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AYLESBURY VALE DISTRICT COUNCIL

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AYLESBURY VALE DISTRICT COUNCIL

31 October 2019

FINANCE AND SERVICES SCRUTINY COMMITTEE

A meeting of the Finance and Services Scrutiny Committee will be held at **6.30 pm** on **Monday 11 November 2019** in **The Paralympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

Membership: Councillor M Rand (Chairman); Councillors B Everitt (Vice-Chairman), N Blake, 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 - 12)

To approve as a correct record the Minutes of the meeting held on 9 September, 2019, copy attached as an appendix.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. TREASURY MANAGEMENT 2019-20: MID YEAR REVIEW (Pages 13 - 18)

To consider the attached report.

Contact Officer: Nuala Donnelly 01296 585164

6. FINANCE DIGEST: APRIL 2019 TO SEPTEMBER 2019 (Pages 19 - 44)

To consider the attached report and appendix.

Contact Officer: Nuala Donnelly 01296 585164

7. WORK PROGRAMME

To consider agenda items for the meeting to be held on 17 February 2020 – No items as yet.

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FINANCE AND SERVICES SCRUTINY COMMITTEE

9 SEPTEMBER 2019

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

APOLOGIES: Councillors B Everitt, N Blake, J Bloom, S Lambert, R Newcombe and M Stamp.

1. MINUTES

RESOLVED –

That the Minutes of the meeting held on 2 July, 2019, be approved as a correct record.

2. AGENCY AND TEMPORARY STAFF RESOURCES

The Committee received a report, following on from a request made at the July 2019 meeting, which updated and explained to Members how staff retention, recruitment and the use of agency staff was being managed. This included a breakdown of the financial impacts in different Service areas.

The Council had used agency and temporary staff as a long standing and vital part of its resourcing approach. They were used to address short term and temporary needs, bolster resources in peak times and for particular types of cyclical work (such as annual canvass and events). This ran alongside the use of consultants who were used to bring in additional (normally technical) resource to help with the Council's normal business. All of these types of temporary resource, were used in a controlled and planned way, and were therefore a normal part of the operation.

In recent years there had been a peak of use of agency and temporary staff linked to the change programme where, in effect, a significant level of agency and temp staff had been used to help with the transition. Over the last few years the Council had been impacted by a number of trends, namely:-

- Effects of a high area of employment – meaning it was harder to attract new talent to the area. There was a low unemployment level in the area which meant there was a smaller available pool of future employees.
- Skills shortages for a number of jobs including planners, IT technical posts and HGV drivers.
- Competitiveness of our salaries, as a planned and possible re-grading of salaries had been halted following the change programme due to the announcement of new unitary Council from 1 April 2020.

The Council had put in place numerous interventions deploying all of the levers available and ranging from golden hellos, growing our own staff, attending recruitment fairs, adding market premia and the use of recruitment consultants.

Further monitoring and controls had been put in place including monthly monitoring, escalation, and ensuring that contracts were competitive and have moved with the current situation. This had a good /fair success rate in the period up until the unitary announcement. Members were informed that the use of agency and temporary staff was reducing and AVDC was filling most vacant posts, thereby avoiding the use of temporary staff. Historic data on the use of agency and consultancy staff was detailed at Annex 1 to the Committee report.

The Committee was informed that the process for appointing agency/temporary staff required sign off by a member of the leadership team prior to any appointment and, in most cases, this had been preceded by at least one cycle of normal recruitment. Due to the unitary vacancy protocol this meant vacancies were initially advertised for 2 weeks across the 5 Bucks Councils, followed by a normal external period if no internal applications had been received. In some pressured roles this was concurrently to avoid any delay.

The Council had contracts in place for our generic agency need, and also a number of individual contracts with specialist suppliers including the groups where there were identified skill shortages in the job market. In some of the hard to fill roles rolling advertisements were also used to ensure the Council did not miss the opportunity of new people entering the employment market.

The leadership reviewed the list of agency staff monthly to ensure that categorisation was correct, that there was global oversight, and to ensure that the senior team was aware of the use of agency staff in their area. This was jointly conducted by Finance and HR, and was in addition to the normal budgetary monitoring including the leadership team and portfolio holders.

Whilst there was a continuing need to use agency staff for the current year, the average spend for the period April-June 2019 was 3% lower than average monthly spend during 2018-19. This profile was similar to that being experienced across all 5 Councils during the transition period to the unitary council.

The Council was anticipating an increase in the use of agency/temporary staff in the transition period to the new Council. AVDC had assessed risks, and one of the highest identified was the loss of key staff, including those in leadership roles and key technical staff. The current position meant that some staff were concerned about their future job security and were choosing to move on. This in turn increased workloads for existing staff, particularly as it was becoming increasingly difficult to recruit new staff. The situation was also exacerbated as a growing number of staff had been seconded into the Shadow Authority to undertake work to support the formation of the new Council.

It was explained to Members that there was an offset of staffing costs in terms of savings on vacant posts then being filled (at a premium) by agency/temp staff. However, even when agency staff were in place AVDC would continue to advertise, although the current situation was likely to endure until staffing structures became clear, post vesting day, for the new Council.

The Council was deploying a number of retention approaches to existing staff to reduce the number of staff leaving the organisation. This included retention payments to critical roles, increasing the recognition of efforts (individual and teams), increased communications, learning & training opportunities, wellbeing and health programmes, counter offers (limited) and some changes to recruitment processes. AVDC was also working with the other five Councils to grasp opportunities that cross working might provide.

The Committee was informed that two principle aims for staffing and recruitment were to ensure that AVDC transitioned safely with good services in place to the new Council, whilst also ensuring that those services were as unaffected as possible. It was also important to make sure that transition work was undertaken to ensure the new Council's offer was as strong as possible.

Members sought additional information and were informed:-

(i) that there was a national shortage of planners that was likely to continue into the future. The new Council would be able to look at how planning resources might be re-allocated with a view to improving the service.

(ii) that the Tier 1-3 positions in the new Buckinghamshire Council (i.e. Chief Executive, Director and Assistant Director equivalents) would be appointed by the end of the year. The vast majority of other Council staff would be TUPE transferred on their current employment terms and conditions over to the new Council. The staffing structures for the new Council, for staff below Tier 3, had not yet been decided.

(iii) with a further explanation of the information at Annex 1 to the Committee report. There had been a reduction in the number of agency and consultancy workers employed over the last 2 years as the new structures resulting from the change programme had been recruited to. However, there had not been an related reduction in associated spend as many of the agency/temp staff currently employed were working in key technical roles which required market premia to be paid.

(iv) that additional information and a breakdown of the reasons for using agency/temp staff could be provided to Members.

RESOLVED –

That the actions in place for managing agency and temporary staff employed by AVDC, as well as for the retention of existing staff, be noted.

3. COUNCIL TAX COLLECTION PERFORMANCE

The Committee received a report that provided an insight into the current performance of the Council Tax department including on incoming revenue and customer interactions.

In 2018, AVDC had been tasked with the collection of £143,466,236 in Council Tax, the significant majority of which had then been passes on to the Buckinghamshire County Council, the Police and Fire services and Parish/Town Councils.

Any council tax that was not collected “in year” would normally be collected within the first few months of the following financial year, with under 1% of council tax due having to be written off or collected in the following years. In recent years, national council tax collection rates had fallen although AVDC was an exception to this trend. This year AVDC’s collection rate had been 98.76%, a healthy increase on the 2017/18 final collection figure of 98.45%.

Despite the challenging financial environment, AVDC had also collected over £2 million in previous year debt in 2018/19. This was a substantial increase on the last two years collection for old debt, in 2016/17 the figure collected had been £525,016 and in 2017/18 the amount collected had been £300,012. The main factors having an impact on collection performance locally and nationally were legislative changes and the impact of austerity and changes to DWP benefit.

- A change in Government regulations from 1 April 2013 had allowed people liable to pay council tax the right to pay by 12 instalments instead of the previous 10. Due to this, any slight delay or default in payment gave the Council little or no time to take recovery action before the end of the financial year meaning that the "in year" recovery rate was reduced.

- Austerity meant that some residents had found it difficult to manage their finances even where their annual income was too high for them to qualify for support. If people experienced short term cash-flow problems then paying Council Tax instalment was often low on their list of priorities.

- The introduction of Universal Credit to Aylesbury Vale in September 2018, had affected residents and often resulted in funds being unavailable to make their monthly council tax payments. The Council had worked hard as a team to ensure that customers were made aware of the changes and had also provided staff and residents with avenues of support and guidance on how the changes might affect their ability to pay.

AVDC ran its own Council Tax Reduction Scheme granting £8,212,099 in 2018/19 to people who were struggling to pay their council tax and are on a low income. In addition, there was also a £200,000 discretionary fund. Both schemes had traditionally been used to support people who cannot pay, rather than those people who just choose to priorities other expenditure over paying their council tax. During 2018/19, the Council had used some of the discretionary fund to assist with a small group of residents who had found themselves in large debt and were facing the situation of not being able to maintain their rental liabilities.

The Committee was informed that new temporary banding procedure for new build properties had been introduced in May 2018, ensuring residents were provided with a council tax demand notice promptly to avoid them having to catch up on payments. When a property was set up on Northgate, the Council would wait for the official band to be provided by the valuation office agency before sending the resident a bill. This could sometimes take up to six months, leading to a build-up of arrears before the customer has even been provided with instalments. By the introduction of a temporary banding policy, customers received manageable instalments that were easier to maintain and assisted with achieving collection rates.

Single Persons Discounts (SPDs) represent the largest area of discount awarded in respect of council tax, with over 23,000 households claiming the 25% discount. In October 2018 AVDC had instructed an independent company to carry out a review of all residents in receipt of the discount. The review had completed on 25 May 2019 and had resulted in the removal of 1,100 discounts and an additional £412,330 in collectable revenue across the district.

Following the introduction of Universal Credit and the changes to the way DWP paid benefits, AVDC had looked at different ways to assist residents with making payments of council tax. Direct Debit was the cheapest option for the authority to receive monthly instalments, and a report had been written to implement 4 additional dates for this method of payment. Following approval, AVDC could now offer people wishing to set up a Direct Debit a selection of 6 available dates throughout the month for instalments to be paid.

Council staff had been provided with additional training to ensure they were maximising collection, whilst ensuring accuracy was maintained and correct notifications were issued first time around. The removal of summons in 2017/18 due to inaccuracy had been on average 20-22% for each court hearing. The delivery of training and improvements to accuracy in 2018/19 had resulted in the removal of notices reducing to 2-3% in respect of recent court hearings.

Members sought additional information and were informed:-

(i) that benchmarking information comparing AVDC's Council Tax collection performance to other Council's would be sent to Members.

(ii) that people wishing to pay their Council Tax in instalments could elect to do this in 10 or 12 instalments.

(iii) that it had been cheaper and more effective to have the SPD review undertaken by an independent company rather than doing this in-house.

(iv) that unlike some other Government agencies, Councils were not a preferential creditor when trying to collect unpaid Council tax debts.

(v) by the Cabinet Member for Finance and Resources that the all avenues for collecting debts were exhausted by the Council before debts were written off.

(vi) that AVDC Officers were involved on the Unitary Working Groups that were looking at the Council Tax Reduction Scheme and discretionary fund that might be adopted by the new Buckinghamshire Council.

4. 2018-19 TREASURY MANAGEMENT OUTTURN

The Committee received a report, in line with the Treasury Management Strategy that required an annual report to Council after year end, on the performance of the Treasury Management section for the 2018/19 financial year.

The objectives for the Treasury Management team for 2018/19 had been agreed by the Council in February 2018 in the Treasury Management Strategy. The main activities continued 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.

Actual performance was in line with the plan, namely:-

- The Council placed deposits in a decreasing market by spreading its deposits thinly across many trusted institutions in accordance with its policy.
- The authority did not undertake any new long term borrowing.
- The in-house team achieved interest rates above the 7 day LIBOR rate.

The report included information:-

- on the average monthly balances deposited by the in house team generated by the in-house team.
- on the average weighed rate of return received over the financial year compared to the LIBOR rates. Over the financial year, the rate of return had increased, and credit risk reduced. For March 2019, the weighted average rate of return for the Council was 0.87% (on investment of £25.7). This compares to Benchmarking data where, across 231 authorities, the weighted average rate of return was also 0.86%, on investment average of £83.3m.

- on the Council performance against capital and treasury indicators, as indicated by the Council Balance sheet, as at 31 March 2019.
- In-House Treasury team performance: with interest rates still at low levels, the actual amount of deposit income generated was £375,867. This was £15,867 higher than planned and £100,781 higher than in 2017-18. This was due to the high level of money available for deposit from unspent reserves and balances held to meet capital programme obligations.
- Money Market Funds.
- New Borrowings: no new borrowing had been taken out during the year, and loans of £5m had been repaid in May 2018.
- Fund Manager Performance: the Council did not use Fund Managers to aid its investment decisions.
- Treasury Management Strategy 2019/20: had been approved by full Council in February 2019.
- that Cabinet had decided in November 2018 to utilise the Interest Equalisation reserve to support cost pressures arising from the unitary decision. Whilst there was some risk in terms of financial volatility in delivery of planned investment returns, in recent times there had been better than expected investment income and the expected outlook did not signify a significant risk in the short term. The reserve had been held to smooth out fluctuations in interest rates.

Members sought additional information and were informed:-

(i) that all of the Council's loans were with the Public Works Loans Board and would not be affected by changes in the pound sterling exchange rate with foreign currencies.

(ii) that AVDC Officers were involved on the Unitary Working Groups that were looking at putting together a framework Treasury Management Strategy for the new Council. This included looking at all large investments and borrowings and re-looking at investments.

RESOLVED –

(1) That the Council's in-house Treasury Management team be thanked for excellent work during the last year.

(2) That the performance against the Treasury Management Strategy for 2018/19 be noted.

5. QUARTERLY FINANCE DIGEST: APRIL TO JUNE 2019

The Committee received the Quarterly Financial Digest for the period to 1 April to 30 June 2019, which represented the position after the first 3 months of the 2019-20 financial year. The digest was attached as Appendix 1 to the Committee report, and Members referred to it during discussions.

As at the end of June 2019, the Council was reporting a net overspend of £26,813. While a number of risks and issues had been identified and their impact was being monitored and managed, it was anticipated that any additional cost pressures would be offset by budget underspends and additional income across the Council and a forecast balanced budget would be delivered for the 2019-20 financial year. This had also been assumed in the Medium Term Financial Plan (MTFP) agreed by Council in February 2019.

Members were assured that timely reporting had allowed for mitigating actions to be identified by budget holders and managers across the Council to address the emerging financial position. 2019-20 represents an exceptional year for the Council, with the move to the single unitary council in April 2020. Whilst every effort was being made to deliver a balanced budget and remain focused on continuity of service delivery, the decision had a profound impact on strategy and future planning.

The forecast level of balances for the financial year was reported as £2.353m, higher than planned. The increase to the working balances was a result of the 2018-19 financial outturn being better than forecast. Earmarked reserves were held for legitimate reasons and the use of earmarked reserves was an essential part of sound financial planning.

The year to date forecast position currently assumed the use of reserves to support some one off or exceptional spend and to offset agency costs for some areas where there are unusual pressures. The use of further reserves would be assessed during the year.

Details of the significant cost pressures and efficiencies for the year to date included:-

- Pay overspends of £0.4m (after the use of reserves and offset of income due) which included the use of agency to support staffing.
- Operational pressures for the housing benefit, waste team at the depot and legal team had necessitated additional temporary staffing costs. These were being actively managed and were forecast to be largely addressed in the coming months.
- For the three months to the end of June, a number of vacancies across the Council remain unfilled and not covered by agency, resulting in underspends. This was mainly related to the Project Management Office, the Communications and the Electoral and Democratic teams. This was mostly as a result of secondments made to the unitary team leaving vacancies at AVDC.
- The Council was reporting a year to date overspend of £120,000 on waste disposal costs. The cost of disposal was based mainly on the commodity value of each material (plastic, card, paper etc.) and therefore the cost paid was largely outside of the Council control. At current spend levels, the annual budget allocation would be exceeded by circa £400K. This compared to the first 5 months of 2018-19, when the Council received income for disposal. This had been highlighted as a future financial risk.
- Also, at the depot, the year to date financial position reflected additional income in relation to waste for mixed recyclates, for sale of bins and for commercial waste services (£110,000). BCC pay AVDC recycling credits per tonne of recycling. This was an incentive to divert waste from the EfW as this had a higher gate fee. The income would fluctuate each quarter and depended on how much recycling was collected from resident properties.
- that the tenants at 66 High Street, Aylesbury, had given notice to vacate the property on 30 September 2019. It had not been forecast that the property would be re-let but if it was then the forecast outturn would improve.
- Pressure on SEED income due to the impact of unitary decisions. Whilst pipeline council to council income remained strong, the ability to deliver it was reducing pending Unitary. Resources in the team were also being diverted to support other corporate priorities.
- Budget savings arising as a result of the delay in implementation of the taxi token scheme (£35,000).

- Savings against budget in relation to transitional relief for business rates was £105,000
- Savings on vehicle parts and maintenance at the depot due to previous capital investment was £80,000.
- Above budgeted levels of income in relation to recovery of costs for the recovery of income from council tax and business rates debtors was £140,000 for the period to date. The income recovered would vary over the financial year and should cover costs.

There were many other less significant variances across the Council and budget holders were reviewing these on a monthly basis.

The report also contained information on the use of agency/temp staff that had been discussed as a separate agenda item at the meeting.

The Digest at page 14 detailed the reserves and provisions currently held by the Council against specific risks and commitments. The level of reserves held would change during the financial year as commitments are confirmed and approved.

Page 15 of the Digest reported on the level of capital spend to 30 June 2019, with there being a spend of £847,000 to date. The spend was primarily on existing projects. The spend on existing and planned projects would be reviewed over the coming months to assess any capital slippage for the financial year.

Members were informed that no new borrowings had been taken out so the current level remained at £18.5m. The council had £44.3m 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 AVDC was the only one of the 5 Buckinghamshire Councils that had allocated a share of the New Homes Bonus monies to parish and town councils to help alleviate the impacts of housing growth on local communities. Town and Parish Councils had been notified when the process for the latest round of grants had commenced that this would be last year that AVDC operated the scheme. It would be a decision for the new Council to make in due course as to whether they operated a similar scheme.

(ii) that Officers would provide Members with updated information on the Aylesbury Special Expenses.

(iii) that there was likely to be some slippage on the capital programme schemes, in particular relating to £4.5m allocated to the regeneration of the Aylesbury Town Centre.

(iv) that the Council had forgone some income through keeping space vacant at the Gateway offices to meet unitary requirements.

RESOLVED –

That the contents of the Digest and the position for the Council after the first 3 months of the 2019-20 financial year be noted.

6. WORK PROGRAMME

RESOLVED –

That the current work programme, as submitted to the meeting, be noted.

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Finance and Services Scrutiny Committee
11 November 2019

TREASURY MANAGEMENT 2019-20: 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 2019/20 financial year.

2 Recommendations/for decision

2.1 To note the performance against the Treasury Management action plan for 2019/20.

3 Mid Year Review of 2019/20 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 2019 was £33million with another £3.2million 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.

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 is being assessed through a working group and will be progressed over the coming months.

4 Review of 2019/20 Treasury Management

4.1 The objectives for the Treasury Management team for 2019/20 were laid out in the Treasury Management Strategy agreed by Council in February 2019.

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.

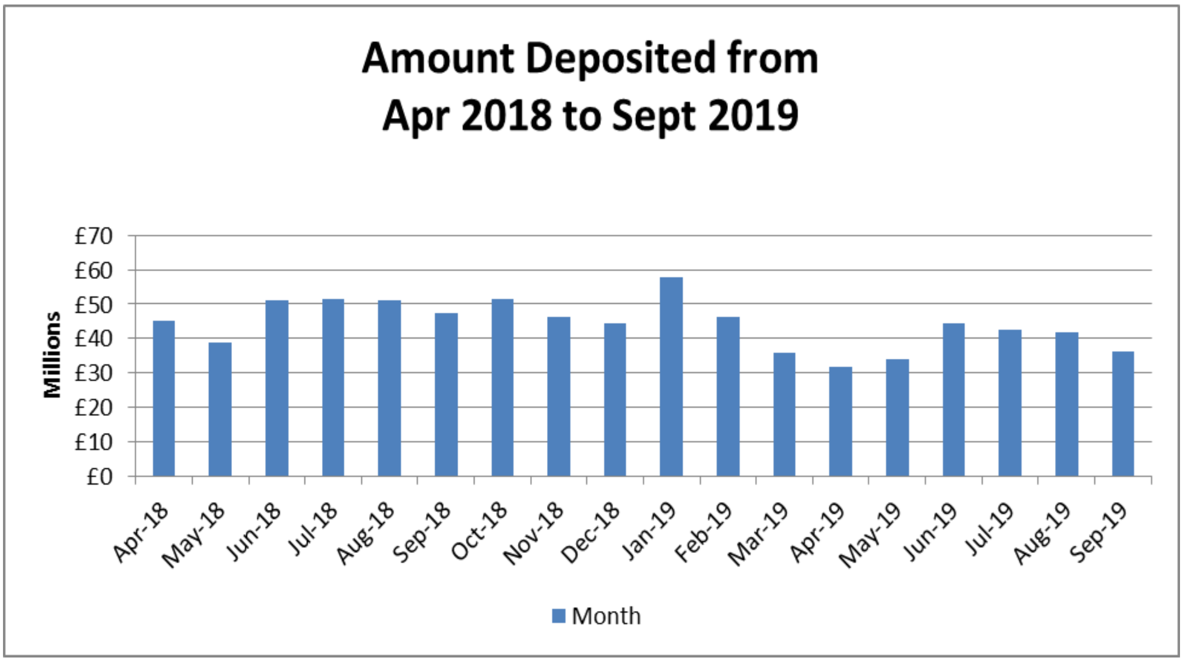
4.5 Actual performance, on interest earned, is behind target for the year to date.

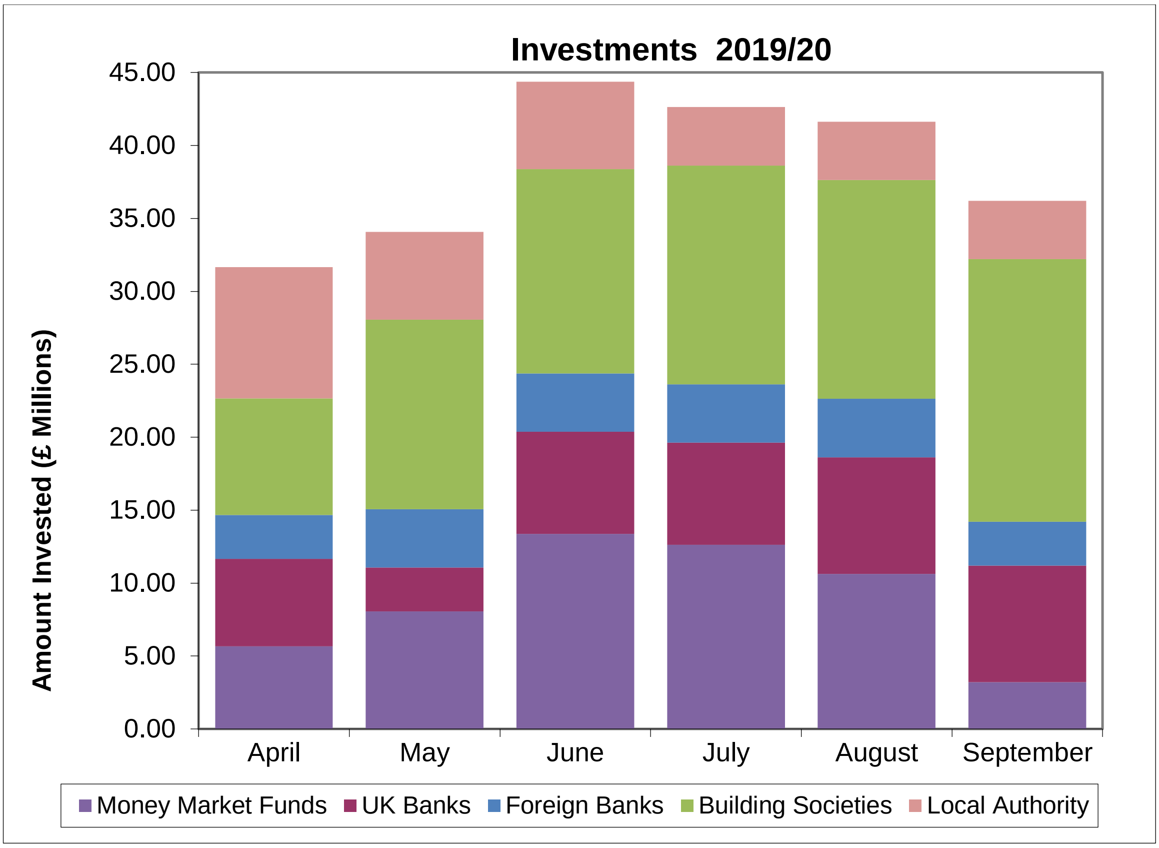
- The Council placed deposits by spreading its deposits thinly across many trusted institutions in accordance with its policy in order to minimise potential risk.
- The authority did not undertake any new long term borrowing.
- The in-house team achieved interest rates above the 3 month LIBID rate.

4.6 Interest rates remain at a low level. The actual amount of deposit income generated is reported as £104,488 for the first six months of the year. This is behind target by £100k.

4.7 The variance to plan is largely a factor of reduced levels of investment available to generate income. The Council have used balances in lieu of borrowing. This reflects the prudent approach of the Council.

4.8 The levels of investment are detailed below in total, and by type.





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 variance on income generated is offset by savings on interest charges due, due to lower than planned level of borrowing. In the six months of the financial year, a saving of £123,000 is reported on bank charges payable.

4.11 The local government landscape for borrowing may change over time. In early October 2019, Whitehall announced a whole percentage point increase in the rate of borrowing from the Public Works Loan Board (PWLB), for new loans. This may impact on future borrowing plans by Councils.

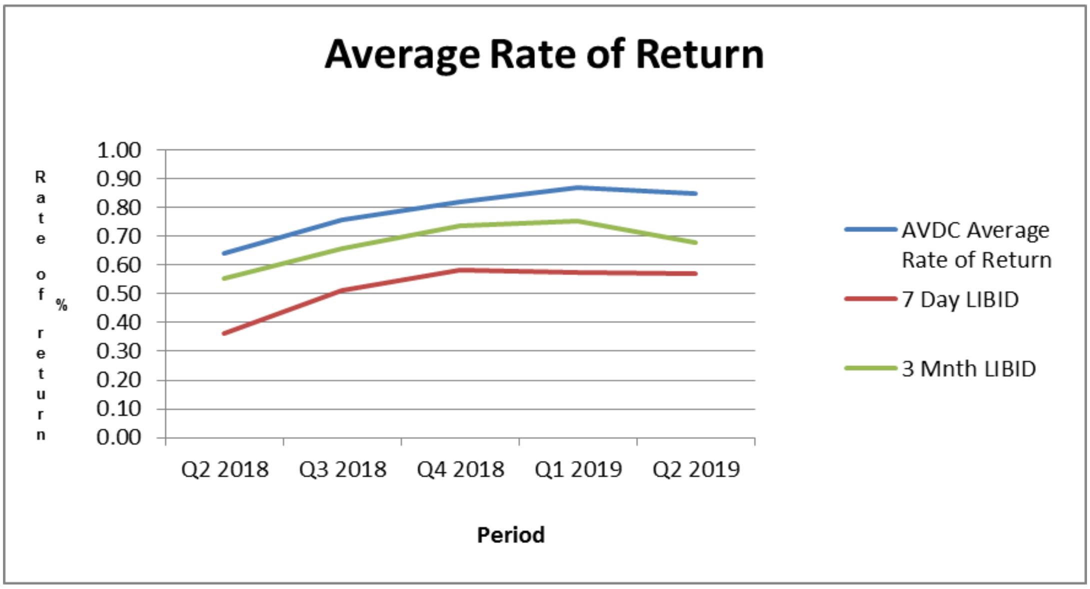
4.12 Although the levels of investment balances are reducing, the rates of return earned are assessed as being above average. The table below details average weighted rate of return received over the financial year compared to the 7 day and 3 month LIBID rates available. (LIBID: Interest rate at which London banks are willing to borrow from one another in the inter-bank market)

Period	AVDC Average Rate of Return	7 Day LIBID	3 Mnth LIBID
Q2 2018	0.64	0.36117	0.55265
Q3 2018	0.76	0.51084	0.65849
Q4 2018	0.82	0.58332	0.73598
Q1 2019	0.87	0.57347	0.75452
Q2 2019	0.85	0.57083	0.67878

4.13 For the 6 months to the end of September 2019, the weighted average rate of return for the Council was 0.85% on investments of £36.2m. The performance to date in 2019-20 is in line with the model band of all Non-Metropolitan Districts (90 authorities) which ranged between 0.84%-0.94% (*source of data: Link Asset Services)*

4.14 After raising interest rates in August 2018, the Monetary Policy Committee voted unanimously to hold rates in their subsequent meeting to September 2019. There are however a number of economic factors e.g. Brexit which may influence interest rate changes over the coming months.

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



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 the council is unlikely to invest given changes as a result of the Unitary decision.

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 With the need to resource an implementation plan for the new council and the need to manage staffing costs across this transition period, the Interest Equalisation Reserve was repurposed and has been made available to offset the transition costs associated with local government reorganisation. .An Interest Equalisation Reserve was previously held to smooth out fluctuations in interest rates.

10.2 The forecast position for the Council for 2019-20 reflects both the deficit on interest earned and savings on interest charges due to lower than planned level of borrowing.

10.3 In addition several economic factors including Brexit and downward pressure on rates from the US government, have had an adverse effect on returns across the market.

Contact Officer	Nuala Donnelly
Background Documents	Treasury Management Strategy 2019/20 CIPFA Prudential Code Statutory Code of Practice for Treasury Management

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Finance and Services Scrutiny Committee
11 November 2019

FINANCIAL DIGEST : APRIL 2019 – SEPTEMBER 2019

1 Purpose

1.1 This report presents the Financial Digest for the period to 30 September 2019. This represents the financial position for the first six months of the financial year 2019-20.

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 2019 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 2019/20 is also provided.

3.4 As at the end of September, a net overspend against budgets of £783,376 is reported, at portfolio level. Over the remaining months of the financial year, it is forecast that following a review of corporate budgets and the use of reserves, overspends at portfolio level will be offset by savings on corporate budgets.

3.5 The Council are forecasting to balance the budget for the 2019-20 financial year. A number of risks and issues have been identified and are being monitored and managed and it is anticipated that any additional cost pressures will be offset by budget underspends and additional income across the Council.

3.6 The Medium Term Financial Plan (MTFP) agreed by Council in February 2019 assumed a break-even position for 2019-20.

3.7 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.

3.8 2019-20 represents an exceptional year for the Council, with the move to the single unitary council in April 2020. The Secretary of State's decision to create a single unitary council in Buckinghamshire fundamentally reshapes the drivers for financial planning. Whilst every effort is being made to deliver to budget and remain focused on continuity of service delivery, the decision still has a profound impact on strategy and future planning. Furthermore, the decision creates uncertainty over the direction of work programmes and uncertainty for staff.

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

3.10 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 to identify additional efficiencies.

3.11 The forecast level of balances for the financial year is reported as £2.353m. This is higher than planned. The increase to the working balances is as a result of the 2018-19 financial outturn being better than forecast.

3.12 Earmarked reserves are held for legitimate reasons and the use of earmarked reserves is an essential part of sound financial planning.

3.13 The year to date forecast position currently assumes some use of reserves to offset agency costs for planning where there are unusual pressures. The use of further reserves will be assessed during the year.

3.14 There are a number of underlying factors to the reported YTD overspend.

3.15 Detail of the significant cost pressures and efficiencies for the period to date include:

- Savings against budget in relation to transitional relief for business rates (£110,000)
- Budget savings arising as a result of the delay in implementation of the taxi token scheme (£16,000)
- Within the environment and leisure portfolio, an overspend on staff of £103,000 relates to the use of agency staff working on planning enforcement during a period of change and restructure as a review of work processes is undertaken to realise service improvements. It is anticipated that the use of agency staff will cease in the final quarter of the financial year.
- A year–to-date overspend against budget is also reported for the housing benefit department (£45,000). Additional staff have been engaged to address a back log of work. Vacancies in this area has also led to agency use at premium cost. The department is benchmarked to be lean compared to other authorities. Currently, the staffing position is much improved and all temporary staff have been released other than those covering current vacancies or those who are funded. No recurrent staffing pressures are assumed.
- For the period to the end of September, a number of vacancies have arisen both as a result of secondments made to the unitary team and also staff leaving the organisation. This includes both members of the senior management team and also staff across the Project Management Office, Communications and the Electoral and Democratic teams. A number of the vacancies remain unfilled and not covered by agency, resulting in underspends. (£175,000).
- Pressure on SEED income due to the impact of unitary decisions has resulted in a year to date income shortfall of £42,000. Whilst pipeline council to council income remains strong, the ability to deliver it is reducing pending Unitary. Resources in the team are also being diverted to support other corporate priorities.
- Staffing pressures across the planning and building control teams remain a financial pressure in the reported budgets year to date. Staffing budgets are overspent by £150k (after the use of reserves). Work continues in this area to review working practices and spend levels whilst maintaining service provision.
- A shortfall against income targets for the planning department (£277,000) is largely a result of reduced staffing capacity to deliver to targets together with a shortfall to the pre-planning application pipeline and income recovery levels.

- The Council are reporting a year to date overspend of £267,000 waste budgets. This relates largely to increased costs of waste disposal. The cost of disposal is based mainly on the commodity value of each material (plastic, card, paper etc.) and therefore the cost paid is largely outside of the Council control. This has been highlighted as a future financial risk.

3.16 For the six months of the financial year to date, the main financial issues emerging are outlined in the paragraph above. Across the Council, many other budgets have less significant variances as spending patterns can be varied over the months and commitments not fully realised, resulting in smaller year to date variances. Budget holders review spend on a monthly basis.

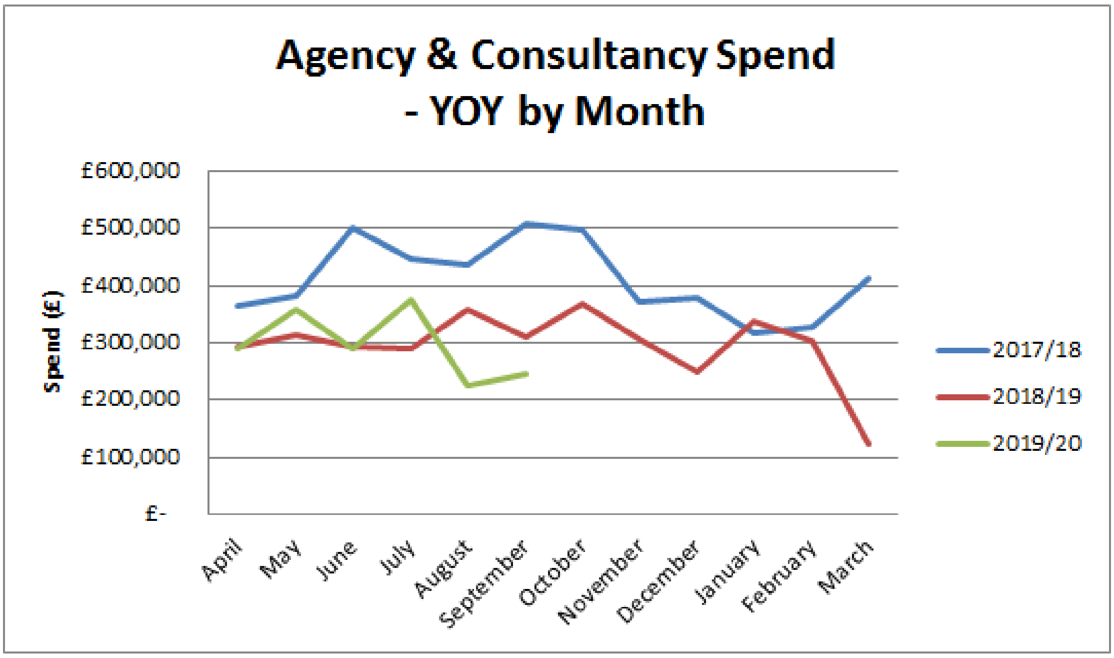
3.17 The year to date financial position includes spend on agency staff. The spend on high cost agency staff continues to be monitored and managed in order to minimise overspends on salary budgets. The use of agency to cover vacancies and service pressures incurs a premium and often results in an adverse variance to agreed budgets.

3.18 Members have previously considered a paper outlining the management arrangements for agency and temporary staff.

3.19 Agency spend is incurred for a number of reasons including

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

3.20 The graphs below detail the current spend across the organisation, and also comparative information for previous years.



3.21 Agency spend for the period July to September 2019 is 10.5% lower than the spend over the first three months of the financial year. Members will also note that agency spend for the period to date in 2019/20 is 4.4% lower than 2018/19.

3.22 Detail of the reserves and provisions currently held by the Council are listed on page 14 of the digest. These reserves are held against specific risks and commitments. The table details the closing balances for reserves at the end of March 2019 and gives an estimate of known/anticipated movements. The level of reserves held will change during the financial year as commitments are confirmed and approved.

3.23 As well as the revenue budget the digest, on page 15 also reports on the level of capital spend to 30th September 2019. A spend of £1,286,183 is reported. The spend is primarily on existing projects. Spend on existing and planned projects will be reviewed over the coming months to assess any capital slippage for the financial year.

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

3.25 The council had £36.2m 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 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.

4.3 Whilst currently reporting a break-even position, the following risks and issues have been identified and are being monitored and managed;

- Variances on budgeted staff costs
- Income shortfalls in relation to property and garden waste income.
- Higher than budgeted costs of waste disposal
- Revision of corporate budgets in relation to financing items including Business rates.

4.4 Staff costs
Across the Council, the financial position is influenced by the spend on staff costs. Despite known pressures on staff costs in areas including planning, enforcement and housing benefit, it has been possible to offset overspends with underspends and additional efficiencies in other areas including Project management office, democratic services and senior manager vacancies.

4.5 Income shortfalls: Across the council, budget holders are managing

- Planning income is behind planned levels due to staffing constraints and changes to the pre-planning applications pipeline. A revised PPA plan is being agreed and a proactive drive to increase activity is now in place.

- The tenants at 66 High Street, Aylesbury have given notice to vacate the property on 30th September 2019. The forecast has improved since the forecast at the end of Quarter 1 as the tenant has revised plans for occupancy to March 2020. The status of the letting remains under review.
- The forecast also reflects income foregone from keeping space vacant at the Gateway to meet unitary requirements.
- With the implementation of the improved garden waste subscription service during 2019 residents were offered pro-rata payments which has resulted in an non-recurrent shortfall in the current year (£200,000). Annual billing for all residents will occur in November 2019 for the year 2020.

4.6 Waste Disposal costs

- The Council have identified a cost pressure in relation to waste disposal costs. This is currently forecast to be £0.4m above budgeted costs for 2019-20
- This cost pressure is being flagged as a forecast overspend for the financial year, and also as a MTFP pressure for 2020-2021.

4.7 Financing items

A number of changes to budgets, held at a Corporate level, in relation to financing items have been actioned which have resulted in an better than planned position.

- o An increase to dividend paid to the Council for the Crematorium and AVE
- The forecast position reflects savings on interest charges due to lower than planned level of borrowing.
- Revision downwards of Minimum Revenue Provision (MRP) in line with revised borrowing requirements
- Above budgeted level of income recovery in relation to Business rates

4.8 The Council also holds a small contingency budget which can be used to offset some financial risk.

4.9 Limited use of reserves has been assumed at this stage. It is legitimate that reserves be applied to address some one-off or exceptional budgetary pressures. Reserves are held e.g. for planning related issues and this is currently identified as having exceptional finance pressures in year.

4.10 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.

4.11 Monitoring processes are in place, during 2019-20, to measure and monitor performance in year against the agreed plan. The budgetary pressures facing the Council are understood and budget holders and managers are working hard towards delivering savings through efficiency and income generation.

4.12 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

4.13 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.

4.14 Members should note that ongoing pressures and risk identified as part of the monitoring process are being raised for consideration in developing MTFP proposals for 2020/21 for the Buckinghamshire Council.

4.15 Aylesbury Vale Finance officers are working closely with colleagues from across the county to present a combined in-year monitoring position for the Shadow Executive.

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 2019

AYLESBURY VALE
DISTRICT COUNCIL

FINANCIAL DIGEST
SEPTEMBER 2019

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

ISSUE 1 - 19/20

CONTENTS

Main points of note contained within September's digest

The Main Message

The Council spent £783,376 more on the provision of services during the first 6 months of 2019/20 than allowed for in the budget.

- Pay overspends of £0.5m (after the use of reserves and offset of income due) which includes the use of agency to support staffing.
- For the Housing Benefit team, additional staffing and overtime costs have been incurred to address a significant backlog of work.
- For the Enforcement team, a restructure has resulted in non-recurrent costs to deliver delivery efficiencies.
- Higher than budgeted staff costs have been incurred at the depot.
- A number of vacancies remain unfilled and not covered by agency, resulting in underspends. This is largely as a result of secondments made to the Unitary team leaving vacancies at AVDC.
- The Council are reporting a year to date overspend on waste budgets of £267,000.
- Budget savings arising as a result of the delay in implementation of the taxi token scheme
- Savings against budget in relation to transitional relief for business rates
- Above budgeted levels of income in relation to additional dividends paid

- Reviews are ongoing with services to ensure effective financial management
- General efficiencies have been achieved in the six months to the end of Sept, a number of cost centres are reporting underspends.

The Council are forecasting to balance the budget for the 2019-20 financial year.
A number of risks and issues have been identified and are being monitored and managed

- Variances on budgeted staff costs
- Income shortfalls in relation to property and garden waste income.
- Higher than budgeted costs of waste disposal
- Revision of corporate budgets in relation to financing items

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	442,537	600,000	Increased agency staff costs and reduced planning fee income
Waste & Recycling - Non Commercial	265,170	390,000	Domestic waste disposal fees
Assistant Directors	104,521	110,000	Increased staffing and agency costs
Environmental Services	88,494	150,000	Increased staffing and agency costs
Housing Benefits	45,101	150,000	Increased staffing costs
Top 5 Under Budget			
Car Park Management	(105,390)	(164,600)	Savings from transitional relief in business rates
Economic Development	(67,876)	0	Recharge of costs to East/West Rail
Project Management Office	(45,332)	(64,000)	Staff secondement to Unitary
Personnel Services	(31,863)	0	Salary savings
Chief Executive's Support Services	(24,427)	(120,000)	Salary savings

GENERAL FUND SUMMARY AS AT 30TH SEPTEMBER 2019

GENERAL FUND STATEMENT OF BALANCES	ACTUAL OUTTURN 2018/19 £'000	ORIGINAL BUDGET 2019/20 £'000	EXPECTED OUTTURN 2019/20 £'000
Brought Forward 1st April	**(1,977)**	**(1,927)**	**(2,353)**
Planned Use of/(Contribution to) Balances	(240)	0	0
Less General Overspend Assumption	(192)	0	0
Contribution to the HS2 Fund	6	0	0
Commercial Activities	50	0	0
Net Use of/(Contribution to) Balances	(376)	0	0
Working Balance Carried Forward	**(2,353)**	**(1,927)**	**(2,353)**

Fund	General					
	Full Year			Year to Date		
Portfolio	Current Budget	Expected Year End Variance		Budget to Date	Actuals to Date	Significant Variances
Civic Amenities	16,700	(183,000)		(58,175)	(184,048)	(125,873)
Communities	1,257,900	(33,400)		485,950	471,362	(14,588)
Economic Development	(612,400)	66,700		(259,240)	(254,093)	0
Environment & Leisure	2,894,000	150,400		438,080	534,812	96,732
Finance & Resources	6,476,900	172,000		5,875,310	5,899,781	24,471
Leader	1,617,200	(70,000)		793,305	876,504	83,199
Planning & Enforcement	(207,300)	600,000		(4,440)	421,904	426,344
Strategic Planning & Infrastructure	1,184,100	(35,000)		642,740	663,099	20,359
Waste & Licencing	5,853,900	625,000		3,584,609	3,852,195	267,586
Total Portfolio Expenditure	**18,481,000**	**1,292,700**		**11,498,139**	**12,281,515**	**783,376**
Net Interest Receivable	(1,216,800)	(193,600)				
Contribution To Reserves	1,539,800	0				
Contribution From Reserves	(1,080,600)	0				
Contingency Items	163,400	36,600				
Asset Management	(1,048,800)	28,500				
Financing Items	1,135,800	(436,900)				
District Expenditure	**17,973,800**	**727,300**				
Less Aylesbury Special Expenses	(849,300)	0				
Contribution (from)/to Special Expenses	(51,100)	2,700				
Net District Expenditure	**17,073,400**	**730,000**				
Government Grant	(5,690,700)	(730,000)				
Collection Fund	(11,382,700)	0				
Overspend	**0**	**0**				

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	(772,300)	(164,600)	(141,625)	(247,015)	(105,390)	①
Leisure Centres	18,800	0	(264,140)	(274,496)	(10,356)	②
Market	1,100	(3,100)	4,760	2,801	0	③
Public Burial Fees	3,000	0	1,500	208	0	
Public Conveniences	129,000	(300)	72,600	76,519	0	④
Theatre & Leisure Centre Management	80,900	(15,000)	42,520	52,226	0	⑤
Town Centre Manager	191,400	0	82,330	75,089	0	
Town Centre Open Spaces	45,300	0	18,000	9,000	0	
Waterside Theatre	319,500	0	125,880	121,620	0	
Grand Total	**16,700**	**(183,000)**	**(58,175)**	**(184,048)**	**(125,873)**	

Notes

① £105,390 lower costs - savings from transitional relief in business rates and operational changes to Waterside car park, reduced by building insurance costs in Hampden House car park. The forecast has been amended to reflect these savings and pressure.

② £10,356 higher income - increased contract income due to CPI uplift.

③ The forecast has been amended to reflect marginal savings from transitional relief in business rates.

④ The forecast has been amended to reflect marginal savings from transitional relief in business rates.

⑤ The forecast has been amended to reflect savings

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*

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	
Community Safety	403,100	0	163,280	141,238	(22,042)	①
Concessionary Travel	44,200	(33,400)	22,140	5,460	(16,680)	②
Grants	79,200	0	40,880	37,823	0	
Housing Pathways	52,600	0	19,040	10,940	0	
Housing Services	625,600	0	194,270	229,561	35,291	③
Strategy & Partnerships	53,200	0	46,340	46,340	0	
Grand Total	**1,257,900**	**(33,400)**	**485,950**	**471,362**	**(14,588)**	

Notes

① £22,042 higher income - increased local authority partnership contributions which are expected to be spent during the remainder of the year.

② £16,680 lower costs - the Taxi Token Scheme has been placed on hold whilst the service is under review. The forecast has been amanded to reflect the anticipated outturn position.

③ £35,291 higher costs - increased homelessness bed & breakfast fees. The costs are being closely monitored, with the expectation that the increased costs will be offset by lower voids at the Lodge.

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: 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	
Bus Station	146,400	0	39,160	41,705	0	
Commercial Property	(1,965,900)	30,700	(956,270)	(916,507)	39,763	①
Economic Development	253,600	0	103,770	35,894	(67,876)	②
Facilities Management	49,400	0	30,500	21,073	0	
Highway and Amenity Areas	7,300	0	3,660	727	0	
Industrial Estates and Town Centre Props	550,900	100	292,040	300,627	0	③
Land Charges	(8,000)	6,000	(27,600)	(22,681)	0	④
Non Operational Property	(28,300)	0	(14,430)	(24,008)	0	
Office Accommodation	360,300	29,900	256,790	286,966	30,176	⑤
Standby Services	10,200	0	5,100	4,636	0	
Town Centre Open Spaces	11,700	0	8,040	17,471	0	
Grand Total	**(612,400)**	**66,700**	**(259,240)**	**(254,096)**	**0**	

Notes

① £39,763 lower income - reduced income due to a tenant vacating 66 High Street. The forecast has been amended to reflect the anticipated outturn position.

② £67,876 higher income - recharge of 17/18 East West Rail costs. This additional income will be used to fund additional project work over the next 6 months.

③ The forecast has been amended to reflect increased spend on agency staff offset by savings in business rates.

④ The forecast has been amended to reflect lower than budgeted income from searches.

⑤ £30,176 higher costs - one off refund of rent deposit of £20,000 plus increased utilities 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	*Environment & Leisure*

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year end Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Communities	484,500	0	230,140	236,959	0	
Community Centres	469,900	200	205,135	204,303	0	①
Environmental Services	908,600	150,000	(463,100)	(366,379)	96,721	②
Facilities Management	52,500	0	26,280	19,426	0	
Parks, Pitches & Open Space	976,200	200	438,425	440,094	0	③
Waste & Recycling - Non Commercial	2,300	0	1,200	408	0	
Grand Total	**2,894,000**	**150,400**	**438,080**	**534,812**	**96,732**	

Notes

① The forecast has been amended to reflect marginal overspend in business rates.

② £96,721 higher costs - increased planning enforcement employee costs. The forecast has been amended to reflect the anticipated outturn position.

③ The forecast has been amended to reflect marginal overspend 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	***Finance & Resources***

	Full Year		Year to Date			
Service	**Current Budget**	**Expected Year End Variance**	**Budget to Date**	**Actuals Plus Commitments to Date**	**Significant Variances**	
Car Pooling Scheme	115,900	0	46,270	37,595	0	
Contract & Procurement Services	249,300	0	124,720	106,505	(18,215)	①
Core Costs	1,322,900	0	711,460	711,476	0	
Democratic Services	513,900	0	256,140	256,911	0	
Digital Services	316,400	14,000	158,160	166,644	0	②
Enterprise Service Desk Support	190,500	0	107,440	124,022	16,582	③
Facilities Management	4,200	0	4,200	10,998	0	
Finance & Payroll Services	1,695,000	47,000	989,140	1,015,897	26,757	④
Governance	0	0	(44,140)	(48,261)	0	
Housing Benefits	1,499,200	150,000	2,532,420	2,577,521	45,101	⑤
Insurances	(67,600)	0	202,500	202,500	0	
IT Services - Strategic & Enterprise Service Desk	(48,300)	25,000	259,940	293,854	33,914	⑥
Personnel Services	43,400	0	23,520	(8,343)	(31,863)	⑦
Project Management Office	621,000	(64,000)	310,600	265,268	(45,332)	⑧
Rating & Recovery Services	60,500	0	221,780	221,000	0	
Training	(39,400)	0	(28,840)	(33,806)	0	
Grand Total	**6,476,900**	**172,000**	**5,875,310**	**5,899,781**	**24,471**	

Notes

① £18,215 lower costs - salary savings due to maternity. These savings are planned to be used to pay for training in the last 6 months of the year.

② The forecast has been amended to reflect additional employment costs.

③ £16,582 higher costs - higher employment costs covering maternity & sickness leave.

④ £26,757 higher costs - increased costs for the iTrent payroll system. The forecast has been amended to reflect the anticipated outturn position.

⑤ £45,101, higher costs - additional employment costs covering maternity and sickness leave, including agency staff costs required to cover staff training & operational needs. The forecast has been amended to reflect these additional employment costs.

⑥ £33,914, higher costs - additional consultancy costs to cover operational requirements. The forecast has been amended to reflect these additional costs.

⑦ £31,863 lower costs - salary savings due to the vacant HR lead role. Increased consultancy costs over the remainder of the year are expected to offset this.

⑧ £45,332 lower costs - savings in employment costs from transfer of staff to Unitary. The forecast has been amended to reflect these savings.

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*

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	
Assistant Directors	(4,000)	110,000	(25,920)	78,601	104,521	①
Business Strategy	127,200	54,100	73,780	115,985	42,205	②
Chairman's Expenses	23,700	0	10,440	3,035	0	
Chief Executive's Support Services	30,200	(120,000)	11,600	(12,827)	(24,427)	③
Communications & Marketing	0	(38,800)	(40,880)	(50,355)	0	④
Democratic Services	1,088,600	(10,000)	536,545	519,353	(17,192)	⑤
Director - AS	0	0	(40)	(1,910)	0	
Director - TA	0	(80,000)	(1,300)	(13,129)	(11,829)	⑥
Electoral Services	388,700	(49,600)	179,300	171,233	0	⑦
Legal Services	(44,200)	64,300	46,300	63,039	16,739	⑧
Vale Lottery	7,000	0	3,480	3,480	0	
Grand Total	**1,617,200**	**(70,000)**	**793,305**	**876,504**	**83,199**	

Notes

① £104,521 higher costs - additional employee & agency staff costs covering maternity leave & ongoing planning service operational requirements. The forecast has been amended to reflect these costs.

② £42,205 lower income - reduction in SEED team income streams. The forecast has been amended to reflect the anticipated lower income.

③ £24,427 lower costs - savings arising from the departure of the Chief Executive. The forecast has been amended to reflect these savings.

④ The forecast has been amended to reflect salary savings arising from the secondment of 2 employees to Unitary.

⑤ £17,192 lower costs - salary savings. The forecast has been amended to reflect the anticipated outturn position.

⑥ £11,829 lower costs - savings arising from the departure of the Director. The forecast has been amended to reflect these savings.

⑦ The forecast has been amended to reflect salary savings due to staff vacancies.

⑧ £16,739 higher costs - increased employee costs. The forecast has been amended to reflect the costs of an additional team member.

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	3,000	0	1,500	0	0	
Heritage	527,800	0	281,900	294,134	12,234	①
Planning Services	(738,100)	600,000	(287,840)	127,770	415,610	②
Grand Total	**(207,300)**	**600,000**	**(4,440)**	**421,904**	**426,344**	

Notes

① £12,234 higher costs - agency staff costs covering current vacant post.

② £415,610 higher costs/lower income - agency staff costs to reduce the backlog of Planning & Building Control applications, which is also impacting on income streams. 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	*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**	
Forward Plans	696,900	0	348,660	362,354	13,694	①
Planning Services	257,100	0	178,840	205,767	26,927	②
Strategy & Partnerships	230,100	(35,000)	115,240	94,977	(20,263)	③
Grand Total	**1,184,100**	**(35,000)**	**642,740**	**663,099**	**20,359**	

Notes

① £13,694 higher costs - increased agency staff costs offset by a number of smaller savings across a range of services.

② £26,927 higher costs - agency staff costs covering current vacant post.

③ £20,263 lower costs - savings in employment costs due to the secondment of staff to Unitary. 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	*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	267,000	0	176,884	168,656	0	
Health & Safety	7,700	(15,000)	(2,565)	(7,335)	0	①
Licensing	(43,400)	0	(6,550)	(16,540)	0	
Waste & Recycling - Commercial	636,900	250,000	777,040	801,653	24,613	②
Waste & Recycling - Non Commercial	4,985,700	390,000	2,639,800	2,905,762	265,962	③
Grand Total	**5,853,900**	**625,000**	**3,584,609**	**3,852,195**	**267,586**	

Notes

① The forecast has been amended to reflect savings arising from a staff vacancy.

② £24,613 higher costs - increased trade waste disposal fees with Bucks CC - this contract is currently under review. The forecast has been amended to reflect the anticipated outturn position.

③ £265,962 higher costs - increased domestic waste disposal fees - the contract is reviewed by the supplier every three months (materials & employment costs) & this has resulted in increased contract costs. This contract with Casepak is currently under review. The forecast has been amended to reflect these changes & a budget pressure has been requested in the MTFP for future years.

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	74,200	0	39,620	39,182	0	
	Alfred Rose	61,100	200	25,985	29,184	0	
	Bedgrove	65,200	(100)	25,895	20,959	0	
	Haydon Hill	18,500	0	8,000	8,965	0	
	Prebendal Farm	51,400	100	22,510	22,308	0	
	Quarrendon and Meadowcroft	63,200	0	29,680	34,722	0	
	Southcourt	44,100	0	19,415	17,761	0	
Community Centres Total		**377,700**	**200**	**171,105**	**173,082**	**0**	①
Parks, Pitches & Open Space	Alfred Rose Park	56,200	0	27,500	25,428	0	
	Bedgrove Park	75,700	0	45,900	40,955	0	
	Edinburgh Playing Fields	54,400	0	22,800	21,992	0	
	Fairford Leys	87,600	200	38,920	35,905	0	
	Meadowcroft Playing Fields	80,600	0	37,280	26,636	(10,644)	
	Parks Administration	243,800	0	87,310	95,451	0	
	Vale Park	12,700	0	6,300	11,072	0	
	Walton Court Sports Ground	39,000	0	17,400	11,143	0	
Parks, Pitches & Open Space Total		**650,000**	**200**	**283,410**	**268,583**	**(14,827)**	②
Market	Market	1,100	(3,100)	4,760	2,801	0	
Market Total		**1,100**	**(3,100)**	**4,760**	**2,801**	**0**	③
Asset Rental Adjustment		**(91,800)**	**0**	**0**	**0**	**0**	
Grand Total		**937,000**	**(2,700)**	**459,275**	**444,465**	**(14,827)**	④

Notes

① The forecast has been amended to reflect marginal overspend in business rates.

② £14,827 lower costs - savings in utilities costs. The forecast has been amended to reflect marginal overpend in business rates.

③ The forecast has been amended to reflect marginal savings from transitional relief in business rates.

④ The original budgeted spend for special expenses was £902,300. £849,300 of this spend was reimbursed by way of precept income, the balance being a call upon the use of special expenses balances. During the year the current budget has been increased to cover the cost of maintenance works at various properties, which has been agreed to be met from AVDC balances.

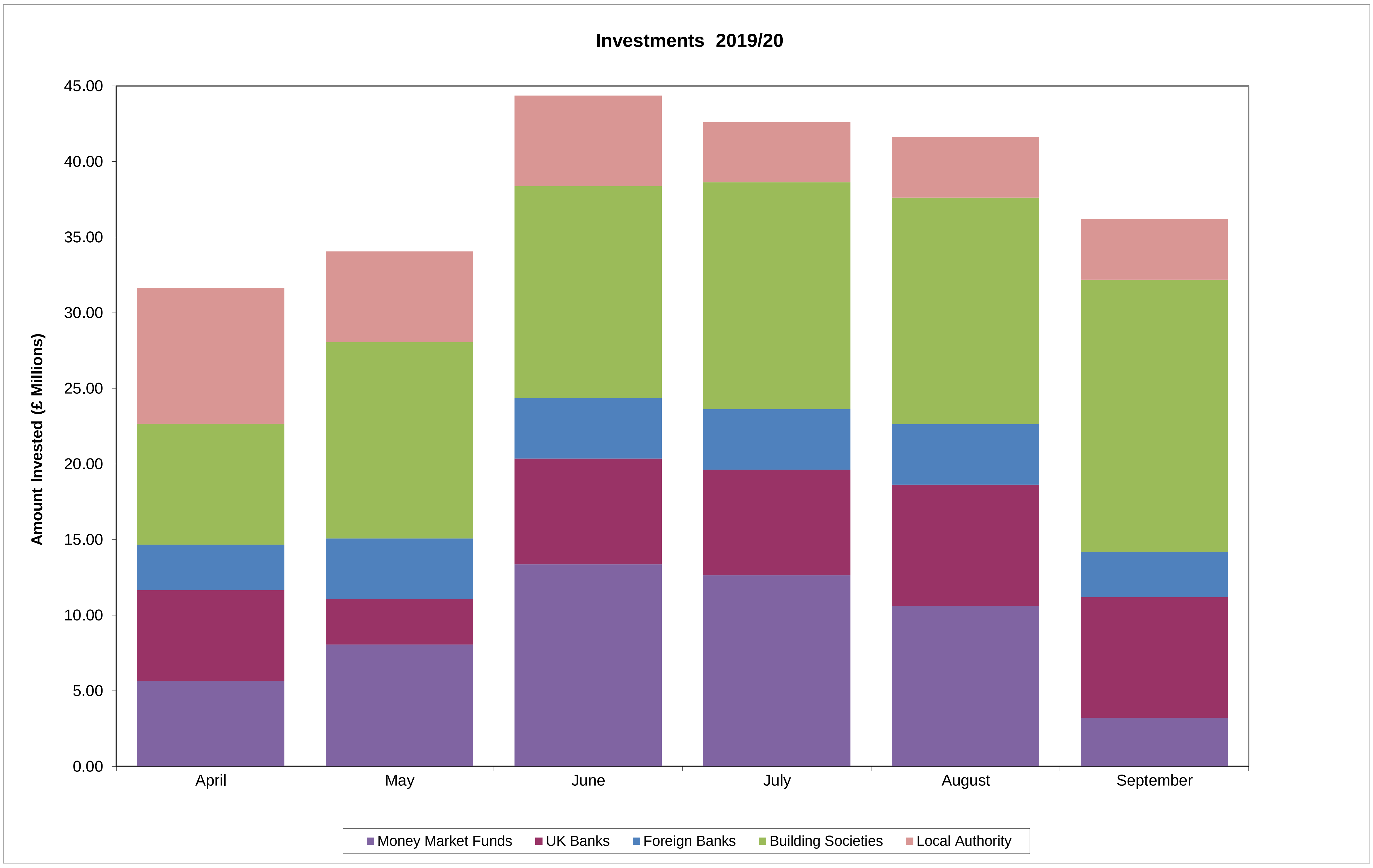
GENERAL FUND REVENUE RESERVES AND PROVISIONS

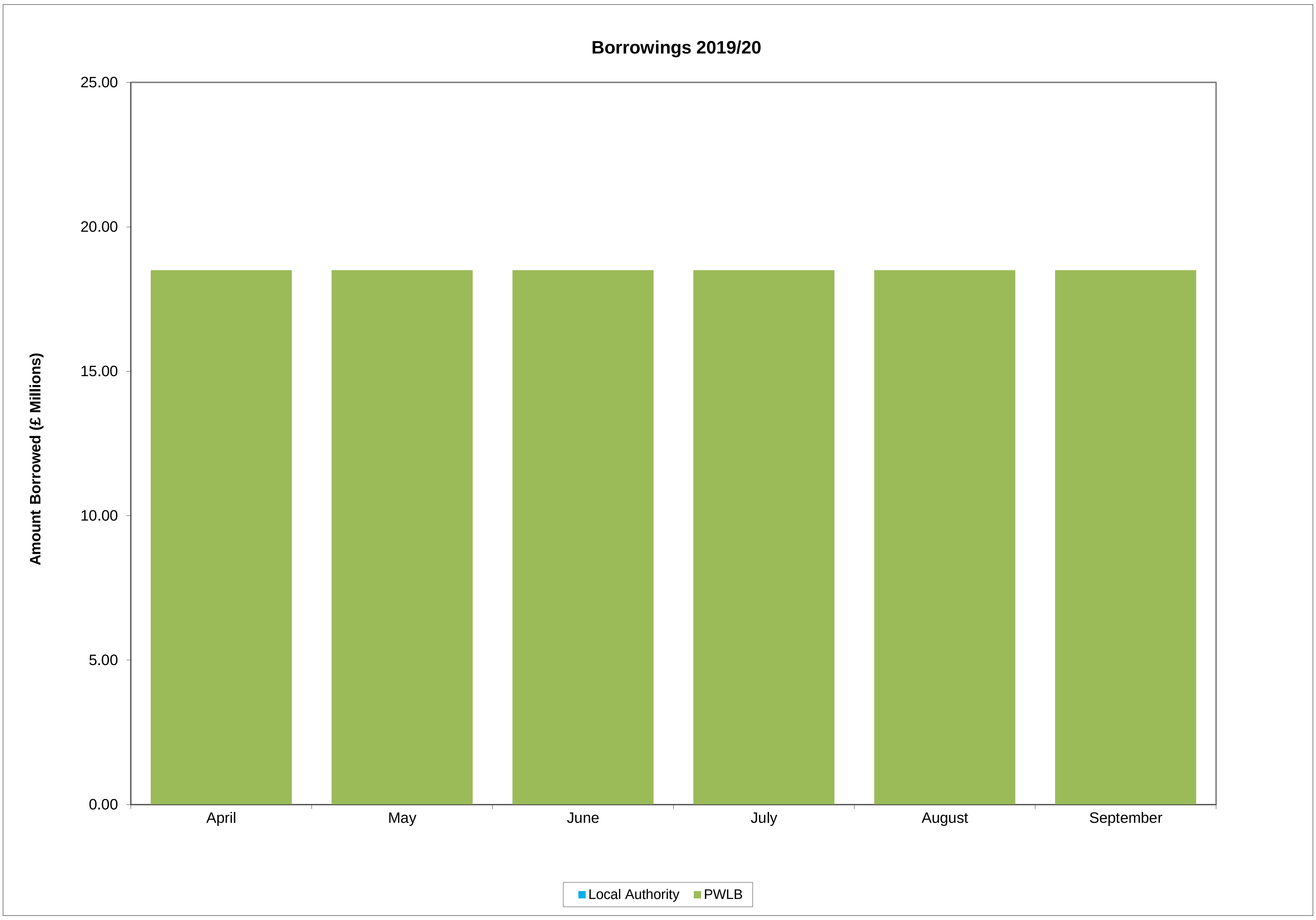
The table shows the current level of provisions and reserves held by the Council at the beginning of the year, the pl
movements in the year and the expected closing balance at 31st March 2020.

GENERAL FUND REVENUE RESERVES AND PROVISIONS	OPENING BALANCE 01/04/2019 £'000	TRANSFERS OUT £'000	TRANSFERS IN £'000	EXPECTED CLOSING BALANCE 31/03/20 £'000
PROVISIONS				
NNDR Appeals	(2,041)	0	0	(2,041)
Refundable Bonds	(287)	0	0	(287)
Expected Credit Losses	(8)	0	0	(8)
BAD DEBT PROVISIONS				
Housing Benefits Overpayments	(2,097)	0	0	(2,097)
Local Taxation	(561)	0	0	(561)
Other	(292)	0	0	(292)
Off Street Parking	(80)	0	0	(80)
Haywoods Way	(41)	0	0	(41)
TOTAL PROVISIONS	**(5,407)**	**0**	**0**	**(5,407)**
RESERVES				
Unitary	(4,974)	0	0	(4,974)
New homes bonus - town centre regeneration	(4,500)	0	0	(4,500)
Amenity areas	(2,874)	0	0	(2,874)
New homes bonus - parishes	(2,855)	3,713	(858)	0
Business rates	(1,893)	0	(748)	(2,641)
Property sinking	(1,766)	70	0	(1,696)
New homes bonus - connected knowledge	(1,751)	1,000	0	(751)
New homes bonus - uncommitted	(1,548)	750	(3,694)	(4,492)
New homes bonus - high speed broadband	(1,536)	200	0	(1,336)
Repairs & renewals	(1,122)	150	0	(972)
Fairford Leys riverine	(894)	894	0	0
Planning fees	(608)	608	0	0
New homes bonus - depot refurbishment	(597)	300	0	(297)
Property strategy	(540)	0	0	(540)
Health licensing income	(498)	50	0	(448)
Self insurance	(448)	0	0	(448)
Aylesbury special expenses	(425)	51	0	(374)
New homes bonus - east/west rail link	(350)	0	0	(350)
Car parking	(223)	223	0	0
District elections	(200)	0	(48)	(248)
Recycling & composting	(172)	172	0	0
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)
Information technology	(78)	375	(297)	0
Rent guarantee scheme	(71)	0	0	(71)
Market research	(47)	0	0	(47)
Playgrounds	(40)	0	0	(40)
Benefit subsidy	(35)	0	0	(35)
Future vehicle costs	(34)	0	0	(34)
Business transformation	(29)	0	0	(29)
TOTAL RESERVES	**(30,608)**	**8,556**	**(5,645)**	**(27,697)**

CAPITAL PROGRAMME SPEND TO 30TH SEPTEMBER 2019

	REF	APPROVED SPEND £s	PRIOR YEARS' SPEND £s	EXPECTED SPEND 19/20 £s		ACTUAL SPEND AT 30/09/19 £s
University Campus, Aylesbury Vale	8001	16,550,000	16,312,727	237,273		0
Public Realm Waterside North	8004	11,900,000	8,985,553	2,914,447		826,997
Refuse Vehicles Replacement	8005	600,000	0	600,000		183,461
Depot Purchase / Refurbishment	8006	11,305,000	6,738,574	4,566,426		215,135
Car Park Improvement	8007	800,000	40,129	759,871		21,866
Community Centre Upgrades	8008	405,000	64,352	340,648		38,724


Investments 2019/20
45.00
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
Amount Invested (£ Millions)
April
May
June
July
August
September
Money Market Funds
UK Banks
Foreign Banks
Building Societies
Local Authority


Borrowings 2019/20
25.00
20.00
15.00
10.00
5.00
0.00
Amount Borrowed (£ Millions)
April
May
June
July
August
September
Local Authority
PWLB

MEMBER FEEDBACK / QUESTION SHEET

ISSUE 2 - 19/20

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	Corporate Finance Manager	585164
Sharon Russell-Surtees	Corporate Accountant	585391
Gareth Davies	Finance Business Partner	585276
Alasdair Rudge	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

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