200)	**(225,000)**				
Contribution To Reserves	2,019,900	0				
Contribution From Reserves	(439,000)	0				
Contingency Items	95,600	0				
Asset Management	(1,048,800)	0				
Financing Items	1,502,000	0				
District Expenditure	**18,034,100**	**248,400**				
Less Aylesbury Special Expenses	(841,800)	0				
Contribution (from)/to Special Expenses	(22,900)	(10,300)				
Net District Expenditure	**17,169,400**	**238,100**				
Government Grant	(6,540,900)	0				
Collection Fund	(10,868,500)	0				
Overspend	**(240,000)**	**238,100**				

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	(833,000)	(294,600)	(307,950)	(516,455)	(208,505)	①
Leisure Centres	76,600	(35,700)	(256,860)	(271,435)	(14,575)	②
Market	2,600	0	(700)	(822)	0	
Public Burial Fees	3,000	0	1,500	3,126	0	
Public Conveniences	115,000	(600)	58,200	66,063	0	③
Theatre & Leisure Centre Management	78,100	0	38,644	38,599	0	
Town Centre Manager	186,700	0	73,610	65,123	0	
Town Centre Open Spaces	44,200	0	6,644	6,645	0	
Waterside Theatre	362,600	0	157,540	156,084	0	
Grand Total	**35,800**	**(330,900)**	**(229,372)**	**(453,071)**	**(223,699)**	

Notes

① £208,505 lower costs/higher income - savings from transitional relief in business rates & additional P&D income reduced by Buildings Insurance Premiums for Hampden House and Parking Strategy costs. The forecast has been amended to reflect the anticipated outturn position.

② £14,575 higher income/lower costs - higher income due to CPI increases on management charges. The forecast has been amended to reflect the anticipated outturn position.

③ The forecast has been amended to reflect a small saving in business rates.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Communities*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Community Safety	394,700	27,300	157,123	177,124	20,001	①
Concessionary Travel	40,700	0	7,060	6,905	0	
Grants	207,200	0	107,930	104,939	0	
Housing Pathways	52,600	(40,000)	28,500	(1,973)	(30,473)	②
Housing Services	594,100	(10,000)	109,368	101,311	0	③
Strategy & Partnerships	53,200	0	19,935	19,935	0	
Grand Total	**1,342,500**	**(22,700)**	**429,916**	**408,241**	**(21,675)**	

Notes

① £20,001 higher costs - YTD overspend on CCTV costs which is expected to be offset by a number of savings across a range of services during the remainder of the year. The forecast has been amended to reflect additional salary costs.

② £30,473 lower costs/higher income - reductions in running expenses and increased income from Bucks Home Choice Nominations.

③ The forecast has been amended to reflect salary savings from a vacant post.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Economic Development*

Service	Full Year		Year to Date			
	Current Budget	Expected Year End Variance	Budget to Date	Actuals Plus Commitments to Date	Significant Variances	
Bus Station	153,900	(13,800)	47,120	37,401	0	①
Commercial Property	(2,046,800)	9,000	(1,034,114)	(1,039,210)	0	②
Economic Development	246,400	0	117,120	109,199	0	
Facilities Management	42,300	10,000	18,480	21,701	0	③
Highway and Amenity Areas	7,300	0	1,140	1,018	0	
Industrial Estates and Town Centre Props	498,600	(3,400)	270,700	263,442	0	④
Land Charges	(16,700)	0	(24,820)	(15,436)	0	
Non Operational Property	(28,000)	0	(14,160)	(17,115)	0	
Office Accommodation	298,000	15,000	182,940	195,241	12,301	⑤
Standby Services	10,200	0	5,100	4,386	0	
Sustainability	14,000	0	6,600	6,380	0	
Town Centre Open Spaces	16,100	0	10,150	9,891	0	
Grand Total	**(804,700)**	**16,800**	**(413,744)**	**(423,103)**	**0**	

Notes

① The forecast has been amended to reflect increased income following a rent reconciliation.

② The forecast has been amended to reflect increased income following a rent reconcilliation, offsetting reduced Waterside service charges and the deferment of the Residential Assets & Lettings service.

③ The forecast has been amended to reflect the reduction in Built Environment income.

④ The forecast has been amended to reflect reduced income which has been offset by savings in business rates.

⑤ £12,301 higher costs - increased utilities costs. The forecast has been amended to reflect these plus a number of savings across a range of services at the Gateway conference centre.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Environment & Leisure*

Service	Full Year		Year to Date			
	Current Budget	Expected Year end Variance	Budget to Date	Actuals Plus Commitments to Date	Significant Variances	
Communities	472,200	(3,000)	208,338	207,333	0	①
Community Centres	444,300	(5,300)	192,680	187,372	0	②
Environmental Services	959,800	0	(476,370)	(482,806)	0	
Facilities Management	52,500	0	11,520	12,261	0	
LEAP	0	0	0	0	0	
Parks, Pitches & Open Space	907,800	(25,000)	407,580	386,650	(20,930)	③
Waste & Recycling - Non Commercial	2,200	0	1,140	(461)	0	
Grand Total	**2,838,800**	**(33,300)**	**344,888**	**310,348**	**(34,540)**	

Notes

① The forecast has been amended to reflect a number of savings across a range of services.

② The forecast has been amended to reflect increased service charge income expected.

③ £20,930 lower costs - £40,000 grass cutting savings during summer months following hot weather reduced by £20,000 shortfall in All Weather Pitch income. The forecast has been adjusted to reflect the outturn position.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Finance & Resources*

Service	Full Year: Current Budget	Full Year: Expected Year End Variance	Year to Date: Budget to Date	Year to Date: Actuals Plus Commitments to Date	Year to Date: Significant Variances	
Car Pooling Scheme	115,200	0	52,980	44,759	0	
Contract & Procurement Services	226,900	0	113,160	113,676	0	
Core Costs	1,438,900	(55,000)	685,460	683,161	0	①
Democratic Services	497,200	0	247,740	244,529	0	
Digital Services	268,400	24,100	147,450	161,716	14,266	②
Enterprise Service Desk Support	216,400	20,000	117,360	135,575	18,215	③
Facilities Management	4,200	0	2,100	3,273	0	
Finance & Payroll Services	1,680,400	32,000	846,780	877,472	30,692	④
Governance	0	7,000	(3,050)	2,198	0	⑤
Housing Benefits	1,159,400	(100,000)	563,290	492,775	(70,515)	⑥
Insurances	(67,600)	0	(68,580)	(68,580)	0	
IT Services - Strategic & Enterprise Service Desk	(48,300)	90,000	137,610	181,281	43,671	⑦
Personnel Services	20,000	82,300	13,520	71,121	57,601	⑧
Project Management Office	811,700	48,000	472,040	490,120	18,080	⑨
Rating & Recovery Services	(3,800)	0	191,660	191,969	0	
Training	0	39,400	(1,960)	10,833	12,793	⑩
Grand Total	**6,319,000**	**187,800**	**3,517,560**	**3,635,877**	**118,317**	

Notes

① The forecast has been amended to reflect savings on audit fees for the year.

② £14,266 higher costs - agency staff costs covering vacant posts. The forecast has been amended to reflect the anticipated outturn position.

③ £18,215 higher costs - agency staff costs covering maternity leave.

④ £30,692 higher costs - increased costs for finance systems support and development. The forecast has been amended to reflect the anticipated outturn position.

⑤ The forecast has been amended to reflect non recoverable income stream.

⑥ £70,515 higher income - additional awarded costs income. The forecast has been amended to reflect the anticipated outturn position.

⑦ £43,671 higher costs - agency staff costs covering vacant posts. The forecast has been amended to reflect the anticipated outturn position.

⑧ £57,601 higher costs - higher agency staff costs incurred to support the People and Culture department, driven by vacancies and sickness levels. The forecast also includes redundancy costs resulting from internal changes in the team.

⑨ £18,080 higher costs - increased salary costs offset by savings on GDPR budget allocation. The forecast has been amended to reflect these plus increased costs relating to the implementation of XCD.

⑩ £12,793 higher costs - increased salary costs. The forecast has been amended to reflect the anticipated outturn position.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	**General**
Portfolio	***Leader***

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Assistant Directors	(25,200)	47,000	(12,806)	43,723	56,529	①
Business Strategy	166,700	78,800	133,440	194,786	61,346	②
Chairman's Expenses	32,400	(8,700)	11,640	2,337	0	③
Chief Executive's Support Services	28,500	45,000	23,000	63,539	40,539	④
Communications & Marketing	0	0	(2,970)	322	0	
Democratic Services	1,057,100	0	525,548	523,705	0	
Director - AS	0	0	(600)	(702)	0	
Director - TA	0	0	(420)	743	0	
Electoral Services	381,100	0	155,736	156,290	0	
Emergency Planning	0	0	0	0	0	
Legal Services	(44,200)	(7,000)	(31,870)	(28,549)	0	⑤
Vale Lottery	0	0	0	0	0	
Grand Total	**1,596,400**	**155,100**	**800,698**	**956,193**	**155,495**	

Notes

① £56,529 higher costs - higher employee, agency & contractor costs. The forecast has been amended to reflect this.

② The variance reflects less than planend income in relation to sale of services

③ The forecast has been amended to reflect savings from reductions in running expenses.

④ £40,539 higher costs - additional employment costs. The forecast has been amended to reflect the anticipated outturn position.

⑤ The forecast has been amended to reflect savings arising from service changes, and the cessation of the case management system

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Portfolio	*Planning & Enforcement*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Forward Plans	0	0	0	0	0	
Heritage	506,100	(4,000)	272,500	281,106	0	①
Neighbourhood Planning	0	0	0	0	0	
Planning Services	(1,380,400)	700,000	(314,070)	243,922	557,992	②
Grand Total	**(874,300)**	696,000	**(41,570)**	**525,028**	**566,598**	

Notes

① The forecast has been amended to reflect a reduction in running expenses.

② £557,992 higher costs - Development Management & Building Control consultancy & agency staff fees currently employed to reduce high number of planning applications backlog. The forecast has been amended to reflect the anticipated outurn positon.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	**General**
Portfolio	***Strategic Planning & Infrastructure***

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Aylesbury Garden Town	0	0	0	0	0	
Forward Plans	682,400	(10,400)	342,900	328,759	(14,141)	①
HS2	0	0	0	0	0	
Planning Services	251,900	40,000	175,998	209,212	33,214	②
Strategy & Partnerships	225,800	20,000	(85,220)	(80,016)	0	③
Grand Total	**1,160,100**	**49,600**	**433,678**	**457,956**	**24,278**	

Notes

① £14,141 higher income - backdated S.106 fees received. The forecast has been amended to reflect this offset by Built Environment income which will not be achieved this year.

② £33,214 higher costs - salary costs covering maternity leave. The forecast has been amended to reflect the anticipated outurn positon.

③ The forecast has been amended to reflect increased salary costs.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	**General**
Portfolio	***Waste & Licencing***

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Environmental Services	191,500	0	105,662	96,739	0	
Health & Safety	0	0	(300)	1,045	0	
Licensing	(214,400)	0	(95,168)	(98,384)	0	
Waste & Recycling - Commercial	800,600	(195,000)	308,610	210,721	(97,889)	①
Waste & Recycling - Non Commercial	4,702,300	(50,000)	2,206,260	2,197,506	0	
Grand Total	**5,480,000**	**(245,000)**	**2,525,064**	**2,407,627**	**(117,437)**	

Notes

① £97,889 higher income - £200,000 additional Garden Waste income & £50,000 Trade Waste income from increased customer base reduced by vehicle hire, container purchases & equipment costs. The forecast has been amended to reflect the anticipated outturn position.

② The forecast has been amended to reflect reductions in vehicle costs following procurement of new fleet.

Budget profiling

Spend does not incur evenly throughout the year. Budgets are profiled to reflect when spend will be incurred/ income received.

Fund	General
Special	Yes

Service	CC Description	Full Year: Current Budget	Full Year: Expected Year End Variance	Year to Date: Budget to Date	Year to Date: Actuals Plus Commitments to Date	Year to Date: Significant Variances	
Community Centres	Administration	75,200	0	37,380	36,988	0	
	Alfred Rose	54,700	0	24,860	26,176	0	
	Bedgrove	57,000	(1,100)	22,120	13,686	0	
	Haydon Hill	14,600	0	5,940	7,860	0	
	Prebendal Farm	43,700	0	19,660	21,212	0	
	Quarrendon and Meadowcroft	60,300	(4,200)	25,600	27,953	0	
	Southcourt	48,500	0	18,280	15,406	0	
Community Centres Total		**354,000**	**(5,300)**	**153,840**	**149,281**	**0**	①
Parks, Pitches & Open Space	Alfred Rose Park	42,500	0	25,420	24,422	0	
	Bedgrove Park	64,700	0	32,280	32,070	0	
	Edinburgh Playing Fields	51,600	0	22,420	22,409	0	
	Fairford Leys	85,300	0	36,520	32,608	0	
	Meadowcroft Playing Fields	67,300	(5,000)	36,660	33,435	0	
	Parks Administration	238,100	0	103,580	101,367	0	
	Vale Park	15,900	0	7,920	10,871	0	
	Walton Court Sports Ground	45,300	0	20,520	18,621	0	
Parks, Pitches & Open Space Total		**610,700**	**(5,000)**	**285,320**	**275,803**	**0**	②
Market	Market	2,600	0	(700)	(822)	0	
Market Total		**2,600**	**0**	**(700)**	**(822)**	**0**	
Asset Rental Adjustment		**(91,800)**	**0**	**0**	**0**	**0**	
Grand Total		**875,500**	**(10,300)**	**438,460**	**424,263**	**0**	

Notes

① The forecast has been amended to reflect increased service charge income expected.

② The forecast has been amended to reflect savings in utilities costs.

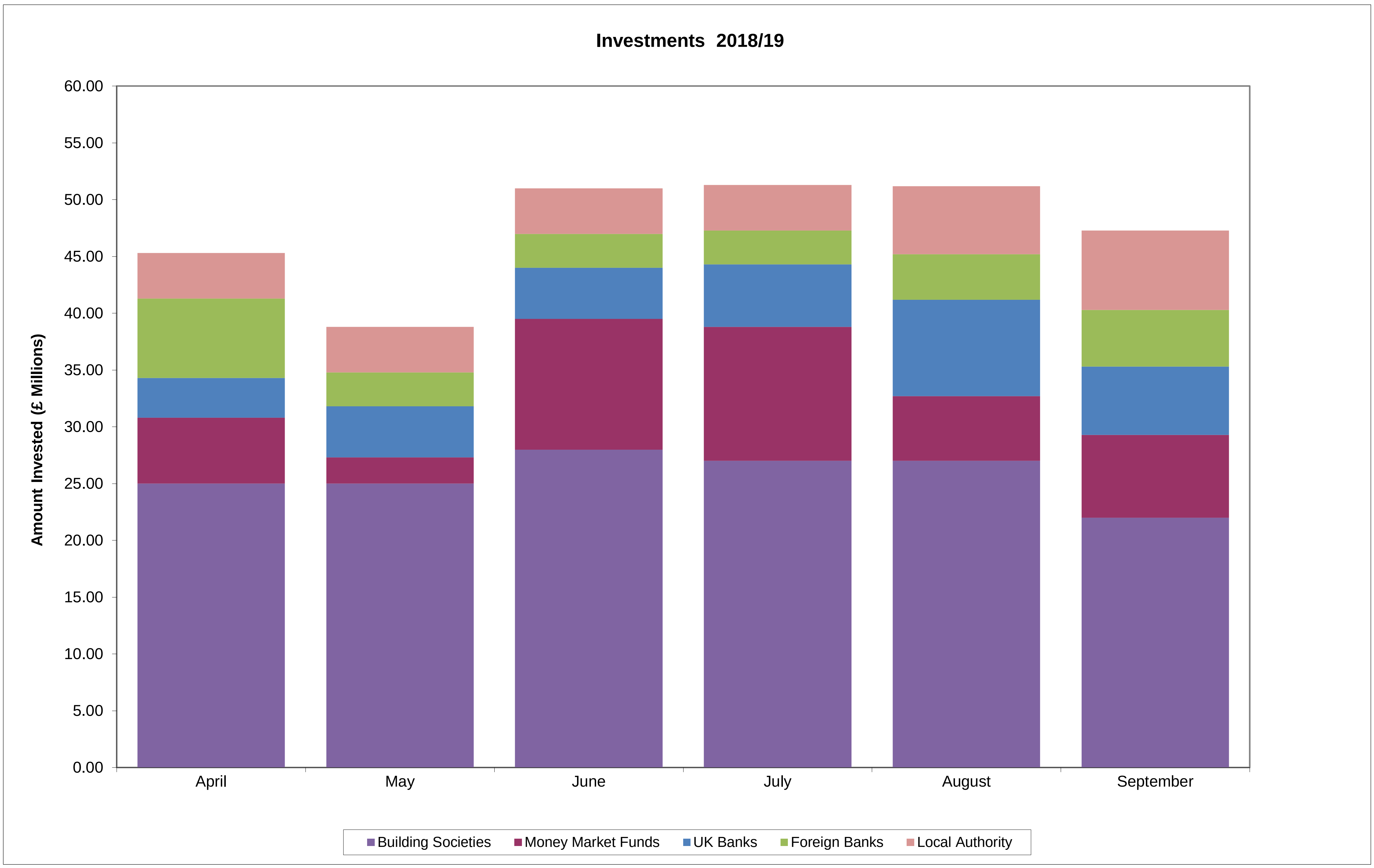
GENERAL FUND REVENUE RESERVES AND PROVISIONS

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 expected closing balance at 31st March 2019.

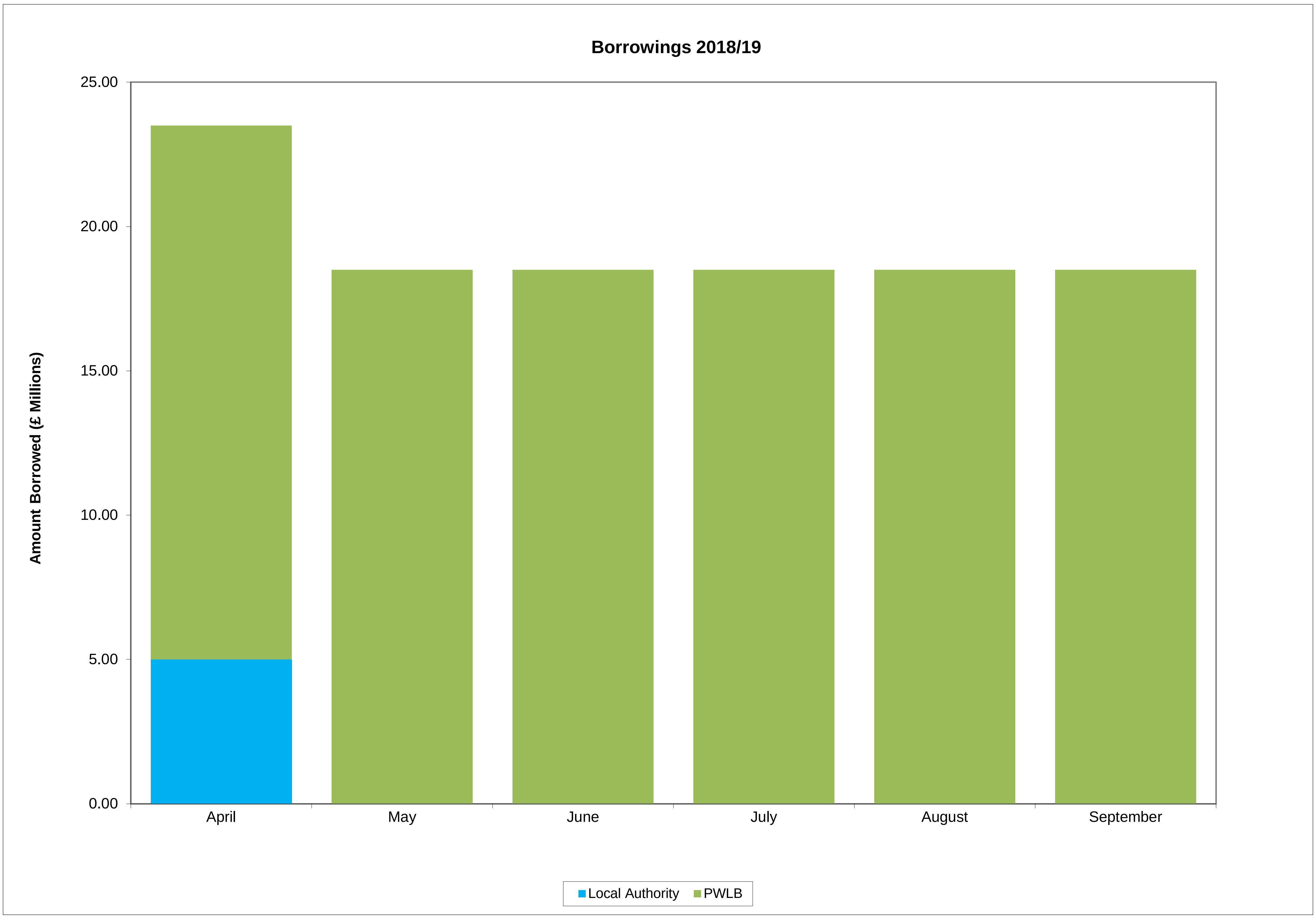
GENERAL FUND REVENUE RESERVES AND PROVISIONS	OPENING BALANCE 01/04/2018 £'000	PLANNED INCOME £'000	PLANNED SPEND £'000	EXPECTED CLOSING BALANCE 31/03/19 £'000
PROVISIONS				
NNDR Appeals	(1,662)	0	0	(1,662)
Refundable Bonds	(306)	0	0	(306)
BAD DEBT PROVISIONS				
Housing Benefits Overpayments	(1,826)	0	0	(1,826)
Local Taxation	(449)	0	0	(449)
Other	(313)	0	0	(313)
On Street Parking	(79)	0	0	(79)
Haywoods Way	(41)	0	0	(41)
TOTAL PROVISIONS	**(4,676)**	**0**	**0**	**(4,676)**
RESERVES				
New Homes Bonus - Waterside North	(8,798)	0	0	(8,798)
Amenity Areas	(3,097)	0	0	(3,097)
New Homes Bonus - Parishes	(2,338)	(286)	70	(2,554)
New Homes Bonus - Affordable Housing	(2,158)	0	0	(2,158)
Interest Equalisation Reserve	(2,022)	(111)	80	(2,053)
New Homes Bonus - Silverstone Heritage	(2,000)	0	0	(2,000)
Property Sinking	(1,812)	0	0	(1,812)
Business Rates	(1,768)	(1,060)	0	(2,828)
New Homes Bonus - High Speed Broadband	(1,536)	0	0	(1,536)
Repairs & Renewals (& CCTV)	(1,145)	(247)	12	(1,380)
Fairford Leys Riverine Corridor	(878)	(19)	0	(897)
LABGI	(857)	0	0	(857)
Superannuation	(729)	0	277	(452)
Planning Related	(559)	0	0	(559)
Insurance	(541)	0	0	(541)
Property Strategy	(540)	0	0	(540)
Licensing	(529)	0	0	(529)
Aylesbury Special Expenses	(467)	0	0	(467)
New Homes Bonus - East/West Rail Link	(350)	0	0	(350)
Recycling and Composting	(292)	0	0	(292)
New Homes Bonus - Depot Refurbishment	(209)	0	0	(209)
Car Parking Related	(207)	0	0	(207)
New Technology	(199)	(297)	0	(496)
District Council Elections	(164)	0	0	(164)
Leisure Activities	(156)	0	0	(156)
Historic Buildings	(135)	0	0	(135)
Housing Needs & Section 106	(107)	0	0	(107)
Business Support Fund	(102)	0	0	(102)
Future Vehicle Costs	(84)	0	0	(84)
Rent Guarantee Scheme	(71)	0	0	(71)
Corporate Market Research	(47)	0	0	(47)
Playgrounds	(40)	0	0	(40)
Benefit Subsidy	(33)	0	0	(33)
Business Transformation	(29)	0	0	(29)
TOTAL RESERVES	**(33,999)**	**(2,020)**	**439**	**(35,580)**

CAPITAL PROGRAMME SPEND TO 30TH SEPTEMBER 2018

	REF	APPROVED SPEND £s	PRIOR YEARS' SPEND £s	EXPECTED SPEND 18/19 £s		ACTUAL SPEND AT 30/09/18 £s
University Campus, Aylesbury Vale	8001	16,550,000	16,312,727	237,273		2,001
Public Realm Waterside North	8004	7,400,000	3,052,456	4,347,544		4,037,354
Refuse Vehicles Replacement	8005	4,100,000	4,089,773	10,227		0
Depot Purchase / Refurbishment	8006	11,305,000	6,199,054	5,105,946		188,629
Community Centre Upgrades	8008	150,000	18,228	131,772		0
Silverstone Enterprise Zone	8009	0	0	0		94,949
UCAV Groundworks	8010	0	0	0		29,325



Investments 2018/19
Amount Invested (£ Millions)
60.00
55.00
50.00
45.00
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
April
May
June
July
August
September
Building Societies
Money Market Funds
UK Banks
Foreign Banks
Local Authority



Borrowings 2018/19
Amount Borrowed (£ Millions)
25.00
20.00
15.00
10.00
5.00
0.00
April
May
June
July
August
September
Local Authority
PWLB

MEMBER FEEDBACK / QUESTION SHEET

ISSUE 2 - 18/19

FEEDBACK

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

Accountancy	Team	Phone No.
Andrew Small	Director	585507
Nuala Donnelly	Strategic Finance Manager	585164
Sharon Russell-Surtees	Corporate Accountant	585391
Gareth Davies	Finance Business Partner	585276
Patricia Burden	Finance Business Partner	585406

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

Finance and Services Scrutiny Committee
17 December 2018

BUDGET PLANNING 2019-20

1 Purpose

1.1 The Scrutiny Committee is asked to consider this report that was submitted to Cabinet on 20 November 2018. It sets out the high level issues facing the Council when developing budget proposals for 2019/20 and in terms of updating its Medium Term Financial Plan (MTFP). The views and comments of the Committee will be reported back to Cabinet so that they can be taken into consideration in developing the 2019/20 budget.

1.2 The largest and most significant issue being the announcement of a single Unitary District Council for Buckinghamshire. With the Secretary of State having only just made the announcement, this creates far more questions than answers. The most immediate question being, over what planning timeframe should the budget now be considered?

1.3 The report sets out a proposed timetable in order to agree the budget and set the Council Tax prior to the end of February 2019, but the approach may need to be revised in response to the emerging position on unitary.

1.4 When the report was considered by Cabinet on 20 November, 2018, the Cabinet was:-

- asked to consider the report and agree the approach proposed for developing the 2019/20 budget and the Medium Term Financial Plan.
- recommended to agree to repurpose the Business Rates Equalisation Reserve and the Interest Equalisation Reserve in order to provide the Council with initial financial capacity to respond to the costs of reorganisation.

1.5 A further report on the budget process and proposals for 2019/20 will be submitted to the Scrutiny Committee in January 2019.

2 Recommendations/for decision

2.1 The Scrutiny Committee is requested to indicate any comments that it wishes Cabinet to take into consideration concerning the 2019/20 budget.

3 Supporting information

3.1 The current Medium Term Financial Plan (MTFP) for 2019/20 was agreed by Council in February 2018. This predicted the need to deliver £1.1million of savings (which had been identified) in order to balance the budget for 2019/20. This was based upon the information available at that time and a set of assumptions around key variables within the budget.

3.2 These key assumptions will be revisited and reviewed as part of the budget planning and preparation process for 2019/20 and for the 4 years thereafter, which make up the Medium Term Planning period (although the Medium Term aspect might quickly become irrelevant other than for the purposes of benchmarking the financial performance of the new organisation beyond its creation in 2020).

3.3 Largely ignoring the implications of unitary at this stage, this report sets out the context for 2019/20 budget planning and outlines a series of high level issues facing the Council when developing budget proposals and updating its Medium Term Financial Plan (MTFP). In addition to unitary, there remain a number of other key uncertainties in relation to e.g. Brexit, financial impact from retained business rates, funding levels in relation to Government Grant and level of New Homes Bonus. These issues are explored further as part of this budget report.

3.4 The Chancellor delivered the 2018 Budget on 29 October 2018. There were a number of tax and spending announcements of relevance to local government, and the Chancellor outlined the trajectory of overall public spending for the 2019 Spending Review.

3.5 The Chancellor indicated that “austerity“ was coming to an end and the UK economy was entering into a period of economic growth. Predications are that public spending will increase by 1.2% year on year in real terms, and this will be a fiscal stimulus to the economy generally. There are potentially a number of underlying risks to delivery of the revised forecast including the impact of Brexit and any changes to the economy.

3.6 The Chancellor’s Autumn Budget promised more funding overall for public spending. However, the majority of the additional funding will be targeted to meet NHS service demands, with other Departments likely to bear the brunt of continuing financial pressures and funding reductions. It is therefore reasonable to assume that Local Government will continue to see ongoing reductions in funding over coming years and this should remain the central planning assumption.

3.7 The Budget also set out a number of initiatives which will impact on local government funding. These include:

3.7.1 The Budget builds on previous reductions in business rates. Small retail businesses will see their business rates bills cut by a third for two years from April 2019.

3.7.2 From April 2019 the National Living Wage will increase from £7.83 an hour to £8.21.

3.7.3 Increases to work allowances for people claiming Universal Credit

3.7.4 People will also receive extra help as they move from their existing benefits to Universal Credit and there will be targeted support for people repaying debts.

3.8 As part of the budget setting process for 2019-20, the financial impact of the announcements will be considered and reflected in the proposals to Cabinet in December 2018.

3.9 A report of the National Audit Office (NAO) in March 2018 has reported that local councils have seen their central government funding halved in the era of austerity and these changes in funding arrangements and new pressures on demand have created both new opportunities and further pressures for the sector. The current pattern of growing overspends on services and dwindling reserves exhibited by an increasing number of authorities is not sustainable over the medium term.

3.10 Local Government, and most of the public sector, has been managing the consequences of the Government balancing the public sector funding equation over the last 7 years, whilst at the same time managing the expectations of residents.

3.11 Local authority spending power comes from three distinct cash-flows: a central government grant, locally retained rates, and council taxes. The first is being reduced. Plans to allow councils to keep all the money raised from local business taxes are under review and meanwhile, there is a cap on rises in council tax.

3.12 AVDC have managed substantial funding reductions since 2010-11, but financial pressures continue with reduced funding at a time when the authority faces a range of new demand and cost pressures.

3.13 The significant work undertaken by the Council under the wider transformation agenda to deliver the efficiencies, savings and new income generation required in the Medium Term Financial Plan should again mean that the budget process can be condensed. This should be achievable, as any strategic choices relating to the level or means of service delivery have already been debated and scrutinised throughout the year and therefore are not required to be agreed as part of the budget development process.

3.14 The extensive and innovative reorganisation, income generation and efficiency work carried out by the council over the past 6 years has enabled the council to approach budget setting avoiding the need to present members with multiple, equally unpalatable choices around service cuts. This has minimised the amount of decision making required as part of this annual refresh and update to the Medium Term Plan.

3.15 This 'head-on' approach adopted by Aylesbury Vale District Council has placed the council in a strong and financially sustainable position facing the future. Whether this benefits the residents of Aylesbury Vale, or the residents of a wider new successor authority, the work has been a valuable and bold response to public sector austerity.

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

4 Timetable

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

Meeting Date	Meeting	Possible Reports
20th November	Cabinet	Scene Setting Report
27st November	Budget Seminar	Consideration of Scene Setting / Grant Changes
18th December	Cabinet	Initial Budget Plan / Strategy
10th January	Finance Scrutiny	Consideration of Cabinet Report
14th January	Cabinet	Budget Recommendation to Council
24th January	Budget Seminar	
6th February	Council	Budget Setting
27st February	Council	Council Tax setting

4.2 The government has announced that it is aiming to publish the Provisional Finance Settlement on 6 December 2018.

4.3 The Government have also indicated that they are to end the frustrations of the past and inform Local Authorities of settlements on a set date. The change is intended to help local authority's better deal with future challenges on the changing financial landscape. The Government will now aim for future provisional settlements to be on or around 5 December and the final settlement to be no later than 31st January.

5 Government Funding and the Wider Landscape

5.1 The 2015 Spending Review outlined a multi year settlement offer for local Government, which 97% of all councils accepted. The Settlement for 2019/20 represents the final year of this settlement.

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

	2016-17 £M	**2017-18 £M**	**2018-19 £M**	**2019-20 £M**
Settlement Funding Assessment	5.22	4.30	3.83	3.26
of which:				
Revenue Support Grant	1.57	0.58	0.00	0.00
Baseline Funding Level	3.65	3.72	3.83	3.95
Tariff/Top-Up	-16.16	-16.47	-16.96	-17.50
Tariff/Top-Up adjustment				-0.69

5.3 Local authority funding in England has undergone considerable upheaval in recent years. Central government grant funding has been substantially reduced; after falling in real terms to 2015, council tax has begun to rise; and new grants have been introduced in response to claims of a 'crisis' in social care funding.

5.4 For AVDC, reductions to grant funding have been the most significant factor underlying historic planning assumptions and the Council's strategy for balancing its budget was predicated on this continuing. In this respect, the Strategy around commercialism and efficiency has been proven to be the right strategy to deal with the financial challenges that it has faced, and will continue to face the Council, or its successor.

5.5 Back in November 2017, the Secretary of State for Communities and Local Government announced a formal consultation on a review of relative needs and resources (A Fair Funding Review). The current formula of budget allocations has been in place for a number of years, but the Government believes a revised distribution methodology is required to allow authorities to meet the challenges of the future.

5.6 A new system, based on its findings, will be introduced in 2020/21 alongside a Government wide Comprehensive Spending Review.

5.7 The Fair Funding Review will affect how funding is allocated and redistributed between local authorities from 2020 onwards. It is expected to use three main 'cost drivers': population, deprivation and sparsity, together with additional cost drivers related to specific local authority services.

5.8 How this will be done has still to be confirmed and will be the subject of further consultation between now and mid-2019; and it will also be influenced by discussions within a number of joint working groups between the Ministry of Housing, Communities and Local Government (MHCLG) and the Local Government Association (LGA). 'Indicative numbers' for funding allocations to individual councils are to be available by spring-summer 2019, and the review is to be implemented in April 2020.

5.9 Alongside the new methodology, in 2020/21, a new phase for business rates retention programme will also be introduced. The aim is for local authorities to retain 75% of business rates growth from 2020/21, and this is intended to be a lever and incentive for local authorities to grow their local economies.

5.10 The government has announced that it is aiming to publish the Provisional Settlement on 6 December 2018. It has also indicated that it has plans to issue consultations on;

- The further progression of the Fair Funding Review in advance of Provisional Settlement 2019/20; and
- The redesign of business rates retention by the end of the year.

Negative RSG in 2019-20

5.11 In 2016/17, the Government introduced the concept of Negative Revenue Support Grant and this remains an issue for some Councils. As more councils are impacted by this change the Government has come under pressure to review this aspect of the Grant system. The Secretary of State announced that he will review this element during the forthcoming year, but warned that any solution will need to be found from within the existing Local Government funding system.

5.12 Negative Revenue Support Grant is the name given to a downward adjustment of a local authority's business rates top-up or tariff. This occurs as a consequence of changes to the distribution methodology adopted at the 2016-17 settlement, which formed the basis of the multi-year settlement.

5.13 For many authorities, the required reduction of Core Funding exceeded their available Revenue Support Grant. To deal with this, business rates tariffs and top-ups were adjusted so that an increased amount of business rates were redistributed away from the authority and towards other authorities. This adjustment has since become colloquially known as 'Negative RSG'.

5.14 In 2019-20 Negative RSG totals £152.9m and affects 168 authorities.

5.15 MHCLG has explored a number of possible options for addressing the issue of Negative RSG, and has formed an initial preference to eliminate the issue via forgone business rate receipts as alternative options are assessed as being unaffordable or fail to resolve the issue.

5.16 The Government considers direct elimination of Negative RSG via forgone business rates receipts the preferred approach to resolve Negative RSG, meeting the key criteria of being both fair and affordable. This option also benefits from being both simple and direct.

5.17 This option would remove Negative RSG for all the authorities affected at a cost to the Government of £152.9m in forgone business rates receipts. This funding would be met from the Government's share of business rates.

5.18 The outcome and financial impact will not be known until 6th December.

5.19 For AVDC, this goes some way to addressing concerns about the ending of core central government funding next year and having to pay vital business rates income to the government as a result of negative revenue support grant in 2019-20.

6 Business Rates Pooling and 100% Retention

6.1 From 2020-21 the business rates baseline will be redistributed according to the outcome of the new needs assessment, subject to suitable transitional measures.

6.2 Since 2013, business rate retention has also rewarded councils with a share of growth in business rate revenues. In February 2016, the Government complemented these changes with the announcement of a ‘fair funding review’, followed by consultations in July 2016 and December 2017.

6.3 The fair funding review will be used to change business rates baselines. These provide each council’s starting point for the business rate retention system. New baselines will be applied in 2020 – but not reviewed annually. This will mean that in the years after 2020, individual councils’ incomes will diverge from the baseline, as their business rate revenues grow by different amounts. This is a deliberate outcome of rate retention: it is intended to encourage councils to try to increase their rate revenues instead of being dependent on the Government for funds.

6.4 The effects of the review on councils’ financial health are not clear cut. The outcomes will depend critically within rate retention: for instance, how to set the baseline, how long before the next review and how to divide rate revenue between counties and districts (‘tier splits’). These are all still subject to the consultation process.

6.5 In practice, tier splits will become irrelevant within Buckinghamshire if the new unitary council comes into existence on the 1st April 2020. The Government Grants currently received by each of the existing Bucks authorities will be collapsed together and this will become the new entitlement.

6.6 In 2016/17, Aylesbury Vale entered into a Business Rates Pooling arrangement with Bucks County Council, Bucks Fire and Rescue, Chiltern District Council and South Bucks District Council. This arrangement allows the Pool to retain a proportion of Business Rates Growth which would normally go to the Government and allows councils to benefit (or lose) from changes in the amount of business rates collected in their area and thus each council will be incentivised to promote economic expansion.

6.7 AVDC have benefited from the exiting 50% retention scheme and pooling arrangements. In its first year of operation, the gains from the Pool across the whole Pooling area amount to approximately £1.25 million, of which circa £357,000 related to Aylesbury Vale. The Pool created will continue to operate until any of the organisations that are party to it notify the Government that they wish to exit the arrangement.

6.8 For 2019/20 planning purposes, a view will be taken on any anticipated gain in the budget proposal. This presents a prudent position given risks in terms of e.g. valuation appeals. Any gain achieved will therefore be placed in the Business Rates Equalisation Reserve and decisions on how to apply it will be brought forward once the actual gain is known.

6.9 The Government remains committed to the concept of business pooling and it is piloting ways to achieve the broad ambitions of its policy intention without the need for primary or secondary legislation.

6.10 A third phase of business rate retention pilots will go ahead from April 2019 with a 75% retention scheme and the 'no detriment' clause scrapped, the government has announced. Pilot areas in the previous two rounds have been trialling 100% retention of business rates and will continue to do so for the relevant year.

6.11 Working together with the other councils in Buckinghamshire, AVDC has made an application to test the 75% retention pilot in the next financial year. New 75% retention pilots in 2019/20 will increase the level of retained rates to the council but also provide the opportunity to test and gather information on the design of the new business rates retention system in preparation for 2020/21. The pilots will test authorities' administration, technical planning for implementation, and look at system maintenance; how the accounting, data collection and IT systems will work.

6.12 Projected savings from he pilot are estimated to be up to £7.7million, of which £5.2m is from higher growth share and £2.5m from no growth levy.

6.13 MHCLG said it expects successful applications to be announced alongside the publication of the provisional local government finance settlement.

6.14 It should be restated that there is an ongoing legal challenge to a significant group of rateable properties within the Vale. If successful, and if backdated, the local repayment might amount to many millions and could wipe out any gain from Business Rates in the current year.

6.15 The impact of the Chancellors statement of October 2018 to cut business rates by a third for small retailers with a rateable value of £51,000 or less will also have to be a budgetary consideration, but the Government has undertaken to compensate councils fully for the cost of this relief.

7 Brexit

7.1 With a planned date in March 2019 for the UK to leave the EU, Brexit is also likely to feature as a budget planning issue within the life of this MTFP but the impacts, positive or negative, are likely to be far reaching and much harder to predict at this stage. No direct financial implications of the change have been incorporated into the current MTFP, other than to be mindful in terms of setting appropriate contingencies.

7.2 The implications for the Council will be wide ranging with likely impacts on value of the pound and spending power, possible impact on local business and business rates and impacts on the availability of workforce.

7.3 With less than 6 months until the UK will have officially left the EU and uncertainties about the future, the Council has created an officer working group which is considering and reviewing the issues it will potentially face.

8 Council Tax

8.1 On Council Tax, the Government has signalled its intention to hold the broad referendum principles from the last two years. Specifically, for districts, this means a maximum of 3% or £5, whichever is the greater.

8.2 Aylesbury Vale chose to increase Tax by £5 last year, the maximum permissible, representing a 3.48% increase.

8.3 The Medium Term Financial Plan assumed a further increase of £5 in 2019/209, representing an increase of 3.34% in that year.

8.4 Against a backdrop of increasing inflation, a 3% increase is increasingly looking low and the Government will come under pressure from the sector to set a threshold which at least keeps pace with the real growth in costs.

8.5 Inflation is current 2.9% using the CPI measure and just above 3% using RPI, with concern that currency weakness may push this up still further.

8.6 The assumptions around the proposed increase in Council Tax will be re-tested as part of the Budget development process, together with a consideration of the implications around Council Tax harmonisation and whether this has any bearing on Tax setting for 2019/20.

8.7 In relation to Parish and Town Councils the consultation states that it expects to see clear evidence that these bodies are exercising restraint. Recognising that the uncertainty around capping was driving local councils to increase Council Tax, the Government has announced that it will not impose capping for councils for at least two further years.

8.8 The Government intends to provide an update on its proposals for council tax referendum principles including the Adult Social Care precept, alongside the provisional Local Government Finance Settlement later in the year.

9 New Homes Bonus

9.1 The New Homes Bonus was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. Over £7 billion has been allocated to local authorities through the scheme to reward additional housing supply.

9.2 Although the Bonus was successful in encouraging authorities to welcome housing growth, in the Government's opinion it did not reward those authorities who are the most open to growth. In December 2016, following consultation, the government announced reforms to the Bonus as follows:

- reduction of the number of years New Homes Bonus payments are made from 6 to 5 years in 2017-18 and to 4 years from 2018-19;

- introduction of a national baseline for housing growth of 0.4% of council tax base (weighted by band) from 2017-18, below which the Bonus will not be paid

9.3 The Government has retained the option of making adjustments to the baseline in future years to reflect significant additional housing growth and to remain within spending limits set at Spending Review 2015. In 2018-19 the baseline remained at 0.4%. Due to the continued upward trend for house building, the Government has indicated that expects to increase the baseline in 2019- 20. This will be outlined when the provisional finance settlement is published later in the year. If increased, this will reduce the amount of Bonus the Council receives.

9.4 Below the baseline of 0.4% growth councils do not receive any financial reward for the new homes built in their areas.

9.5 2019-20 represents the final year of funding agreed through the Spending Review 2015. In the light of this, it is the Government's intention to explore how to incentivise housing growth most effectively, for example by using the Housing Delivery Test results to reward delivery or incentivising plans that meet or exceed local housing need. Government will consult widely on any changes prior to implementation.

10 Inflation and Pay

10.1 The MTFP agreed in February made assumptions around Inflation and Pay based upon trends in the economy. In practice, the looming Brexit deadline is having unpredictable effects on the economy as markets react to the uncertainty the issue is causing. Much of this will be determined and resolved by the Government's approach to the exit from the European Union.

10.2 At the point of writing it is still not clear as to what kind of agreement the UK Government can achieve or how global markets will react to this.

10.3 For now, it appears that continued uncertainty might weaken the Pound and push inflation higher in the short term. Seemingly, this will now hasten higher interest rates. However, the situation is volatile and provides an uncertain environment in which to plan. This will need to be kept under review, but it seems unlikely that any great clarity will emerge during the budget planning period. It is therefore probable that this will become one of those issues that will necessitate continual review and a higher level contingency.

10.4 Two years ago the Staff Side and Unions agreed a two year pay settlement arrangement with 1% in 2017/18 and a further 2% in 2018/19. This agreement was built into Medium Term Planning assumptions. A new agreement will need to be reached with staff for 2019/20 and discussions have commenced.

11 Reserves and Balances

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

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

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

11.4 The council holds balances for a number of purposes, one of which is smoothing out the receipt of income in to the Council's budget, where the generation of income is volatile. The Council holds two such reserves with tangible balances that were available to it in order to manage volatility over the medium term planning cycle.

11.5 With the need to resources an implementation plan for the new council and the need to manage staffing costs across this transition period, it is proposed that these equalisation funds be repurposed and made available to offset the transition costs associated with local government reorganisation, subject to any demands being placed upon them in 2019/20. This will provide initial flexibility, but there is no clear sense at this stage whether this is sufficient (when pooled with the other councils) to see through the reorganisation. As a consequence, this will need to be revisited.

11.6 The two reserves in question are the Interest Equalisation Reserve and the Business Rates Equalisation Reserve. The combined value of these two reserves is estimated to be circa £5 million as at the end of 2018/19.

11.7 A review of reserves will be undertaken as part of the budget setting process.

12 The Council Tax Base

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

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

12.3 It is estimated that the combination of these factors will result in actual Tax Base growth of 1.3% in 2019/20 compared to the existing 1% assumed in the Medium Term Financial Plan. This is a reduction from the 1.97% achieved in 2018/19 attributed to an overestimate of completions in that year.

13 Other Potential Developments

13.1 At the time of writing the report, the Secretary of State has confirmed his decision to create a single Unitary District Council for Buckinghamshire which will come into existence in May 2020.

13.2 This fundamentally changes will happen during the period of the proposed MTFP. This clearly removes the need for medium term planning for Aylesbury Vale as a single entity organisation, but the Council remains obligated to handover its affairs to the new organisation in the best state it can. This means continuing to tackle known budgetary issues, generating new income streams and balancing its finances, in much the same way as has been its priority over the past 7 years.

13.3 Recognising this, the approach proposed is largely similar to that adopted for previous years, with allowances made for transitions costs, reconsideration of Council tax strategy and in the knowledge that some medium term projects, yet to commence, may need to be reconsidered.

13.4 At this early stage, the financial implications of the announcement are yet to be fully understood. As thinking and understanding are progressed, the significant financial impacts will be reported to Members.

14 Financial Resilience

14.1 CIPFA is consulting on its proposed publication of an index of resilience of English councils. The decision to develop an index is driven by CIPFA's desire to support the local government sector as it faces a continued financial challenge.

14.2 The index, based on publically available information, will provide an assessment of the relative financial health of each English council. As with all of CIPFA's analytical products, the index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure.

14.3 The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure.

14.4 The index will also provide a transparent and independent analysis based on a sound evidence base which should be more useful than unattributed speculation informed by little more than anecdote. CIPFA propose to develop and publish the index for every county, district, metropolitan borough, unitary authority and London borough in England although there will be a slightly different and simplified methodology for those councils that do not have a social care responsibility.

14.5 Given the Council's single minded and strong focus on dealing with the financial issues facing local government over the past 7 years, it is expected that Aylesbury Vale will perform well under any measure adopted.

15 Commercial AVDC

15.1 Commercialism and efficiency has been at the heart of the Council's strategy for dealing with the financial challenges faced by the sector over the past few years. In terms of preserving and improving core service delivery against enormous financial challenges, this has been immensely successful. Some governance issues have arisen as a result of this strategy but the Council has accepted the comments and used these to develop better risk profiles and to strengthen future governance arrangements.

15.2 The Council's approach to balancing its finances over the Medium Term Financial Plan has largely been focused on the Commercial AVDC Programme.

15.3 The Programme is much wider than simply selling new products and services. The project name actually alludes to the main focus, which is commercially minded thinking. Using this philosophy, the programme has comprised a many-pronged approach of achieving savings by consolidation of services, the use of Digital and reducing or eliminating duplication while at the same time generating income through commercial activities and sales of consultancy services.

15.4 As the financial pressure on all councils only intensifies it is absolutely imperative that the sector recognises that remaining solvent (and thereby the protection of services) can only be achieved by fully embracing and adopting the ethos of this strategy in all areas. Traditional, inflexible and stayed approaches to service delivery will only continue to fail the customer and, as importantly, fail to provide the financial sustainability that the each council owes to its residents in order to continue to serve the interests of their communities.

15.5 It is believed that Aylesbury Vale's sector leading experience and the attitude, innovation and enthusiasm of its staff will be invaluable to the new organisation in helping it to deliver modern, responsive services which are fit for the future.

16 Future Strategy and Planning

16.1 As highlighted at the beginning of this report, on the 1 Nov 2018 the Secretary of State, James Brokenshire, announced that he was persuaded by the argument for a single Unitary District Council for the entirety of Buckinghamshire. This means that the future strategic planning for the council is somewhat unusual. Day to day running of the Council will need to continue until May 2020, when the start of the new unitary council takes place, and it is expected that members will also have views as to the legacy of the council for the residents of the Vale, which they will wish to see passed on to the new council.

16.2 Therefore, it is suggested to Cabinet that as part of the budget setting process Council adopts a corporate strategy for 2019/20 which is focused on :

- Ensuring that we are Financially fit, including ensuring our commercial approaches of the past continue and we continue to grow and diversify our income streams
- Leading and the shaping of place, ensuring we adopt VALP, and continue to cherish our towns, villages and areas whilst managing growth and regenerating our towns
- Focusing on our Customers and our ongoing innovation in customer delivery and digitisation, and
- Ensuring our Partners and Communities help us deliver our goals and we ensure they are included in our decision making.

16.3 Assuming Cabinet is in agreement to this, officers will work up such a strategy to be adopted through the budget setting process early next year, forming the back bone to both the priorities and financial plan for 2019/20 and legacy for the future.

17 Connected Knowledge

17.1 The Organisation continues to progress its digital agenda, promoting innovation in the way services and IT solutions are delivered for Customers and staff.

17.2 Connected Knowledge is designed to be the catalyst for technological innovation and change, thereby propelling this organisation into the future. The programme is intended to support the Council with the necessary tools, policies, people and an environment that further enhances the commercial mind-set and company culture. The Council is already widely acknowledged as championing this agenda within the public sector.

17.3 The connected knowledge programme continues to underpin many of the components of future service delivery set out within Commercial AVDC strategy and is therefore crucial to the Council in meeting the financial agenda over the coming years.

17.4 The Programme has delivered on a number of projects. This includes:

- The creation of the Connected Knowledge platform, a platform of integrated data and intelligent systems enabling properly integrated and automated transactions for all our customers.
- The introduction of artificial intelligence (AI) and AI powered voice control, which over time will serve increasingly complex customer demands
- Being 100% cloud software based. Meaning a simplified, lower maintenance Information Communication and Technology (ICT) landscape
- A more strategic approach - to what we do, the services we provide, who we work with and what we buy. Move of more customer fulfilment functions on to the Salesforce platform helping our staff to provide our customers with better, more efficient and faster service, and reducing our complex IT legacy systems

17.5 As part of the Budget process in previous years, allocations of funding have been awarded to progress this work. As this programme of works is fundamentally about delivering a modern, sustainable, Council which responds to the needs of its growing customer base, it is believed that the continuation of programme will be absolutely vital to the new Council and so the budget will propose a further tranche of funding for this work.

17.6 As this is about creating a Council which can respond to the needs of an expanding community, it is proposed that the funding for the scheme should be met from unallocated balances of New Homes Bonus.

17.7 In the Medium Term Financial Plan the Connected Knowledge programme will represent a major area of investment but also the driver of a significant element of the planned efficiency savings across the next 4 years (for this Council or its successor). It is intended that a detailed update on the programme will be provided to Cabinet in December, alongside the initial Budget Proposal.

18 Capital Planning and the Impact of Spending Decisions

18.1 The revenue financing implications arising from the decisions taken by Council over the past few meetings (such as the investment strategy and schemes around Silverstone) have been factored into the budget for 2019/20 and beyond.

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

18.3 The review will need to consider the implications of reorganisation and schemes which has a delivery timeframe of a greater than one year will need to be reconsidered in context of the priorities determined by the new organisation.

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

18.5 Utilising spare cash in this way is especially advantageous during periods of low interest rates. It is generally predicted that the Bank of England will begin to increase base rates during 2018-19 but this is still heavily dependent on external and global factors and any increase, when it comes, is likely to small and gradual.

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

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

18.8 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) underpins the system of capital finance. The code has been updated in December 2017. Local authorities are required by regulation to have regard to the Prudential Code.

18.9 Since the Prudential Code was last updated in 2011, the landscape for public service delivery has changed significantly following the sustained period of reduced public spending and the developing localism agenda.

18.10 Key developments proposed within the Code include the introduction of more contextual reporting through the requirement to produce a capital strategy along with streamlined indicators.

18.11 The introduction of a capital strategy allows individual local authorities to give greater weight to local circumstances and explain their approach to borrowing and investment.

18.12 The requirements of the Prudential Code will be reflected in budget setting for capital in 2019/20 and for future years.

18.13 The Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes was also updated by CIPFA, 2017. This sets out good practice in treasury management and is complementary to the Prudential Code.

18.14 Members will be also be considering the Council Treasury Management Strategy 2019-20 n due course.

19 Process for Resolving the Budget for 2019/20

19.1 As highlighted in previous years the Council's strategy for balancing the budget is an ongoing process and not an annual exercise purely undertaken at this time of the year. This is driven by a desire to balance the budget through internal reorganisation, efficiency and income generating strategies already set in train and without the need for a crude or simplistic cuts exercise.

19.2 The re-organisation recently completed (Commercial AVDC) and Connected Knowledge are central tenets of this approach.

19.3 From the work undertaken over the past 12 months (and prior to this) it is believed that this should be possible to balance 2019/20 (and would have been possible to balance the budget beyond) but, as highlighted, there are some key uncertainties which will need to be better understood through the development process.

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

19.5 The focus will now be primarily on 2019/20, but consideration will still be given to 2020 and beyond because of the obligation to hand Aylesbury Vale's affairs to its successor in a fit state.

19.6 The Council has Working Balances broadly in line with its stated minimum. These allow the Council to push forward and invest in new savings initiatives with the confidence of a cushion behind it. Balances (adding to, or a use of) are therefore likely to form part of the strategy for concluding the balancing of the budget for 2019/20.

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

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

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

20 Options considered

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

21 Reasons for Recommendation

21.1 The report asks members to note the current position and asks them to agree the process to be adopted for concluding Budget Planning for 2019/20 and for revising the MTFP within the context of the uncertainty that now exists in the planning timeframe.

22 Resource Implications

22.1 These are included within the report.

23 Response to Key Aims and Objectives

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

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Background Documents

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Finance and Services Scrutiny Committee
17 December 2018

TREASURY MANAGEMENT 2018-19: MID YEAR REVIEW

1 Purpose

1.1 The Authority's Treasury Management Policy requires that an annual report be brought to Council after each year end and a mid year report for the current year. This report sets out the performance of the Treasury Management section for the first six months of the 2018/19 financial year.

1.2 At the time of writing the report, the Secretary of State has confirmed his decision to create a single Unitary District Council for Buckinghamshire which will come into existence in May 2020.

1.3 At this early stage, the financial implications of the announcement are yet to be fully understood. In the short term, the investment principles of security over return will remain.

1.4 Future investment and borrowing decisions may be influenced by the outcome of the unitary arrangements.

2 Recommendations/for decision

2.1 To note the performance against the Treasury Management action plan for 2018/19.

3 Mid Year Review of 2017/18 Treasury Management

3.1 There is a requirement that Council receives a mid year review of its Treasury Management functions.

3.2 A synopsis of the Treasury management activities is also presented in the Quarterly Financial Digest.

3.3 The amount of money deposited with banks and building societies at the end of September 2018 was £40 million with another £7.3 million held in the two Money Market Funds.

3.4 At the time of writing no new borrowing has been taken out, leaving the balance outstanding at £18.5million. £5m was repaid back to London Borough of Newham Council in May 2018/19 using investment balances.

3.5 As there has been no new borrowing then there is no change to the council's Authorised and Operational Limits.

3.6 The impact of the announcement of a single Unitary District Council for Buckinghamshire on the Treasury Management of the Council will need to be assessed over the coming months.

4 Review of 2018/19 Treasury Management

4.1 The objectives for the Treasury Management team for 2018/19 were laid out in the Treasury Management Strategy agreed by Council in February 2017.

4.2 The main activities continue to be:

- 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.

4.3 The Treasury Management team continue 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.

4.4 Historically, the majority of the Council's lending has been with Building Societies but over the last year the Council has invested more of it's portfolio with major UK banks and has also began depositing funds with other Local Authorities as a more secure option. The lending list is monitored throughout the year to take account of any changes within the sector i.e. building society mergers / conversions to banks, and ratings changes.

4.5 Actual performance is largely in line with the plan.

- The Council placed deposits by spreading its deposits thinly across many trusted institutions in accordance with its policy in order to minimise potential risk.
- The authority did not undertake any new long term borrowing.
- The in-house team achieved interest rates above the 3 month LIBID rate.

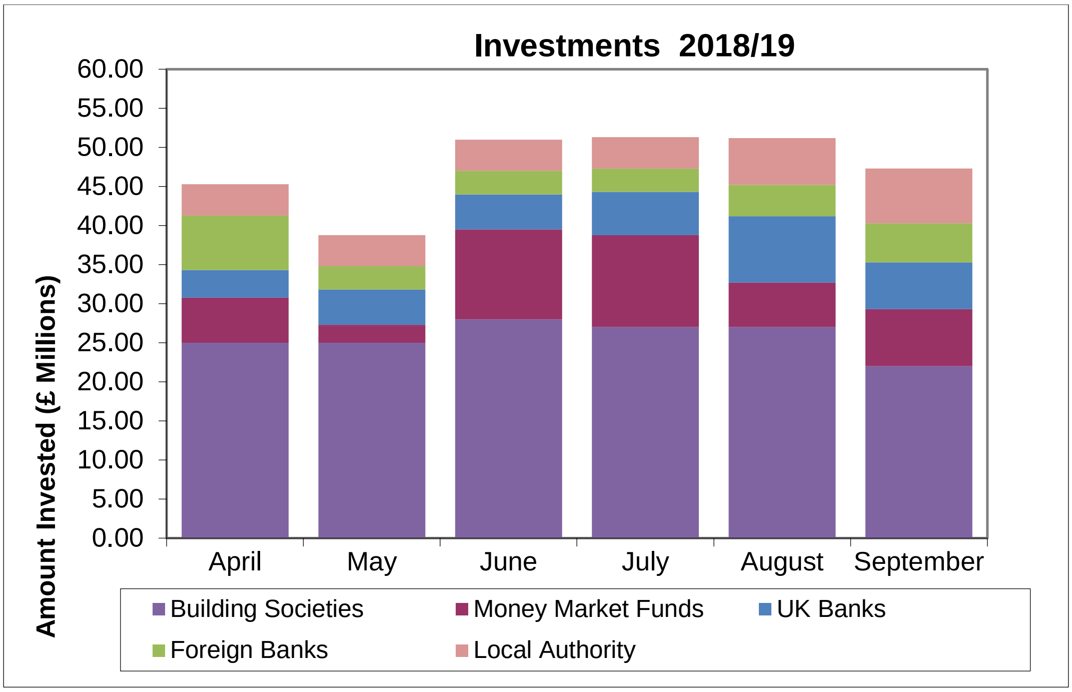
4.6 With interest rates still at a low level, the actual amount of deposit income generated exceeded expectations by £1,454.17. The amount of interest received was £166, 4564.17 against a half year target of £165,000. The target for 2018/19 was increased to reflect historic activity and anticipated changes in the market.

4.7 Generally interest rates are improving. For the first 6 months of 2017/18, the weighted rate of return on the investment portfolio was 0.48% compared to 0.76% for April – September 2018.

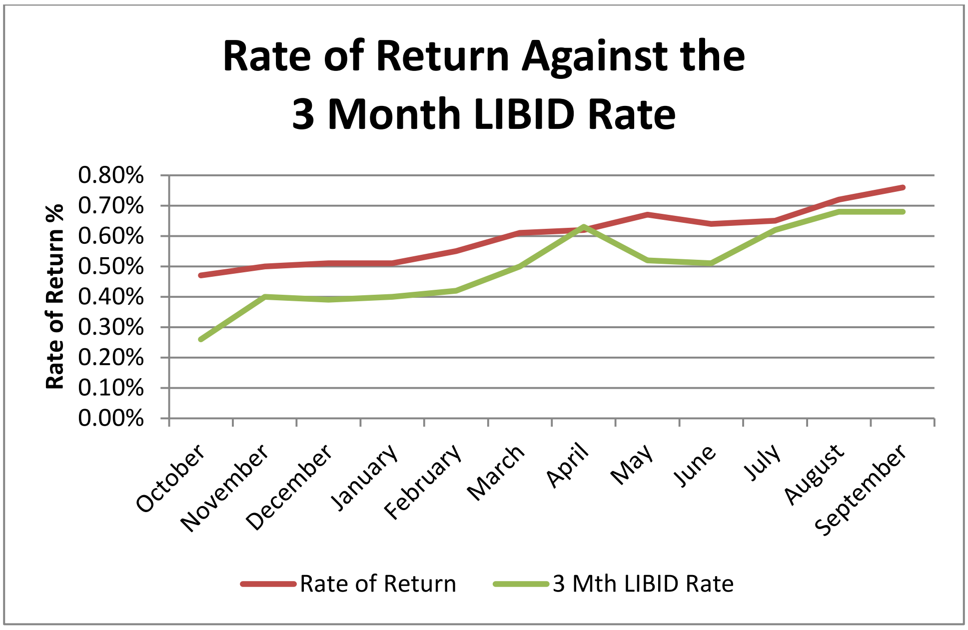
4.8 The interest rate increased in August 2018 and the market indications are that there may be further interest rate changes in 2019/20. There are however a number of economic factors e.g. Brexit which may influence interest rate changes over the coming months.

4.9 The Council ability to manage capital spend without additional borrowing has resulted in financial efficiencies and savings on the cost of borrowing.

4.10 The average monthly balances deposited by the in house team are set out in the bar chart below:



4.11 The graph below details average weighed rate of return received over the financial year compared to the 3 month LIBID rates available. (LIBID: Interest rate at which London banks are willing to borrow from one another in the inter-bank market)



4.12 For the 6 months to the end of September 2018, the weighted average rate of return for the Council was 0.76% on investments of £47.3m compared to average of 61% (on investment of £45.4m) during 2017/18. The performance to date in 2018-19 compares to Benchmarking data where, across 227 Authorities, Weighted average rate of return was 0.79%, on investment average of £79.8m. (Source of data: Link Asset Services)

5 Money Market Funds

5.1 The council continues to operate two Money Market Funds to give the in-house team easy access to surplus funds.

5.2 Whilst, Money Market Funds have the highest credit ratings, the interest rates offered are typically 15-25 basis points below those of Fixed term Deposits. However MMFs offer the most effective fund structure to manage the council's daily cash flow requirements.

6. Fund Manager Performance

6.1 The council does not use fund managers to aid its investment decisions.

7 **Property Funds**

7.1 Property Funds still offer some of the best returns on your capital and investing in a Property Fund is within the strategy but as yet the council has decided not to invest.

7.2 Any investment would have to be for a minimum of five years in order to maximise the return, if there was any change and an investment was being considered then a report would be brought to Council for consideration.

8.0 Scrutiny

8.1 Finance and Services Scrutiny Committee now receive the Treasury Management Strategy prior to Council.

9 Reasons for Recommendation

9.1 Under the terms of the Statutory Code of Practice for Treasury Management, the Council is required to receive a mid term report on the current year. This report represents the fulfilment of that requirement.

10 Resource implications

10.1 The authority continues to operate an Interest Equalisation Reserve to smooth out fluctuations in interest rates.

10.2 Despite the reduced interest rates available to the Council for its investments, the interest generated, although low compared to previous year, is meeting expectations.

10.3 There is no anticipated movement to the Interest Equalisation Reserve for 2018-19. This means that at the end of 2018/19, the interest equalisation reserve is forecast to be £2.053 million.

10.4 With the need to resource an implementation plan for the new council and the need to manage staffing costs across this transition period, it is proposed that this equalisation fund be repurposed and made available to offset the transition costs associated with local government reorganisation, subject to any demands being placed upon them in 2019/20. This will provide initial flexibility, but there is no clear sense at this stage whether this is sufficient (when pooled with the other councils) to see through the reorganisation. As a consequence, this will need to be revisited.

10.5 In addition to unitary, there remain a number of other key uncertainties in relation to e.g. Brexit. It is currently assumed that there will be no adverse impact on investment returns in the current financial year.

Contact Officer	Nuala Donnelly
Background Documents	Treasury Management Strategy 2018/19
	CIPFA Prudential Code
	Statutory Code of Practice for Treasury Management

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Finance & Services Scrutiny Committee
17 December 2018

CONNECTED KNOWLEDGE INVESTMENT PROPOSAL

1 Purpose

1.1 Council have approved a total of £3.1M over the period 2017/18 and 2018/19 for Phases 1 and 2 of the Connected Knowledge Programme up to March 2019.

1.2 The Scrutiny Committee is asked to review the report which takes a look back at the Connected Knowledge Programme delivered to date and up to March 2019. This report includes what has been delivered and the financials to date including spend and benefits.

2 Recommendations/for decision

2.1 The Scrutiny Committee is requested to review the 'Connected Knowledge – A Look Back' document.

3 Executive summary

3.1 The Connected Knowledge Programme has had total funding of £3.1M approved for Phases 1 and 2 (up to March 2019). A report to show the progress of the programme to date has been included for review.

3.2 The Scrutiny Committee is requested to indicate any comments it has on the Connected Knowledge Programme to date and the 'Connected Knowledge – A Look Back' document. These should include any comments that should be taken into consideration in delivering the final stages of Phase 2 and any future Phases which may be approved at full Council early in the New Year as part of the budget setting process. Please note, planning of any future Phases will include the lessons learnt and building on work delivered to date.

Contact Officer	Megan Phillips 01296 585288
Background Documents	

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Connected Knowledge

Technology Strategy 2017-2022 Delivery

A Look Back (Phase 1 & 2)

Version: Draft

Date: Nov 2018

Authors: Maryvonne Hassall

Megan Phillips

Andrew Small

1.0 Purpose

The purpose of this document is to present the achievements of Connected Knowledge over the previous phases which includes a look back at the work completed to date, the projects current in flight in Phase 2 and the benefits achieved so far. The full Connected Knowledge Technology Strategy 2017-2022 was agreed at the Feb 2017 Council meeting, Phase 1 funding was agreed in May 2017 and Phase 2 funding was agreed in January 2018.

2.0 Executive Summary

The programme (and strategy) has built on initial set of projects, so far delivering 46 projects, with 27 in flight and a further set in the planning stages.

The programme has delivered the first council Alexa skill, and then improved it by adding 'Find Your Bin Day' in line with customer demand. It has delivered the first true Artificial Intelligence in our customer services area and continues to expand this capability to include more breadth of queries and automation. There are currently 59,881 active My Accounts, and the team can now handle 1900 webchats a month.

The programme board and steering group has provided governance to control the call off of funds for each project once a business case, including benefits realisation has been put in place. In addition, there has been a strong focus on closing down projects and moving to Business as Usual.

Some elements of the programme have been delayed due to resourcing issues, but funding for these elements has been ring fenced to ensure they can still be delivered.

The Connected Knowledge programme has continued to deliver in line with these key areas

- Innovation - the introduction of innovative new solutions such as voice recognition and artificial intelligence for call handling and decision making
- Transformation - the rollout of internal process automation and customer self service
- Legacy reduction - the removal of legacy technology and introduction of more flexible systems that will further support integration of data to enable customer needs to be anticipated.

The programme has delivered

- the first council to have an Alexa skill
- use of Artificial intelligence in customer services
- a new corporate network with improved resilience
- a new public wifi network with increased capacity for staff usage
- new licensing and environmental health system on an integrated platform
- new building control system on an integrated platform
- new planning and land charges system on an integrated platform (still in flight)
- more resilient Revenues and Benefits system

The advances we have made have created a strong foundation for the next five years, enabling us to think bigger and more creatively about the challenges and opportunities and how we are best positioned to benefit from them.

3.0 Connected Knowledge (CK) Programme

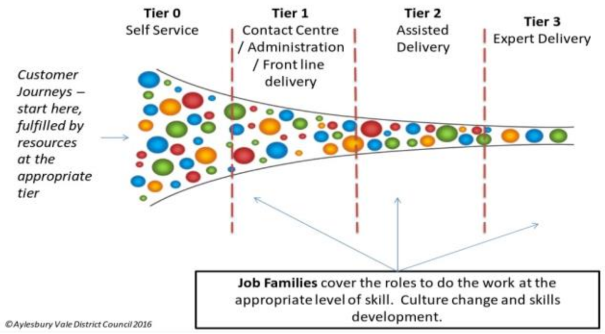
The programme consists of a number of projects which build on previous deliveries to enable AVDCs future vision of improved access to services, and increased levels of customer self service, through the use of better technology.

The programme will enhance customer experience and deliver solutions which underpin a flexible, modern working environment. It will streamline IT within the council, resulting in a reduction in the number of applications and associated licencing and support costs.

It will also deliver the technology service which delivers significant savings and is required to support the councils future commercial ambitions.

It will enable AVDC to move away from reliance on proprietary IT services such as Microsoft's Windows system and to a service which enables staff and Customers to access services using any device using a web browser.

The council has been on a cultural transformation journey and has implemented a new customer facing organisation structure based on a set of commercially minded behaviours.



3.1 Connected Knowledge Programme Team

A programme of this size, scale and complexity requires dedicated people to ensure focus on delivery is maintained throughout the lifecycle and ensuring successful programme delivery.

Programme Manager (1) – To manage, and control, the overall programme and the outcome it delivers.

Project Managers (4)– To deliver individual projects, outputs, within the programme. It is envisaged that one of these will be a senior project manager. N.B We have 2 vacant posts that we are currently recruiting

Business Analysts (3) – To complete detailed analysis into current process(es), costs, technology solutions and resources. To assist in project delivery.

Data Scientist (1) – To complete detailed analysis into the data AVDC currently has, to match to external data sources, to identify potential improvements or opportunities. To assist in project delivery.

Project Support Officer (1) - To prepare steering groups and boards, capture decisions and actions from meetings, organise and manage the CK Champions and support Project Managers and Business Analysts day to day in the project delivery.

AVDC staff (if/where available) will be used to fill programme roles and will be supplemented by external resource where a) there is insufficient internal resource, b) there is a requirement for a specific skillset which is not available internally within AVDC. Project support resource will need to be provided.

Additional [non dedicated] resource will also be required from other internal teams such as Communications and Marketing, Project office support, Sales, Finance, Legal.

Member involvement will be essential to assist with the direction and benefits realisation of the programme.

3.2 Programme Governance

The steering group meets on a fortnightly basis and tracks the progress of the programme. It has cross council representation and is used to check progress and decide on direction.

The programme board has meets on a monthly basis. The board is made up of the directors and assistant directors and other key members of staff. The board has authorised formal business cases and spending, standardised processes across the council and closed down projects. New templates have been introduced to improve the quality of benefits realisation going forward.

The programme governance has been set up as part of Phase 1 and currently takes the following form. It is envisaged that this governance framework will continue.

The existing Strategic Board will be reported into on a quarterly basis.

The programme board will meet monthly and ad hoc as required, and will be comprised of senior members and Officers from both AVDC and our senior delivery partner.

The board will have overall responsibility for the success of the Programme to deliver the strategy and ensure that the promised benefits of the programme are fed back into the wider Council. Fundamentally the Programme Board will ensure that the right things are done in the right way at the right time and that risks to the programme are being appropriately managed at all times. Specifically the board will:

- ensure that a comprehensive risk register is established and maintained and that risks are managed appropriately at all stages of the programme.
- agree and approve the overall programme delivery plan.
- allocate project budget and tolerances
- agree any overspend over project tolerance
- ensure that controls and processes are in place to ensure that promised benefits from the programme are
- review progress reports from all ongoing projects
- approve projects for inclusion into the pipeline
- agree gain share credits with the supplier for each projects, and the mechanisms for their applications
- receive reports on sales activities and sales pipeline
- resolve all issues arising or escalated to the board
- approve annual gain share amounts, following reports / audits as appropriate commitment.

The role of the board, and individuals on the board, will be further defined as part of the Programme mobilisation.

The programme board will report into the AVDC Strategic Board and will be supported by the central AVDC Project Management Office.

The programme board has met on a monthly basis since October 2017 and have agreed the following release of funds:

Alexa Improvements including ‘Find my bin day’ - £22,500

Data Exchange - £55,510

Member Engagement - £9,970

Let’s Talk Rubbish - £8,720

Paygate - £7,800

MDM - £7,336

Rating and Recovery Automation - £45,000

N.B. Prior to programme board being set up other projects were authorised by either the Steering Group or the Programme Sponsor and AD for the Service Area the project was being implemented to. Also, overall spend in earlier section includes staff spend which does not require programme board approval.

A further 2 business cases were rejected by the board.

It has been recognised as part of a recent programme lessons learnt exercise that there is inconsistency in our approach to projects across the council and that in particular we are not rigorous enough around our benefits realisation process. As part of this it became clear that our business case and project closure templates were not fit for purpose especially when trying realise benefits at a later date.

As a result of this, we have done extensive work in the last couple of months to standardise the process across the council and agree new templates for projects. We are already seeing positive results from this exercise and project managers (and service areas in which benefits are to be realised) are already finding it easier to monitor and track progress. We have also involved Finance in the cashable benefits so that they can reduce budgets as benefits are achieved.

3.3 Programme Risks

Risk	Mitigation
1.0 Programme may not deliver the benefits detailed within the approved business case	Robust governance will be in place to monitor benefits, with reviews taking place at regular intervals throughout the programme lifecycle. Responsibility for benefit management, post programme completion, will be handed over to a named individual.
2.0 Programme Costs might increase	Robust governance will be in place to monitor budgets and spend, with reviews taking place at regular intervals throughout the programme lifecycle. A named individual from finance will work alongside the programme manager to ensure programme spend remains within tolerance, and to ensure any variation to

	forecast is noticed, and addressed, at the earliest opportunity.
3.0 Programme may not deliver to timescales	AVDC has a history of successful programme and project delivery, with large deliveries being broken up into smaller delivery components to reduce complexity and aid rapid delivery. Delivery of these components is spread across the duration of the programme and, when combined with robust governance, ensures delivery is achieved within agreed timescales
4.0 External suppliers may not deliver	AVDC will select suppliers that have a proven track record and will carefully govern delivery. Output based deliverables will be used at milestones.
5.0 External factors may impact programme	There are many external factors that will impact this programme such as the Unitary decision. These factors will be monitored as they develop and the impact evaluated at each decision point.
6.0 Internal resources not allocated to or are lost from the project	This programme is strategically significant for AVDC to enable delivery of the commercial future. The programme will ask through the corporate programme office for the right internal skills and try to ensure upskilling of internal staff takes priority over external staff.

3.4 Connected Knowledge (CK) Programme - Phase 1 and 2

3.4.1 Projects

Innovation - Complete

- the first council to have an Alexa skill
- use of Artificial intelligence in customer services
- Innovative use of 2nd floor space to allow 3rd floor executive team move
- Implementing Chromecast

Innovation - In-flight / Planned

- Commerical development of products
- Space re purposing and tidy up
- Artificial intelligence on voice channel
- Innovation ideas from staff and members (via innovation process)

Transformation - Complete

- New building control system on an integrated platform
- New licensing and environmental health system on an integrated platform
- Enhanced telephony platform and functionality
- Salesforce Process flow improvements

- Mobile Canvas using tablets
- Trailblazer for housing
- Customer services centre

Transformation - Inflight / Planned

- Box rollout
- Improved financial processes
- New planning and land charges integrated platform
- Single financial assessment
- Customer data management and mining
- Waste management integration
- Improved MyAccount
- Online bookings
- Market stalls online booking form
- Member engagement improvements

Legacy reduction - Complete

- Move to SaaS - SMTP, GIS, Tree management, Business intelligence
- New Network and Public WiFi
- More resilient (SaaS) Revenues and Benefits system with integrated document management
- a new corporate network with improved resilience
- a new public wifi network with capacity for staff usage
- Documented ICT Selection criteria to ensure all new technology is in line with strategy
- Device trials
- Process mapping tool
- Website replatform
- Cloud authentication (OKTA) - improved connected working for staff, enhanced data protection
- Member engagement – improved security, re use of county council devices
- Decommission pencil, visio, harvest, IWS, orgplus, crystal reports, timebase, Lisson grove, energy systems
- New recruitment solution
- CCTV evaluation
- Payment engine upgrade

Legacy - Inflight / Planned

- Mobile Device management
- Shut down citrix desktops

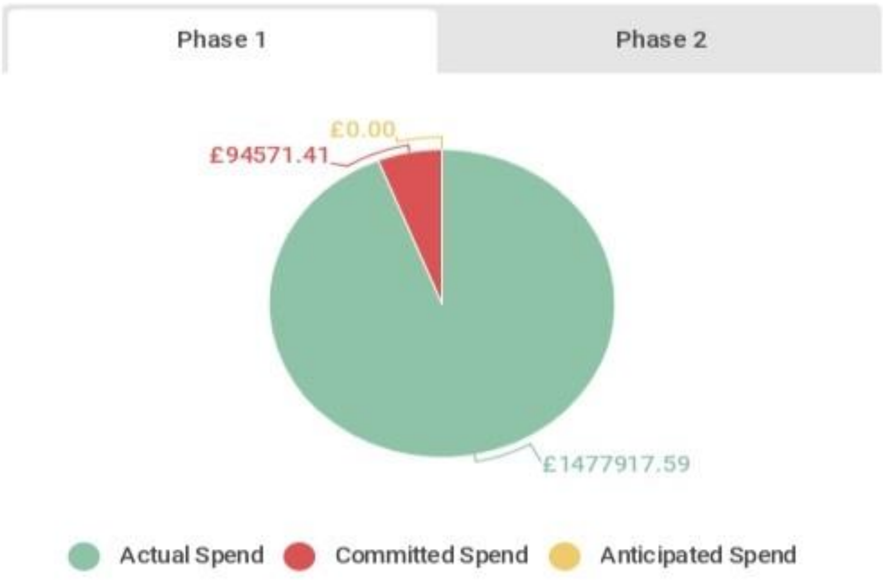
3.4.2 Financials to date

Phase 1 was allocated 1.57M to deliver the first phase of the Connected Knowledge programme in the period April 2017 to March 2018.

Phase 2 was allocated £1.53m to deliver the first phase of the Connected Knowledge programme in the period April 2018 to March 2019.

Overall Summary of Spend

Phase 1



Phase 2

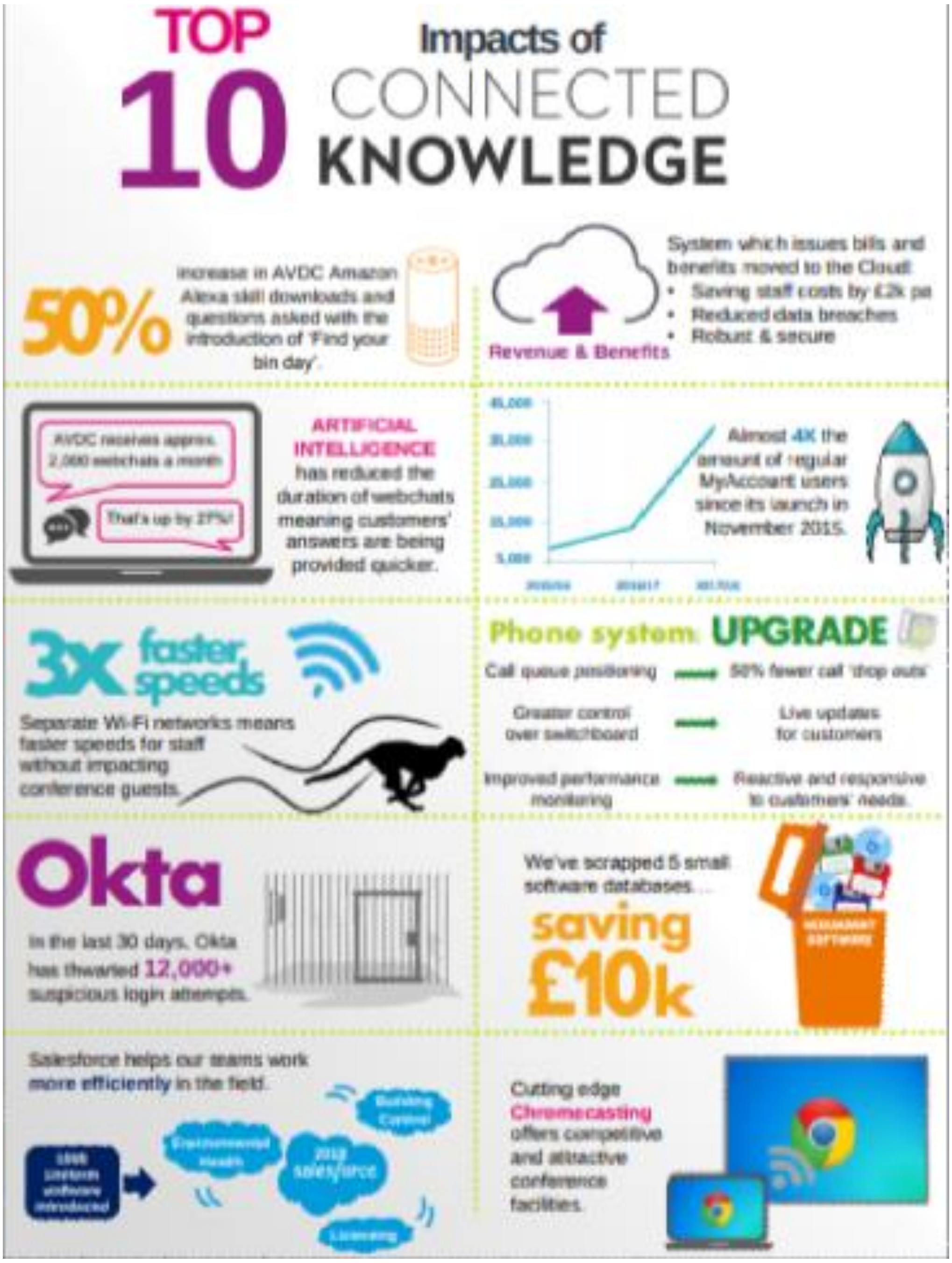
Spend By Type

Phase 2 Budget and Spend across High Impact Projects:

Top 10 high impact projects

Showing Connected Knowledge budget vs spend across our top 10 high impact projects throughout phase 1 and 2 of the programme

Project	Budget	Actual Spend	Anticipated Spend	% variance budget vs spend
Alexa	£75,700	£75,700	£0.00	0%
Digital Genius/AI	£154,165	£48,900	£100,000	-3.42%
Northgate	£50,004	£77,050	£0.00	+54%
Okta	£42,000	£38,567	£0.00	-8.17%
Network/Wifi	£72,935	£72,869.87	£0.00	-0.09
Regulatory Services	£230,634	£155,904	£74,730	0%
Telephony	£3,000	£0.00	£1,890	-37%
Replacing old systems	£50,000	£0.00	£0.00	0%
Customer Services Center	£0.00	£0.00	£0.00	0%
Chromecast	£345	£345	£0.00	0%



Phase 2 Budget and Spend across Project Theme:

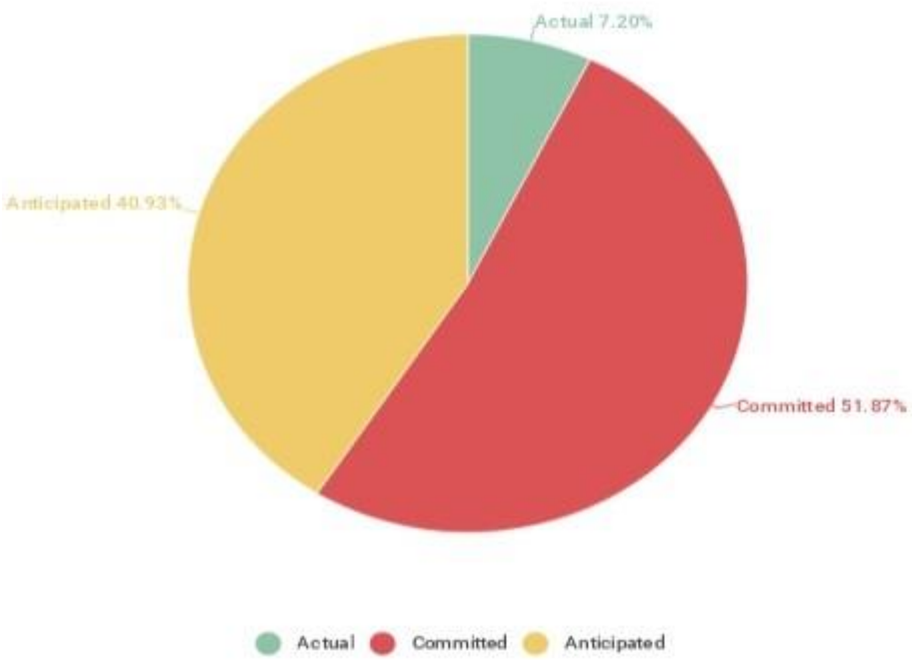
Theme	Budget	Actual Spend To Date	Expected Still to Spend
	C/F from phase 1: £295,395		
Innovation	£350,480	£11,795	£288,714
Transformation	£470,000	£83,344	£646,923
Legacy	£210,000	£26,432	£237,027
Resourcing	£500,000	£302,881	£282,500

In Detail

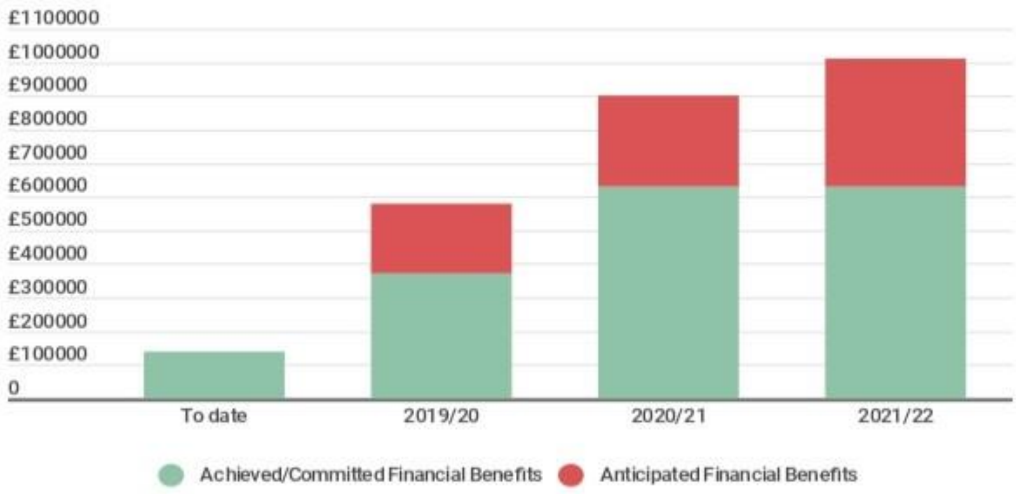
Detail breakdown shown in separate smartsheet - https://app.smartsheet.com/b/home?lx=GDX-iGRfN5f7xWD0u3dDBA

Overall Summary of Benefits

Summary of financial benefits for projects delivered/in-flight to date showing % of Actual, Committed and Anticipated. NB. We had not forecast any 'Actual' benefits to have been realised at this point in the programme.



Summary of financial benefits for projects delivered/in-flight to date showing actual/committed and anticipated over the lifetime of the strategy (to 2022):



Benefits by Type

Detail of committed benefits for projects delivered/in-flight projects to date. These are benefits that have been signed up to and budget committed to being reduced:

Theme	Financial Benefits Achieved to Date	Committed Financial Benefits 2019/20	Committed Financial Benefits 2020/21	Committed Financial Benefits 2021/22	Total Committed Financial Benefits (for duration of strategy)
Innovation	£51,984	£51,984	£51,984	£51,984	**£207,936**
Transformation	£0	£67,732	£297,340	£297,340	**£662,412**
Legacy	£87,000	£251,000	£281,000	£281,000	**£900,000**
Note: These are annual benefits and will continue to be achieved year on year					

Other Benefits

Commercial Opportunities for AVDC arising from our transformation and pioneering digital innovation;

- Multiple councils requesting to visit AVDC resulting in consultancy sales for thought leadership workshops and more recently implementation support for the Arcus Software. (2018/19 total to date £59,000)

- Commission income from our partners through providing proven business model references

(Currently 8x8 and Arcus income - £2018/19 total to date £6,800)

- Income for speaker requests (2018/19 total to date £2,000)

- Potential to collaborate with commercial and public sector partners to provide end to end solution for failing councils or those looking to transform in record time.

Phases 1 and 2 have delivered a series of projects and has raised the council's commercial profile by show casing our innovative deliverables and transformational processes.

The following benefits have also been delivered

- Increased breadth and depth of on line services for customers leading to increased self service
- Voice activated services which are available 24X7 for customers

- Improved customer accessibility with webchat
- Introducing a new, technology facilitated customer services centre
- Amazon lockers on site for staff and customers to use
- Flexible working for staff from a range of devices
- Process automation reducing staff processing time
- Reduction of operational IT costs: licences, system retirement, desk phones, amazon web services, general maintenance
- Improved systems resilience leading to less downtime and greater staff productivity
- Reduced office footprint for AVDC staff as a result of modern, flexible working which enables rental of office space to third parties to generate income.
- Commercial income: Commission from suppliers selling services based on AVDC expertise Conferences, Consultancy provided by AVDC to other organisations
- Improved staff connected working to allow greater agility

Commercial opportunities

Benefits of PR and Publicity

- Validates our credibility as an organisation recognised for what being ahead of many councils
- Raises AVDC profile and reach new potential customers and partners
- Through hearing best practice potential customers are more likely to approach us for help

Some of the events AVDC has presented at 2017/8

Public Sector Show
Local Government Association
aws
solace
nesta
techUK
NHS
Socitm Delivering digital leadership
Public Policy exchange
LGC
Share Digital
Excellence In Local Government
apse
DIGITAL OFFICE
Westminster Insight

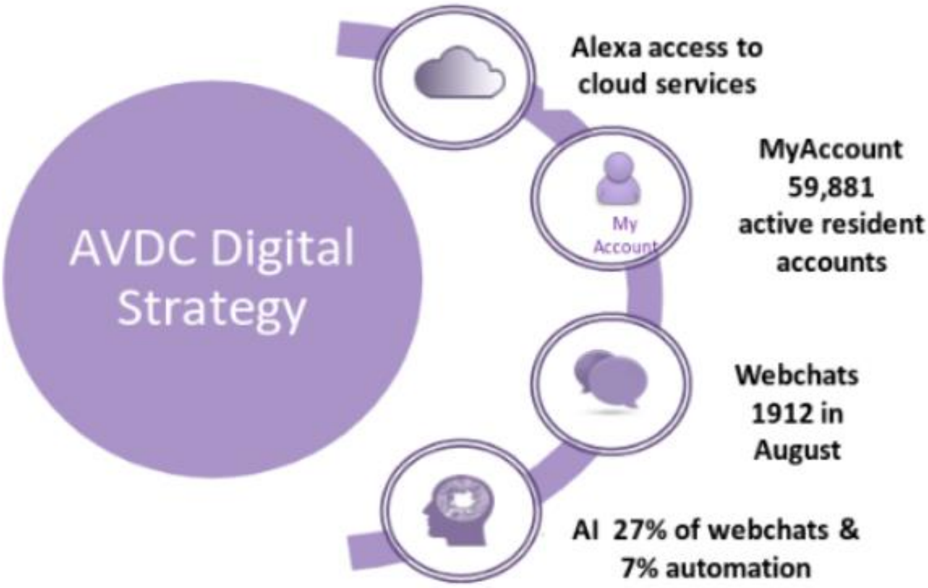
Articles & coverage

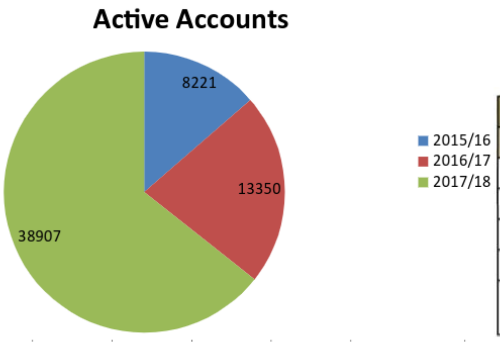
- The Local Digital Declaration 2018

3.4.3 Metrics

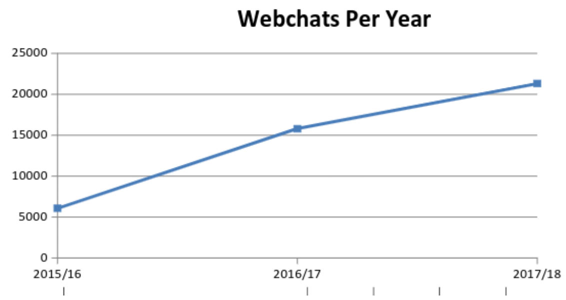
MyAccount Results so far

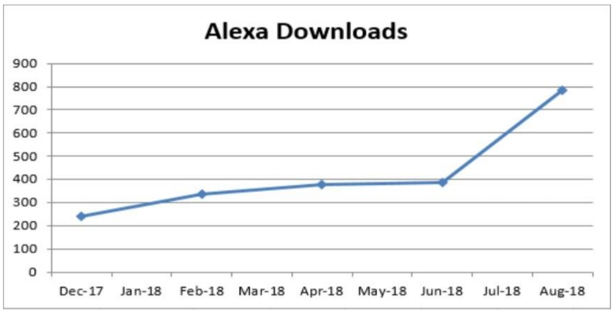
This section shows the results of the analysis of the current MyAccount. The information is designed to be representative at a snap shot in time as the information continually changes. The MyAccount data has been correlated against the Acorn socio demographic data which has shown the profile of accounts to be representative of the cross section of population across the Vale. The number of MyAccount users continues to rise. The usage of MyAccount has increased, with more people logging in more often. Usage is spread across the age groups and across the Vale.



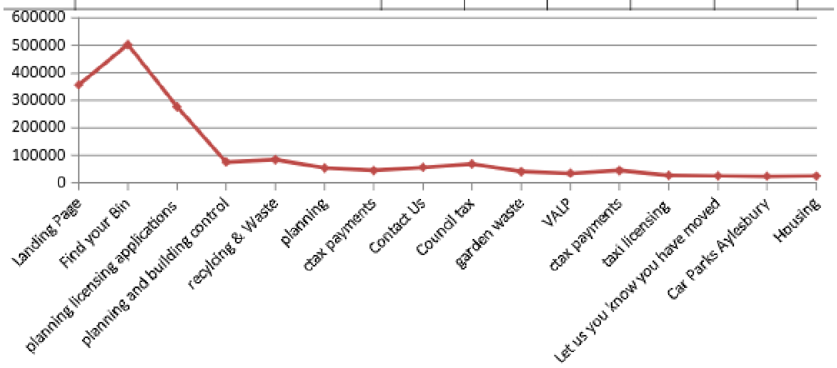


	My Account		Population	
Age	Number	%	Number	%
over 90	37	0.46%	1543	1.02%
65-89	1077	13.37%	31099	20.61%
41-64	3188	39.56%	63878	42.33%
26-40	3232	40.11%	38353	25.42%
25 and under	524	6.50%	16017	10.62%





Number of Hits on our web 2017/18	Total	1,743,031



My accounts are used across the Vale, the purple dots below show the spread across all areas.

The majority of the MyAccount residents have not opted out of marketing which suggests this would be a good platform for future marketing activity. There are also a significant number of residents who have linked to their council tax record which is more convenient for the resident and saves the council money.

Digital process and evolving communication channels are not just for those customers that immediately spring to mind but actually bring real benefit to some of our more vulnerable customers. As displayed by Alicia de Barry, one of our residents using our webchat service: “This service is fantastic. I am profoundly deaf and unable to talk to people of the phone, so having a service like this means that I can resolve issues for myself without compromising my independence which is just so important to disabled people.”

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