

To: Leader and Members of the Executive Board
(Councillors Humphreys, Chambers, Hayfield, Lea, Phillips, Reilly, Smith, M Stanley and D Wright)

For the information of other Members of the Council

For general enquiries please contact David Harris, Democratic Services Manager, on 01827 719222 or via e-mail - davidharris@northwarks.gov.uk.

For enquiries about specific reports please contact the officer named in the reports.

The agenda and reports are available in large print and electronic accessible formats if requested.

EXECUTIVE BOARD AGENDA

21 SEPTEMBER 2015

The Executive Board will meet in the Committee Room at the Council House, South Street, Atherstone, Warwickshire on Monday 21 September 2015 at 6.30pm

AGENDA

- 1 Evacuation Procedure and Apologies for Absence / Members away on official Council business.**
- 2 Disclosable Pecuniary and Non-Pecuniary Interests**

- 3 **Minutes of the Meetings of the Board held on 16 June 2015** - copies herewith to be agreed as a correct record and signed by the Chairman.

4 **Public Participation**

Up to twenty minutes will be set aside for members of the public to ask questions or to put their views to elected Members. Participants are restricted to five minutes each. If you wish to speak at the meeting please contact David Harris on 01827 719222 or email democraticservices@northwarks.gov.uk.

PART A – ITEMS FOR DISCUSSION AND DECISION (WHITE PAPERS)

- 5 **Financial Statements 2014/15** – Report of the Deputy Chief Executive

Summary

The Annual Financial Statements have to be signed by the Responsible Financial Officer (the Deputy Chief Executive) and approved by a full Board of the Council by the end of September 2015. This report presents the audited Financial Statements.

The Contact Officer for this report is Sue Garner (719374).

- 6 **External Auditors' Report** - Report of the Deputy Chief Executive

Summary

The main purpose of this report is to inform Members of the External Auditors' report to those charged with governance.

The Contact Officer for this report is Sue Garner (719374).

- 7 **Corporate Plan 2015/16** – Report of the Chief Executive

Summary

The purpose of this report is to consider proposed changes to the Council's Corporate Plan following the elections in May 2015.

The Contact Officer for this report is Jerry Hutchinson (719200).

- 8 **Financial Strategy 2016–2020** – Report of the Deputy Chief Executive

Summary

This report summarises the Authority's Financial Strategy, projects forward the Authority's General Fund budgets to 2019/20, and suggests a detailed budget approach for the 2016/17 General Fund Budget.

The Contact Officer for this report is Sue Garner (719374).

- 9 **Budgetary Control Report 2015/16 - Period Ended 31 August 2015**
- Report of the Assistant Director (Finance and Human Resources)

Summary

The report covers revenue expenditure and income for the period from 1 April 2015 to 31 August 2015. The 2015/2016 budget and the actual position for the period, compared with the estimate at that date, are given, together with an estimate of the out-turn position for services reporting to this Board.

The Contact Officer for this report is Nigel Lane (719371).

- 10 **Broadband Update and Match Funding** - Report of the Assistant Director (Corporate Services)

Summary

The report provides an update on the progress being made to improve broadband coverage and speeds in the Borough. It also seeks the Boards views on providing additional match funding to enable further investment including Broadband Delivery (BDUK) grant funding to be accessed.

The Contact Officer for this report is Linda Bird (719327).

- 11 **Information and Communications Technology Strategy 2015 – 2019** - Report of the Assistant Director (Corporate Services)

Summary

The report presents the Draft Information and Communications Technology (ICT) Strategy for 2015 – 2019 to Members.

The Contact Officer for this report is Linda Bird (719327).

- 12 **Civil Parking Enforcement** - Report of the Assistant Director (Streetscape)

Summary

This report asks for Members' support for Warwickshire County Council and North Warwickshire Borough Council to work together on a joint

approach to parking enforcement and management within North Warwickshire and to consider the implementation of Civil Parking Enforcement across the Borough.

The Contact Officer for this report is Richard Dobbs (719440).

- 13 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets – April 2015 to June 2015** – Report of the Chief Executive and the Deputy Chief Executive

Summary

This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Executive Board for April to June 2015.

The Contact Officer for this report is Robert Beggs (719238).

- 14 **Minutes of the meeting of the Safer Communities Sub-Committee held on 21 July and 10 September 2015 (to follow)** to be received and noted.
- 15 **Minutes of the meetings of the Special Sub-Group held on 10 August, 18 August and 16 September 2015 (to follow)** to be received and noted.
- 16 **Minutes of the meeting of the Local Development Framework Sub-Committee held on 14 July 2015** to be received and noted.

JERRY HUTCHINSON
Chief Executive

NORTH WARWICKSHIRE BOROUGH COUNCIL

**MINUTES OF THE
EXECUTIVE BOARD**

16 June 2015

Present: Councillor Humphreys in the Chair

Councillors Chambers, Farrell, Hayfield, Lea, Phillips, Reilly, Smith and D Wright

An apology for absence was received from Councillor M Stanley (Substitute Councillor Farrell)

1 Declarations of Personal or Prejudicial Interest.

None were declared at the meeting.

2 Minutes of the meeting of the Board held on 10 February 2015.

The minutes of the meeting of the Board held on 10 February 2015, copies having been circulated, were approved as a correct record and signed by the Chairman.

3 Overview of the Terms and Reference of the Executive Board

The Chief Executive provided an overview of the Terms of Reference of the Executive Board.

4 Council Constitution Priorities and Corporate Plan – Implications arising from the 2015 Elections

The Chief Executive reported on potential changes to the Council's Constitution, Priorities and Corporate Plan following the Elections in May 2015. He sought authority for the Special Sub-Group to review these issues and to a further report being brought to next Executive Board meeting recommending changes and the action necessary to achieve them including any consequential financial implications.

Recommended:

- a That the Special Sub-Group be authorised :-**
 - i) To review and where appropriate, make interim arrangements to revise the Council's Corporate Plan, Priorities and Key Actions;**
 - ii) To review the Council's constitutional arrangements relating to Boards;**

- iii) **In the event of there being any proposed changes arising from (ii) to request the views of the Independent Panel on Members' Allowances to review and report implications for Members allowances of these changes;**
 - iv) **To consider any urgent items regarding Combined Authorities or related matters; and**
 - v) **To consider any matters that would have previously been reported to the Democratic Structures Task and Finish Group.**
- b **That following the review a further report be brought to the next Executive Board meeting recommending any changes to the Council's Constitution, Corporate Plan Priorities and Key Actions required including consequential financial implications;**
 - c **That the Housing Sub-Committee be removed from the Constitution, that body's terms of reference be returned to the Resources Board and the Constitution be amended accordingly;**
 - d **That the revised arrangements relating to the Chief Executive, Monitoring Officer and Chief Finance Officer contained within the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 be incorporated into the Council's Constitution.**

5 Local Authority Devolution and Alternate Governance Models

The Chief Executive and the Assistant Chief Executive and Solicitor to the Council reported on the background to the issue of potential membership of a Combined Authority and sought feedback from Members to help devise some parameters to assist the Leader and Chief Executive in discussions with other Councils in the Coventry and Warwickshire sub-region, and beyond, about a way forward.

Recommended:

- a **That the report be noted;**
- b **That this Council engages in discussions with Councils in the Midlands regarding the issue of Combined Authorities;**
- c **That the business case for the options for Combined Authorities continues to be developed; and**

- d That a meeting of the Full Council be held on Wednesday 15 July 2015 to consider the issues around Combined Authorities.**

6 Capital Programme – 2014/15 Final Position

The Assistant Director (Finance and Human Resources) updated Members on the final position of the 2014/15 Capital Programme and highlighted those schemes which had not progressed as quickly as expected and which were recommended to be carried forward into the 2015/16 Capital Programme.

Recommended:

- a That the level of expenditure incurred (both actual and committed) to the end of March 2015 against the 2014/15 Revised Capital Programme be noted;**
- b That the schemes which have not progressed as expected during the year be noted; and**
- c That both the committed expenditure and schemes which have not progressed during the year be agreed as slippage to be carried forward into the 2015/16 Capital Programme.**

7 Capital Accounts 2013/14

The Board was informed that the Capital Accounts for 2014/15 had been prepared. Members were invited to approve the methods of funding used. A revised Appendix A was circulated at the meeting.

Recommended:

That the methods of funding to meet capital expenditure incurred in 2014/15 be approved.

8 Earmarked Reserves 2015/16

The Deputy Chief Executive reported on the level of reserves at 31 March 2015. Members were asked to approve the proposed use of reserves in 2015/16.

Recommended:

That the reserves held at 31 March 2015, and the planned use of reserves in 2015/16 be approved.

9 **Annual Governance Statement 2014/15**

The Deputy Chief Executive reported on the Annual Governance Statement setting out the arrangements the Council had put in place for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. Members were asked to approve the Statement and Improvement Plan.

Recommended:

- a **That, subject to the amendment of the word “acceptable” to read “excellent” in the second line of paragraph 5 of the section entitled “The governance framework”, the Annual Governance Statement for 2014/15, attached as Appendix A to the report of the Deputy Chief Executive be approved; and**
- b **That the Improvement Plan, attached as Appendix C to the report be approved and progress against the plan be reported to Board.**

10 **Financial Statements 2014/15**

The Deputy Chief Executive reported on the Annual Financial Statements for 2014/15 and Members were asked to agree a suggested course of action.

Resolved:

That the position on the General Fund and Housing Revenue Account at 31 March 2015 be noted.

11 **Membership of the Democratic Structures Task and Finish Group.**

This matter was considered earlier in the meeting under Minute No 4.

12 **Child Protection Policy 2015 to 2019**

The Assistant Director (Leisure and Community Development) presented a revised and updated Child Protection Policy for approval.

Recommended:

That, subject to a number of amendments raised at the meeting, the revised Child Protection Policy, as attached at Appendix 1 to the report Assistant Director (Leisure and

Community Development), be adopted and implemented with immediate effect.

13 Hurley Daw Mill Sports Ground Capital Works

The Assistant Director (Leisure and Community Development) and the Assistant Director (Finance and Human Resources) reported on a proposed project at Hurley Daw Mill Sports Ground and sought approval for its inclusion in the 2015/16 capital programme.

Resolved:

That the proposal to include the project at Hurley Daw Mill Sports Ground in the 2015/16 capital programme be approved.

14 Waste Management Vehicles – Capital Replacement

The Assistant Director (Streetscape) updated Members on the outcome of the recent tender exercise for the purchase of various waste management vehicles and proposed changes to the capital programme to reflect the revised replacement costs.

Recommended:

a That £196,000 is brought forward into 2015/16 from the 2016/17 capital programme; and

b That the additional cost of £48,437 is added to the 2015/16 capital programme.

15 Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April 2014 to March 2015

The Chief Executive reported on the progress with the achievement of the Corporate Plan and Performance Indicator targets applicable to Executive Board for April 2014 to March 2015.

Resolved:

That the report be noted.

16 Pay Policy Statement 2015/16

The Assistant Director (Finance and Human Resources) presented the Pay Policy Statement for consideration.

Recommended:

That the Pay Policy Statement 2015/16, attached as an Appendix to the report of the Assistant Director (Finance and Human Resources) be agreed.

17 **Budgetary Control Report 2015/2016 – Period Ended 31 May 2015**

The Assistant Director (Finance and Human Resources) reported on the revenue expenditure and income for the period from 1 April 2015 to 31 May 2015. The 2015/2016 budget and the actual position for the period, compared with the estimate at that date were detailed, together with an estimate of the out-turn position for services reporting to the Board.

Resolved:

That the report be noted.

David Humphreys
Chairman

Agenda Item No 5

Executive Board

21 September 2015

Report of the Deputy Chief Executive

Financial Statements 2014/15

1 Summary

- 1.1 The Annual Financial Statements have to be signed by the Responsible Financial Officer (the Deputy Chief Executive) and approved by a full Board of the Council by the end of September 2015. This report presents the audited Financial Statements.

Recommendation to the Board

That the 2014/15 Financial Statements shown in Appendix A be approved.

2 Introduction

- 2.1 The publication of the Financial Statements is a statutory requirement, with a statutory timetable. For the 2014/15 financial year, the Authority is required to prepare its accounts by 30 June and to publish them by 30 September.

3 2014/15 Financial Statements

- 3.1 A report was brought to the June meeting of this Board, which gave a summary of the position on both the General Fund and Housing Revenue Account (HRA) at 31 March 2015. The out turn position was better than expected in the revised estimates, for both the General Fund and the Housing Revenue Account.
- 3.2 Following the report in June, a few final adjustments were made to the statements before they were submitted for audit. Adjustments totalling £63,672 on the General Fund related to the receipt of late debtors and creditors, and the finalisation of funding entries on capital spending. An adjustment of £5,256 on the Housing Revenue Account related to a late creditor invoice. These resulted in a change to both the General Fund and Housing Revenue Account balances that were reported. The final position was the use of balances of £47,972 on the General Fund and a contribution to balances of £588,057 on the Housing Revenue Account.

4 Audit of the Financial Statements

4.1 The accounts are closed on the best information available at the end of March, which in some instances requires the use of estimates. As the auditors are required to look at transactions that have taken place since the end of the year, and in some instances agree adjustments to the Statements, the Statements may change following the audit.

4.2 The financial statements have been audited by the Council's external auditors, PricewaterhouseCoopers LLP, with just a small amount of audit work still to be completed. Only a few presentational changes to the statements have been required to date. The latest statements are attached as Appendix A.

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5 Report Implications

5.1 Finance and Value for Money Implications

5.1.1 The actual position reported for both the General Fund and Housing Revenue Account for 2014/15 impacts upon future years. The General Fund balance totals £4,288,856 at 31 March 2015, whilst the Housing Revenue Account amounts to £1,978,641.

5.1.2 However, significant pressures for increased costs in future years continue. Although the Council has a number of additional reserves, these are earmarked for particular purposes. Savings will still be needed in the General Fund in order to preserve the level of general balances, whilst at the same time maintaining the quality of services and coping with additional responsibilities.

5.1.3 The level of balances on the Housing Revenue Account has continued to improve. However some of this improvement is to compensate for the loss of future rental income, following the increased sale of council houses due to changes in the Right to Buy regulations.

5.2 Environment and Sustainability Implications

5.2.1 The Council has remained within its overall budgets for the 2014/15 year. This will assist in allowing the Council to manage its expected shortfall in resources, and minimise disruption to essential services.

5.3 Risk Management Implications

5.3.1 The risks of unanticipated changes affecting the financial position of the Council are minimised by the use of the financial strategy, as well as continual assessment, monitoring and reporting of any new financial impact affecting the Council

The Contact Officer for this report is Sue Garner (719374).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Executive Board	Sue Garner	Financial Statements 2014/15	June 2015
Executive Board	Sue Garner	General Fund Budget and Setting the Council Tax 2014/15	February 2014
Resources Board	Nigel Lane	Housing Revenue Account Estimates 2014/15	January 2014

NORTH WARWICKSHIRE BOROUGH COUNCIL**FINANCIAL STATEMENTS**
2014/15

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We would welcome any comments or suggestions you have about this publication. Please contact Sue Garner, Assistant Director (Finance and Human Resources).

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Explanatory Foreword to the Financial Statements

This section highlights some of the most important matters reported in the accounts and comments on any issues that have had a major effect on our finances.

Introduction

This document summarises our financial affairs for 2014/15 and shows our financial position at 31 March 2015. It includes the following statements and accounts;

- **Statement of responsibilities for the statement of accounts** – identifies who is responsible for preparing the accounts.
- **Movements in Reserves Statement** – this shows the movement in the year on the different reserves we hold, analysed into 'usable reserves' (those that can be used to fund expenditure or reduce local taxation) and other reserves.
- **Comprehensive Income and Expenditure Statement** – this shows the cost in the year of providing services (in accordance with generally accepted accounting practices), rather than the amount to be funded from taxation.
- **Balance sheet** – this shows the value of our assets and liabilities at a given date. Our net assets (assets less liabilities) are matched by the reserves we hold.
- **Cash-flow statement** – this shows the changes in the cash and cash equivalents we hold during the year.
- **Notes to the Financial Statements** – these give some additional detail on our financial activities during the year.
- **Housing Revenue Account and Notes** – shows the revenue spending on the Council's own housing stock and then removes entries which aren't funded from rent income.
- **Collection Fund Statement** – shows the Business Rates and Council Tax collected during the year on behalf of our self and other organisations.
- **Statement of accounting policies** – gives the general rules used for preparing these accounts.
- **Independent Auditor's Report** – the Council's external auditors give an opinion on whether the statements present a true and fair view of the Council's financial position.
- **Annual Governance Statement** – this identifies the controls we have in place to ensure we run our business effectively and legally, and can properly account for our use of public money.

Changes in the Statements

There are no material changes in the statements, although a few presentational changes have been made.

The Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the income we received and the expenditure we incurred in operating the Council for the year, and shows a deficit of £10.818 million for 2014/15. The main reasons for this deficit are the revaluation of property, plant and equipment and the actuarial losses on pension assets.

The deficit is then adjusted by the various entries, which are summarised in the Movement in Reserves Statement and detailed in notes 5 and 6 in the Notes to the Financial Statements, as these must be taken into account in determining the Council's budget requirement and Council Tax demand.

Revenue spending in 2014/15

➤ General Fund (GF) Services

After considering the many spending pressures we faced, and the reductions we were able to make in our budget, we took the decision to leave our Council Tax at 2011/12 levels. We originally planned to spend £9.945 million, after using some of our past savings and allowing for expected income generated by services. We included some funding towards the introduction of faster broadband within North Warwickshire in our budget.

The table below summarises our 2014/15 budget compared with the actual figures for General Fund Revenue Services.

	Original Budget £000	Net Revenue Spending £000
Total revenue spending	40,679	42,138
Less income relating to those services	31,612	33,583
Net Spending on Services	9,067	8,555
Interest Payable	10	3
Contribution to Balances	-	-
Parish Precepts	868	869
Total	9,945	9,427

The main changes from the original budget relate to:

- Increased costs on the refuse and recycling service due to a substantial rise in participation in the scheme, together with a reduction in the income available from the sale of recycled materials;
- An underspend on member training, members allowances and the mayoral budget;
- Reduced staffing costs due to part year vacant posts, a reduction in superannuation resulting from staffing changes, a reduction in recruitment activity, a reduction in use of agency staff and an underspend on the staff training budget;
- Increased income from planning applications, the rental of council office space to external customers, reduced costs and extra rental income from industrial units and a reduction in the costs of amenity cleaning;
- Contingency sums allowed in the budget have not been required;
- Investment income was higher than estimated;
- Contributions have been made to earmarked reserves held for one off growth, future capital spend on general fund schemes in lieu of borrowing and an increase in the NNDR appeals provision;
- The recovery of housing benefit overpayments has been better than expected, together with additional subsidy and reduced administration costs.

Our money in 2014/15 came mainly from Council Tax, the Government Revenue Support Grant and our share of Business Rates. We also obtained income from investing our unused balances:

	Original Budget £000	Other Income £000
Council Tax	5,016	5,016
Council Tax Special Grant	45	45
Revenue Support Grant	1,963	1,963
New Homes Bonus	515	520
Business Rates	1,711	1,711
Interest on balances	100	124
Contribution from Balances	595	48
Total	9,945	9,427

At the end of the year our total revenue reserves amounted to £11.083 million. The table below shows the different types of reserve we hold.

Revenue Reserves	£000
General Reserve (for unexpected events)	4,289
For capital spending (for spending on assets with a lasting value)	2,425
Other reserves (held for specific purposes)	4,369
Total	11,083

The General Reserve held for unexpected events is close to that predicted in our financial strategy. This will help us to maintain reserves at an acceptable level in the future.

➤ Housing Revenue Account (HRA)

This account covers income and expenditure during the year on our own stock of council houses. We are required to provide a separate account for this service.

Spending on services includes the day-to-day costs of managing and maintaining the housing stock. A contribution is also made to the Major Repairs Reserve, which is used for the refurbishment of properties over the long term.

	Original Budget £000	Net Revenue Spending £000
Spending on Services	5,082	5,034
Cost of Borrowing	2,883	2,883
Contribution to capital spending	3,746	3,226
Contribution to Earmarked Reserves	55	364
Contribution to Balances	386	588
Total	12,152	12,095

Spending on the HRA is lower than the original budget, with the main variances being:

- An increase in the allowable debt retained due to the higher than expected sale of council houses, which has allowed a reduction in the contribution made to capital in the year;
- The contribution needed to the bad debt provision was lower than expected;
- Lower spend on management costs, due mainly to lower utility costs at the flats and community rooms;
- Timing changes in delivering the capital programme has meant funds have been transferred to an earmarked reserve to fund the works in the following year.

Spending on the Council's own housing stock is **not** paid for from Council Tax. It is mainly funded from the rents paid by tenants, with some other small additional amounts such as investment income. These are shown below.

	Original Budget £000	Net Income £000
Rents and Contributions	12,112	12,054
Interest earned	40	41
Total	12,152	12,095

The variation to the original budget relates to a reduction in rental income due to the sale of additional council houses.

The contribution to general balances was higher than the original estimate, meaning balances remain well above the required level of £500,000.

At the end of the year our total revenue reserves in the Housing Revenue Account amounted to £7.929 million. The table below shows the different types of reserve we hold.

Revenue Reserves	£000
Housing Revenue Reserve (for unexpected events)	1,979
Major Repairs Reserve (for spending with a lasting value on housing assets)	1,536
Other reserves (held for specific purposes)	4,414
Total	7,929

Collection Fund Statement

We are responsible for collecting Council Tax from the residents of North Warwickshire on behalf of Warwickshire County Council, Warwickshire Police Authority, and the Borough Council itself. Town and Parish Council charges are included within the Borough Council's demand on the Collection Fund. We are also responsible for collecting business rates on behalf of the Government, Warwickshire County Council and the Borough Council itself.

Council Tax and Business Rates continued to be managed successfully with a collection rate of 98.2% for Council Tax and 99.2% for business rates falling due in 2014/15.

Capital Spending in 2014/15

Alongside our day-to-day costs we spend money on assets such as buildings, vehicles, equipment and computer systems. During 2014/15 our capital spending was less than the agreed programme and came to £7.608 million.

The 2014/15 Capital Programme includes amounts brought forward from 2013/14 that had not been spent and is shown below, together with a comparison to actual expenditure.

	Programme £000	Expenditure £000
Council Housing	6,707	2,932
Housing General Fund Services	640	334
Other General Fund Services	5,093	4,342
Total	12,440	7,608

A few projects have not been fully completed. Schemes such as council housing improvements and disabled facility grants to private sector housing tend to span several years and therefore spending does not always occur in a set year.

All schemes not completed in 2014/15 are reviewed, and where the project is still needed, the money will be spent in 2015/16. Any remaining funding which is unspent will be available for other projects in the future, or to offset the capital deficit in the next few years.

We received some capital income during the year from the sale of 27 council houses which were sold under the Right to Buy legislation.

We revalue all of our assets within a five-year period, with a proportion revalued each year. The completion of the new Coleshill Leisure Centre on Packington Lane realised a revaluation increase of £4.336 million. This has been more than offset by changes in the valuation of some of the Borough's Council House properties leading to their value decreasing by £6.443 million during the year. These changes, combined with other smaller changes in value, resulted in an overall decrease in value of the Council's assets by £2.882 million. When our spending in 2014/15 is included, together with some disposals, revaluations, depreciation and impairments, the total value of assets at the end of the year is £117.950 million.

We have £56.289 million of long term borrowing from the PWLB remaining outstanding, relating to the compulsory buy out of our housing stock from the Housing Subsidy system.

The level of capital resources held at the year-end for future capital spending was £12.738 million.

Pension Costs

Pension costs are included in the accounts to meet the requirements of International Accounting Standard 26 (IAS 26), a reporting standard that relates to retirement benefits. We must make sure that the financial statements reflect fairly the assets and liabilities relating to retirement benefits we are responsible for as an employer, and that we show the true cost of these responsibilities.

Under IAS 26, the shortfall on the Local Government Pension scheme in the balance sheet is £32.371 million. Any change in service costs on the Income and Expenditure Statement is met by a transfer from the Pensions Reserve so that the charge against Council Tax reflects the actual cash paid during the year. A net pension asset indicates that a Council has effectively overpaid contributions relative to the future benefits earned to date by its employees. A net liability shows an effective underpayment.

The pension fund's actuary values the pension fund every three years. The last full valuation took place as at 31 March 2013 and showed the pension fund was 77% funded. Employer's rates are increasing gradually, with the long term aim of achieving a 100% funding level.

Further details of Pension transactions can be found in the notes to the Financial Statements.

Impact of the Current Economic Climate on the Council

We have had a Medium Term Financial Strategy (MTFS) in place for a number of years, which has included a requirement to find efficiencies and savings in our base budget position year on year. This ensures that we maintain enough general reserves, in case we are faced with unexpected expenditure. The reductions needed for 2011/12 were found before the year started, with limited impact on front line services.

The MTFS was updated during the year. The expected level of funding from central government has been included in the updated strategy, together with revised savings targets. The savings needed for 2015/16 were identified in advance and included in the budget approved by the Council. At that time, we still expected to need further savings of around £1,360,000 million over the following three years, to ensure that we continue to hold sufficient general reserves. The required level of savings will change as a result of Government funding decisions, and the level of business rates collected.

As part of our financial strategy we adopted a policy of reviewing any posts that become vacant, so that only critical posts are filled. This policy has assisted us to meet our savings targets over the last couple of years and we will continue to review all vacancies in the future. In addition, all services have been targeted with putting forward proposals to meet the savings targets, for consideration by Council Members.

Looking ahead to 2015/16

Central government offered an amount equal to a 1% increase for those Councils who didn't increase their council tax in 2015/16. Although the government support is only available for one year, we held our 2015/16 Council Tax at 2011/12 levels, given the difficult financial times ahead for most families. We plan to use some of our reserves to support spending on services. We plan to spend £8.142 million in total, a decrease in planned net spending (after service income) of 2.66%. The scheme to promote faster broadband across Warwickshire which started in 2012/13 will continue to be a priority in 2015/16.

Planned capital spending for 2015/16 is £13.640 million, including funding for 2014/15 schemes which were not completed. Our priority for capital spending continues to be maintaining our housing stock along with providing support for those in private sector housing. However in 2015/16, we will also replace a number of our refuse vehicles.

We will continue to try to meet inflationary costs and rising service demands by making our services more efficient and improving value for money. Our aims are set out in the budget resolution, which the Council approved in February 2015.

C J Brewer CPFA

Deputy Chief Executive, North Warwickshire Borough Council

STATEMENT OF RESPONSIBILITIES, ISSUE AND APPROVAL DATE

The Council's Responsibilities

The Council is required to:

- 1) Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In North Warwickshire Borough Council that officer is the Deputy Chief Executive.
- 2) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- 3) Approve the Statement of Accounts.

The Deputy Chief Executive's Responsibilities

The Deputy Chief Executive is responsible for the preparation of North Warwickshire Borough Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statements of Accounts the Deputy Chief Executive has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code.

The Deputy Chief Executive has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Issue Date

In accordance with the Accounts and Audit Regulations 10(2) I certify that the Statement of Accounts 2014/15 give a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2015.

All known material events that have occurred up to and including this date, which relate to 2014/15 or before have been reflected in the accounts.

Signed:

Date:

C J Brewer CPFA, Deputy Chief Executive

North Warwickshire Borough Council Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council analysed into "usable reserves" (those that can be applied to fund expenditure or reduce local taxation) and "unusable reserves" (Unrealised gains and losses and accounting adjustments). The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance and Housing Revenue Account balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants / Conts Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 1 April 2013	4,135	5,575	567	2,824	4,614	1,621	6	19,342	17,415	36,757
<u>Movement in reserves during 2013/14</u>										
(Deficit) / surplus on the provision of services	(3,154)	-	2,604	-	-	-	-	(550)	-	(550)
Other Comprehensive Income and Expenditure	1,608	-	7,952	-	-	-	-	9,560	1,844	11,404
Total Comprehensive Income and Expenditure	(1,546)	-	10,556	-	-	-	-	9,010	1,844	10,854
Adjustments between accounting basis and funding basis under regulations (note 5)	3,425	-	(8,335)	-	(83)	-	-	(4,993)	4,993	-
Net Increase/Decrease before Transfers to Earmarked Reserves	1,879	-	2,221	-	(83)	-	-	4,017	6,837	10,854
Transfers to/from Earmarked Reserves (note 6)	(1,678)	(579)	(1,397)	881	-	-	-	(2,773)	2,773	-
Increase/(Decrease) in 2013/14	201	(579)	824	881	(83)	-	-	1,244	9,610	10,854
Balance at 31 March 2014 carried forward	4,336	4,996	1,391	3,705	4,531	1,621	6	20,586	27,025	47,611
<u>Movement in reserves during 2014/15</u>										
(Deficit) / Surplus on the provision of services	(125)	-	3,746	-	-	-	-	3,621	(263)	3,358
Other Comprehensive Income and Expenditure	(6,754)	-	(7,685)	-	-	-	-	(14,439)	2,703	(11,736)
Total Comprehensive Income and Expenditure	(6,879)	-	(3,939)	-	-	-	-	(10,818)	2,440	(8,378)
Adjustments between accounting basis and funding basis under regulations (note 5)	9,447	-	7,275	-	128	(85)	-	16,765	(16,765)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	2,568	-	3,336	-	128	(85)	-	5,947	(14,325)	(8,378)
Transfers to/from Earmarked Reserves (note 6)	(2,615)	550	(2,748)	1,957	31	-	3	(2,822)	2,822	-
(Decrease)/ Increase in Year	(47)	550	588	1,957	159	(85)	3	3,125	(11,503)	(8,378)
Balance at 31 March 2015 carried forward	4,289	5,546	1,979	5,662	4,690	1,536	9	23,711	15,522	39,233

North Warwickshire Borough Council

Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2015

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2013/14	2013/14	2013/14		2014/15	2014/15	2014/15
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
1,110	(653)	457	Central Services to the Public	1,086	(509)	577
4,201	(1,850)	2,351	Cultural and Related Services	3,877	(2,787)	1,090
4,971	(1,485)	3,486	Environmental and Regulatory Services	4,319	(1,058)	3,261
1,555	(1,229)	326	Planning Services	1,472	(1,079)	393
105	(21)	84	Highways and Transport Services	103	(17)	86
17,050	(19,135)	(2,085)	Local Council Housing	18,105	(21,395)	(3,290)
9,555	(8,477)	1,078	Other Housing Services	9,323	(8,529)	794
1,307	(115)	1,192	Corporate and Democratic Core	1,267	(161)	1,106
96	-	96	Non-Distributed Costs	36	(15)	21
2,247	(1,233)	1,014	Other Services (*)	1,555	(1,537)	18
42,197	(34,198)	7,999	COST OF SERVICES	41,143	(37,087)	4,056
1,266	(396)	870	Other Operating expenditure (Note 7)	1,252	(463)	789
3,662	(2,997)	665	Financing and investment income and expenditure (Note 8)	3,593	(3,065)	528
735	(9,719)	(8,984)	Taxation and non-specific grant income (Note 9)	811	(9,805)	(8,994)
47,860	(47,310)	550	Deficit /(Surplus) on Provision of Services	46,799	(50,420)	(3,621)
-	(7,952)	(7,952)	Surplus or Deficit on revaluation of Property, Plant and Equipment	7,685	-	7,685
553	-	553	Impairment losses on non-current assets charged to the Revaluation Reserve	22	-	22
-	(2,161)	(2,161)	Actuarial gains/losses on pension assets / liabilities	6,732	-	6,732
553	(10,113)	(9,560)	Other Comprehensive Income and Expenditure	14,439	-	14,439
48,413	(57,423)	(9,010)	Total Comprehensive Income and Expenditure	61,238	(50,420)	10,818

(*) includes spending on North Talk, Compensation and Pension increases, Consultation, Corporate Policy, Contact Centre, Stronger and Safer Communities, an impairment charge relating to the Council Offices and income relating to Small Business and Empty Property Rate Relief Grant, New Homes Bonus.

North Warwickshire Borough Council

Balance Sheet as at 31 March 2015

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (*assets less liabilities*) are matched by the reserves held by the council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of resources and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2014 £000		Note	31 March 2015 £000
113,800	Property, Plant and Equipment	10	110,194
515	Heritage Assets	11	535
6,748	Investment Property	12	6,894
281	Intangible Assets	13	181
158	Assets Held on Leases	37	146
5	Long Term Investments	14	-
1,001	Long Term Receivables	14	1,000
122,508	LONG TERM ASSETS		118,950
6,524	Short Term Investments	14/41	11,031
-	Assets held for Sale	19	665
92	Inventories	15	61
3,205	Short Term Receivables	14/17	3,108
4,425	Cash and Cash Equivalents	18	2,073
14,246	CURRENT ASSETS		16,938
(845)	Provisions		(1,603)
(6,283)	Short Term Payables	14/20	(6,246)
(7,128)	CURRENT LIABILITIES		(7,849)
(57,539)	Long Term PWLB Loans	41	(56,289)
(158)	Other Long Term Liabilities (leases)	37	(146)
(24,318)	Pension Fund Liabilities	40	(32,371)
(82,015)	LONG TERM LIABILITIES		(88,806)
47,611	NET ASSETS		39,233
20,586	Usable Reserves	22	23,711
27,025	Unusable Reserves	23	15,522
47,611	TOTAL RESERVES		39,233

Signed _____

Date _____

C J Brewer CPFA, Deputy Chief Executive

Cash Flow Statement for the Year Ended 31 March 2015

The cash flow statement shows the changes in cash and cash equivalents of the council during the reporting year. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

2013/14 £000		2014/15 £000
550	Net deficit or (surplus) on the provision of services	(3,621)
(1,085)	Adjustments to net surplus or deficit on the provision of services for non cash movements (Note 24)	3,614
(5,711)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 24)	(3,408)
(6,246)	Net cash flows from Operating Activities (Note 24)	(3,415)
3,315	Investing Activities (Note 25)	2,510
1,749	Financing Activities (Note 26)	3,257
(1,182)	Net Increase or decrease in cash and cash equivalents	2,352
(3,243)	Cash and Cash Equivalents at the beginning of the reporting year	(4,425)
(4,425)	Cash and Cash Equivalents at the end of the reporting year (Note 18)	(2,073)

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Standards that have been issued but have not yet been adopted

For 2014/15 the following accounting policy changes that need to be reported relate to:

- **IFRS13 - Fair Value Measurement** - This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require Surplus Assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either Investment Properties or Non Current Assets Held for Sale) to be revalued to market value rather than value in existing use as at present. Operational Property, Plant and Equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Financial Statements, due to, historically, the low value of Surplus Assets held by the Council.
- **IFRIC21 - Levies** - This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Financial Statements.
- **Annual Improvements to IFRSs (2011 – 2013 Cycle)** - These improvements are minor, principally providing clarification and will not have a material impact on the Financial Statements. The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Financial Statements.

2. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in pages 64 - 78, we have had to make certain judgements about complex transactions or those involving uncertainty about future events.

We launched a Local Authority Mortgage Scheme with Lloyds Bank in February 2013, which required a payment of £1 million to Lloyds Bank. Under the scheme, first time buyers wishing to buy a property in North Warwickshire, only need a 5% deposit to buy their first home, with the Council guaranteeing a further 20% for a five year period. We consider the expenditure we made on the scheme to be capital, and accounted for it as such, as it is being used to enable Lloyds Bank to give larger mortgages to applicants than they would otherwise have done.

There is another view on the interpretation of the regulations governing the accounting treatment being used for the Local Authority Mortgage Scheme. As we will get our money back unless there are defaults on the mortgages given, an alternative approach could be to treat the expenditure as an investment. This approach would require the long term debtor shown in the accounts to be reclassified as a long term investment. We have obtained legal advice on the accounting treatment we have used, which supports the treatment of the payment as capital. As with any legislation, there is a risk that current rules and regulations could be changed in a court of law. We have not applied a fair valuation to the long term debtor shown in the statements, as we have followed the detailed accounting advice we have received regarding the Local Authority Mortgage Scheme.

There is a degree of uncertainty about future levels of funding for local government. However, we have a medium term financial strategy in place which will allow us to manage any future reductions in service that may be needed. As a result we have determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

3. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by us about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial years are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of capital spending that will be incurred in relation to individual assets. Any unanticipated spending on assets will put a strain on the remaining capital resources available which may bring into doubt the useful lives assigned to other assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by around £56,000 for every year that useful lives had to be reduced.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a 1% increase in the discount rate assumption would result in a decrease in the pension liability of £18.992 million.</p> <p>However, the assumptions interact in complex ways. During 2014/15, the Council's actuaries advised that the net pension's liability had increased by £12.073 million attributable to updating the assumptions.</p>
Item	Uncertainties	Effect if Actual Results Differ

Arrears	At 31 March 2015, we had a balance of sundry receivables of £193,489. A review of significant balances suggested that an impairment of doubtful debts of 24.2% (£46,836) was appropriate. However in the current economic climate it is not certain that such an allowance would be sufficient.	from Assumptions If collection rates were to deteriorate, a doubling of the doubtful debts would require an additional £46,836 to set aside as an allowance.
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4. Material Items of Income and Expense

In overall terms the council's housing stock decreased in value during the year. Revaluation losses of £6.494 million went to the Housing Revenue Account. There were also some small losses on other properties across the Borough, of £0.011 million.

5. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure we have included in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to us to meet future capital and revenue expenditure.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid into and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. However the balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance

The Housing Revenue Account balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2014/15	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited/credited to the Comprehensive Income and Expenditure Statement</i>						
Charges for depreciation and impairment of non-current assets	(1,089)	(7,685)	-	(1,630)	-	10,404
Movements in the fair value of investment properties	137	10	-	-	-	(147)
Amortisation of intangible assets	(115)	-	-	-	-	115
Revenue expenditure funded from capital under statute	(99)	-	-	-	-	99
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	(955)	-	-	-	955
<i>Insertion of items not debited/credited to the Comprehensive Income and Expenditure Statement</i>						
Statutory provision for the financing of capital investment	328	-	-	-	-	(328)
Capital expenditure charged against the GF and HRA balances	119	-	-	-	-	(119)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	1,434	(1,434)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1,005	-	-	(1,005)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	-	(16)	16	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the governments capital receipts pool	(286)	-	286	-	-	-
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Deferred Capital Receipts	-	-	(1)	-	-	1
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of the Major Repairs Allowance credited to the HRA	-	-	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	1,715	-	(1,715)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-

2014/15	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	(7,989)	(64)	-	-	-	8,053
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from the council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(468)	-	-	-	-	468
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statements on an accruals basis is different from remuneration rechargeable in the year in accordance with statutory requirements	15	1	-	-	-	(16)
Total Adjustments	(9,447)	(7,275)	(128)	85	-	16,765

2013/14 comparative figures	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
<i>Reversal of items debited/credited to the Comprehensive Income and Expenditure Statement</i>						
Charges for depreciation and impairment of non-current assets	(3,888)	7,952	-	(1,649)	-	(2,415)
Movements in the fair value of investment properties	66	7	-	-	-	(73)
Amortisation of intangible assets	(135)	-	-	-	-	135
Capital grants and contributions applied	-	37	-	-	-	(37)
Revenue expenditure funded from capital under statute	(162)	-	-	-	-	162
Amounts of non-current assets written off on disposal to the Comprehensive Income and Expenditure Statement	(137)	(1,035)	-	-	-	1,172
<i>Insertion of items not debited/credited to the Comprehensive Income and Expenditure Statement</i>						
Statutory provision for the financing of capital investment	220	-	-	-	-	(220)
Capital expenditure charged against the GF and HRA balances	110	-	-	-	-	(110)

2013/14 comparative figures	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Receipts Reserve							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	137	1,448	(1,585)	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1,389	-	-	(1,389)	
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(1)	(17)	18	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the governments capital receipts pool	(262)	-	262	-	-	-	-
Adjustments primarily involving the Deferred Capital Receipts Reserve:							
Deferred Capital Receipts	-	-	(1)	-	-	1	
Adjustments primarily involving the Major Repairs Reserve:							
Reversal of the Major Repairs Allowance credited to the HRA	-	-	-	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	1,649	-	(1,649)	
Adjustments primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	29	-	-	-	(29)	
Adjustments primarily involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 40)	761	(85)	-	-	-	(676)	
Adjustments primarily involving the Collection Fund Adjustment Account:							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from the council tax income calculated for the year in accordance with statutory requirements	(122)	-	-	-	-	122	
Adjustments primarily involving the Accumulated Absences Account:							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statements on an accruals basis is different from remuneration rechargeable in the year in accordance with statutory requirements	(12)	(1)	-	-	-	13	
Total Adjustments	(3,425)	8,335	83	-	-	(4,993)	

6. Transfer to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2014/15.

	Balance at 1 April 2013	Transfers Out 2013/14	Transfers in 2013/14	Balance at 31 March 2014	Transfers Out 2014/15	Transfers in 2014/15	Balance at 31 March 2015
	£000	£000	£000	£000	£000	£000	£000
General Fund							
External funding received towards the provision of council services	684	(212)	122	594	(135)	306	765
One off funding set aside to progress specific council priorities	216	(40)	40	216	(46)	-	170
Contingency funding set aside to cover potential risks on areas such as VAT recovery and business rates	428	-	-	428	-	973	1,401
Other reserves held for revenue purposes to cover timing issues on spending	2,413	(517)	472	2,368	(585)	245	2,028
Reserves Held for Capital Spending	1,834	(2,120)	1,676	1,390	(2,243)	2,035	1,182
Total General Fund Reserves	5,575	(2,889)	2,310	4,996	(3,009)	3,559	5,546
HRA							
Housing Act Advances	5	-	-	5	-	-	5
Housing Repairs Reserve	60	(2,947)	2,959	72	(2,919)	3,184	337
Reserves held for Capital spending	2,759	(516)	1,385	3,628	(2,377)	4,069	5,320
Total HRA Reserves	2,824	(3,463)	4,344	3,705	(5,296)	7,253	5,662
Total Earmarked Reserves	8,399	(6,352)	6,654	8,701	(8,305)	10,812	11,208

7. Other Operating Expenditure

2013/14		2014/15	
£000		£000	
891	Parish council precepts	869	
113	Parish Precept Grant	97	
262	Payments to the Government Housing Capital Receipts Pool	286	
(396)	Gains on the disposal of non-current assets	(463)	
870	Total	789	

8. Financing and Investment Income and Expenditure

2013/14		2014/15	
£000		£000	
24	Interest payable and similar charges	44	
1,132	Pensions interest and expected return on pension assets	1,050	
(101)	Interest receivable and similar income	(125)	
(390)	Income and expenditure in relation to investment properties and changes in their fair value	(441)	
665	Total	528	

9. Taxation and Non-specific Grant Income

2013/14		2014/15	
£000		£000	
(4,953)	Council tax income **	(5,001)	
221	Non Domestic rates – Distribution of Collection Fund	(273)	
(1,684)	Non domestic rates	(1,711)	
(2,568)	Non-ring fenced government grants *	(2,009)	
(8,984)	Total	(8,994)	

* Non-ring fenced government grants are shown individually in note 34.

** Council Tax income includes £139,260 contribution from the collection fund in 2014/15 (a contribution of £0 was included in 2013/14). The Council's share of the residual balance of £15,146 is detailed in note 23 on the collection fund adjustment account. This will be recovered in 2015/16 (£98,357 transferred in 2014/15).

10. Property, Plant and Equipment

Movements in balances in 2014/15:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infra-structure Assets	Community Assets	Assets under Construction	Surplus Assets	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
As at 1 April 2014	119,454	54,322	4,703	102	123	1,892	-	180,596
Additions	868	632	465	-	-	4,892	-	6,857
Revaluations increases recognised in the Revaluation Reserve	259	1,070	-	-	-	-	-	1,329
Revaluations increases/decreases recognised in the Surplus / Deficit on the Provision of Services	(5,950)	(2,803)	-	-	-	(999)	-	(9,752)
De-recognition – disposals	(675)	(288)	(752)	-	-	-	-	(1,715)
Assets reclassified (to) / from Held for Sale	-	-	-	-	-	-	(665)	(665)
Other movements in Cost or Valuation	585	3,912	-	-	-	(5,162)	665	-
As at 31 March 2015	114,541	56,845	4,416	102	123	623	-	176,650
Accumulated Depreciation and Impairment								
As at 1 April 2014	(50,846)	(12,774)	(2,619)	(14)	-	(543)	-	(66,796)
Depreciation charge	(1,519)	(554)	(459)	(4)	-	-	-	(2,536)
Impairment loss reversal recognised in the Revaluation Reserve	82	11	-	-	-	-	-	93
Impairment loss reversal recognised in the Surplus / Deficit on the Provision of Services	1,487	553	-	-	-	-	-	2,040
De-recognition – disposals	9	-	739	-	-	-	-	748
Other movements in Depreciation and Impairment	-	-	(5)	-	-	-	-	(5)
At 31 March 2015	(50,787)	(12,764)	(2,344)	(18)	-	(543)	-	(66,456)
Net Book Value								
At 31 March 2015	63,754	44,081	2,072	84	123	80	-	110,194
At 31 March 2014	68,608	41,548	2,084	88	123	1,349	-	113,800

Comparative movements in balances in 2013/14:

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infra-structure Assets	Community Assets	Assets under Construction	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
As at 1 April 2013	113,598	53,322	3,490	102	123	1,006	171,641
Additions	1,954	173	1,208	-	303	2,869	6,507
Revaluations increases/decreases recognised in the Revaluation Reserve	128	34	-	-	-	-	162
Revaluations decreases recognised in the Surplus / Deficit on the Provision of services	4,527	1,120	-	-	(303)	(1,676)	3,668
De-recognition – disposals	(726)	(315)	-	-	-	-	(1,041)
De-recognition - Other	(27)	(12)	-	-	-	-	(39)
Other movements in Cost or Valuation	-	-	5	-	-	(307)	(302)
As at 31 March 2014	119,454	54,322	4,703	102	123	1,892	180,596
Accumulated Depreciation and Impairment							
As at 1 April 2013	(50,647)	(13,541)	(2,156)	(10)	-	(845)	(67,199)
Depreciation charge	(1,556)	(497)	(463)	(4)	-	-	(2,520)
Depreciation written out to the Revaluation Reserve	77	1	-	-	-	-	78
Impairment losses recognised in the Surplus / Deficit on the Provision of Services	1,273	1,263	-	-	-	-	2,536
Derecognition - disposals	7	-	-	-	-	-	7
Other movements in Depreciation and Impairment	-	-	-	-	-	302	302
As at 31 March 2014	(50,846)	(12,774)	(2,619)	(14)	-	(543)	(66,796)
Net Book Value							
As at 31 March 2014	68,608	41,548	2,084	88	123	1,349	113,800
As at 31 March 2013	62,951	39,781	1,334	92	123	161	104,442

Depreciation

The following useful lives have been used in the calculation of depreciation:

Building	Assumed Life (Years)
Leisure Centres	5 – 50
Other arts/leisure venues	2
Community Centres	1 - 50
Pavilions	10 – 43
Hostels	50
Shops	3 – 50
Public Conveniences	20
Offices and Depot	20 – 50
Council Houses	40 - 50
Garages	3 - 20

Capital Commitments

There are no capital commitments outstanding as at 31st March 2015.

Revaluations

We carry out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by the Council's internal valuer, Mr Richard Lewis (FRICS), who is a Chartered Valuation Surveyor. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The valuation methods used for each type of asset category are detailed in note 16 of the Accounting Policies section (Property, Plant and Equipment).

The significant assumptions applied in estimating the fair values are:

- An adjustment factor of 34% to discount the market valuation of council houses to reflect their use for social housing;
- Valuations on properties have been split between the element relating to the land as well as the building. The building is depreciated over the useful economic life of the asset, whilst land is not depreciated.

The following table shows the revaluation of property, plant and equipment over the last 5 years.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Total
	£000	£000	£000	£000	£000
Carried at historical cost	83,180	59,646	2,312	-	145,138
Valued at fair value as at:					
31 March 2015	(5,498)	2,522	(287)	665	(2,598)
31 March 2014	5,855	1,000	1,211	-	8,066
31 March 2013	(3,779)	(4,822)	79	-	(8,522)
31 March 2012	(4,351)	(3,053)	101	-	(7,303)
31 March 2011	(17,113)	(10,458)	365	-	(27,206)
31 March 2010	7,039	(177)	663	-	7,525
Total Cost or Valuation	65,333	44,658	4,444	665	115,100

Effect of changes in Estimates

We have not changed any of the depreciation methods used in valuing our assets. However, the estimated useful lives of a number of assets have been reassessed and amended in 2014/15. The financial effect of any changes is detailed in the table below.

Asset Description	Original End Date	Revised End Date	Financial effect on Depreciation Charges £000
Council House Dwellings	31/03/2061	31/03/2062	(27)
Garages	31/03/2031	31/03/2032	(3)
Total			(30)

11. Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council.

2013/14 £000	Civic Regalia	2014/15 £000
	Cost or Valuation	
703	Balance as at 1 April	515
(188)	Revaluations	20
515	Balance as at 31 March	535

Civic Regalia

The civic regalia consist of a number of items of gold which are ceremonially used by the Mayor and Lady Mayoress plus deputies. Two of these items relate to the chains of office for Atherstone Rural District Council, the predecessor of North Warwickshire Borough Council.

Five-Year Summary of Transactions

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Civic Regalia	45	699*	703	515	535

* revalued in 2011/12

12. Investment Property

If we hold assets for the purpose of providing public services, then the assets are classed as property assets. However, if we hold assets with the purpose of generating revenue income, which can be used to offset the costs of other services, then these are shown as Investment Property.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2013/14 £000		2014/15 £000
(504)	Rental income from investment property	(461)
187	Direct operating expenses arising from investment property	167
(73)	Change in fair value of investment property	(147)
(390)	Net gain	(441)

There are no restrictions on our ability to realise the value inherent in our investment property or on our right to the remittance of income and the proceeds of disposal. We have no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2013/14 £000		2014/15 £000
6,791	Balance at start of the year	6,748
11	Expenditure during the year	-
10	Revaluation	-
(137)	Disposals	-
73	Net gains/(losses) from fair value adjustment in the Consolidated Income and Expenditure Statement	146
6,748	Balance at the end of the year	6,894

13. Intangible Assets

We account for software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Our intangible assets relate to software licences. All software is given a finite, useful life, based on assessments of the period that the software is expected to be of use to the Council.

These assets have been amortised on a straight-line basis over their anticipated lives, the same method used for writing down our intangible assets in previous years. The amortisation of £115,115 charged to revenue in 2014/15 was charged to the Information Services cost centre and then absorbed as an overhead across the relevant service headings in the Net Expenditure of Services. The Housing Rents, Housing Direct Service Organisation and IBS systems which relate to housing were attributed directly to the Housing Revenue Account. The planning system was apportioned to the Planning and Development Service. Corporate systems such as the Total finance system and Microsoft Licences are recharged across all services.

We have not changed any of the depreciation methods or estimated useful lives used in valuing our assets. The movement on Intangible Asset balances during the year is as follows:

	2013/14	2014/15
	Software Licences £000	Software Licences £000
<i>Balance at start of year</i>		
Gross carrying amounts	2,098	2,165
Accumulated amortisation	(1,749)	(1,884)
Net carrying amount at start of year	349	281
<i>Additions:</i>		
Expenditure in the year	67	29
Amortisation for the year	(135)	(115)
Net Disposals in the year	0	(14)
Net carrying amount at end of year	281	181
<i>Comprising:</i>		
▪ Gross carrying amounts	2,165	1,643
▪ Accumulated amortisation	(1,884)	(1,462)
Net carrying amount at end of year	281	181

The software licences are held for a number of systems of varying sizes. Only the main ones are detailed below:-

- Contact Centre. The software purchased specifically by NWBC for its own service integration cost £188,345 between 2003/04 and 2007/08 and is being amortised over a period of between 5 and 8 years,
- EDRMS. The software cost £308,304 from 2005/06 to 2008/09 and is being amortised over a period of between 8 and 10 years,
- Total FMS. The software cost £164,154 in 2004/05 and 2005/06 with an upgrade costing £7,064 taking place during 2011/12. The upgraded software is being amortised over a revised 11 year life,
- GIS enhancements. The software cost £129,040 in 2005/06 and 2006/07. The cost being amortised until 2015/16,
- Planning System (SX3). The software cost £137,563 in 2005/06 and 2006/07. The cost being amortised until 2015/16,
- Housing Rents System. The software cost £77,138 in 2004/05 and 2005/06. The cost is being amortised over the 10 year life of the licence,
- Housing DSO. The software cost £84,154 from 2002/03 to 2004/05 and is now being amortised over a 12 year life,
- Housing Management and Repairs System (IBS). The software cost £69,245 in 2007/08 and is being amortised over the 10 year life of the licence.
- Microsoft Licence. The software cost £93,619 in 2008/09, 2009/10 and 2010/11. The final two modules are being amortised over a revised 5 year life,
- Web Development. The software was purchased between 2005/06 and 2007/08 costing £133,564 and is being written off over a period of between 5 and 9 years.
- Payment Management System (PMS). This was purchased during 2012/13 costing £78,583 and will be written off over a period of 10 years.

14. Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Long-Term		Current	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Investments				
Loans and Receivables				
– Fixed Investments	-	-	6,524	7,031
– Enhanced Money Market Funds	-	-	-	2,000
Available for Sale financial assets	-	-	-	2,000
Financial assets at fair value through the comprehensive income and expenditure account	5	-	-	-
Total Investments	5	-	6,524	11,031
Receivables				
Loans and Receivables	1,001	1,000	3,205	3,108
Total included in Receivables	1,001	1,000	3,205	3,108
Borrowings				
Financial liabilities at amortised costs (*)	57,539	56,289	-	-
Total include in borrowings	57,539	56,289	-	-
Other Long term Liabilities				
PFI and Finance leases	158	146	-	-
Total other long term liabilities	158	146	-	-
Payables				
Financial liabilities at amortised cost	-	-	6,283	6,246
Total Payables	-	-	6,283	6,246

(*) Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent. Accrued interest is shown separately in current assets / liabilities where the payments / receipts are due within one year.

➤ Loans below Market Rates

During 2014/15 the Council granted Decent Homes Standard loans to 4 private owner occupiers totalling £12,591.60 and Disabled Facilities loans to 10 private owner occupiers totalling £19,877.16. The Council is due to have the loans repaid when the properties are sold in the future. Given the uncertainty of future timescales, these loans have been fully funded through the Council's capital programme. Any funds recovered in the future will therefore be a windfall to the Council.

➤ Fair Values of Assets and Liabilities

Financial liabilities and financial assets, represented by borrowing and investments, are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Early redemption rates for loans from the PWLB as at 31 March 2015,
- No early repayment or impairment is recognised in the accounts,
- Certificates of Deposits are valued at Market Bid prices at 31st March 2015.

The fair values are calculated as follows:

31 March 2014	31 March 2014		31 March 2015	31 March 2015
Carrying Amount on Balance Sheet £000	Fair Value Calculation £000		Carrying Amount on Balance Sheet £000	Fair Value Calculation £000
57,539	58,053	PWLB Debt	56,289	65,104
57,539	58,053	Total Borrowings	56,289	65,104
6,524	6,524	Money Market Funds < 1 yr	7,031	7,031
5	5	War Stock	-	-
-	-	Enhanced Money Market Funds	2,000	2,010
-	-	Certificates of Deposits	2,000	2,000
6,529	6,529	Total Loans and Receivables	11,031	11,041

Borrowings: the fair value is more than the carrying amount because the council's loans are fixed at a higher rate than was available at 31 March 2014. This increases the fair value of the borrowings held, which have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date and include accrued interest.

Investments: The Net Present Value approach has been used, which provides an estimate of the value of payments in the future in today's terms. The discount factor used in the calculation is equal to the current rate in relation to the same instrument from a comparable lender.

15. Inventories

	Consumable Stores	Consumable Stores	Maintenance Materials	Maintenance Materials	Client services Work in Progress	Client services Work in Progress	Total	Total
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at start of year	30	44	44	47	-	1	74	92
Purchases	407	388	550	392	1	-	958	780
Recognised as an expense in the year	(393)	(404)	(547)	(406)	-	(1)	(940)	(811)
Balance at year end	44	28	47	33	1	-	92	61

16. Construction Contracts

At 31 March 2015 we had no construction contracts in progress.

17. Short Term Receivables

31 March 2014 £000		31 March 2015 £000
1,403	Central Government Bodies	1,559
734	Other Local Authorities	699
1	NHS Bodies	2
1,067	Other Entities and Individuals	848
3,205	TOTAL	3,108

18. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2014 £000		31 March 2015 £000
3	Cash held by the Council	2
4,422	Bank current accounts	2,071
4,425	Total Cash and Cash Equivalents	2,073

19. Assets Held for Sale

The only asset held for sale at 31 March 2015 was the old Coleshill Leisure Centre site at Park Road, Coleshill (none were held at 31 March 2014). This site was valued at £665,000.

20. Short Term Payables

31 March 2014 £000		31 March 2015 £000
2,802	Central Government Bodies	2,852
1,012	Other Local Authorities	1,185
2,469	Other entities and individuals	2,209
6,283	TOTAL	6,246

21. Provisions

Business Rate Payers can appeal against the rateable value of their properties to the Valuation Office. If they are successful, we will have to refund a proportion of the rates which they have paid. An additional provision of £3.279 million has been set aside in the Collection Fund at 31 March 2015 (£2,112 million at 31 March 2014), to cover possible refunds. Of the £2,112 million set aside at 31 March 2014 we have settled claims of £1.384 million from that sum. Our share of the additional provision is £1,311,632 (40%) (£844,824 at 31 March 2014), with the remaining 60% falling to central government and Warwickshire County Council.

22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 5 and 6.

23. Unusable Reserves

31 March 2014 £000		31 March 2015 £000
(4,008)	Revaluation Reserve	(5,433)
(47,565)	Capital Adjustment Account	(43,406)
-	Financial Instruments Adjustment Account	-
(1)	Deferred Capital Receipts Reserve	-
24,318	Pensions Reserve	32,371
(139)	Collection Fund Adjustment Account - CT	(124)
221	Collection Fund Adjustment Account - NDR	937
149	Accumulated Absences Account	133
(27,025)	Total Unusable Reserves	(15,522)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2013/14 £000		2014/15 £000
(4,025)	Balance at 1 April	(4,008)
(589)	Upward revaluation of assets	(1,454)
381	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-
131	Difference between fair value depreciation and historical cost depreciation	22
94	Amount written off to the Capital Adjustment Account	7
(4,008)	Balance at 31 March	(5,433)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluations gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 5 provides details of the sources of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14 £000			2014/15 £000	
	(38,506)	Balance at 1 April		(47,565)
		<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
3,218		▪ Charges for depreciation and impairment of non-current assets	3,859	
(6,261)		▪ Revaluation losses on Property, Plant and Equipment	6,196	
135		▪ Amortisation of intangible assets	115	
162		▪ Revenue expenditure funded from capital under statute	70	
1,172		▪ Amounts of non-current assets written off under disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,012	
(131)		Adjusting amounts written out of the Revaluation Reserve	(7)	
73	(1,632)	Movements in the market value of Investment Property	147	11,392
		<i>Capital financing applied in the year:</i>		
(1,389)		▪ Use of the Capital Receipts Reserve to finance new capital expenditure	(1,004)	
(1,649)		▪ Use of the Major Repairs Reserve to finance new capital expenditure	(1,435)	
(1,338)		▪ Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(693)	
(1,470)		▪ Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,578)	
(1,581)	(7,427)	▪ Capital expenditure charged against the General Fund and HRA balances	(2,523)	(7,233)
	(47,565)	Balance at 31 March		(43,406)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to manage premiums paid and discounts received on the early redemption of loans. The balance related to the early redemption of HRA loans, and was fully charged to the Housing Revenue Account in 2013/14.

2013/14 £000		2014/15 £000
29	Balance at 1 April	-
(29)	Proportion of premiums incurred in previous financial years to be charged against the Housing Revenue Account balance in accordance with statutory requirements	-
-	Balance at 31 March	-

The Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013/14 £000		2014/15 £000
24,994	Balance at 1 April	24,318
(2,161)	Re measurement of the net defined benefit liability/(asset)	6,732
2,854	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	2,876
(1,369)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,555)
24,318	Balance at 31 March	32,371

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. We use this reserve to show the outstanding balances on mortgages that we have given in the past. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2013/14 £000		2014/15 £000
(2)	Balance at 1 April	(1)
1	Transfer to the Capital Receipts Reserve upon receipt of cash	1
(1)	Balance at 31 March	-

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax in the Comprehensive Income and Expenditure statement as it falls due from council tax compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2013/14 £000		2014/15 £000
(41)	Balance at 1 April	(139)
(98)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated of the year in accordance with statutory requirements	15
(139)	Balance at 31 March	(124)

Collection Fund Adjustment Account – Business Rate Payers (NNDR)

The Collection Fund Adjustment Account (NNDR) manages the differences arising from the recognition of non domestic rates income in the Comprehensive Income and Expenditure statement as it falls due from business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2013/14 £000		2014/15 £000
-	Balance at 1 April	221
221	Amount by which non domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rate income calculated of the year in accordance with statutory requirements	716
221	Balance at 31 March	937

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund and Housing Revenue Account balances from accruing for compensated absences earned but not taken in the year, for example annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2013/14 £000		2014/15 £000
136	Balance at 1 April	149
(136)	Reversal of accrual made at the end of the preceding year	(149)
149	Amounts accrued at the end of the current year	133
149	Balance at 31 March	133

24. Cash Flow Statement - Operating Activities

2013/14 £000	2013/14 £000		2014/15 £000	2014/15 £000
	(550)	Net (Deficit)/Surplus on the provision of services		3,621
		Add		
(12)		Contribution to Housing Repairs Reserve	(265)	
(4,621)		Contributions to reserves	(5,677)	
(395)		Loss on sale of Assets	(463)	
262		Receipts re payment to Housing Pool	285	
(98)		Reversal of the Collection Fund Adjustment	15	
710		Reversal of the Collection Fund Adj. - NNDR	453	
353		Net movement on pensions	271	
2,944		Depreciation and Amortisation of Assets	2,614	
110		Write down of revenue expenditure funded from capital under statute	119	
13		Accumulated Absences	(16)	
1,132		Reversal of Current Pension Costs in Service Accounts	(1,050)	
687	1,085	Deminimus Charges	100	(3,614)
	535			7
		Add		
845		Increase in Provisions	758	
1,487		Increase in Reserves	2,071	
3,578		Increase in Payables	104	
(262)		(Decrease)/Increase in Receipts in Advance	314	
65		Decrease in Receivables	97	
(18)		(Increase)/Decrease in Stocks and WIP	31	
16	5,711	Decrease in Prepayments	33	3,408
	6,246	Net cash flow from operating activities		3,415

The above table is further analysed below:

2013/14 £000		2014/15 £000
(6,148)	Cash movement relating to revenue activities	(3,293)
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
	<i>Cash Outflows</i>	
3	Interest paid	3
	<i>Cash Inflows</i>	
(101)	Interest received	(125)
(6,246)		(3,415)

25. Cash Flow Statement – Investing Activities

2013/14 £000		2014/15 £000
7,398	Purchase of property, plant and equipment, investment property and intangible assets	7,223
517	Other payments for investing activities	278
(1,584)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,698)
(3,016)	Other receipts from investing activities	(3,293)
3,315	Net cash flows from investing activities	2,510

26. Cash Flow Statement – Financing Activities

2013/14 £000		2014/15 £000
(1,250)	Cash receipts of short and long term borrowing	(1,250)
2,999	Other receipts from financing activities	4,507
1,749	Net cash flows from financing activities	3,257

27. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resources allocation are taken by the Executive Board on the basis of budget reports analysed across Service Boards. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than the current service cost of benefits accrued in the year.
- Expenditure on some services and support services is budgeted for centrally and not charged to Service Boards.

The income and expenditure of the Council's principal Service Boards recorded in the budget reports for the year is detailed on the following page:

Service Board Income and Expenditure 2014/15	Executive Board	Community and Environment Board	Planning and Development Board/Licensing	Resources Board – General Fund	Resources Board - Housing Revenue Account	Total
	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(74)	(4,070)	(1,135)	(13,010)	(12,141)	(30,430)
Government grants	-	(34)	-	(15,327)	(34)	(15,395)
Total Income	(74)	(4,104)	(1,135)	(28,337)	(12,175)	(45,825)
Employee expenses*	279	3,336	460	9,460	1,444	14,979
Other service expenses	120	4,870	330	18,281	4,830	28,431
Support Service Recharges*	284	1,160	354	3,567	1,457	6,822
Total Expenditure	683	9,366	1,144	31,308	7,731	50,232
Net Expenditure	609	5,262	9	2,971	(4,444)	4,407

Service Board Income and Expenditure 2013/14 Comparative Figures	Executive Board	Community and Environment Board	Planning and Development Board/Licensing	Resources Board – General Fund	Resources Board - Housing Revenue Account	Total
	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(87)	(4,076)	(685)	(13,337)	(12,805)	(30,990)
Government grants	(25)	(1)	-	(15,474)	-	(15,500)
Total Income	(112)	(4,077)	(685)	(28,811)	(12,805)	(46,490)
Employee expenses *	300	3,201	485	9,216	2,692	15,894
Other service expenses	153	5,852	157	20,017	4,900	31,079
Support Service Recharges*	275	1,236	383	3,875	1,358	7,127
Total Expenditure	728	10,289	1,025	33,108	8,950	54,100
Net Expenditure	616	6,212	340	4,297	(3,855)	7,610

* In addition to expenses shown in the employee line, a substantial proportion of costs for the Council are shown within the Support service recharges line.

Reconciliation of Service Board Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure statement

This reconciliation shows how the figures in the analysis of service board income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2013/14 £000		2014/15 £000
7,610	Net expenditure in the Service Board Analysis	4,407
389	Amounts in the Comprehensive Income and Expenditure Statement not reported to Members in the Analysis	(351)
7,999	Cost of Services in the Comprehensive Income and Expenditure Statement (*)	4,056

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Service Board income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	Service Board analysis	Service and Support Service not in Analysis	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000
Fees, charges and other service income	(30,430)	-	(471)	-	(30,901)
Interest and investment income	-	-	-	(125)	(125)
Income from council tax	-	-	-	(5,001)	(5,001)
Government grants and contributions	(15,395)	(523)	-	(3,720)	(19,638)
Total Income	(45,825)	(523)	(471)	(8,846)	(55,665)
Employee expenses	14,979	74	-	-	15,053
Other service expenses	28,431	(1,532)	(7)	(726)	26,166
Support service recharges	6,822	-	37	-	6,859
Depreciation, amortisation and impairment	-	1,630	-	-	1,630
Interest payments	-	-	-	1,094	1,094
Precepts and levies	-	-	-	966	966
NNDR Deficit on Collection Fund	-	-	-	453	453
Payments to Housing Capital Receipts Pool	-	-	-	286	286
Gain on disposal of non-current assets	-	-	-	(463)	(463)
Total Expenditure	50,232	172	30	1,610	52,044
Surplus on the provision of services	4,407	(351)	(441)	(7,236)	(3,621)

2013/14	Service Board analysis	Service and Support Service not in Analysis	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000
Fees, charges and other service income	(30,990)	(54)	(511)	-	(31,555)
Interest and investment income	-	-	-	(101)	(101)
Income from council tax	-	-	-	(4,953)	(4,953)
Government grants and contributions	(15,500)	(1,217)	-	(4,277)	(20,994)
Total Income	(46,490)	(1,271)	(511)	(9,331)	(57,603)
Employee expenses	15,894	97	-	-	15,991
Other service expenses	31,079	(84)	78	-	31,073
Support service recharges	7,127	-	43	-	7,170
Depreciation, amortisation and impairment	-	1,647	-	-	1,647
Interest payments	-	-	-	1,156	1,156
Precepts and levies	-	-	-	1,003	1,003
NDR Levy	-	-	-	25	25
NNDR Deficit on Collection Fund	-	-	-	221	221
Payments to Housing Capital Receipts Pool	-	-	-	262	262
Gain on disposal of non-current assets	-	-	-	(395)	(395)
Total Expenditure	54,100	1,660	121	2,272	58,153
Deficit on the provision of services	7,610	389	(390)	(7,059)	550

28. Trading Operations

We operate a number of trading accounts primarily for those services that formerly operated under Compulsory Competitive Tendering legislation. Any surplus or deficit resulting from these trading activities forms part of the Council's Net Cost of Service. For 2014/15 the total deficit resulting from trading activities totalled £7,953 and the following table summarises the financial performance for each.

DSO	2013/14	2013/14	2013/14	2014/15	2014/15	2014/15
	Expend	Income	(Surplus)/ Deficit	Expend	Income	(Surplus)/ Deficit
	£000	£000	£000	£000	£000	£000
Horticulture – the DSO maintains the Council's parks, playing fields and open spaces	497	(504)	(7)	477	(502)	(25)
Refuse Collection – the DSO collects both domestic and trade refuse	1,005	(953)	52	884	(767)	117
Amenity Cleaning – the DSO carries out street cleaning and litter picking activities.	479	(468)	11	524	(608)	(84)
Totals	1,981	(1,925)	56	1,885	(1,877)	8

29. Agency Services

Warwickshire County Council provides a payroll service to the Council, involving a total payment of £8.442 million for employees and members of the Council. Of this sum £1.402 million is paid to Her Majesty's Revenue and Customs and £0.477 million is paid to Warwickshire County Council pensions department. We pay a nominal charge of £1 per annum for this service.

30. Pooled Budgets

We are part of a pooled budget arrangement with Nuneaton and Bedworth Borough Council for the provision of building control services. The current agreement, which covers a period of 4 years, commenced in October 2011. The Building Control Partnership is hosted by Nuneaton and Bedworth Borough Council and provides services to both Councils. It reports to a Steering Group which is made up of elected Members from both Councils.

This Council contributes 34.3% of the budget, with Nuneaton and Bedworth contributing the remaining 65.7%. The same proportions are used to meet any deficit or surplus arising on the pooled budget at the end of each financial year.

		2013/14 £		2014/15 £
Funding provided to the pooled budget:				
• North Warwickshire	75,944		71,400	
• Nuneaton and Bedworth	145,466	221,410	136,750	208,150
Expenditure met from the pooled budget:				
• North Warwickshire	59,460		108,310	
• Nuneaton and Bedworth	113,887	173,347	207,462	
				315,772
Net (surplus)/deficit arising on the pooled budget during the year		(48,063)		107,622
Council share of 34.3% of the net (Surplus)/deficit arising from the pooled budget		(18,230)		36,914

31. Members' Allowances

The Council paid the following amounts to members of the Council during the year.

	2013/14 £000	2014/15 £000
Allowances	220	222
Expenses	8	5
Total	228	227

32. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

2014/15	Salaries, Fees and Allowances	Expenses Allowances	Pensions	Total
Job Title	(£)	(£)	(£)	(£)
Chief Executive	98,153	6,171	13,545	117,869
Deputy Chief Executive*	71,635	5,139	9,886	86,660

2013/14	Salaries, Fees and Allowances	Expenses Allowances	Pensions	Total
Job Title	(£)	(£)	(£)	(£)
Chief Executive	98,153	6,521	17,668	122,342
Deputy Chief Executive*	71,401	5,139	12,830	89,370
*(32 hours per week)				

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Employee Pay Bands	2013/14 staff numbers	2014/15 staff numbers
£50,000-£54,999	-	-
£55,000-£59,999	5	5
£60,000-£64,999	-	-
£65,000-£69,999	2	2
£70,000-£74,999	-	-
£75,000-£79,999	-	-
	7	7

The number of exit packages with total costs per band and total cost of the compulsory and other redundancies are set out in the table below and note 39.

Exit packages cost band	Number of Compulsory redundancies		Total cost of exit packages for compulsory redundancies by cost band	
	2013/14	2014/15	2013/14	2014/15
			£	£
£0 – £20,000	5	5	31,796	8,309
£20,001 – £40,000	-	1	-	23,257
£40,001 – £60,000	-	-	-	-
Total	5	6	31,796	31,566

The total cost of £31,566 in the table above has been charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

33. External Audit Costs

Our appointed auditors are PricewaterhouseCoopers LLP. We pay audit fees for work undertaken on the audit of the Statement of Accounts, the certification of grant claims and returns and statutory inspections.

The table below indicates the costs incurred, or to be incurred, on the audit of the 2014/15 accounts.

Type of Audit Work	2013/14 £000	2014/15 £000
Fees payable to PricewaterhouseCoopers LLP with regard to external audit services carried out for the year	48	57
Fees payable for the certification of grant claims and returns for the year	21	17
Total	69	74

34. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15.

	2013/14 £000	2014/15 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	2,523	1,963
Council Tax Freeze Grant	45	45
Non Domestic Rates	1,709	1,711
Local Services Support Grant	-	-
Total	4,277	3,719

Credited to Services		
New Burdens – Assets of Community Value	8	8
New Burdens – Community Right to Challenge	9	9
Economic growth – Local Development Framework	7	-
New Burdens – Localising Council Tax Reform	40	65
Electoral Reform Services Grant	10	32
Small Business and Empty Property Rate Relief	205	451
Neighbourhood Planning Grant	20	5
New Burdens - Administration Funding	-	9
New Burdens - RTI Grant	-	1
New Burdens - Repairs and Renewals Administration Grant	-	1
Arts Council – Young People & Integration	-	8
Digital Expert Funding	-	25
New Burdens – Administration Costs	-	10
Lottery Funding for Local Nature Reserve	110	-
Leader Project Grant	240	26
Stronger and Safer Communities Funding	35	14
New Burdens - Transparency Code Set Up	3	5
New Burdens - Housing Benefit Grant	11	-
Benefits Grant	94	66
Benefits Administration Grant	357	314
New Homes Bonus Scheme	414	520
Council Tax and Rent Allowances Subsidy	7,911	7,934
National Non Domestic Rates Administration Grant	110	109
Housing Rent Rebates	5,979	6,137
Total	15,563	15,749

Grants with conditions are not immediately recognised as income in case the monies or property have to be returned to the giver, if the conditions are not met.

31 March 2014 £000		31 March 2015 £000
	Grants Receipts in Advance (Capital Grants)	
37	Opening Balance	-
(37)	New Build Grant HRA – use in year	-
-	Total	-

35. Related Parties

We are required to disclose material transactions with related parties – these are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which we operate and provides a significant proportion of our funding in the form of grants and prescribes the terms of many of the transactions that we have with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 27 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2015 are shown in Note 34.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 31.

Other Public Bodies (subject to common control by central government)

We have a pooled budget arrangement with Nuneaton and Bedworth Borough Council for the provision of building control services. Transactions and balances outstanding are detailed in Note 30.

Six Borough Councillors were also Warwickshire County Councillors in 2014/15. During the year, we paid £2,334,371 (£2,213,660 in 2013/14) to Warwickshire County Council for services including: pensions, land charges, arboriculture services, trade refuse disposal, contribution to the costs of Lower House Farm recycling facility and leisure facilities. Income of £1,800,488 (£961,689 in 2013/14) was received from the County Council for school swimming lessons, grass cutting, food bank, Bob hubs, part occupation of Council Offices, contribution towards the construction of the new Coleshill Leisure Centre and recycling activities.

Three Borough Councillors were also on Atherstone Town Council in 2014/15. Income of £34,068 (£28,129 in 2013/14) was received from Atherstone Town Council, for the monitoring of their CCTV cameras within the town, a bye election and for some grounds maintenance work

During the year a payment of £63,456 (£62,482 in 2013/14) was made to North Warwickshire Citizens Advice Bureau. The Borough Council was represented on the North Warwickshire Citizens Advice Bureau by 1 Borough Councillor. The transaction represents a contribution to the running expenses of the organisation. The Member recorded an interest in the Register of Members Interest, which is open to public inspection at the Council Offices during office hours.

36. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with previous year's unfunded capital payables. The resources that have been used to finance this expenditure are also shown.

Capital Expenditure and Financing		
	2013/14	2014/15
	£ 000	£ 000
<i>Capital Investment</i>		
Property, Plant and Equipment	7,595	7,233
Intangible Assets	67	41
Revenue Expenditure Funded from Capital Under Statute	496	334
Total Expenditure	8,158	7,608
<i>Sources of Finance</i>		
Capital receipts	(1,389)	(1,004)
Government grants and other contributions	(1,670)	(2,634)
Revenue Contribution to Capital	(110)	(119)
Section 106 contributions	-	(54)
Earmarked Capital Reserve	(950)	(591)
Major Repairs Reserve/HRA RCCO	(1,649)	(1,519)
Revenue Contribution to Capital - HRA	(522)	-
Capital payables	(261)	(114)
Prudential Borrowing	(1,607)	(1,573)
Total Financing	(8,158)	(7,608)

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is shown below.

	2013/14	2014/15
	£ 000	£ 000
Long Term Assets	121,502	117,950
Long Term Receivable	1,000	1,000
Revaluation Reserve	(4,008)	(5,433)
Capital Adjustment Account	(47,565)	(43,406)
Capital Financing Requirement	70,929	70,111

37. Leases

Council as Lessee

Finance Leases

The Council has acquired the public conveniences at Water Orton, Coleshill and Polesworth under finance leases. These assets are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2014 £000		31 March 2015 £000
158	Property, Plant, and Equipment	146

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2014 £000		31 March 2015 £000
	Finance lease liabilities (net present value of minimum lease payments):	
108	• Current	99
18	• Non-current	20
32	Finance costs payable in future years	27
158	Minimum lease payments	146

The minimum lease payments will be payable over the following years:

	Minimum lease payments		Finance lease payments	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Not later than one year	11	11	14	13
Later than one year and not later than five years	45	45	49	46
Later than five years	102	90	77	67
Total	158	146	140	126

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15, no contingent rents were payable by the Council (none in 2013/14).

Operating Leases

We use operating leases as a way of financing some vehicles and equipment. The plant and vehicle leases relate to staff cars (4 years), commercial vehicles (5 or 7 years) and mowers (4 years), most of which the Council uses to deliver various services to the public.

The total future minimum lease payments of these due under non-cancellable leases in future years are:

31 March 2014 £000		31 March 2015 £000
31	Not later than one year	36
189	Later than one year and not later than five years	11
-	Later than five years	-
220	Total	47

We also have a Land and Building lease. This relates to some industrial units known as Units 18-39 Innage Park, Atherstone, which we sub-let.

The future minimum sublease payments expected to be received by the Council are shown in the table below, along with the expenditure in relation to these leases during the year. Both the income and expenditure are included within the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

31 March 2014 £000		31 March 2015 £000
101	Minimum lease payments	101
(87)	Contingent rents	(159)
14	Total	(58)

Council as Lessor

Finance Leases

The Council hasn't leased out any assets under finance leases.

Operating Leases

The Council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2014 £000		31 March 2015 £000
274	Not later than one year	263
23	Later than one year and not later than five years	28
153	Later than five years	265
450	Total	556

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15, £100,181 contingent rents were receivable by the Council (£97,025 in 2013/14).

38. Impairment Losses

We are required to disclose by class of assets the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Notes 10 and 13 reconciling the movement over the year in the Property, Plant and Equipment and Intangible Asset balances.

In overall terms the council's housing stock decreased in value during the year. Revaluation losses of £6.494 million were credited to the Surplus or Deficit on the Provision of Services relating to the Housing Revenue Account.

An impairment of £0.073 million took place within the year relating to the old Coleshill Leisure Centre. Additionally, there were further downward revaluations of £0.016 million relating to homeless shelters at Grove Road. These were charged to the Surplus or Deficit on the Provision of Services. These have been off-set in part by increases in the value of other leisure facilities (£0.063 million), and Council Office premises (£0.015 million) resulting in a net impairment of £0.011 million.

39. Termination Benefits

The Council terminated the contracts of 6 employees in 2014/15, incurring liabilities of £31,565.58 (£31,796.14 in 2013/14) – see Note 32 for the number of exit packages and total cost per band. Payments were made to a Refuse Operative, Refuse Assistant Manager, 2 x Community Development Leaders, Swimming Teacher and a Grounds Maintenance Operative who were made redundant as part of the Council's rationalisation of these services.

40. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of our officers, we make contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, we have a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

We participate in the Local Government Pension scheme, administered locally by Warwickshire County Council. This is a funded defined benefit final salary scheme until 31 March 2014. From 1 April 2014 it became a funded defined benefit career average scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

In addition there are arrangements for the award of discretionary post retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there will be no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due. These costs are included in the following figures.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	2013/14 £000	2014/15 £000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services</i>		
• Current service cost	(1,722)	(1,816)
• Past Service Cost and Curtailments	-	(10)
<i>Financing and Investment Income and Expenditure</i>		
• Interest cost	(3,397)	(3,353)
• Expected return on scheme assets	2,265	2,303
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	(2,854)	(2,876)
<i>Re measurement of the net defined benefit liability comprising</i>		
• Return on plan assets	1,528	4,670
• Actuarial gains arising on changes in demographic assumptions	692	-
• Actuarial losses arising on changes in financial assumptions	(1,986)	(12,073)
• Other	1,927	671
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	2,161	(6,732)
<i>Movement in Reserves Statement</i>		
• Reversal of net charges made to the Surplus or Deficit of Services for post employment benefits in accordance with the Code	2,854	2,876
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
• Employers contributions payable to scheme	1,369	1,555
Retirement benefits payable to pensioners	(2,329)	(2,665)

The cumulative amount of actuarial gains and losses recognised in other Comprehensive Income and Expenditure in the actuarial gains and losses on pension assets and liabilities line was a loss of £6,732,000 at 31 March 2015 and a gain of £2,161,000 at 31 March 2014.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded Liabilities	
	2013/14 £000	2014/15 £000
Opening balance at 1 April	75,627	78,217
Current service cost	1,722	1,816
Past Service Cost	-	10
Interest Cost	3,397	3,353
Contributions by scheme participants	433	476
Actuarial gains arising from changes in demographic assumptions	(692)	-
Actuarial losses arising from changes in financial assumptions	1,986	12,073
Other	(1,927)	(671)
Benefits paid	(2,329)	(2,665)
Closing balance at 31 March	78,217	92,609

Reconciliation of the fair value of the scheme (plan) assets:

	Funded Assets	
	2013/14 £000	2014/15 £000
Opening fair value of scheme assets at 1 April	50,633	53,899
Expected rate of return - Interest	2,265	2,303
Actuarial gains – Return on plan assets	1,528	4,670
Contributions by scheme participants	433	476
Employer contributions	1,369	1,555
Benefits/transfers paid	(2,329)	(2,665)
Closing fair value of scheme assets at 31 March	53,899	60,238

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £6,973 million (£3,793 million in 2013/14).

Scheme History - Pensions Assets and Liabilities recognised in the Balance Sheet

	31 March 2011 £000	31 March 2012 £000	31 March 2013 £000	31 March 2014 £000	31 March 2015 £000
Present value of the defined benefit obligation	(59,701)	(64,607)	(75,627)	(78,217)	(92,609)
Fair value of Plan assets	43,943	44,414	50,633	53,899	60,238
Net liability arising from defined benefit obligation	(15,758)	(20,193)	(24,994)	(24,318)	(32,371)

The liabilities show the underlying commitments that we have in the long-run to pay post employment (retirement) benefits. The total liability of £32.371 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. This deficit would impact upon our reserves only if it all fell due at the same time. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy – the deficit on the scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

In 2014/15 the Council actually paid an employer's contribution of £1,021,842 representing 13.8% (18% in 2013/14) of participating employees' pensionable pay into Warwickshire County Council's Superannuation Fund, which provides members with defined benefits related to pay and service. The reason for the reduction in the employers percentage is due to the authority now paying a lump sum for the past fund deficit per year of £371,002. In addition, the Council also paid £8,141 for those Members who have joined the scheme. In addition, the Council is responsible for all pension payments relating to added years benefit it has awarded together with the related increases. In 2014/15 these amounted to £142,919 representing 1.93% of pensionable pay (in 2013/14 the Council made payments totalling £144,877 representing 2.1% of pensionable pay). In 2015/16 the estimated contributions expected to be paid to the scheme after the Balance Sheet date is £1,509,000.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and so on. The liabilities of the Warwickshire County Council Fund have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with estimates for the County Council Fund being based on the latest valuation of the scheme as at 31 March 2015. These figures do not include any limits imposed by IFRIC interpretation IAS 19.

The main assumptions used by the actuary for estimating assets and liabilities are:

	2013/14	2013/14	2014/15	2014/15
	Beginning of year	End of Year	Beginning of year	End of Year
Long term expected rate of return on assets in the scheme				
Equity investments	4.5%	7.2%	7.2%	13.0%
Government Bonds	4.5%	7.2%	7.2%	13.0%
Property	4.5%	7.2%	7.2%	13.0%
Cash/Liquidity	4.5%	7.2%	7.2%	13.0%
Expenses Deducted (p.a.)	0.6%	0.6%	0.6%	0.6%
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	21.9	22.4	22.4	22.4
Women	23.6	24.4	24.4	24.4
Longevity at 65 for future pensioners:				
Men	22.8	24.3	24.3	24.3
Women	25.9	26.6	26.6	26.6
Rate of Inflation (CPI)	2.8%	2.8%	2.4%	2.4%
Rate of Increase in salaries	5.1%	4.6%	4.6%	4.3%
Rate of increase in pensions	2.8%	2.8%	2.4%	2.4%
Rate of discounting scheme liabilities	4.5%	4.3%	4.3%	3.2%

	2013/14	2013/14	2014/15	2014/15
	Beginning of year	End of Year	Beginning of year	End of Year
Take up option to convert annual pension into retirement lump sum – pre April 2008	50%	50%	50%	50%
Take up option to convert annual pension into retirement lump sum – post April 2008	75%	75%	75%	75%

The table below details the pension scheme's assets consisting of the following categories, by value and proportion of the total assets held.

	2013/14	2013/14	2014/15	2014/15
	£ 000	%	£ 000	%
Equity Securities:-				
• Consumer	5,768.2	10.7%	6,286.0	10.1%
• Manufacturing	3,032.0	5.6%	2,672.1	4.4%
• Energy and Utilities	1,294.1	2.4%	2,145.1	3.6%
• Financial Institutions	2,551.3	4.7%	3,516.4	5.8%
• Health and Care	1,072.3	2.0%	1,421.7	2.4%
• Information Technology	1,885.7	3.5%	1,583.6	2.6%
• Other	1,589.9	3.0%	1,644.0	2.7%
Private Equity:-				
• All	584.2	1.1%	1,085.5	1.8%
Real Estate:-				
• UK Property	5,028.7	9.3%	6,072.3	10.1%
• Overseas Property	96.1	0.2%	79.8	0.1%
Investment Funds and Unit Trusts:-				
• Equities	15,355.8	28.5%	15,515.9	25.8%
• Bonds	8,430.4	15.7%	10,469.4	17.4%
• Hedge Funds	2,440.4	4.5%	2,665.4	4.4%
• Other	4,548.0	8.4%	2,217.2	3.7%
Cash and Cash Equivalents:-				
• All	221.9	0.4%	2,863.6	4.8%
Total	53,899.0	100.0%	60,238.0	100.0%

41. Nature and Extent of Risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The council complies with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management on Public Services and Investment Guidance issued through the Local Government Act 2003. Risk is managed in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Management Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposure to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid year update.

These policies are implemented by the Financial Services team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. These TMP's are a requirement of the Code of Practice and are reviewed periodically.

➤ *Credit Risk*

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is managed through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poor's Credit Rating Services. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial

institutions unless they are rated independently. The maximum amount which could be lent to any individual bank or banking group is 30% of our total investments. The amount and period of investment will then be reduced on a sliding scale according to the credit risk.

In addition to reviewing current credit ratings, credit watches and credit outlooks from credit rating agencies are also used, along with CDS spreads to give early warning of likely changes in credit ratings.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to investments in banks and building societies of £3 million cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the historical principal will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise.

The Council's exposure to credit risk on other financial assets relates to trade/sundry receivables. We do not allow credit for trade/sundry receivables, so £193,489 of the balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2014 £000	31 March 2015 £000
Less than three months	164	115
Between three and six months	14	11
Between six months and one year	63	8
More than one year	67	59
TOTAL	308	193

The Council initiates a legal charge on property where clients cannot pay their debts and recovery action has been unsuccessful. The total collateral at 31 March 2015 was £2,305.

➤ *Liquidity Risk*

The Council has a cash flow management system that seeks to ensure that cash is available as needed. We have some investments which can be readily converted into cash for day to day cash flow. If unexpected movements happen, the Council has ready access to borrowings from the money market and Public Works Loan Board. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures that sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that we will be unable to raise finance to meet our commitments under financial instruments.

The Housing Revenue Account currently has long term external borrowing of £56,289 million remaining relating to the Self Financing settlement payment made on 28 March 2012. No other external borrowing is held, as we have chosen to make use of the reserves we hold, and finance other borrowing internally. Given the access to the money market and Public Works Loans Board, the risk is that the Council will be required to take out / replenish a significant proportion of its borrowings at a time of unfavourable interest rates. To reduce the risk, we have set limits on the proportion of fixed rate borrowing during specified periods.

The maturity analysis of financial liabilities is as follows:

	31 March 2014 £000	31 March 2015 £000
Less than one year	1,250	1,300
Between one years and two years	1,300	1,450
Between two and five years	4,750	5,050
Between five and ten years	10,610	11,210
Between ten and fifteen years	13,400	14,300
Between fifteen and twenty years	16,229	12,979
More than twenty years	10,000	10,000
Total	57,539	56,289

All trade and other payables are due to be paid in less than one year.

Liquid resources held by the Council are short-term investments. These continue to be managed internally, with a limit on the amount that can be invested with any one institution in accordance with the authorised lending list. All investments at 31 March 2015 were held with banks and building societies. At 31 March 2015 the Council had short-term investments of £11,031 million.

	31 March 2014 £000	31 March 2015 £000	Change in year £000
Short Term Investments	6,524	11,031	4,507
Total	6,524	11,031	4,507

Market Risk

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. Policy is to assess the likelihood of movements in interest rates, when taking decisions on variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

We borrowed from the Public Works Loans Board to make the Housing Self Financing Settlement payment, to take advantage of the favourable interest rates offered for that transaction. We currently have no other long term external borrowing, as we have chosen to make use of the reserves we hold, and finance borrowing internally. We continue to monitor market rates at the moment, ready for when the Council needs to borrow in the future.

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Actual 2013/14 £000	Actual 2013/14 £000		Actual 2014/15 £000	Actual 2014/15 £000	Note
		EXPENDITURE			
2,958		Repairs and Maintenance	2,956		5
1,202		Supervision and Management			
508		- General	1,282		
1,647		- Special Services	475		
		Depreciation and Impairment of non-current assets	1,630		8
2,890		Debt Management Costs	2,883		
26		Movement in the allowance for bad debts	34		11
-		Payment to Communities and Local Govt	-		
	9,231	TOTAL EXPENDITURE		9,260	
		INCOME			
(11,021)		Dwelling rent	(11,645)		12
(324)		Non-dwelling rent	(319)		
(90)		Charges for Services and Facilities	(90)		
(37)		Grant for New Build	(523)		
	(11,472)	TOTAL INCOME		(12,577)	
	(2,241)	Net Income of HRA Service as included in the Comprehensive Income and Expenditure Statement		(3,317)	
	61	HRA service share of Corporate and Democratic Core		85	
	(2,180)	Net Income/cost for HRA Services		(3,232)	
		HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement			
	(396)	Gain on sale of HRA non-current assets		(463)	
	(7)	Interest payable and similar charges		(10)	
	(21)	Interest and Investment Income		(41)	14
	-	Capital grants and contributions receivable		-	
	(7,952)	(Deficit) or Surplus on Revaluation of Property, Plant and Equipment		7,685	
	(10,556)	(Surplus) or Deficit for the year on HRA Services		3,939	

Movement on the Housing Revenue Account Statement

This shows how the surplus/deficit on the HRA Income and Expenditure statement reconciles to the movement on the Housing Revenue Account Balance for the year.

2013/14 £000		2014/15 £000
(567)	Balance on the HRA at the end of the previous year	(1,391)
(10,556)	(Surplus)/ Deficit for the year on the HRA Income and Expenditure Statement	3,939
8,335	Adjustments between accounting basis and funding basis under statute	(7,275)
(2,221)	Net (Increase) or decrease before transfers to or from reserves	(3,336)
1,397	Transfers to or (from) reserves	2,748
(824)	(Increase) of decrease in year on the HRA	(588)
(1,391)	Balance on the HRA at the end of the current year	(1,979)

Adjustments between accounting basis and funding basis under statute:

2013/14 £000		2014/15 £000	Note
	Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Balance for the Year		
7,952	Reversal of Impairment losses and revaluations	(7,685)	9
396	Gain on sale of HRA Property, Plant and Equipment	463	
(85)	Net charges made for retirement benefits in accordance with IAS 26	(64)	10
(1)	(Increase)/Reduction in accrual for employee benefits	1	
37	Reversal of grant for new build	-	
8,299	Items not included in the HRA Income and Expenditure Statement but included in the movement on HRA Balance for the Year	(7,285)	
29	Amortised Premiums and Discounts	-	13
7	Transfer to Capital Adjustment Account	10	13/14
-	Transfer to Major Repairs Reserve	-	4
8,335	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(7,275)	

Transfers to or from reserves

2013/14 £000		2014/15 £000	Note
12	Transfer to/(from) the Housing Repairs Reserve	265	5

Notes to the Housing Revenue Account (HRA) Statements for the Year Ended 31 March 2015

1. Legal Obligation

We are obliged by law to avoid a deficit on this Account and achieve this by keeping a working balance on the Account. This Account reflects the statutory obligation to account separately for the housing provision, in particular Schedule 4 of the Local Government and Housing Act 1989.

2. Housing Stock

We were responsible for managing an average of 2,696 dwellings during 2014/15, consisting of the following:

2013/14		2014/15
1,444	Houses	1,420
666	Flats	663
591	Bungalows	609
2,701	Total at 31 March	2,692
	The change in stock was as follows:	
2,729	Stock at 1st April	2,701
(28)	less Sales	(27)
-	New Build	18
2,701	Stock at 31 March	2,692

3. Assets held within the Housing Revenue Account

We hold assets within our HRA valued at £96.073 million as at 31 March 2015. The value of each type of asset and the split between operational and non-operational assets are set out below.

Balance as at 31 March 2014 £000	Asset Type	Balance as at 31 March 2015 £000
30,302	Land	28,108
68,579	Council Dwellings	63,725
9	Plant and Vehicles	79
3,756	Other Property	4,161
102,646	Total	96,073
68,579	Operational Assets – Dwellings	63,725
29,552	- Land	27,348
3,756	- Other Buildings	4,161
9	- Plant and Vehicles	79
750	Non-operational Assets	760
102,646	Total	96,073

The value of land within our housing stock is estimated to be approximately 30% of the total net book value held within the Council's Asset Register. This amount has been identified separately from the value of the buildings to better reflect the value of each category of asset.

The vacant possession value of our housing stock, including the land element, is £265.721 million. This is different to the gross book value of the assets included within the balance sheet of £90.345 million, which is based upon the continuing use of housing for social use. The difference between the two amounts is the economic cost of providing council housing at less than open market value.

4. Major Repairs Reserve

Whilst in the National Housing Pool, we received a Major Repairs Allowance from the Government to be used for capital spending on HRA assets. This allowance was held within the Major Repairs Reserve. From April 2013 a contribution has been made from the HRA into the Major Repairs Reserve and the movement in the year is detailed below.

2013/14 £000		2014/15 £000
(1,621)	Balance as at 1 April	(1,621)
(1,649)	Transfer into Reserve – Depreciation	(1,630)
-	Transfer into Reserve – Appropriation	-
1,649	To finance Capital Expenditure – Houses	1,715
(1,621)	Balance as at 31 March	(1,536)

5. Housing Repairs Reserve

The Housing Repairs Reserve exists to provide for repairs and maintenance to council dwellings. The movement on the fund is given below:

2013/14 £000		2014/15 £000
60	Balance as at 1 April	72
2,958	Contributions from HRA	3,184
(2,946)	Use of Fund	(2,919)
72	Balance as at 31 March	337

6. Capital Expenditure and Income

We undertake a programme of works in relation to our HRA property and, in 2014/15, spent £2,932,594 (£2,533,552 in 2013/14). This expenditure was used to fund work on council houses of £1,025,013 (£1,897,765 in 2013/14) and new housing of £1,907,581 (£570,305 in 2013/14). There was no work on garages or community centres in 2014/15 (£8,043 and £57,439 in 2013/14 respectively). Capital spending during the year has been paid for from a number of sources and these are shown on the next page:

2013/14 £'000	Source of Funding	2014/15 £'000
(1,649)	Major Repairs Reserve	(1,520)
(240)	Capital Receipts	(404)
(522)	Earmarked Reserves	-
(37)	Grants and Contributions	(987)
(86)	Capital Payables	(22)
(2,534)	Total	(2,933)

7. Disposal of Assets

We dispose of HRA property through the Right to Buy scheme. We also dispose of other assets as opportunity sales. During 2014/15 capital income of £1,434,125 was received from the sale of 27 council houses (£1,437,600 for 28 houses in 2013/14), £0 from the sale of land (£9,240 from the sale of land at 3 Willow Walk Arley in 2013/14).

8. Depreciation

The HRA is charged with an amount to recognise the level of depreciation incurred in the year on its HRA assets. For 2014/15 the amount of depreciation charged is as follows.

2013/14 Operational assets £000		2014/15 Operational assets £000
1,556	Council Dwellings	1,519
91	Other Property	97
2	Vehicles	2
-	Plant & Equipment	12
1,649	Total (*)	1,630

()The variance between this figure and the figure shown in the Housing Revenue Account Income and Expenditure statement reflects some depreciation that is contained within the Housing Repairs Fund.*

9. Impairment charges

In overall terms the Council's housing stock decreased in value during the year. Revaluation losses of £6.494 million were credited to the Surplus or Deficit on the Provision of Services in the Housing Revenue Account.

10. Pensions

The 2004 Code of Practice requires that retirement benefits within the HRA be accounted for in a similar way to that shown within the Consolidated Income and Expenditure Statement. Due to a lack of consensus, the latest guidance (provided in 2003/04) gave several alternative accounting treatments and left it to each Council to decide how to account for IAS 26 within the HRA.

It is our view, pending the receipt of any new guidance, that as the entries on the HRA are defined by statute, there should be no effect on the overall financial position of the HRA. However as IAS 26 requires that all services show the Current Service Cost of the benefits earned by its employees in the year, the Housing Revenue Account has been charged with an amount of £64,678 to reflect the additional costs of those benefits. This has then been reversed out elsewhere within the account.

11. Rent Arrears

At 31 March 2015 the total rent in arrears was £303,275, which represents 2.59% of collectable rent income (2.28% in 2013/14). The rent arrears figures are detailed below: -

2013/14 £000		2014/15 £000
	Arrears at 31st March: -	
127	Present Tenants	143
125	Former Tenants	160
252	TOTAL ARREARS	303

The allowance for bad debts at 31 March 2015 was £230,094 (£194,169 at 31 March 2014). Debts totalling £7,241 were written off during the year (£8,756 written off in 2013/14).

The Council has decreased the provision for the non collection of leaseholder service charges relating to maintenance works undertaken on leasehold properties by £9,552 (£2,979 increase in 2013/14).

12. Gross Rent Income

This is the total rent income due for the year after allowances are made for voids etc. During the year 1.19% of lettable properties were vacant (1.25% in 2013/14). Average rents were £91.12 a week in 2014/15 (excluding service charges) on a 48 week basis, an increase of £5.40 or 6.3% over the previous year.

13. Charges for Borrowing

The Housing Revenue Account repaid £1,250,000 of the long term borrowing it took out as part of the move to the Housing Self Financing system and £1,633,273 in interest payments on the borrowing still outstanding. Any short term borrowing needed to manage HRA cash flows during the year would be managed on a council basis, with a charge being made to the HRA for its share of the borrowing. The HRA did not require any short term borrowing in 2014/15.

14. Investment Income

We receive income from investments we hold during the year. The HRA contributes funds to these investments and receives a share of the income based upon the level of reserves held that relate to the HRA. For 2014/15 this amounted to £41,115 (£20,722 in 2013/14).

Revaluation of Land at Old Farm Road, Mancetter classed as an investment property during the year showed an increase in the property valuations of £10,000 (£17,175 increase in 2013/14), which is included in the Interest and Investment income. This will not be realised unless the properties are sold, so it is reversed out in the adjustments between accounting basis and funding basis under statue in order to arrive at the Housing Revenue Account balance at the end of the year.

The Collection Fund - Income and Expenditure Statement for the Year Ended 31 March 2015

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2013/14 Council Tax £000	2013/14 NNDR £000	2013/14 Total £000		2014/15 Council Tax £000	2014/15 NNDR £000	2014/15 Total £000
31,130	-	31,130	INCOME			
			Income from Council Tax (net of benefits and transitional relief)	32,133	-	32,133
-	40,762	40,762	Income Collectable from Business Ratepayers	-	41,685	41,685
31,130	40,762	71,892		32,133	41,685	73,818
			EXPENDITURE			
			Precepts and Demands :			
22,090	-	22,090	Warwickshire County Council	22,782	-	22,782
3,460	-	3,460	Warwickshire Police Authority	3,569	-	3,569
4,855	-	4,855	North Warwickshire Borough Council	4,877	-	4,877
30,405	-	30,405	Distribution of Surpluses :	31,228	-	31,228
-	-	-	Warwickshire County Council	634	-	634
-	-	-	Warwickshire Police Authority	99	-	99
-	-	-	North Warwickshire Borough Council	139	-	139
-	-	-	Business Rate :	872	-	872
-	15,692	15,692	North Warwickshire Borough Council	-	16,192	16,192
-	19,615	19,615	Payment to Government	-	20,239	20,239
-	3,923	3,923	Payment to Warwickshire County Council	-	4,048	4,048
-	921	921	Transition Protection payment to Government	-	328	328
-	110	110	Cost of collection	-	109	109
-	40,261	40,261	Bad and doubtful debts/appeals :	-	40,916	40,916
28	81	109	Arrears Written Off	63	100	163
-	-	-	Deferred Rates	-	(85)	(85)
82	82	164	Provision for un-collectable amounts	46	(9)	37
-	2,112	2,112	Provision for Appeals	-	1,895	1,895
-	(489)	(489)	Less Spread of Appeals provision	-	123	123
615	(1,285)	(670)	Increase/(Decrease) in Fund Balance	(76)	(1,255)	(1,331)
31,130	40,762	71,892		32,133	41,685	73,818
256	-	256	Balance at 1 April	871	(1,285)	(414)
615	(1,285)	(670)	SURPLUS/(DEFICIT) FOR THE YEAR	(76)	(1,255)	(1,331)
871	(1,285)	(414)	Balance at 31 March 2015	795	(2,540)	(1,745)

2013/14 CT	2013/14 NDR	2013/14 Total	Analysis of Fund Balance Surplus/(Deficit)	2014/15 CT	2014/15 NDR	2014/15 Total
£000	£000	£000		£000	£000	£000
633	(177)	456	Warwickshire County Council	580	(291)	289
99	-	99	Warwickshire Police Authority	91	-	91
139	(221)	(82)	North Warwickshire Borough Council (less spread of appeals)	124	(796)	(672)
-	(887)	(887)	Government	-	(1,453)	(1,453)
871	(1,285)	(414)	Total	795	(2,540)	(1,745)

**Precepts and Demands on the Collection Fund
(Council Tax)**

2013/14 Total	Authority	Precept /Demand	Share of 31 March 2015 Surplus	2014/15 Total
£000		£000	£000	£000
22,723	Warwickshire County Council	22,782	580	23,362
3,559	Warwickshire Police Authority	3,569	91	3,660
4,994	North Warwickshire Borough Council	4,877	124	5,001
31,276	Total	31,228	795	32,023

NNDR (Business Rates) on the Collection Fund

2013/14 Total	Authority	Business Rates 2014/15	Share of 31 March 2015 Deficit	2014/15 Total
£000		£000	£000	£000
15,471	North Warwickshire Borough Council	16,192	(796)	15,396
3,746	Warwickshire County Council	4,048	(291)	3,757
18,728	Government	20,239	(1,453)	18,786
37,945	Total	40,479	(2,540)	37,939

Notes to the Collection Fund for the year ended 31 March 2015

1. Council Tax

Council Tax is calculated by estimating the amount of income required from the Collection Fund by the Borough Council, Warwickshire County Council and Warwickshire Police Authority for the forthcoming year and dividing this by the council tax base.

The council tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings. For 2014/15 the base was calculated as follows:

Band	Estimated number of taxable properties after effect of discounts	Ratio	Band D equivalent Dwellings
A	4,178.49	6/9	2,785.30
B	5,249.90	7/9	4,083.26
C	4,958.68	8/9	4,407.72
D	3,280.34	9/9	3,280.34
E	1,965.93	11/9	2,402.80
F	1,103.60	13/9	1,594.09
G	631.26	15/9	1,052.10
H	62.59	18/9	125.18
			19,730.79
Less adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation banding.			(394.62)
COUNCIL TAX BASE 2014/15			19,336.17

On the basis of an average £1,614.97 council tax rate throughout the North Warwickshire Borough Council area, the original estimated council tax income was £31.227 million (£1,614.97 x 19,336.17). The actual income received, was higher than the estimated due to changes in individual circumstances.

2. Income from Business Rates

We collect business rates for the North Warwickshire area, which are based on local rateable values multiplied by a National Non-Domestic Rate specified by the Government. From April 2013 we divide the rates collected between the government (50%), this council (40%) and Warwickshire County Council (10%). As our assessed need is lower than our share of the business rates, we pay the difference to the government as a tariff. If additional rates are collected in year, they are allocated in the proportions shown above. This Council then pays a levy on our share of the additional rates. If we collect less, we stand the shortfall, up to a specified amount.

The rates to be collected can change during the year as the circumstances of individual businesses alter. Unless significant, all changes which occurred after 25th February 2015 are accounted for in the following year, to allow the system to be rolled forward and future bills prepared. We were notified of increases of £33,600 after the 25th February 2015, due to changes to the valuations of properties, which will be included within the 2015/16 accounts.

The total non-domestic rateable value at the year-end was £98,330,333 (£95,594,854 in 2013/14). The national non-domestic rate for small businesses was 47.1 pence (46.2 pence in 2013/14) and the rate for other businesses was 48.2 pence (47.1 pence in 2013/14).

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations England 2011, which require those statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Council's Financial Statements have been prepared on a going concern basis, that is, the accounts are prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Statements have been completed using the qualitative characteristics of Understandability, Relevance, Materiality, Reliability and Comparability.

The Statement of Accounts have been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the "common needs of most users".
- The objective of showing the results of the stewardship and accountability of elected members and management for the resources entrusted to them.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of Income and Expenditure

We record all revenue and capital transactions over £250 on an accruals basis. This means that the activity is accounted for in the year that it takes place, not when cash payments are actually made or income is actually received. Where there is no cash transaction a receivable or payable for the relevant amount is included in the balance sheet. These are shown within the current assets and current liabilities sections of the Balance Sheet respectively. Where debts may not be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

Amounts less than £250 are included in the accounts when payment is made or income is received. In addition, electricity and other similar quarterly payments are charged at the date of meter reading rather than apportioned between financial years. This policy is consistently applied each year so it does not have a material effect upon the year's accounts.

Business Rate and Council Tax Prepayments, together with grants received in advance for schemes where we are acting as the Accountable Body are shown within Payables.

Supplies are included as expenditure when they are used. Where they have been received but not used, they are carried as inventories on the balance sheet. Similarly works are charged as expenditure when they are completed. Any work that is incomplete at the year end is also included on the balance sheet as inventories.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

3. Cash and Cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

4. Charges to Revenue for Non-Current Assets

We charge services for all the assets they use to provide their services. The charges cover:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which losses can be written off
- Amortisation of intangible assets used by services.

Depreciation has been calculated where appropriate, by spreading the value of the asset less any residual value over its useful life. Depreciation is charged on all operational buildings owned by the Council, both General Fund and those held within the Housing Revenue Account. These capital charges form part of the net cost of service within the Comprehensive Income and Expenditure Statement.

We are not required to raise council tax to cover depreciation, revaluation and impairment losses and intangible asset amortisation. However, we are required to make an annual provision from revenue towards reducing our borrowing requirement which is known as the Minimum Revenue Provision. The provision is calculated in accordance with statutory guidance, and the amount we generally set aside for the repayment of borrowing for General Fund services is based on a minimum figure of 4% of the borrowing requirement at the beginning of the financial year.

Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the General Fund balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two, so that Council Tax is unaffected.

The rules for how much we must set aside for the Housing Revenue Account (HRA) are different, and are set out by the Government. There is currently no requirement to charge MRP in respect of housing. The exception to the above is any new prudential borrowing we choose to take out to finance capital spending. This is charged over the estimated life of the assets the loan has paid for, and is applied to borrowing for both the General Fund and Housing Revenue Account.

5. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which the employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the year in which the employee takes out the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or, an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service, or where applicable to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Warwickshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme is accounted for as a defined benefit scheme:

- The liabilities of the Warwickshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees.
- Scheme liabilities are discounted to their value at current prices using a discount rate of 3.2% which is based on market yields at the balance sheet date on high quality corporate bonds.

The assets of the Warwickshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value.
- The change in the net pension liability is analysed into seven components:
 - current service cost – the increase in liabilities as a result of a years service earned this year, which is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, which is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
 - interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid, which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return, which is credited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - actuarial gains and losses – changes in the net pension’s liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, which are debited to the Actuarial gains and losses on pension assets and liabilities line in the Comprehensive Income and Expenditure Statement.
 - Contributions paid to the Warwickshire Pension Fund – cash paid as employer’s contributions to the pension fund in settlements of liabilities; not accounted for as an expense.

- gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees, which are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

The surplus/deficit of the scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities.

For retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pensions fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Since 2007, the Council has had a policy of not awarding any discretionary benefits to employees taking early retirement.

6. Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting year and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting year – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting year – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

7. Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the statement, depending on how significant the items are to an understanding of the Council's financial performance.

8. Prior Year Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior year adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior year adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior year as if the new policy had always been applied.

Material errors discovered in prior year figures are corrected retrospectively by amending opening balances and comparative amounts for the prior year.

9. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For all of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable; and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

In addition, the Council has a net loss due to the early settlement of borrowing a number of years ago. Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund or HRA balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount was receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund or HRA balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, and interest and income credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Available for Sale Assets

Available for Sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised costs of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. Dividend) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

10. Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Money advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance sheet as Payables (in Capital Grants / Contributions Received in Advance). When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is held in the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

11. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are included on the balance sheet initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.

We gradually reduce the value of intangible assets, such as software licences, over their useful life (up to 10 years). However, rather than being called depreciation, we refer to this as amortisation. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

12. Inventories and Long term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value, and are simply valued at cost based on a first in, first out basis. Work in progress on incomplete jobs is valued at cost, including an allocation of overheads.

13. Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

14. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant and equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings element are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as a Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from use of the leased property, plant and equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent free period at the commencement of the lease).

The Council as a Lessor

Operating Leases

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

15. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation
- Non Distributed Costs – the costs of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on continuing services.

16. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be reliably measured. Expenditure that maintains but does not add to an assets potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. We only include individual pieces of land and buildings that exceed £10,000, and plant and equipment that exceed £5,000 in our asset register.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any cost attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (if this is appropriate).

The cost of assets acquired other than by purchase is deemed to be at fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- **Infrastructure assets, community assets and assets under construction** - depreciated historical cost. Where this is not known for community assets, a nominal value of £1 has been included. Community assets are not depreciated as they relate to land.
- **Council dwellings** – fair value, determined using the basis of existing use value for social housing (EUV – SH). The 'Beacon' method has been used whereby "typical" properties are valued and the remaining similar houses in the area are assessed based on this beacon.
- **All other assets** – fair value, determined as the amount that would be paid for the asset in its existing use (existing use – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimated of fair value.

Where there are non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end to see if there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited up to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of the asset, as advised by a suitably qualified officer
- Infrastructure – straight line allocation over the useful life of the asset, as advised by a suitably qualified officer

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This has only been applied to enhancement and acquisition expenditure incurred from 1 April 2010 and to revaluations carried out from that date, in line with the requirements of the Code of Practice.

Revaluation gains on assets are also depreciated with an amount equal to the difference between the current value depreciation and the historical value depreciation transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant or Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Income above £10,000 received from the sale of assets is treated as a capital receipt. In general terms we have to pay 75% of Council House sales and 50% of other housing receipts over to the Government. We have entered an agreement with the Government, which will allow us to use some of the receipts received from additional council house sales as a result of the relaxation of Right to Buy regulations, to fund new build properties. With some disposals we are allowed to retain all of the income if we plan to spend it on regeneration or affordable housing. The balance of the receipt is transferred to the Usable Capital Receipts Reserve where it is held until it is used to meet the cost of new capital spending or is set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are transferred to the Reserve from the General Fund Balance in the Movement in Reserves Statement. We do not need to pay over any income from the sale of General Fund assets and this can be fully used for capital spending.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably required settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount required. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the original service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

18. Reserves

We set aside specific amounts as earmarked reserves, for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the Movement in Reserves Statement on page 9 and notes 6 and 23 to the financial statements.

19. Revenue Expenditure Funded from Capital under Statute

Statutory provisions allow us to spend capital funds on assets that are not owned by this Council, such as grants for private sector housing. The expenditure is charged to the relevant service in the Comprehensive Income and Expenditure Statement in the year it is incurred. A transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged, so there is no impact on the level of council tax.

20. Value added tax (VAT)

Generally all VAT collected is payable to Her Majesty's Revenues and Customs and all VAT paid is recoverable from them. VAT is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure.

21. Heritage Assets

The Council's Heritage Assets relate to the office of the Mayor. Civic regalia are reported in the balance sheet based on the insurance valuation of the items and also the market price of gold. These insurance valuations are updated annually. Any impairment recognised would be measured using the cost incurred in repairing the asset(s).

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH
WARWICKSHIRE BOROUGH COUNCIL**

To Follow

Glossary of Terms

ACCRUALS	Income and expenditure that is recognised as it is earned or incurred rather than as the money is actually received or paid.
ACTUARIAL GAIN	For assets, actuarial gains or losses happen when the actual return on investments in the pension fund is different from the expected return. For liabilities, actuarial gains and losses happen when the actual liability is different from the expected liability. For assumptions, actuarial gains and losses happen as a result of changes to the population or financial assumptions the actuary uses to work out the liability. Liabilities are valued in terms of 'today's money'.
AMORTISATION	The drop in value of intangible assets as they become out of date.
ASSET	An item, which is intended to be used for several years such as a building or a vehicle.
BUDGET	A statement of a Council's plans for expenditure over a specified period of time.
BUSINESS RATES (Non-domestic rates – NDR)	Businesses pay these rates instead of council tax. Each year, the Government sets the rate in the pound and business rates are collected by the billing authority in that area. The rates are then distributed to Central Government, Warwickshire County Council and this Authority.
CAPITAL CHARGES	A charge to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.
CAPITAL EXPENDITURE	Expenditure on property, plant and equipment (operational, non-operational, community and infrastructure), which give a benefit over a longer period than a financial year. It includes expenditure on land, buildings, vehicles, etc.
CAPITAL RECEIPTS	Income from the sale of Council assets, e.g. land and buildings.
CENTRAL SUPPORT SERVICES	The cost of central departments, which are apportioned over the various services.
CIPFA (CPFA)	The Chartered Institute of Public Finance and Accountancy
COMMUNITY ASSETS	Assets that the Council intends to hold in perpetuity, that do not have a finite life and may have restrictions over their disposal (e.g. Parks and Woods).
CONTINGENCY	A situation that exists at balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.
CORPORATE AND DEMOCRATIC CORE COSTS	Spending relating to the need to co-ordinate and account for the many services we provide to the public.
PAYABLES	Amounts owed by the Council for work done, goods received or services rendered, but for which payment has not been made at the date of the balance sheet.

CURRENT ASSETS	Short-term assets, which constantly change in value such as stocks, receivables and bank balances.
CURRENT LIABILITIES	Short-term liabilities, which are due to be, paid in less than one year, for example, payables and bank overdrafts.
CLG	Department for Communities and Local Government.
RECEIVABLES	Sums of money due to the Council but unpaid at the date of the balance sheet.
DEFERRED CAPITAL RECEIPTS	Income, which the Council is due to receive in future years from Council houses, which have been sold under a mortgage.
REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE	Spending on assets that have a lasting value, such as buildings, which we do not own.
GOVERNMENT GRANTS	Payments made by the government towards the cost of local council services. These are either for particular services or purposes (specific grants) or to fund local services generally (revenue support and area based grant).
GROSS EXPENDITURE	The cost of providing the Council's services before allowing for Government grants or other income.
HERITAGE ASSETS	For us, these are assets that are used by the Office of the Mayor.
HOUSING BENEFITS	A system of financial assistance towards certain housing costs, e.g., Rent Rebates, which are administered by the local council.
HOUSING REVENUE ACCOUNT (HRA)	The account, which shows all the income and expenditure incurred in the management and maintenance of the Council's housing stock.
IMPAIRMENT	This is a reduction in an asset value due to physical damage, obsolescence or a decline in its market value.
INFRASTRUCTURE ASSETS	These are inalienable assets, expenditure which is recoverable only by continued use of the asset created (e.g. street lighting, tidy bins, and footpaths).
INTANGIBLE ASSETS	Spending on assets, this cannot be physically seen, such as computer software.
MINIMUM REVENUE PROVISION (MRP)	The amount that we have to set aside each year to repay loans.
NET EXPENDITURE	This is the cost of providing a service after the deduction of specific government grants and other income, excluding Revenue Support Grant and Precept income.
NDR	Non Domestic Rates.

NON-OPERATIONAL ASSETS	These are assets that are not directly occupied, used or consumed in the provision of service by the Council (e.g. Land awaiting development, industrial units, and shops).
OPERATIONAL ASSETS	These are assets held, occupied, used or consumed by the Council in the direct provision of the services for which it is responsible (e.g. Council Dwellings, Leisure Centres and Council Offices)
PRECEPT	The amount each Council in the area asks us to collect from council tax on their behalf each year.
REVENUE CONTRIBUTIONS TO CAPITAL EXPENDITURE	The financing of capital expenditure directly from revenue.
REVENUE EXPENDITURE	Spending on the day-to-day running of services, mainly staff, running expenses of buildings and equipment and debt charges.
SOLACE	Society of Local Authority Chief Executives
SORP	Statement of Recommended Practice.
TEMPORARY LOANS	Money borrowed for an initial period of less than one year.
TRADING ACTIVITIES	This refers to services operated by the Council that operate in a contractor role with the Council. Primarily relating to those services formerly subject to Compulsory Competitive Tendering, it also includes part of the Council's Building Control Service.
UK GAAP	UK Generally Accepted Accounting Practice

NORTH WARWICKSHIRE BOROUGH COUNCIL

2014/15 Annual Governance Statement

North Warwickshire Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is available on our website. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations.

The Council has also reviewed the CIPFA¹ Statement on the Role of the Chief Financial Officer in Local Government (2010), and is satisfied that its financial management arrangements conform to the governance requirements of the CIPFA Standard.

The governance statement has been in place at North Warwickshire Borough Council for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

Statutory Officers

All local authorities are required by law to have officers who fulfil three specific roles. At North Warwickshire Borough Council, these roles are carried out by the following post-holders within the Council:

- The Head of Paid Service – Chief Executive
- The Chief Financial Officer – Deputy Chief Executive
- The Monitoring Officer – Assistant Chief Executive and Solicitor to the Council.

The Head of Paid service leads and takes responsibility for the work of the Council's paid staff who run the local authority on a day to day basis. The role requires the Chief Executive to work closely with elected Members to ensure strong and visible leadership and direction, ensure staff adhere to the strategic aims of the Authority and follow the direction set by elected Members, act as the principal policy advisor to elected Members, develop workable strategies which will deliver the political objectives set by elected Members, lead and develop strong partnerships across the local community to achieve improved outcomes and better public services for local people, and oversee service development, financial and performance management, people management and change management within the Council.

The Chief Financial Officer must be a member of a specified accountancy body, and is bound by professional standards. The CFO is responsible for the proper administration of the Council's financial affairs and has specific legislative responsibilities, as he/she has a fiduciary responsibility to the local taxpayer. In England, the CFO has a statutory duty to report to the authority at the time the budget is considered and the council tax set, on the robustness of the budget and the adequacy of financial reserves. With regard to capital spending, there is a statutory requirement to set and arrange the Council's affairs to remain

within prudential limits for borrowing and capital investment. The CFO must also be proactive in the management of change and risk, be focussed on outcomes and help to resource the authority's plans for change and development in the public services it provides. The CFO's duties include a requirement to report to all the local authority's members, in consultation with the monitoring officer and head of paid service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

The Monitoring Officer effectively acts as the guardian of the Council's constitution and the decision making process. He/she is responsible for advising the Council on the legality of its decisions and providing guidance to elected Members on the Council constitution and its powers. He/she has the specific duty to ensure that the Council, its Officers and its elected Members maintain the highest standards of conduct in all that they do. This includes: reporting to the Council if a decision is unlawful or amounts to maladministration, maintaining Registers of Interests, and arranging for investigations into any matters or complaints referred to the Standards Committee.

All of the statutory officers are members of the Senior Management Team of the Council. The fourth member of the Senior Management Team is the Assistant Chief Executive (Community Services), who adds a customer focus to any decision making of the Team.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risks at a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

A key feature of regulations the Council needs to comply with is the requirement for internal audit. A local authority must maintain an adequate and effective system of internal audit of its accounting records and its system of internal control. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework

The Council assesses the needs of the area through the Sustainable Community Strategy process and work with the North Warwickshire Community Partnership. Consultation is undertaken with stakeholders, as part of the review process. This Community Strategy is used to inform the Council's Corporate Plan, which provides clear links on how the achievement of Council priorities assists in the delivery of community objectives. Other mechanisms are also used and an example of these is the range of partnerships across Warwickshire, which is playing an increasing part in influencing the work of the Council. As consultation is part of these mechanisms, and as these are ongoing, they also require the Council to be accountable for the actions they have taken over time.

The Corporate Plan is approved before the start of each year and identifies the headline targets for the coming year, which are supported by greater detail within individual service plans. All members of the senior management team contribute actively to cross

organisational issues and to corporate decision making to match resources to the authority's objectives. The CFO and monitoring officer provide financial and legal advice and support to elected representatives to inform their decision making. They review papers for consideration, attend meetings as necessary and are available for members to consult. The CFO ensures that all members of the Senior Management Team have the financial capabilities necessary to perform their respective roles.

The Council has comprehensive forecasting and budgeting procedures. A medium term business and financial planning process is used to deliver the authority's strategic objectives, including:

- A Medium Term Financial Strategy to ensure sustainable finances;
- A robust annual process that ensures financial balance; and
- A monitoring process that enables this to be delivered.

During the year progress against Corporate and Service Plan targets is collected and reported to senior managers, Management Team and to service boards, along with performance indicator information. A final position is collated at the end of the year, which is again reported to Members and is also published on the Council's website. Periodic and annual reviews of financial reports indicate financial performance against forecasts for all of the Council's spending. Summary information is also published.

As well as monitoring achievement of identified outcomes, the Council wants to ensure that an excellent quality of service is provided. It ensures this in a number of ways: obtaining user feedback, through independent inspection and audit and through system reviews. During 2013/14, the Council chose to be the subject of a Peer Challenge review. Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. Following receipt of feedback from the review, the following actions have been taken to address some of the issues raised: a group of officers has been set up to look at communication issues, including looking at the image we project as an area; we have identified development programmes to help us grow future leaders; we have continued to look for opportunities to collaborate with other organisations to maximise the use of public assets and we have discussed shared service opportunities with neighbouring local councils.

The Council ensures that it is operating efficiently by specifying the different roles and responsibilities of both Councillors and Officers. The remit of each decision making Board is set down in the constitution, along with the roles of individual Councillors. The Council does not have an Audit Committee, but instead divides the core functions between the Executive Board and the Resources Board. The constitution also outlines the responsibilities of senior officers, and areas where they have been given delegated powers. Employee contracts include job descriptions, and these give the detail of individual roles, for all employees.

The Council uses an appraisal system to set specific targets for individual staff on an annual basis. These targets reflect their Division's targets in the Corporate Plan and the Divisional Service Plan and are subject to a six monthly review. A more cost effective service is provided by appropriately trained staff and the appraisal system is also used to assess the training and development needs of individual employees, and ensure that they have the skills and abilities to carry out the tasks required. Where a shortfall is identified, this is addressed through the annual training plan. The Council uses a workforce plan to plan more rigorously for future staffing requirements. This projects future service needs and the workforce that would be needed for their delivery.

As the Council looks at revised ways of working and increasing its use of partnerships in the provision of services, it agrees the roles and responsibilities of those involved during the 'set up' stage. For major partnerships these are formalised in a legal agreement. This ensures

that services are still managed and governed appropriately, whether the Council provides them directly or through others.

Better value for money by improving efficiency, through partnership working or other means, releases resources that can be recycled into higher priorities, without increasing taxation. Helping to secure positive social outcomes, within affordable funding, lies at the heart of the CFO's role in the local authority.

The Council expects its Members and officers to maintain appropriate standards of conduct and behaviour. These are set down in codes of conduct, standing orders, financial regulations, policies and processes, which are regularly reviewed. Compliance is monitored on an ongoing basis, and supplemented by information through the complaints and complements procedure and confidential reporting policy. To assist with monitoring, a register of interests is maintained for both Members and officers. Non compliance by employees is dealt with through the Council's disciplinary procedure. The process for dealing with non compliance by Members involves at least one Independent Person.

There are risks involved with the provision of any services, so the Council uses a system of risk management to minimise and manage the risks it faces. It does this by identifying both strategic and operational risks, looking at existing controls in place to reduce these, and amending these or bringing in new controls where this is beneficial. Risk management is led by the Deputy Chief Executive, with support from Finance and Human Resources, who promote and co-ordinate risk management across the Council. The system involves an annual review of strategic risks by the Senior Management Team and an annual review of operational risks in their service areas by senior managers. Some checking is carried out throughout the year by the Internal Audit section. In addition the Resources Board receive updates on risk management activity undertaken.

Board meetings are open to the public, except where personal or confidential matters are being disclosed. All areas of work go through the Board system, with the majority of work discussed in 'open session'. Reports to Board cover a standard format, to ensure that all reports contain sufficient information and options to allow for robust and well informed decision making. All implications that need to be considered, such as legal, financial, risk management and so on, are covered. Where possible, the implications are checked by staff with professional knowledge. This ensures that Members have sufficient and suitable information for decision making, and also ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Council accounts for its decisions through the information it publishes. It also is subject to scrutiny through a variety of means: self scrutiny by its Scrutiny Board, internal and external audit work, central and regional inspection agencies and reviews by service users. The Council is also accountable to the public and local groups and uses consultation to assess whether it is meeting local expectations. Public speaking at Planning Board and question time at all Boards is available, to make us more accountable to the public. The Council has a consultation strategy and will vary the methods used for consulting with the public depending on the subject matter, and the target audience. Through this mechanism valuable information is received on the decisions that the Council has taken, and is used to feed into future objectives.

Review of effectiveness

North Warwickshire Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of its effectiveness is informed by the work of managers within the Authority who have responsibility for the development and maintenance of the governance environment, work carried out by Internal Audit, and also by comments made by the external

auditors and other review agencies and inspectorates. Data obtained from Experion and the results of user surveys are also used to assess the effectiveness of the Councils governance arrangements.

To ensure that the governance framework remains effective, senior officers and Members have reviewed individual elements of the framework. Other review work has been undertaken by the Council's statutory officers, with amendments made to the Treasury Management Strategy and Information Security Policy, and the introduction of a Reference Policy.

The Council continues to have a Scrutiny Board, so scrutiny arrangements continued during the year. A number of areas were examined, including: a review of the progress of the Community Safety Partnership, including an update on rural crime; the performance of the Contact Centre; housing supply against need and the payment of creditors.

The work undertaken by Internal Audit has enabled the Head of Audit to conclude that the Council has a range of appropriate strategies, policies, procedures and protocols to address the corporate governance agenda. Progress has been made with the implementation of the Corporate Governance Action Plan approved last year, although some areas still require completion. Specialist counter-fraud consultants and external IT auditors have been used to supplement the work carried out by the section.

The Council takes fraud of any kind seriously, and our first aim is to prevent opportunities for fraud to occur, by building sufficient controls into systems and procedures. This is supplemented by fraud awareness training for all employees. We have a number of ways that concerns can be raised, by employees, Members of the Council or the public. These concerns will be followed up by trained investigators and action will be taken in proven cases. The Council also contributes to the National Fraud Initiative using data matching techniques. The Internal Audit section coordinate work under this Initiative, to ensure that all areas identified are followed up.

The risk management strategy used by the Council has been reviewed during the year, as it is subject to annual review to ensure it remains effective. The risk management process operated by the Council has continued throughout the year, including the completion of Annual Statements of Assurance by all senior managers.

Our review of the effectiveness of the system of internal financial control is informed by the work of managers within the Council, the work of the Internal Auditors and by our external auditors, PricewaterhouseCoopers, in their annual audit letter and other reports. Executive Board consider the annual audit letter. The external auditors are also required to comment on the value for money achieved by the Council, as part of their opinion on the financial statements.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Resources Board, Scrutiny Board, Chief Executive, Deputy Chief Executive, Assistant Chief Executive and Solicitor to the Council, Assistant Chief Executive (Community Services), Assistant Directors, Audit Manager, PricewaterhouseCoopers, CEAC, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

A number of actions have been taken during the last year to manage risk and improve the Council's governance arrangements, including:

- The Medium Term Financial Strategy was updated to reflect the reduced funding available, as well as the identification of 2015/16 savings
- The Treasury Management Strategy was reviewed and updated, including a revised lending list
- Closer monitoring of business rate appeals with the Valuation Office and the use of a valuation tool to help predict changes in the business rates due
- Human resources policies were reviewed and updated where necessary to ensure compliance with employment law
- Work was carried out in line with the agreed Audit Plan, with ad hoc work completed where necessary
- The formal review of health and safety procedures and systems in Housing Direct Works continued
- Work on improvements to the mechanical and electrical infrastructure of the main Council offices was completed. The contract to replace the Leisure Centre in Coleshill was completed during the year
- The ESPO framework agreement was used for the procurement of new play areas
- Reviewed and update safe working practices as part of the Jobcentre co-location in the Council's One Stop Shop
- Updated the Councils Information Security Policy and commissioned and responded to the annual ICT health check to meet security requirements
- Democratic arrangements updated to ensure compliance with statutory requirements

Further actions will be taken in 2015/16, including:

- Updating the Medium Term Financial Strategy and working on savings for 2016/17 onwards
- Updating the capital programme and resources available
- Monitoring the collection of business rates and the operation of the Local Business Rates Pool
- To monitor changes in employment law and update policies and provide briefings as required
- Active engagement with key partners
- Provide Member training, with particular emphasis on new Councillors
- Work on data audit and classification to help ensure good data / information governance
- Update contract Standing Orders to reflect new Procurement Regulations
- Undertake National Fraud Initiative exercises and embed new protocols to ensure there is sufficient activity in identifying fraud
- Review the Child Protection Policy and ensure all relevant staff undertake Child Sexual Exploitation training
- Review the homelessness strategy to ensure housing need in the Borough is met effectively

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:.....

Leader of the Council

Signed:.....

Chief Executive

On behalf of North Warwickshire Borough Council

Agenda Item No 6

Executive Board

21 September 2015

**Report of the
Deputy Chief Executive**

External Auditors' Report

1 Summary

- 1.1 The main purpose of this report is to inform Members of the External Auditors' report to those charged with governance.

Recommendation to Council

That the contents of the External Auditors' report be noted.

2 Report on the Financial Statements

- 2.1 The Council's appointed auditors, PricewaterhouseCoopers LLP, have carried out their audit of the 2014/15 financial statements. A report on work undertaken by the auditors is attached as Appendix A.

3 Report Implications

3.1 Finance and Value for Money Implications

- 3.1.1 These are covered in the Auditors' report.

The Contact Officer for this report is Sue Garner (719374).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

North Warwickshire Borough Council

Report to those charged with governance

Government and
Public Sector

September 2015

Report to the Executive Board on the audit for the year
ended 31 March 2015 (*ISA (UK&I) 260*)

Contents

Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In April 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

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An audit of the Statement of Accounts is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters. We have issued a number of reports during the audit year, detailing the findings from our work and making recommendations for improvement, where appropriate.

Executive summary

Background

This report tells you about the significant findings from our audit. We presented our plan to you in February; we have reviewed the plan and concluded that it remains appropriate.

Audit Summary

- We have completed the majority of our audit work and expect to be able to issue an unqualified audit opinion on the Statement of Accounts.
- The key outstanding matters, where our work has commenced but is not yet finalised, are:
 - review of the detailed disclosures in the final draft Statement of Accounts;
 - obtaining bank and investments confirmations from three financial institutions;
 - review of the findings of our internal valuations expert's work on the Authority's Property, Plant and Equipment revaluation;
 - review of the Warwickshire County Council pension fund auditor's findings and conclusions;
 - approval of the Statement of Accounts and letters of representation; and
 - completion procedures including subsequent events review.
- There are several key judgments which require the Executive Board's attention – further details are set out in section 2.

We look forward to discussing our report with you on 21 September 2015. Attending the meeting from PwC will be Matthew Elmer.

1. *Audit approach*

Our audit approach was set in our audit plan which we presented to you in February 2014.

We have summarised below the significant risks we identified in our audit plan, the audit approach we took to address each risk and the outcome of our work.

Risk	Audit approach and findings
<p data-bbox="633 560 987 619">Management override of controls</p> <p data-bbox="633 667 1070 970">ISA (UK&I) 240 requires that we plan our audit work to consider the risk of fraud, which is presumed to be a significant risk in any audit. In every organisation, management may be in a position to override the routine day to day financial controls. Accordingly, for all of our audits, we consider this risk and adapt our audit procedures accordingly.</p>	<p data-bbox="1176 560 2089 708">We understood and evaluated your internal control processes and procedures surrounding income and debtors, expenditure and creditors and payroll, and reviewed the work of Internal Audit to consider the issues they raised and the level of assurance that the provided regarding management’s ability to override controls.</p> <p data-bbox="1176 743 2018 772">We reviewed the appropriateness of journals processed during the year.</p> <p data-bbox="1176 807 2051 863">We assessed management estimates and considered if they were subject to bias.</p> <p data-bbox="1176 898 1868 927">We tested your bank account and other key reconciliations.</p> <p data-bbox="1176 962 2069 1018">Our audit procedures included an unpredictable element that varies year on year.</p> <p data-bbox="1176 1053 1995 1082">We did not identify any issues to report to you as a result of our work.</p>

Risk

Recognition of revenue and expenditure

Under ISA (UK&I) 240 there is a (rebuttable) presumption that there are risks of fraud in revenue recognition.

We extend this presumption to the recognition of expenditure in local government. This is because the opportunities to perpetrate fraud, which the ISA considers are usually present in relation to revenue, are more likely to present themselves through manipulation of expenditure in the public sector.

Accounting policies or the treatment of income and expenditure may lead to material misstatements in the reported revenue position.

Audit approach and findings

We have understood and evaluated your internal control processes surrounding income and expenditure, and reviewed the work of internal audit to consider the issues they raised.

We have considered the accounting policies you have adopted and whether these have been applied appropriately and in line with the Local Government Code of Practice.

We performed detailed testing of a sample of income and expenditure transactions focussing on the areas of greatest risk which were considered to be the completeness of income and existence of expenditure transactions.

We utilised Computer Assisted Audit Techniques (CAATs) to test Business Rates and Council Tax revenues, which involves assessing 100% of the population and identifying and investigating any unusual transactions.

We tested material provisions recognised in the accounts, assessed management's assumptions in arriving at the year-end amount and tested the release of provisions during the year, specifically focusing on the large provision for business rate appeals (discussed further in section 2).

We reviewed significant accounting estimates and judgements for indicators of management bias.

We also carried out testing to identify any unrecorded liabilities through testing transactions posted after the year end.

We did not identify any issues to report to you as a result of our work.

Intelligent scoping

In our audit plan presented to you in February 2015 we reported our planned overall materiality which we used in planning the overall audit strategy. Our materiality varied slightly once it was updated following the receipt of the draft accounts for 2014/15, this did not impact our testing strategy.

Our revised materiality levels are as follows:

	£
Overall materiality	935,980
Clearly trivial reporting de minimis	50,000

Overall materiality has been set at 2% of actual expenditure for the year ended 31 March 2015.

ISA (UK&I) 450 (revised) requires that we record all misstatements identified except those which are “clearly trivial” i.e. those which we do expect not to have a material effect on the financial statements even if accumulated. We agreed the de minimis threshold with the Executive Board at its meeting in February 2015.

2. Significant audit and accounting matters

Auditing Standards require us to tell you about relevant matters relating to the audit of the Statement of Accounts sufficiently promptly to enable you to take appropriate action.

Accounts

We have completed our audit, subject to the following outstanding matters:

- review of the detailed disclosures in the final draft Statement of Accounts;
- obtaining bank and investments confirmations from three financial institutions;
- review of the findings of our internal valuations expert's work on the Authority's Property, Plant and Equipment revaluation;
- review of the Warwickshire County Council pension fund auditor's findings and conclusions;
- approval of the Statement of Accounts and letters of representation; and
- completion procedures including subsequent events review.

Subject to the satisfactory resolution of these matters, the finalisation of the Statement of Accounts and their approval of them we expect to issue an unqualified audit opinion.

As part of our work on the Statement of Accounts we have also examined the Whole of Government Accounts schedules submitted to the Department for Communities and Local Government and anticipate issuing an opinion stating in our view they are consistent with the Statement of Accounts.

Accounting issues

Presentation of Statement of Accounts

The overall presentation of the financial statements was good. We identified fewer disclosure issues comparative to your peers and we have not identified any misstatements.

Local Authority Mortgage Scheme (LAMS)

We reported to you in 2012/13 on the accounting treatment of the £1million on deposit made by the Authority with Lloyds Bank in relation to the Local Authority Mortgage Scheme.

The LAMS has been designed to help to address the shortage of affordable mortgage funding for first time home buyers. Under the scheme home buyers that meet the eligibility criteria established by participating local authorities may be able to obtain a mortgage at up to 95% loan-to-value at an interest rate equivalent to a 75% loan-to-value mortgage. Participating local authorities guarantee the difference between the deposit provided by the home buyer and 75% loan-to-value so that the bank is able to approve the mortgage at the more favourable rate

The Council accounted for the deposit as a long term debtor on the advice of Sector (financial advisor) and recognised the payment as capital rather than revenue expenditure. There are differing views in the sector on the appropriate treatment of these deposits. Ultimately we were satisfied with the Authorities treatment, provided additional disclosures were included in the accounts. We have confirmed these have been included in the current year (note 2 in the Authority accounts).

Members should be aware that, in future, policy change or legal action in this area could dictate the need to reconsider the Authority's accounting treatment for the LAMS.

Management have not changed the Statement of Accounts to reflect the Fair Value of the LAMS deposit. This is on the basis that the Authority's financial advisor has recommended that it is not appropriate to disclose the Fair Value of the deposit given the deposit is being accounted for as capital expenditure.

Members are asked to note the accounting treatment adopted by the Authority and the level of judgement associated given that differing views have been adopted on this issue. Accordingly, we have asked for specific representation on this matter in the letter of representation we require the Authority to sign.

Pensions liability

The most significant estimate in the Statement of Accounts is in the valuation of net pension liabilities for employees in the pension fund. Your net pension liability at 31 March 2015 was £32.4 million, an increase of £8.1 million from the previous year (2014 - £24.3 million).

We utilised the work of actuarial experts to review the reasonableness of the assumptions underlying the pension liability. We are comfortable that the assumptions are within an acceptable range

Along with assessing the assumptions used, we performed testing over the data held by the pension administrators and provided to the actuary for the purposes of calculating the net liability. We did not identify any issues through testing performed.

Misstatements and significant audit adjustments

We have to tell you about all uncorrected misstatements we found during the audit, other than those which are trivial. We are pleased to report we did not identify any uncorrected misstatements during our audit.

Significant accounting principles and policies

Significant accounting principles and policies are disclosed in the notes to the Statement of Accounts. We will ask management to represent to us that the selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the Statement of Accounts have been considered.

Judgments and accounting estimates

The Authority is required to prepare its financial statements in accordance with the CIPFA Code. Nevertheless, there are still many areas where management need to apply judgement to the recognition and measurement of items in the financial statements. The following significant judgements and accounting estimates were used in the preparation of the financial statements:

Valuation of property, plant and equipment

In line with the Authority accounting policies, a revaluation of Authority land and buildings has taken place during 2014/15 by the Authority's internal valuer. This has resulted in net decrease in the value of the Council's HRA dwellings of £4.9 million and a net increase in other Council assets of £1.2 million (both at 31 March 2015).

Land and building valuations are highly subjective and the results of these have a material impact on your balance sheet and the level of depreciation charged to your comprehensive income and expenditure statement.

At the time of writing we are awaiting a formal conclusion from the PwC valuations expert in order to confirm the appropriateness of the Authority valuations. We will provide an update on this matter at the Executive Board meeting on 21 September 2015.

Provisions: Business Rates Appeals

Business rate payers can appeal to the Valuation Office against the rateable value of their properties, which impacts on the amount of business rates payable to the Council. There was a cut off point for making back-dated appeals on 31 March 2015; as a result a sharp increase in appeals was experienced in the last month of 2014/15.

You have a provision for backdated Business Rates (NDR) appeals which totals £1.6 million in your draft accounts (representing your share of 40% of the total provision). This represents an increase of £0.75 million compared to the previous year end. Of the provision recognised at 31 March 2014, 66% has been utilised (paid to claimants), which provides some assurance that the balance is not understated.

This is a highly judgemental balance and is based on your best estimate of future liabilities for appeals. We have reviewed your methodology for calculating the provision and validated the amounts paid out during 2014/15 and post year end. We did not identify any specific issues to report, but as a key management estimate we have requested management representations on your provisions balance (see Appendix).

Bad Debt Provision

Your Bad Debt Provision is calculated by assessing the potential recoverability of invoices which are beyond the due date for payment. There is an inherent level of judgement involved in calculating this provision we believe this approach to be prudent and consistent between years.

Accruals

Accruals for expenditure and income are raised where an invoice has not been received or raised at the year end, but the Authority knows that there is a liability to be met which relates to the current year. This involves a degree of estimation. Detailed testing was performed on significant accruals. No misstatements were identified from this work.

Management representations

The final draft of the representation letter that we ask management to sign is attached in the Appendix to this report. We have asked for specific representations on the accounting treatment of the Local Authority Mortgage Scheme .

Financial standing

There were no material uncertainties related to events and conditions that may cast significant doubt on the Authority's financial standing. We have concluded that in overall terms, you have sufficient resources available to meet your commitments for at least a 12 month period after the date of our audit opinion. We have therefore concluded that the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements.

Related parties

In forming an opinion on the financial statements, we are required to evaluate:

- whether identified related party relationships and transactions have been appropriately accounted for and disclosed; and
- whether the effects of the related party relationships and transactions cause the financial statements to be misleading.

We did not identify any matters during the course of our work

Audit independence

We are required to follow both the International Standard on Auditing (UK and Ireland) 260 (Revised) “Communication with those charged with governance”, UK Ethical Standard 1 (Revised) “Integrity, objectivity and independence” and UK Ethical Standard 5 (Revised) “Non-audit services provided to audited entities” issued by the UK Auditing Practices Board.

Together these require that we tell you at least annually about all relationships between PricewaterhouseCoopers LLP in the UK and other PricewaterhouseCoopers’ firms and associated entities (“PwC”) and the Authority that, in our professional judgement, may reasonably be thought to bear on our independence and objectivity.

Relationships between PwC and the Authority

We are aware of the following relationships that, in our professional judgement, may reasonably be thought to bear on our independence and objectivity and which represent matters that have occurred during the financial year on which we are to report or up to the date of this document.

Relationships and Investments

We have not identified any potential issues in respect of personal relationships with the Authority or investments in the Authority held by individuals.

Employment of PricewaterhouseCoopers staff by the Authority

We are not aware of any former PwC partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management position covering financial, accounting or control related areas.

Business relationships

We have not identified any business relationships between PwC and the Authority.

Services provided to the Authority

The audit of the Statement of Accounts is undertaken in accordance with the UK Firm’s internal policies. The audit is also subject to other internal PwC quality control procedures such as peer reviews by other offices.

As was the case in previous years, in addition to the audit of the Statement of Accounts, PwC has also undertaken other work for the Authority in relation to grant certification work.

Fees

The analysis of our audit and non-audit fees for the year ended March 2015 is included later in this report. In relation to the non-audit services provided, none included contingent fee arrangements.

Services to Directors and Senior Management

PwC does not provide any services e.g. personal tax services, directly to directors, senior management.

Rotation

It is Public Sector Audit Appointments Limited’s policy that engagement leaders at an audited body at which a full Code audit is required to be carried out should act for an initial period of five years. Public Sector Audit Appointments Limited’s view is that generally the range of regulatory safeguards it applies within its audit regime is sufficient to reduce any threats to independence that may otherwise arise at the end of this period to an acceptable level. Therefore, to safeguard audit quality, and in accordance with APB Ethical Standard 3, it will subsequently approve engagement leaders for an additional period of up to no more than two years, provided that there are no considerations that compromise, or could be perceived to compromise, the auditor’s independence or objectivity.

Gifts and hospitality

We have not identified any significant gifts or hospitality provided to, or received from, a member of Authority's Executive, senior management or staff.

Conclusion

We hereby confirm that in our professional judgement, as at the date of this document:

- we comply with UK regulatory and professional requirements, including the Ethical Standards issued by the Auditing Practices Board; and
- our objectivity is not compromised.

We would ask the Executive Board to consider the matters in this document and to confirm that they agree with our conclusion on our independence and objectivity.

Annual Governance Statement

Local Authorities are required to produce an Annual Governance Statement (AGS), which is consistent with guidance issued by CIPFA / SOLACE: "Delivering Good Governance in Local Government". The AGS was included in the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA / SOLACE "Delivering Good Governance in Local Government" framework and whether it is misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Economy, efficiency and effectiveness

Our value for money code responsibility requires us to carry out sufficient and relevant work in order to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

Public Sector Audit Appointments Limited guidance includes two criteria:

- The organisation has proper arrangements in place for securing financial resilience; and
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We determine a local programme of audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities.

The Medium Term Financial Strategy (MTFS)

Our Audit Plan highlighted a specific value for money risk in relation to your savings requirement and financial plans over the next few years. We agreed in the Audit Plan that we would review your Medium Term Financial Strategy (MTFS), benchmarking the assumptions you have used against other local authorities and relevant external information.

The MTFS was reviewed by the Executive Board in September 2014 and is due to be updated in September 2015. The strategy identifies the impact of Government settlement funding reductions between 2014/15 – 2018/19 and the need for the Council to make use of usable funds over this period, along with a detailed savings and efficiency programme.

We have reviewed the MTFS and assessed the key assumptions relating to revenue, expenditure and demographics. Overall we are satisfied that the assumptions used by the Authority are reasonable and based on the best available information at this point in time.

There remains uncertainty over future finance settlements and as a result future savings plans are yet to be finalised and approved by Council members.

Financial Management

The Authority has a history of delivering sound financial management. During 2014/15 there was a small decrease in General Fund reserves of £47,000 (increase in 2013/14 £226,000).

The Authority has responded positively to reductions in Government funding. There have been savings made through holding staffing vacancies and the new business rates retention regime has benefitted the Council in terms of higher than budgeted revenue from planning fees and business rates income.

It is important that the Authority continues to focus on how the required efficiencies can be delivered whilst retaining an appropriate level of reserves to ensure the future financial resilience of the Authority.

Conclusion

Through our VFM work performed we are satisfied with the robustness of the financial plans including the HRA business plan and the arrangements to secure financial resilience which have been made. Clearly some risks and uncertainties remain and the Authority must ensure that it continues to monitor progress against the MTFs, paying particular attention to changes in the original assumptions it has made.

We anticipate issuing an unqualified value for money conclusion.

3. *Internal controls*

Accounting systems and systems of internal control

Management are responsible for developing and implementing systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. As auditors, we review these arrangements for the purposes of our audit of the Statement of Accounts and our review of the annual governance statement.

We have identified no issues that we wish to bring to your attention. All minor controls findings identified during the audit will be reported directly to management.

4. *Risk of fraud*

International Standards on Auditing (UK&I) state that we, as auditors, are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The respective responsibilities of auditors, management and those charged with governance are summarised below:

Auditors' responsibility

Our objectives are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

Management's responsibility

Management's responsibilities in relation to fraud are:

- to design and implement programmes and controls to prevent, deter and detect fraud;
- to ensure that the entity's culture and environment promote ethical behaviour; and
- to perform a risk assessment that specifically includes the risk of fraud addressing incentives and pressures, opportunities, and attitudes and rationalisation.

Responsibility of those charged with Governance

Your responsibility as part of your governance role is:

- to evaluate management's identification of fraud risk, implementation of anti-fraud measures and creation of appropriate "tone at the top"; and
- to investigate any alleged or suspected instances of fraud brought to your attention.

Your views on fraud

In our audit plan presented to the Executive Board in February 2015 we enquired:

- Whether you have knowledge of fraud, either actual, suspected or alleged, including those involving management?
- What fraud detection or prevention measures (e.g. whistle-blower lines) are in place in the entity?
- What role you have in relation to fraud?

- What protocols / procedures have been established between those charged with governance and management to keep you informed of instances of fraud, either actual, suspected or alleged?

In presenting this report to you we ask for your confirmation that there have been no changes to your view of fraud risk and that no additional matters have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud is included in the letter of representation.

5. Fees update

Fees update for 2014/15

We reported our fee proposals in our plan.

Our actual fees were in line with our proposals as follows:

	2014/15 outturn	2014/15 fee proposal
Statement of Accounts (including whole of government accounts and value for money conclusion)	55,581	55,581
TOTAL	55,581	55,581

Our fee for certification of grants and claims is yet to be finalised for 2014/15 and will be reported to those charged with governance within the Certification Report to Management in relation to 2014/15 grants.



Appendices

Appendix 1: Letter of representation

[Insert Authority letter head]

PricewaterhouseCoopers LLP

Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Dear Sirs

Representation letter – Audit of North Warwickshire Borough Council’s (the Authority) Statement of Accounts for the year ended 31 March 2015

Your audit is conducted for the purpose of expressing an opinion as to whether the Statement of Accounts of the Authority give a true and fair view of the affairs of the Authority as at 31 March 2014 and of its deficit and cash flows for the year then ended and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the Service Reporting Code of Practice 2014/15.

I acknowledge my responsibilities as Deputy Chief Executive for preparing the Statement of Accounts as set out in the Statement of Responsibilities for the Statement of Accounts. I also acknowledge my responsibility for the administration of the financial affairs of the Authority and that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of other chief officers and members of the Authority with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

Statement of Accounts

- I have fulfilled my responsibilities for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the Service Reporting Code of Practice 2014/15; in particular the Statement of Accounts give a true and fair view in accordance therewith;
- all transactions have been recorded in the accounting records and are reflected in the Statement of Accounts;
- significant assumptions used by the Authority in making accounting estimates, including those surrounding measurement at fair value, are reasonable; and
- all events subsequent to the date of the Statement of Accounts for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 requires adjustment or disclosure have been adjusted or disclosed.

Information Provided

I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you, the Authority's auditors, are aware of that information.

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the Statement of Accounts such as records, documentation and other matters, including minutes of the Authority and its committees, and relevant management meetings;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

So far as I am aware, there is no relevant audit information of which you are unaware.

Accounting policies

I confirm that I have reviewed the Authority's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of Statement of Accounts are appropriate to give a true and fair view for the Authority's particular circumstances.

Fraud and non-compliance with laws and regulations

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you:

- the results of our assessment of the risk that the Statement of Accounts may be materially misstated as a result of fraud;
- all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the Statement of Accounts;
- all information in relation to allegations of fraud, or suspected fraud, affecting the Authority's Statement of Accounts communicated by employees, former employees, analysts, regulators or others; and
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing Statement of Accounts.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the Authority conducts its business and which are central to the Authority's ability to conduct its business or that could have a material effect on the Statement of Accounts.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the Statement of Accounts.

The pension fund has not made any reports to the Pensions Regulator nor am I aware of any such reports having been made by any of our advisors. I confirm that I am not aware of any late contributions or breaches of the payment schedule/schedule of contributions that have arisen which I considered were not required to be reported to the Pensions Regulator. I also confirm that I am not aware of any other matters which have arisen that would require a report to the Pensions Regulator.

There have been no other communications with the Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.

Related party transactions

I confirm that the attached appendix to this letter is a complete list of the Authority's related parties. All transfer of resources, services or obligations between the Authority and these parties have been disclosed to you, regardless of whether a price is charged. We are unaware of any other related parties, or transactions between disclosed related parties.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

We confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2011, and included their remuneration in the disclosures of senior officer remuneration.

Employee Benefits

I confirm that we have made you aware of all employee benefit schemes in which employees of the Authority participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the Authority have been properly reflected in the accounting records or, where material (or potentially material) to the statement of accounts, have been disclosed to you.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the statement of accounts and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Taxation

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- in connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities;
- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken the Authority's benefit or any other party's benefit; and

- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the authority or any associated company for whose taxation liabilities the Authority may be responsible.

Pension fund assets and liabilities

All known assets and liabilities including contingent liabilities, as at the 31 March 2015, have been taken into account or referred to in the Statement of Accounts.

Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the 31 March 2015 have been properly valued and that valuation incorporated into the Statement of Accounts.

The pension fund has satisfactory title to all assets and there are no liens or encumbrances on the pension fund's assets.

The value at which assets and liabilities are recorded in the net assets statement is, in the opinion of the Authority, the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the pension fund. Any significant changes in those values since the date of the Statement of Accounts have been disclosed to you.

Pension fund registered status

I confirm that the Warwickshire Pension Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.

Bank accounts

I confirm that I have disclosed all bank accounts to you.

Subsequent events

There have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the statement of accounts or in the notes thereto.

Assets and liabilities

The Authority has no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the Statement of Accounts.

In my opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.

The Authority has satisfactory title to all assets and there are no liens or encumbrances on the Authority's assets, except for those that are disclosed in the Statement of Accounts.

I confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. I confirm that we have used the appropriate assumptions with those reviews.

Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year-end have been properly valued and that valuation incorporated into the statement of accounts.

Provisions

Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments and contingencies where the items are expected to result in significant loss. Other such items, where in my opinion provision is unnecessary, have been appropriately disclosed in the statement of accounts.

The provisions set aside for business rate appeals represent my best knowledge of the likely value of successful claims to be paid at a future date.

Local Authority Mortgage Scheme (LAMS)

The Authority has entered into a cash-backed LAMS during 2012/13 placing £1million on deposit with Lloyds Banking Group. The deposit was funded through the use of the borrowing and we have accounted for the deposit as a long term debtor. We have received the legal advice, sought by Sector on our behalf, which confirms that regulation 25(1)(b) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) can be applied and the scheme accounted for as capital spend.

I am aware that different legal opinions have been expressed on the interpretation of the regulations, and based on the legal advice I have received, I am of the opinion that the accounting treatment adopted by the Authority is the most appropriate. In accordance with this legal advice I have not disclosed the Fair Value of the deposit. I have made full disclosure in the financial statements relating to the way in which the Authority has accounted for the LAMS.

Using the work of experts

I agree with the findings of both our valuer and the pension fund actuary, experts in evaluating the value of our non-current assets and pension fund liabilities respectively and have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the Statement of Accounts and underlying accounting records. The Authority did not give or cause any instructions to be given to experts with respect to the values or amounts

derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

As minuted by the Executive Board at its meeting on 21 September 2015

.....

Deputy Chief Executive

For and on behalf of

Date

Appendix 1 - Related parties and related party transactions

[Insert a list of related parties with whom you have transacted with 2014/15]



In the event that, pursuant to a request which North Warwickshire Borough Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. North Warwickshire Borough Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and North Warwickshire Borough Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, North Warwickshire Borough Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for North Warwickshire Borough Council and solely for the purpose and on the terms agreed through our contract with the Public Sector Audit Appointments Limited. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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130610-142627-JA-UK

Agenda Item No 7

Executive Board

21 September 2015

**Report of the
Chief Executive**

Corporate Plan 2015/16

1 Summary

- 1.1 The purpose of this report is to consider proposed changes to the Council's Corporate Plan following the elections in May 2015.

Recommendation to the Council

That

- a Subject to any further amendments made at the meeting, the revised Corporate Plan 2015/16 attached at Appendix A to the report of the Chief Executive, be agreed; and**
- b the Chief Executive be given delegated authority to finalise the format of the Plan.**

2 Background

- 2.1 Members will be aware that the Council recently authorised the Special Sub-Group to review the Corporate Plan Priorities and Key Actions for 2015/16 and make recommendations to this meeting. The Sub-Group has considered revisions at its meetings on 10 and 18 August and Members are now invited to agree the revised Corporate Plan attached at Appendix A to this report.
- 2.2 Proposals for the 2016/17 Corporate Plan will be considered at the Budget Council meeting in the usual way.

3 Report Implications

- 3.1 Any that arise will be set out in specific reports to the relevant Board.

The Contact Officer for this report is Jerry Hutchinson (719200).

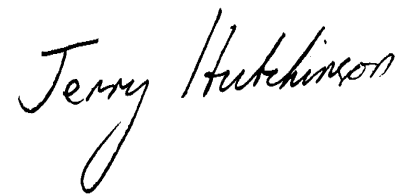
Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
None			

CORPORATE PLAN

David Humphreys
Leader

A handwritten signature in black ink that reads "Jerry Hutchinson". The signature is written in a cursive style with a large, looping initial "J".

Jerry Hutchinson
Chief Executive

OUR VISION

OUR 6 PRIORITIES

- RESPONSIBLE FINANCIAL & RESOURCE MANAGEMENT Making the best use of our resources (including keeping both Council Tax and debt as low as possible) to provide high-quality services to our communities.
- CREATING SAFER COMMUNITIES Working with our communities and partners to enable our residents to both be and feel safer, whether at home or in and around the Borough.
- PROTECTING OUR COUNTRYSIDE & HERITAGE Protecting and improving our countryside and heritage in times of significant growth challenges and opportunities.
- IMPROVING LEISURE & WELLBEING OPPORTUNITIES Providing opportunities to enable local people to enjoy their leisure and recreation and to improve their health and wellbeing.
- PROMOTING SUSTAINABLE & VIBRANT COMMUNITIES Working with local residents including our tenants and partners to help our communities to be sustainable and vibrant, both in terms of facilities and lifestyle.
- SUPPORTING EMPLOYMENT & BUSINESS Supporting employment and business to grow the local economy in terms of access to work, skills improvement and wider business development opportunities.

PRIORITIES AND KEY ACTIONS

<p>PRIORITY 1</p> <p>RESPONSIBLE FINANCIAL & RESOURCE MANAGEMENT</p>	<p>Making the best use of our resources (including keeping both Council Tax and debt as low as possible) to provide high-quality services to our communities.</p>
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Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>To achieve the savings required by the Budget Strategy including the commitment to keep Council Tax as low as possible and to update the Strategy to reflect future developments by September 2015.</p>	<p>Executive Board/Special Sub/DCE, AD (F&HR)</p>	<p>To be met within existing budgets.</p>
<p>To update the Medium Term Financial Strategy in September 2015 and February 2016, to take account of external funding changes relating to Business Rates.</p>	<p>Executive Board/DCE/AD (F&HR)</p>	<p>To be met within existing budgets.</p>
<p>To report on the Council's debt and reserves and options for narrowing the Council's capital funding gap by February 2016.</p>	<p>Executive Board/DCE, AD (F&HR), AD (S)</p>	<p>To be met within existing budgets.</p>
<p>To continue to implement more efficient ways of working, including exploring opportunities for shared working that may arise, with a view to achieving savings and/or increasing capacity.</p>	<p>Executive Board/Management Team</p>	<p>To be met within existing budgets.</p>

Target	Board/Lead Officer	Additional Training/ Financial Implications
To continue to contribute to the effective provision of services through implementing the actions and projects which help deliver the ICT Strategy.	Resources Board/AD (CS)	To be met within existing budgets.
<p>To undertake work in line with the Human Resources Strategy, including:-</p> <ul style="list-style-type: none"> ▪ Monitoring/managing sickness absence. ▪ Ensuring compliance with employment legislation. ▪ Health and Safety ▪ Workforce Planning, including Staff Development. 	Special Sub/Management Team, AD (F&HR)	To be met within existing budgets.
To ensure that the Council is making best use of its staff and other resources when taking forward its priorities and to report on this issue when new initiatives are considered.	Special Sub/Management Team	To be reported at the time initiatives are taken forward.

Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>To continue to seek opportunities to rationalise the Council's property portfolio, including:-</p> <p>(a) Working with partners in the public and voluntary sectors to share facilities.</p> <p>(b) Continue to work through a programme of capital and maintenance improvements to key Council buildings, community buildings, shops and industrial units, including seeking ways to reduce, where possible, our carbon footprint.</p> <p>(c) Continuing the review of leisure facilities.</p>	<p>Resources Board/AD (S), AD (L&CD)</p>	<p>The financial implications of any project will be included in the report.</p>
<p>To review and develop a revised Asset Management Plan for the Council's stock. (To be done between November 2015 & March 2016.)</p>	<p>Resources Board/AD (H)</p>	<p>To be met within existing budgets.</p>
<p>To act to ensure that the Council's revenue from housing rent income is collected by reviewing and acting on the action plan to mitigate the impact of welfare reforms. (From March 2015 onwards)</p>	<p>Resources Board/AD (H)/ACE (CS)</p>	<p>Staffing capacity to collect the rent income when Universal Credit is introduced will be considered as one of the action plan objectives, as will reviewing the impact of other changes introduced.</p>

<p>PRIORITY 2</p> <p>CREATING SAFER COMMUNITIES</p>	<p>Working with our communities and partners to enable our residents to both be and feel safer, whether at home or in and around the Borough.</p>
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Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>To ensure that the Council is prepared for emergencies and has suitable emergency and business continuity plans, as required by the Civil Contingencies Act, and to review both the emergency and business continuity plans annually in March.</p>	<p>Executive Board/CE</p>	<p>To be met within existing budgets.</p>
<p>To continue to work with Warwickshire County Council, the Environment Agency and local communities to mitigate the effects of, and protect against, the impacts of localised flooding.</p>	<p>Executive Board/AD (S)/ACE&StC</p>	<p>Investigations to be carried out within existing budgets.</p>

Target	Board/Lead Officer	Additional Training/ Financial Implications
To consider the findings of the 2015-16 North Warwickshire Community Safety Partnership Strategic Assessment and, to work with the community including the Police, Town and Parish Councils and young people to improve public perception and public confidence by contributing towards the achievement of the partnership plan 2015 – 2016 actions and targets for the 2015/16 strategic priorities of Violent Crime relating to Anti-Social Behaviour, Property Crime; Reducing Re-offending, Reducing killed and serious injury road accidents; Tackling anti-social use of cars and motorbikes and preventing displacement within the Borough; and Supporting victims and vulnerable people to prevent victimisation and repeat victimisation.	Safer Communities Sub-Committee/CE, AD (L&CD)	The Council makes additional contributions to supplement the Community Safety Grant received from the Police and Crime Commissioner.
To continue working with partners to resolve Safer Neighbourhood issues, including, where necessary, taking action to address anti-social and nuisance behaviour.	Safer Communities Sub-Committee/CE, AD (L&CD)	External funding is often required to undertake appropriate actions.
To report to the remaining meetings of the Safer Communities Sub-Committee on progress to tackle Rural Crime (including any initiatives aimed specifically at vulnerable people) together with partners during 2015/16.	Safer Communities Sub-Committee/CE	External funding has been sought to take initiatives forward specifically in relation to rural crime.

Target	Board/Lead Officer	Additional Training/ Financial Implications
To implement the work directed by the Borough Care Task and Finish Group and deliver any actions agreed by the Resources Board as part of the review. (From June 2015 onwards.)	Resources Board/AD (H)	Any financial implications will be identified as part of the review.
Carrying out the Council's obligations as a member of the Warwickshire Safeguarding Children Board, including those relating to the Child Protection Policy and the Section 11 Audit Action Plan and to co-ordinate all related activity alongside the need to safeguard adults and other vulnerable people in the community, when appropriate	Community & Environment Board/AD (L&CD)	Internal "trainers" will continue to deliver the WSCB Level 1 course to relevant Members and colleagues throughout the Authority.
To carry out a review of the use and effectiveness of CCTV in the Borough, taking account of its role in creating a safer environment. The review to include the use and impact of the Nomad 3G Mobile CCTV cameras.	Safer Communities Sub-Committee/CE	Any financial decisions will be reported as part of the decision-making process.
Review the Council's overall and the Housing Division's specific policies and procedures for dealing with anti-social behaviour to ensure they are robust and accord with the requirements of the Anti-Social Behaviour Crime and Policing Act, 2014.	Resources Board/AD (H) Safer Communities Sub-Committee/CE	Any financial implications will be reported as part of the decision-making process.

<p>PRIORITY 3</p> <p>PROTECTING OUR COUNTRYSIDE & HERITAGE</p>	<p>Protecting and improving our countryside and heritage in times of significant growth challenges and opportunities.</p>
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Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>To continue to:-</p> <p>(a) Manage development so as to deliver the priorities on the Council's Corporate Plan and in the Sustainable Community Strategy;</p> <p>(b) Use the Design Champions to ensure the best achievable designs are implemented and developed; and</p> <p>(c) To seek to secure the best of the Borough's built and rural heritage.</p> <p>To report on Growth pressures on the Borough and how to protect the Green Belt as far as possible by February 2016 and at least annually thereafter.</p> <p>To report on these approaches and their impact on sustaining the rurality of the Borough by March 2016.</p>	<p>Planning & Development Board/Design Champions/ACE&StC</p>	<p>To be met within existing budgets.</p>

Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>(a) Whilst continuing to oppose HS2 in principle, to press for maximum mitigation and benefits for the Borough, required as a consequence of the HS2 proposal, in partnership with other affected Councils and community action groups; and</p> <p>(b) To continue to oppose the principle of Opencast Mining.</p>	Executive Board/ACE&StC	Should any additional funding be required, this will be subject to further report.
To maintain a very high standard of street cleanliness (95%) throughout the Borough and target those areas of highest community value to deliver as efficient and cost-effective service as possible and to continue to raise awareness (both of the public and other agencies) of the problems of litter, fly-tipping and dog fouling, using suitable enforcement measures where appropriate.	Community & Environment Board/AD (S)/AD (H)	To be met within existing budgets.
To work in partnership with the Highways Authority, Highways England and other partners to improve both the appearance and safety of the Borough's main roads (see also Safer Communities priorities).	Community & Environment Board/AD (S) Safer Communities Sub-Committee/CE	Any financial implications will be reported as part of the decision-making process.
To submit final Development Plan documents relating to Development Management Community Infrastructure Levy and Gypsy and Travellers by November 2015.	Executive Board/Planning & Development Board/LDF Sub-Committee/ACE&StC	To be met within existing budgets.

Target	Board/Lead Officer	Additional Training/ Financial Implications
To continue to take action to reduce the Council's carbon footprint and carbon emission in the Borough, in accordance with the Climate Change Strategy and Action Plan, and to report annually in March on progress. This will include acting on any Government led initiatives for domestic properties.	Community & Environment Board/ACE&StC	To be met within existing budgets.

<p>PRIORITY 4</p> <p>IMPROVING LEISURE & WELLBEING OPPORTUNITIES</p>	<p>Providing opportunities to enable local people to enjoy their leisure and recreation and to improve their health and wellbeing.</p>
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Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>To report on a phased basis on the various aspects of Leisure provision across the Borough, commencing with a report on Leisure facilities by February 2016.</p>	<p>Community & Environment Board/AD (L&CD)</p>	<p>Any financial implications will be included in the report.</p>
<p>To implement phase 8 of the North Warwickshire Green Space Strategy in accordance with its revised Action and Funding Plan and corresponding Management Plans for Parks and Recreation Grounds, where appropriate.</p>	<p>Community & Environment Board/AD (L&CD)</p>	<p>The significant resource implications are detailed in the supporting Action and Funding Plan and associated Management Plans.</p>
<p>To continue to work in partnership with other agencies to tackle health inequalities and specifically to co-ordinate the sustainable implementation of the approved Health Improvement Action Plan, including its focus on priorities that are compatible with those of the Community Partnership and the Northern Warwickshire Health and Wellbeing Partnership, the promotion of healthy lifestyles and raising levels of physical activity, in particular for children and young people.</p>	<p>Community & Environment Board/AD (L&CD)</p>	<p>External funding is sought, and often required, to undertake appropriate actions.</p>

<p>PRIORITY 5</p> <p>PROMOTING SUSTAINABLE & VIBRANT COMMUNITIES</p>	<p>Working with local residents including our tenants and partners to help our communities to be sustainable and vibrant, both in terms of facilities and lifestyle.</p>
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Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>To report on options for reviewing local facilities and issues within individual Wards through a programme of Ward walks/audits (including engaging partner agencies) by March 2016.</p>	<p>Community & Environment Board/CE</p>	<p>Any additional financial implications would be identified in the report.</p>
<p>In order to promote and support community life, the Borough Council:-</p> <p>(a) Works in conjunction with partners, stakeholders and the local community in order to advance the priorities and objectives of the Sustainable Community Strategy including, in respect of the commitment to improve access to opportunities, services and facilities for local residents;</p>	<p>Community & Environment Board/CE/ACE (CS)/AD (L&CD)</p>	<p>To be met within existing budgets, unless new initiatives come along which will be the subject of separate reports.</p>

Target	Board/Lead Officer	Additional Training/ Financial Implications
(b) Will actively engage with the Warwickshire Third and Public Sector Partnership Group, with a view to ensuring the appropriate engagement of community groups, organisations and individuals in the co-ordinated delivery of local activity that is designed to support and enhance community life.		
To further review the new refuse and recycling service introduced in October 2013, to improve the efficiency and effectiveness of the service and maintain (subject to reviewing the impact of market changes) the Council's recycling rate and report to Board on the operational impact by March 2016.	Community & Environment Board/AD (S)	To be met within existing budgets, but with a view to achieving revenue savings.
To work in partnership with the County Council and other agencies on a review of car parking in the Borough, to include on and off street car parking and including exploring the introduction of civil parking enforcement.	Community & Environment, AD(CS)	Any financial implications will be reported as part of the decision making process.

Target	Board/Lead Officer	Additional Training/ Financial Implications
To act on the objectives set out in the Local Housing Investment Plan by continuing to appraise opportunities to develop affordable homes. This will include having pipeline development schemes for new homes in the Council's own stock. (From March 2015 onwards)	Resources Board/AD (H)	Any financial implications will be identified as development schemes progress.
To work in partnership with other organisations to provide a shared service to deliver adaptations in the private sector. This will include revising the Business Plan and reporting proposals to the Resources Board by September 2015.	Resources Board/AD (H)	Any financial implications will be reported as part of the decision-making process.
To review the services delivered to sheltered schemes (including the Neighbourhood Warden and Older Person Support services) in accordance with the direction of the Borough Care review and Supporting People budget changes. (From April 2015)	Resources Board/AD (H)	To be met within existing budgets.
To report annually in March on the work of the local Financial Inclusion Partnership including for 2015/16 activity with the CAB and Warwickshire Welfare Rights Activity and the local impact of the Welfare Reform programme.	Community & Environment Board/ACE (CS)	Any financial implications will be reported as part of the decision making process.

Target	Board/Lead Officer	Additional Training/ Financial Implications
To report annually on progress on the delivery of the Customer Access Strategy, including the development of existing Community Hubs, the BOB bus, increased take-up of online services, the success of driving channel shift and the ongoing provision of welfare support, together with partners.	Community & Environment Board/ACE (CS)/AS (IT&P)	Any financial implications will be reported as part of the decision-making process.
To build a model with Job Centre Plus to implement the requirements of Universal Credit and in particular our input into the Universal Support/Delivery local agenda. This will also be extended to supporting outcomes impacted by new disability rules.	Community & Environment Board/ACE (CS)/AD (H)	Any funding implications will be the subject of discussion with DWP and staffing capacity and roles will be reviewed in light of the impact of the additional works undertaken.
To work with public, voluntary and business partners to deliver ongoing food-related projects to support individuals and community organisations and report to Community & Environment Board by March 2016.	Community & Environment Board/ACE (CS)	To be met through existing budgets and external funding.
To ensure we communicate effectively to help inform residents, businesses and all sections of our communities of the Council's services and priorities and their opportunities to be involved in decision making via consultation and report on progress by February 2016.	Executive Board/AD (CS), ACE&StC, ACE (CS)	To be met within existing budgets.

<p>PRIORITY 6</p> <p>SUPPORTING EMPLOYMENT & BUSINESS</p>	<p>Supporting employment and business to grow the local economy in terms of access to work, skills improvement and wider business development opportunities.</p>
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Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>Through the North Warwickshire Community Partnership and in conjunction with partner agencies, continue to work with individuals and communities to help raise levels of aspiration, attainment and skills and report on progress by March 2016.</p>	<p>Community & Environment Board/AD (L&CD)</p>	<p>External funding will be required to undertake appropriate actions.</p>
<p>To report on the findings of the LGA economic development report on ways to develop the economy of the Borough with our partners by December 2015 and to report in October each year thereafter on progress on agreed objectives.</p>	<p>Executive Board/ACE&StC</p>	<p>To be identified as part of consideration of the LGA report.</p>
<p>To continue to work with partner organisations in the Coventry, Warwickshire and Hinckley Joint Committee and to consider further options for joint work in the light of Central Government proposals for greater devolution, if this proves beneficial to the local economy within statutory timescales.</p>	<p>Executive Board/CE/ACE&StC</p>	<p>To be identified as part of the negotiating process.</p>

Target	Board/Lead Officer	Additional Training/ Financial Implications
<p>To:-</p> <p>(a) work with the County Council, Job CentrePlus and other partners to provide apprenticeships/training, including reporting by December 2015 on the feasibility and cost of directly employing more apprentices; and</p> <p>(b) to administer funding provided by developers and through other funding sources to maximise opportunities for employment of local people including employment engagement activity, development of work clubs and bespoke training.</p>	<p>Planning and Development Board/ACE&StC, ACE (CS)</p>	<p>Use of Section 106 funding and any financial implications identified in the report on employing apprentices.</p>
<p>To encourage new active rural businesses and, in particular, in partnership with the Local Action Group and Hinckley & Bosworth Borough Council, ensure the successful delivery of the first year of engagement with the new LEADER programme (2015 to 2020) in accordance with the priorities identified in the approved Local Development Strategy and Business Plan and report on progress by March 2016.</p>	<p>Community & Environment Board/AD (L&CD)</p>	<p>LEADER is a predominantly externally funded programme.</p>

Target	Board/Lead Officer	Additional Training/ Financial Implications
Looking to improve transport links to local employment.	Planning & Development Board/ACE&StC	Section 106 funding.
To build a model with Job Centre Plus to implement the requirements of Universal Credit and in particular our input into the Universal Support/Delivery local agenda. This will also be extended to supporting outcomes impacted by new disability rules.	Community & Environment Board/ACE (CS)/AD (H)	Any funding implications will be the subject of discussion with DWP and staffing capacity and roles will be reviewed in light of the impact of the additional works undertaken.
To work to improve broadband access for the people and businesses of North Warwickshire through the work of the Council and specifically the Coventry, Solihull and Warwickshire BDUK Project.	Resources Board/AD (CS)	BDUK funding and approved Council matched funding.

Agenda Item No 8

Executive Board

21 September 2015

Report of the Deputy Chief Executive

Financial Strategy 2016-2020

1 Summary

- 1.1 This report summarises the Authority's Financial Strategy, projects forward the Authority's General Fund budgets to 2019/20, and suggests a detailed budget approach for the 2016/17 General Fund Budget.

Recommendation to Council

- a That the Financial Strategy shown as Appendix A is approved;**
- b That the General Fund budget projections for 2016/17 to 2019/20 be noted; and**
- c That the budget approach, set out in section 12 of this report, be adopted.**

2 Introduction

- 2.1 The Council has adopted a clear financial strategy over a number of years, and this is attached as Appendix A to this report. There have been some major changes to the financial environment nationally in recent years, with the local retention of business rates, major reductions in Revenue Support Grant and the introduction of a local Council Tax Support scheme in place of a national Council Tax Benefit scheme. The strategy reflects the current financial pressures facing the Council.
- 2.2 A forecast of the General Fund Revenue Estimates has been completed for 2016/17 and the following three years, and is set out within the report. The figures are intended to indicate the position in broad terms only. More accurate ones will be produced during the forthcoming estimate process. Updated forecasts for Capital and the Housing Revenue Account will be reported separately, at a later date.

3 Settlement Funding Assessment

- 3.1 The Settlement Funding Assessment is made up of two elements: Revenue Support Grant and Business Rates. The local business rate retention scheme introduced from April 2013 includes a safety net which protects local

authorities from significant reductions in income. It guarantees that no authority will lose more than 7.5% of their local share of business rates.

- 3.2 An announcement in the 2013 Budget highlighted further reductions in the amount available for local government spending. Potential figures for 2016/17 onwards have not been given, so expected reductions are based on national headline reductions. The figures used in our latest projections have assumed further reductions of around 10% in both 2017/18 and 2018/19. Little information has been given out for 2019/20, other than the expectation that a further reduction will not be required. An unchanged total has therefore been assumed. As the business rates funding is fixed other than for inflationary increases, all of the reduction has been taken out of the Revenue Support Grant element.

	2016/17	2017/18	2018/19	2019/20
Revenue Support Grant	1.012	0.697	0.434	0.397
NDR Baseline funding	1.779	1.814	1.851	1.888
Total Settlement Funding Assessment	2.791	2.511	2.285	2.285

- 3.3 The projected RSG figure for 2018/19 is £102,000 less than the grants for CTS, Council Tax Freeze Grant, and Homelessness Grant, which the government identified as being within RSG. There is the possibility that RSG would not fall below £536,000. If that were the case, then the 2018/09 savings figure could be reduced. The same would also apply to 2019/20.

4 Business Rates

- 4.1 The Secretary of State announced a baseline funding level of £1.744 million for North Warwickshire from business rates in the 2015/16 Finance Settlement. As we are required to pay a business rate tariff of £14.528 million in 2015/16, we need our share of the business rates we collect (40%) to come to £16.272 million, in order to achieve this level of funding.
- 4.2 For 2016/17 the baseline funding assumed by the government will increase to £1.779 million (a 2% increase in line with RPI). This assumes that North Warwickshire's share of business rates is £16.597 million, and a tariff payment of £14.818 million will be required. The increase in business rates of £250,000 included in the 2015/16 budget is expected to continue into 2016/17 and future years. Any additional rating income achieved above this will contribute towards the Councils savings targets.

5 New Homes Bonus

- 5.1 The New Homes Bonus expected for 2016/17 is £10,000 higher than previously anticipated. This revised figure has been used as a base for projecting grant income for the rest of the strategy period, following a review of the new build identified in the Core Strategy.

6 Council Tax

- 6.1 In looking at the potential income from Council Tax, the likelihood of growth in the tax base is considered. The potential new build included in the Core Strategy for the Borough has been reviewed and it has been assumed that a proportion will be achieved. This has given a growth rate of 0.5% in the tax base, which has been used in projecting the income from Council Tax.
- 6.2 In general terms, an inflationary increase in Council Tax is built into the budget on an annual basis. In recent years the government have encouraged local authorities to freeze Council Tax, and have provided some grant to offset the loss of income. Grant support offered has varied from year to year, but has sometimes been time limited.
- 6.3 Decisions to freeze Council Tax has an on going and cumulative effect on the Council's financial position, and the impact of the decisions in 2011/12, 2012/13, 2013/14, 2014/15 and 2015/16 to the end of the current strategy period is detailed in Appendix B. This shows that by March 2020, the Council Tax lost would amount to £3.479 million. As grant funding is limited to £1.744 million, the net funding foregone by the end of the strategy period will be in the region of £1.735 million. The annual income loss from 2016/17 onwards amounts to £278,000 per annum.
- 6.4 Going forward a 1.95% increase in Council Tax per annum, has been included in the forecast.
- 6.5 A local Council Tax Support scheme was implemented from April 2013, which had the effect of reducing the Council Tax base. Grant of 90% of the expected cost of the scheme was given to the Council in 2013/14 as part of Revenue Support Grant. A transitional grant was also received following the council's decision to limit Council Tax bills given to previous working age Council Tax benefit claimants to a maximum of 8.5% of their annual bill. The decision to retain the 8.5% reduction scheme for 2015/16 was taken, although the transitional grant did not continue. This approach has also been assumed for 2016/17 onwards.

7 Review of 2015/16

- 7.1 In order to update the strategy, a number of areas of both income and expenditure have been revisited. The 2015/16 budget has been adjusted for the following changes:

	£000
Increased vacancies	(120)
Increase in investment income	(50)
Delay in prudential borrowing	(98)
Additional planning fee income	(70)
Increased haulage costs in the recycling service	60
Additional maintenance on refuse and recycling vehicles	25
Total	(253)

- 7.2 The anticipated amount to be taken from balances is expected to reduce to £341,000, leaving an anticipated opening General Fund balance of

£3,948,000 at 1 April 2016. This has been used as the revised starting point for the updated forecast.

8 Budget Projections 2016/17 to 2019/20

- 8.1 The 2016/17, 2017/18 and 2018/19 years have also been reviewed and a further year, 2019/20, has been forecast. In completing the forecast, a number of assumptions have been made, which are set out in Appendix C.
- 8.2 Larger premise costs have been assessed separately for inflation. 'Other' premise and supplies and services costs have only been given an increase in alternate years in this strategy, in order to encourage efficiencies in procurement. These areas will be revisited in the more detailed work carried out as part of the budget process.
- 8.3 Growth has been included for the additional haulage costs being faced by the recycling service, an increase in insurance premium tax, the move to the national living wage and the allocation proposed for BDUK. The forecast for each year includes a contingency sum. Funding has been included to cover the costs of borrowing for the replacement of vehicles.
- 8.4 The forecast has been summarised and is shown in the table below. The forecast anticipates balances of £1,829,000 at March 2020, if the assumed savings are made.

	2015/16 Revised £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Spending Requirement	8,593	9,184	9,499	9,758	9,957
Grant to Parish Councils	83	75	67	61	55
Savings 2016/17		(535)	(535)	(535)	(535)
Savings 2017/18			(475)	(475)	(475)
Savings 2018/19				(350)	(350)
Savings 2019/20					(350)
Net Expenditure	8,676	8,724	8,556	8,459	8,302
Council Tax	(4,081)	(4,181)	(4,284)	(4,390)	(4,498)
New Homes Bonus	(704)	(824)	(852)	(855)	(797)
RSG	(1,402)	(1,012)	(697)	(434)	(397)
Business Rates	(1,744)	(1,779)	(1,814)	(1,851)	(1,888)
Business Rates - Additional	(250)	(250)	(250)	(250)	(250)
CT Freeze Grant	(45)				
Collection Fund Surplus	(109)	(89)	(91)	(93)	(96)
Use of Balances	341	589	568	586	376
Balances C/fwd	3,948	3,359	2,791	2,205	1,829

9 Comparison to Previous Forecasts

- 9.1 The expected use of balances in the current forecast are compared with those estimated in the forecast produced last February, in the table below.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Current Forecast	589	568	586	376
2015/16 Strategy to Board	543	510	500	
Difference	46	58	86	

- 9.2 The main areas of difference between the February projection and the current figures in 2016/17 are:

- The increased haulage costs incurred by the recycling service;
- Some reduction in utility costs;
- The costs of moving to the National Living Wage; and
- The additional provision made for BDUK.

10 Savings

- 10.1 In order to manage the significant cuts expected in Revenue Support Grant, a further saving of £350,000 has been included in 2019/20. When added to the savings of £1.36 million included for the period 2015/16 to 2018/19, this gives a revised savings total of £1.71 million over the life of the strategy.
- 10.2 The total savings of £1.71 million over the 4 year forecast equates to a saving of around 5% of the net budget per annum. The authority has already made significant reductions in its budget over recent years, so taking out a further £1.71 million will be extremely challenging. Work is already in hand for identifying options for reducing net expenditure for both 2016/17 and subsequent years.
- 10.3 There has been no indication to date on support for a further Council Tax Freeze in 2016/17. A decision to freeze Council Tax in 2016/17 would reduce resources by an additional £331,910 over the current strategy period, as shown in Appendix B. The impact of this would be an increase in the savings that the Council would have to make to £555,000 in 2017/18, giving a revised total of £1.790 million.
- ...
- 10.4 In the event that no increases in Council Tax are approved during the strategy period, balances at the end of the period would fall from £1.829 million to £1.005 million, as shown below.

	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
Use of Balances	589	568	586	376
Loss of Council Tax	80	162	247	335
Revised Use of Balances	669	730	833	711
Balances C/fwd	3,279	2,549	1,716	1,005

Savings in each of the four years would need to increase by £80,000 to keep balances at around the £1.7 million level. This would increase the savings required to £2.03 million.

- 10.5 Keeping to the strategy is dependent on savings being achieved to target in each of the years covered. The current forecast also indicates that further savings will be required in 2019/20 and beyond, as expenditure continues to be partly funded through the use of balances each year. The difficulty in finding savings has become greater over time, and this will only increase in the future.

11 Potential Risk Areas

- 11.1 In preparing this forecast, a number of assumptions have been made and these have been set out in section 8 of this report. Clearly, should these assumptions not materialise, there will be an impact on the figures. The main risk areas for this forecast are:

- **Settlement Funding Assessments** – government announcements indicate that the next round of public spending reductions will be at a similar level to an earlier round. During that round, local government took a higher percentage of reductions than other areas of the public sector. If this were to be repeated, then the grant assumptions in this projection could be even lower.
- **Special Grant** – further offers of Council Tax Freeze Grant would impact on the tax base available for future revenue generation.
- **Business Rates** – the local retention of business rates from April 2013 has brought uncertainty around the level of funding to be received on an annual basis. An unusually high rate of successful appeals could result in the council receiving less income than expected. There is also the possibility that the Council could collect more business rates than anticipated.
- **New Homes Bonus** – The strategy assumes 120 new properties per annum. If fewer are delivered, New Homes Bonus will reduce and the tax base will be less buoyant. On the other hand, an increase above 120 will be beneficial.
- **Investment Income** – although interest rates have been predicted using professional advice, financial markets can vary significantly over time.
- **Salary Increases** – higher pay awards than included in the forecast would have an impact, given the relative size of the payroll

- **Council Tax Support** – increases in take up will directly increase the costs of the Council. There are also risks around the non collection of Council Tax, from those who have not previously been required to contribute.
- **Housing Benefit Administration Grant** – the reduction of 10% predicted for 2016/17 has been used for the further years of the strategy.
- **Reduced Income** – a loss of service income is always a possibility in the current economic position.
- **Growth in the Borough** – if new homes and estates are delivered in line with expectations, there will be a significant impact on some council services, for example, refuse and recycling and grounds maintenance. An assessment of the additional resources required will be needed.

11.2 The potential impact of an improved or worse position for all four years of the forecast are shown in Appendix D (savings of £1.71 million are included in each of the options). The increased use of balances / contribution to balances are summarised below:

Year	Worse Case £000	Most Likely Case £000	Best Case £000
2016/17	1,035	589	211
2017/18	1,114	568	67
2018/19	1,272	586	11
2019/20	1,119	376	(273)

Changes in a small number of areas can materially impact on the expected use of balances in all of the years covered. These could affect the level of savings required either favourably or adversely.

- 11.3 If the best case scenario occurred, the council would be able to reduce the savings currently included within the strategy from £1.71 million to £0.750 million and achieve the same level of balances at the end of 2019/20.
- 11.4 If the worst-case scenario occurred there would be an additional call on balances. As the balances at 1 April 2016 are expected to be £3,948,000, the Council could manage the worst case into 2018/19 if needed. However further savings of £1.2 million would be needed in 2018/19, to ensure that balances were at an acceptable level at the end of 2019/20. Finding the additional savings earlier would mean the total savings required during the life of the strategy would reduce.

12 **Budget Approach 2016/17**

- 12.1 As mentioned earlier, a number of areas have already been identified as potential savings, and these are in the process of being reviewed.
- 12.2 A firm stance should be taken in order to limit the level of growth approved in 2016/17, as any further expenditure will increase the need to draw from balances. Only growth that cannot be statutorily avoided, makes a significant contribution to moving forward the Council's priorities, or would expose the Council to an unacceptable level of risk should the expenditure not be incurred, should be approved. A prioritisation exercise on growth based around these three main criteria should be used.

13 **Conclusion**

- 13.1 The Council could be faced with savings ranging from £0.750 million to £2.910 million. The updated strategy includes savings of £1.71 million over the next four years.
- 13.2 It is unlikely that all of the main risk areas will materialise at the same time, in any of the years highlighted above. The main areas of concern included in the risks around the financial position of the Council, are that of Revenue Support Grant and Business Rates.

14 **Report Implications**

14.1 **Finance and Value for Money Implications**

14.1.1 As detailed in the body of the report.

14.2 **Environment and Sustainability Implications**

14.2.1 Continuing the budget strategy will allow the Council to manage its expected shortfall in resources, without disruption of essential services.

14.3 **Equality Implications**

14.3.1 Any proposed changes or reductions in services will be subject to equality impact assessments to identify if there is any scope for adverse impacts.

The Contact Officer for this report is Sue Garner (719374).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

MEDIUM TERM FINANCIAL STRATEGY 2016/17 – 2019/20**1 Introduction**

- 1.1 The purpose of the Financial Strategy is to set out the broad financial framework that the Council will operate within, during the next four financial years. A four-year period has been used, as this permits reasonably robust financial forecasts to be produced. A longer period would require more speculative forecasts. However changes to the external funding regime have increased the uncertainty over the resources available to the Council during the strategy period.
- 1.2 By using a medium term approach, the Council can ensure that financial and service decisions can be taken in a structured and proportionate way. Short-term policies are not adopted without identifying what the medium term implications of those decisions are.
- 1.3 The strategy covers all revenue and capital activity, although some individual sections may be specific to a particular type of spending only. Areas covered are:
- **General Fund Activities** – these are the majority of the day to day activities carried out by the Council, such as refuse collection and the payment of benefits
 - **Housing Revenue Account Activities** – these relate to the management and maintenance of the Council's housing portfolio
 - **Capital Spending** – this is spending that provides benefits over a period of 12 months, such as the purchase of vehicles or equipment

2 Linking Resources With Corporate Priorities

- 2.1 The Council has identified a number of priorities and these are given in its Corporate Plan, along with targets for a three year period. In arriving at the priorities, external influences are taken into account, including the aims of the Local Strategic Partnership (LSP). Other factors such as legislative changes and reward incentives are also considered.
- 2.2 The Corporate Plan and associated Financial Strategy are reviewed and updated on an annual basis, before the start of each new financial year. A further review of the Financial Strategy is also carried out part way through the year, to ensure that changing circumstances are taken into account in carrying out the full review.
- 2.3 As in previous years, the approach is to use the current financial year as a base position, inflate this to the price base of the budget year, and add known unavoidable spending pressures. This is then measured against the projection of available funding to determine affordability. The package of measures required to balance the two form the financial strategy for the budget year.

3 Economic Forecast

3.1 Both general inflation and specific areas of increase affect the spending of the Council. There are two main indices for measuring household inflation: the Consumer Price Index (CPI) and the Retail Price Index (RPI). The Council reviews these indices when it is assessing the level of inflation to be included in its financial strategy. However the Council may choose to use a lower general rate in some areas, where it wishes to encourage efficiencies.

3.2 Specific areas of increase are considered separately and individual rates of increase used to reflect prevailing market conditions, where they are significantly different to the general rate of inflation. These are assessed on an annual basis and depending on economic conditions, may include:

- Employee costs – pay awards and pension costs;
- fuel and energy costs;
- investment rates.

3.3 The assumptions used in the latest forecasts are given below:

Cost / Income Type	2016/17	2017/18	2018/19	2019/20
Pay awards	2%	2%	2%	2%
Superannuation rates	15.3%	16.05%	16.8%	17.55%
Agency staff	2%	2%	2%	2%
Business Rates	2%	2%	2%	2%
Utilities	2%	5%	2%	5%
Other premise costs	0%	2%	0%	2%
Supplies and services	0%	2%	0%	2%
Payment of benefits	3%	3%	3%	3%
Housing Benefit Administration Grant	-10%	-10%	-10%	-10%
Reduction in RSG/NDR	-11.3%	-10%	-9%	0%
Council Tax	1.95%	1.95%	1.95%	1.95%
Income	2%	2%	2%	2%

4 Demographic Factors

4.1 Demographic factors can affect the Council's planning in a number of ways:

- Changes in the number and value of households can affect the tax base used in calculating Council Tax
- The characteristics of the population, and households, influences the type of services provided
- The level of demand for services can be affected by changes in either of the above.

4.2 The population of the Borough currently stands at 62,300 and has been subject to little change over recent years. The Financial Strategy has assumed this will continue over the medium term.

4.3 The Council Tax Base has remained fairly consistent over a number of years, with only small increases. Following a review of the potential new build in the

area identified in the Core Strategy, the Financial Strategy has assumed an increase of 0.5% in the tax base on an annual basis, although there will be some movement depending on the Council Tax Support scheme adopted.

5 General Fund Activities

5.1 Settlement Funding Assessment

- 5.1.1 Central government provides funding to local authorities for their General Fund activities through the Settlement Funding Assessment system. The government decides on the funding to be allocated to Local Government on a national basis, and then allocates this funding between authorities using a formula calculation.
- 5.1.2 Figures for 2016/17, 2017/18, 2018/19 and 2019/20 are not yet known, although further reductions to national control totals have been discussed and are expected. Our latest projections have assumed further reductions of 11.3% in 2016/17, 10% in 2017/18 and 9% in 2018/19. No further change has been anticipated for 2019/20.
- 5.1.3 The Settlement Funding Assessment is made up of two elements: Revenue Support Grant and Business Rates. As the Business Rates element is fixed, other than for inflationary increases, any reduction in the Settlement Funding Assessment is taken out of Revenue Support Grant.

5.2 Business Rates

- 5.2.1 From April 2013, local authorities retain a proportion of the business rates they collect. The Secretary of State announced a baseline funding level of £1.744 million for North Warwickshire in the 2015/16 Finance Settlement. As we are required to pay a business rate tariff of £14.528 million in 2015/16, we need our local share of business rates to come to £16.272 million, in order to achieve this level of funding.
- 5.2.2 Business rates, including the tariff payable, will be increased by inflation each year. If the business rates in our area fall due to business closures or rating appeals, we may not achieve our baseline funding level. This would impact on our financial forecasts, reducing the level of balances we hold. The operation of a national safety net system would provide provision when the Authority's baseline funding fell by 7.5%. If additional business rates are collected, they are allocated 50% to the government, 10% to Warwickshire County Council, and 40% to this Council. We are required to pay a levy of 50% on the additional rates retained by this Council.
- 5.2.3 The Council chose to become a member of the Coventry and Warwickshire Business Rates Pool. This Local Pool agreed a safety net provision at a 5% loss of baseline funding, which would benefit the Council in the event that business rates fall. If business rates increase, the Pool will have a lower levy rate than the Council, of around 17%, allowing the Pool to keep more of the increase.

5.3 Council Tax Base

- 5.3.1 The Council's tax base reduced significantly in 2013/14, following the introduction of a local Council Tax Support scheme, in place of the previous national Council Tax Benefit system. The scheme requires some residents to pay council tax, who previously had no liability. The Government offered councils a transitional grant in 2013/14, if they restricted the maximum payment by previous Council Tax Benefit claimants to 8.5% of their council tax bill. The Council opted to take the transitional grant and also revisited the collection rate, which was revised downwards to 98%.
- 5.3.2 The transitional grant was for 2013/14 only, so the Council needed to agree a Council Tax Support scheme for 2014/15 onwards. The decision was taken to retain the maximum payment required at 8.5% in both 2014/15 and 2015/16, although there was no grant to offset the cost to the Council. This decision will be revisited on an annual basis.
- 5.3.3 Although the Council usually exceeds its target collection rate, a small margin for non-collection allows some room for other variations during the year. Any additional funds are then distributed in the following year.

5.4 Council Tax

- 5.4.1 The Council attempts to balance the need for retaining an affordable council tax, with the retention of services. This is increasingly difficult with current financial constraints, including the pressures of government funding levels, limited income raising opportunities, economic pressures and rising expectations. Council policy is to keep council tax rises at, or below, inflation.
- 5.4.2 Recent decisions to freeze council tax have had an on going and cumulative effect on the Council's financial position. Grant funding received towards tax freezes have generally been time limited, whereas the tax base is reduced permanently. The current forecast has assumed a council tax increase of 1.95% per annum going forward.
- 5.4.3 The government have brought in a requirement for proposed increases of 2% and above to be subject to a local referendum.

5.5 Fees and Charges

- 5.5.1 The Council has tended to increase fees and charges for inflation, on an annual basis. Any other changes have tended to be on an ad hoc basis. Demand for some services has changed as a result of changes in the economic situation. This will be taken into consideration in the review of fees and charges during the detailed work in the 2016/17 budget.

5.6 Growth Areas

- 5.6.1 Given the Council's existing financial constraints, a strong approach is taken with growth areas. In general terms, growth will be allowed if one of the following conditions is met:
- **Statutory Need.** Where the Council needs to spend resources in order to comply with statutory requirements

- **Invest to Save.** Where services can demonstrate that an initial outlay will generate additional income or reduced costs in the future, an advance from an earmarked reserve held for this purpose will be made.
- **External Funding.** Services are encouraged to look for external funding to support service development and enhancement. However the impact of ongoing costs against potential one off funding is always considered.
- **Efficiencies.** The Council looks for efficiencies in service provision, to contribute to savings targets, or reallocate resources to other priorities.

5.6.2 The Council may use financial savings identified to fund general growth areas, where these are not needed to maintain balances. Growth bids are assessed according to their contribution to Council priorities, the ability to obtain external funding and their contribution to the management of risk.

5.7 Approach to Savings

5.7.1 The Authority includes the requirement to find savings in its financial strategy. However whilst unidentified savings are built into financial projections over the medium term, only identified savings are included in the detailed budget put forward for approval for the coming financial year. This is part of the management of financial risks, and gives greater assurance around the approved budget, and the medium term position.

5.7.2 As the council looks for specific savings in advance of setting the budget for the following year, work on finding savings for 2016/17 will be carried out in 2015 during the production of that budget. Only those found will be included. Where possible the savings will be brought in earlier, during 2015/16, as this will give a beneficial impact on balances. The savings target for 2016/17 is £535,000. If the savings target is not found, this will be reflected in the financial strategy for future years.

5.7.3 Any proposed changes or reductions in services will be subject to equality impact assessments to identify if there is any scope for adverse impacts.

5.8 General Fund Balances

5.8.1 One of the Council's aims is to have a balanced budget. However this does not require a balanced budget in each financial year, the aim is to ensure that services are adequately funded over the medium term.

5.8.2 The current policy for general balances is to retain minimum working balances of £1.3 million on the General Fund. The risk assessments, which support these requirements, are updated on an annual basis as part of the budget process. This allows detailed consideration of changing economic conditions and other potential high risks.

5.9 Budget Process

5.9.1 The budget process operates throughout the year, with the budget strategy updated twice per year. The financial forecast produced in September provides the context for the more detailed four year budget approved in February, as part of the Council Tax Setting process.

5.9.2 In the event of potentially significant changes to the Council's financial position, the Deputy Chief Executive will assess whether additional updates of the financial strategy are needed.

5.10 Budget Consultation

5.10.1 The Council consults on how it spends its resources on an annual basis. A meeting with business ratepayers is held every year, whilst other consultation is carried out periodically. For example:

- paper questionnaires to recipients of North Talk
- focus groups involving participants from members of the citizens panel
- electronic questionnaires on the website
- specific consultation exercises eg. Council Tax Support

6 Housing Revenue Account

6.1 General Balances on the Housing Revenue Account

6.1.1 The Council aims to have a balanced budget on the Housing Revenue Account. Again this does not require a balanced budget in each financial year, the aim is to ensure that services are adequately funded over the medium term.

6.1.2 The current policy for general balances is to retain minimum working balances of £750,000 on the Housing Revenue Account. The risk assessment, which supports this requirement, is updated annually as part of the budget process. This allows detailed consideration of changing economic conditions and other potential high risks. Given the greater risks that will be faced by the council as a result of welfare reform, an increased requirement to hold general balances is expected.

6.2 Housing Business Plan

6.2.1 To ensure the continued management and maintenance of North Warwickshire's housing stock, both Members and officers need to take decisions on a long term basis. For example, we need to build up surpluses to fund the capital expenditure needed later in the Business Plan. The impact of decisions taken is fundamental to the sustainability of the Business Plan.

6.2.2 The Business Plan currently assumes that the authority continues to increase rents in line with government policy. This includes the impact of a recent change in national rent policy which requires a 1% reduction in rents in 2016/17 and the following three years. Rent increases then revert to CPI + 1% per annum.

6.2.3 Further detail around the management and maintenance of the Council's housing stock is given in the Housing Business Plan.

7 Capital Programme

7.1 Capital Funding

7.1.1 The Council projects its expected resources over both a three and ten-year period. These include receipts from the sale of council assets, revenue funding

used to support capital expenditure and anticipated contributions from third parties. Funding from the government is also considered. Specific grant of 60% is received towards the cost of Disabled Facility Grants, up to a maximum allocation.

- 7.1.2 Given its restricted resources, the council prioritises capital schemes, to enable it to carry out all essential spending.
- 7.1.3 There are still some funding issues which need to be addressed in the longer term, and other funding options will be considered in future updates of the Capital Strategy. The Capital Strategy gives further detail on the allocation of capital funding.

7.2 Interaction between Revenue and Capital Spending

- 7.2.1 Many capital schemes will impact on the revenue budget. This may be due to ongoing maintenance costs which are incurred following the acquisition of an asset, or may be related to the cost of repaying loans taken out to finance capital expenditure, or the loss of investment income if internal loans are used.
- 7.2.2 In assessing bids put forward for inclusion in the capital programme, the impact of capital spending on the revenue budget is examined.

8 Efficiency Agenda

- 8.1 All councils are required to demonstrate Value for Money. The Council doesn't set targets for individual services, as it recognises that efficiency savings can take longer to generate in some services.
- 8.2 Officers look for efficiencies in order to assist in achieving the savings required as part of the financial strategy. In addition systems thinking reviews are carried out on individual services and procurement activity is monitored.

9 Treasury Management

- 9.1 This is the management of the Local Authority's cash flows: its banking, money market and capital market transactions. The Council has adopted a Treasury Management and Annual Investment Strategy, which sets out a framework for its activity in these areas. The current Strategy aims to minimise risk by putting greater emphasis on security and liquidity. Once risk has been minimised, the Council will maximise performance wherever possible, within existing controls.
- 9.2 As highlighted in the Treasury Management Strategy, the Council has a borrowing requirement of £71 million. The HRA has external borrowing of £55 million, whilst the General Fund has internal borrowing of £16 million. Internally borrowed funds come from earmarked reserves held for future revenue and capital spending. As these resources are used, there will be a need for further external borrowing.
- 9.3 The government have imposed a cap on an authority's total housing borrowing. The Council is currently below its cap.

- 9.4 The Council has internal funds in excess of those needed to cover the internal loans. These are invested on the money market and generate investment income for both the General Fund and the Housing Revenue Account. The cash fund portfolio is managed internally, with advice from Capita, the Council's treasury management consultants.

10 Earmarked Reserves

- 10.1 The Council holds a number of reserves that have been earmarked for specific revenue and capital purposes. Earmarked reserves are used to hold:
- Funding received in advance for specific initiatives;
 - Funding set aside for specific services, where the timing of demand can vary;
 - Funding set aside for the future replacement of assets or other capital expenditure;
 - Funding held to enable the Council to manage specific risks; and
 - Funding where work has been delayed.
- 10.2 For the majority of earmarked reserves, there is little or no risk to the financial standing of the Council. Reserves set up to manage timing differences or hold funding received in advance match expenditure to the income available. Reserves held to allow risks to the base budget to be managed are estimated using the best available information.

11 Risk Management

- 11.1 The Council has a Risk Management strategy in place which it uses to manage all of its risks, including financial risks.
- 11.2 A system of risk management has been established, which is operated by all services. This ensures that if there are significant changes in the level of risk to the Council from new legislation, or policy changes, they are considered and reported to Board. Any significant increase in financial risks will therefore be addressed during the year, if this is necessary.
- 11.3 In addition, the financial risks of individual services are considered during the budget preparation process by Service Boards, along with the related budgets. Annual risk assessments are undertaken on the level of balances for the General Fund and the Housing Revenue Account and considered at the same time as the budgets. This ensures that all current issues are included.
- 11.4 To assist with highlighting the impact of the potential risks, the major risks are assessed on differing risk levels, and these are included in reports to Board.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Grant Income - 2011/12 CT freeze	-111,746	-111,746	-111,746	-111,746	-111,746	-111,746	-111,746	-111,746	-111,746	-1,005,714
Grant Income - 2012/13 CT freeze		-112,220								-112,220
Grant Income - 2013/14 CT freeze			-44,650	-44,650	-44,650	-44,650	-44,650	-44,650	-44,650	-312,550
Grant Income - 2014/15 CT freeze				-44,850	-44,850	-44,850	-44,850	-44,850	-44,850	-269,100
Grant Income - 2015/16 CT freeze					-44,850					-44,850
Grant Income	-111,746	-223,966	-156,396	-201,246	-246,096	-201,246	-201,246	-201,246	-201,246	-1,744,434
Loss of CT 2011/12	134,012	136,003	120,040	121,389	123,588	124,206	124,827	125,451	126,079	1,135,595
Loss of CT 2012/13		92,539	81,678	82,596	84,092	84,513	84,935	85,360	85,787	681,499
Loss of CT 2013/14			83,312	84,247	85,774	86,203	86,634	87,067	87,502	600,739
Loss of CT 2014/15				85,932	87,489	87,927	88,367	88,808	89,252	527,776
Loss of CT 2015/16					87,008	87,443	87,881	88,320	88,762	439,414
Loss of CT 2016/17						9,171	9,217	9,263	9,309	36,959
Loss of CT 2017/18							9,396	9,443	9,490	28,330
Loss of CT 2018/19								9,627	9,676	19,303
Loss of CT 2019/20									9,864	9,864
CT Lost	134,012	228,542	285,030	374,164	467,952	479,463	491,256	503,340	515,721	3,479,479
Net Revenue Impact	22,266	4,576	128,634	172,918	221,856	278,217	290,010	302,094	314,475	1,735,045

POTENTIAL IMPACT OF AN ADDITIONAL COUNCIL TAX FREEZE IN 2016/17

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Grant Income - 2011/12 CT freeze	-111,746	-111,746	-111,746	-111,746	-111,746	-111,746	-111,746	-111,746	-111,746	-1,005,714
Grant Income - 2012/13 CT freeze		-112,220								-112,220
Grant Income - 2013/14 CT freeze			-44,650	-44,650	-44,650	-44,650	-44,650	-44,650	-44,650	-312,550
Grant Income - 2014/15 CT freeze				-44,850	-44,850	-44,850	-44,850	-44,850	-44,850	-269,100
Grant Income - 2015/16 CT freeze					-44,850					-44,850
Grant Income	-111,746	-223,966	-156,396	-201,246	-246,096	-201,246	-201,246	-201,246	-201,246	-1,744,434
Loss of CT 2011/12	134,012	136,003	120,040	121,389	123,588	124,206	124,827	125,451	126,079	1,135,595
Loss of CT 2012/13		92,539	81,678	82,596	84,092	84,513	84,935	85,360	85,787	681,499
Loss of CT 2013/14			83,312	84,247	85,774	86,203	86,634	87,067	87,502	600,739
Loss of CT 2014/15				85,932	87,489	87,927	88,367	88,808	89,252	527,776
Loss of CT 2015/16					87,008	87,443	87,881	88,320	88,762	439,414
Loss of CT 2016/17						89,148	89,594	90,042	90,492	359,277
Loss of CT 2017/18							10,964	11,018	11,074	33,056
Loss of CT 2018/19								11,233	11,289	22,523
Loss of CT 2019/20									11,510	11,510
CT Lost	134,012	228,542	285,030	374,164	467,952	559,440	573,201	587,300	601,747	3,811,389
Net Revenue Impact	22,266	4,576	128,634	172,918	221,856	358,194	371,955	386,054	400,501	2,066,955

Increase in Net Revenue Impact for Council Tax Freezes in 2016/17

331,909

APPENDIX C

Cost / Income Type	2016/17	2017/18	2018/19	2019/20
Pay awards	2%	2%	2%	2%
Superannuation rates	15.3%	16.05%	16.8%	17.55%
Business rates	2%	2%	2%	2%
Utilities	2%	5%	2%	5%
Other premise costs	0%	2%	0%	2%
Agency staff	2%	2%	2%	2%
Supplies and services	0%	2%	0%	2%
Payment of benefits	3%	3%	3%	3%
Reduction in specific Housing Benefit admin grant	-10%	-10%	-10%	-10%
Revenue Support Grant / NDR	-11.3%	-10%	-9%	0%
Council Tax	1.95%	1.95%	1.95%	1.95%
Income	2%	2%	2%	2%

APPENDIX D

Potential Use of Balances

Best Case

	2015/16 Revised £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Estimated Use of Balance	341	589	568	586	376
An increase in New Homes bonus		(60)	(120)	(180)	(240)
Increased tax base (new homes)		(13)	(26)	(40)	(54)
Sustained improvement in planning income	(200)	(100)	(100)	(100)	(100)
Improvement in other service income		(30)	(30)	(30)	(30)
Improvement of 0.5% in investment rates		(75)	(75)	(75)	(75)
Additional surplus in the Collection Fund			(50)	(50)	(50)
Pay awards continue at 1%	(80)	(80)	(80)	(80)	(80)
Additional staff vacancies		(20)	(20)	(20)	(20)
Potential Use of / (Cont to) Balances	61	211	67	11	(273)
Balances at Year End	4,228	4,017	3,950	3,939	4,212

Worst Case

	2015/16 Revised £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Estimated Use of Balance	341	589	568	586	376
Business rate income at safety net		89	91	93	94
Additional funding relating to New Homes Bonus is not received		55	110	165	220
Additional 1% on the pay award in 2016/17				80	80
Additional recycling costs		30	30	30	30
Planning income is not sustained		150	150	150	150
Reduction in service income		30	30	30	30
Inflation is 1% higher than assumed		92	95	98	99
Apprenticeship Levy			40	40	40
Potential Use of / (Cont to) Balances	341	1,035	1,114	1,272	1,119
Balances at Year End	3,948	2,913	1,799	527	(592)

Agenda Item 9

Executive Board

21 September 2015

Report of the Assistant Director (Finance and Human Resources)

Budgetary Control Report 2015/16 Period Ended 31 August 2015

1 Summary

- 1.1 The report covers revenue expenditure and income for the period from 1 April 2015 to 31 August 2015. The 2015/2016 budget and the actual position for the period, compared with the estimate at that date, are given, together with an estimate of the out-turn position for services reporting to this Board.

Recommendation to Council

To consider if any further information is required.

2 Consultation

- 2.1 Councillors Humphreys, D Wright and M Stanley have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

3 Introduction

- 3.1 Under the Service Reporting Code of Practice (SeRCOP), services should be charged with the total cost of providing the service, which not only includes costs and income directly incurred, but also support costs relating to such areas as finance, office accommodation, telephone costs and IT services. The figures contained within this report are calculated on this basis.

4 Overall Position

- 4.1 Net expenditure for those services that report to the Executive Board as at 31 August 2015 is £229,428 compared with a profiled budgetary position of £245,856; an under spend of £16,428. Appendix A to this report provides details of the profiled and actual position for each service reporting to this Board, together with the variance for the period.

...

- 4.2 Where possible, the budget to date figure has been calculated with some allowance for seasonal variations, in order to give a better comparison with actual figures.

4.3 Outreach and Access to Services

- 4.3.1 Funding has been received from Warwickshire County Council to cover the rental of two food storage units at Innage Park. This will be used up as the year progresses as it is to cover the period 1 April 2015 to 31 March 2016. In addition funding has been received from DWP towards costs to be incurred on the Smart project (benefits to work project).

5 Risks to the Budget

- 5.1 The key risk to the budgetary position of the Council from services under the control of this Board is that the Emergency Planning budget of £5,790 may be insufficient to cover the costs of any major local emergency.

6 Estimated Out-turn

- 6.1 Members have requested that Budgetary Control Reports provide details on the likely out-turn position for each of the services reporting to this Board. The anticipated out-turn for this Board for 2015/16 is £584,670, the same as the Original Budget.
- 6.2 The figures provided above are based on information available at this time of the year and are the best available estimates for this board, and may change as the financial year progresses. Members will be updated in future reports of any changes to the forecast out turn.

7 Report Implications

7.1 Finance and Value for Money Implications

- 7.1.1 The Council's budgeted contribution from General Fund balances for the 2015/16 financial year is £594,090. Income and Expenditure will continue to be closely managed and any issues that arise will be reported to this Board for comment.

7.2 Environment and Sustainability Implications

- 7.2.1 The Council has to ensure that it adopts and implements robust and comprehensive budgetary monitoring and control, to ensure not only the availability of services within the current financial year, but in future years.

The Contact Officer for this report is Nigel Lane (719371).

North Warwickshire Borough Council

Executive Board

Budgetary Control Report 2015/2016 as at 31 August 2015

Description	Approved Budget 2015/2016 £	Profiled Budget August 2015 £	Actual August 2015 £	Variance £	Comments
Housing Strategic Service Review	31,500	13,125	13,125	-	
Outreach and Access to Services	140,950	62,131	47,023	(15,108)	See Para. 4.3
Corporate Communications	57,130	22,645	22,938	293	
Community Strategy	132,060	55,025	55,025	-	
Emergency Planning	39,580	16,492	14,646	(1,846)	
N.Warks Local Development Framework	182,750	76,146	76,146	-	
Support to Parishes	700	292	525	233	
Total Expenditure	584,670	245,856	229,428	(16,428)	

Agenda Item 10

Executive Board

21 September 2015

Report of the Assistant Director (Corporate Services)

Broadband Update and Match Funding

1 Summary

- 1.1 The report provides an update on the progress being made to improve broadband coverage and speeds in the Borough. It also seeks the Boards views on providing additional match funding to enable further investment including Broadband Delivery (BDUK) grant funding to be accessed.

Recommendation to the Council

- a To agree the match funding proposal as summarised in the Finance and Value for Money Implications; and**
- b To approve £147,868 as growth in the General Fund, over 2016/17 and the two following years.**

2 Consultation

- 2.1 Councillors Humphreys, D Wright, Jones, M Stanley and Philips have been sent an advanced copy of this report for comment. Comments will be reported verbally at the meeting.
- 2.2 Update reports on the Coventry, Warwickshire and Solihull (CSW) Broadband Project have been considered by previous Resources and Executive Boards.

3 Background

- 3.1 In 2012/13 the Council agreed to provide £197,868 towards match funding the initial BDUK grant of £4,070,000 to the CSW sub-region. This was budgeted as a £50,000 contribution in each of the four years from 2012/13 to 2015/16.
- 3.2 The contract (Contract 1) to carry out the work to provide comprehensive access to a broadband service and where possible superfast¹ broadband was awarded in May 2013 and work began in February 2014. Since then 200 BT cabinets, across the sub-region, have been updated to provide superfast

¹ Superfast Broadband – currently defined as providing speeds over 24 Mbps (megabits per second)

broadband, 44 of which are in North Warwickshire. These cabinets serve over 38,000 premises and 10,300 of those premises are this Borough.

- 3.3 By the end of Contract 1 it is anticipated that the percentage of premises, in the Borough, that will be able to get superfast broadband will have increased from just 50% to around 83% as a direct result of Council funding, BDUK grant and private sector investment.
- 3.4 In June 2014 an additional £3.68m BDUK grant was awarded to the CSW project. This was as a consequence of the Government updating its Broadband Strategy and stating its intention to extend coverage of superfast broadband to 95% of premises by the end of 2017 (later amended to 2019). This second grant was matched by Warwickshire CC, with an additional £380k of grant matched by Solihull MBC to enable them to prioritise improvements in their area. This round of funding is being referred to as Contract 2.1 and work, on the ground, is likely to start in 2016.
- 3.5 A further £6m is now available from BDUK and Warwickshire CC has matched £4.17m of this grant. District and Borough Councils were asked if they wanted to provide match against the remainder of the grant to help fund improvements in their areas. Warwick District Council and Rugby Borough Council have agreed to provide match funding at the same level as they contributed for Contract 1. Any match funding identified against this £6m will form Contract 2.2.
- 3.6 In June 2014 this Council accepted, in principle, an agreement to provide this additional match-funding, provided it first received a satisfactory report outlining the improvements achieved so far. Presentations were held and reports submitted to Boards and a one-off provision of £50,000 was committed as part of the 2015/16 budget setting process.

4 Report

- 4.1 The Council now needs to decide if it will provide funding to the level of its contribution to Contact 1 (£197,868). Given the £50,000 commitment for 2015/16 a further £147,868, at £50,000 for each of the next three financial years, would need to be approved as additional budget, as part of this year's financial plans.
- 4.2 Any funding provided by the Council will be ring fenced to improvements within the borough. The identification of where investment is to be made is based on a calculation which looks at the benefits of upgrading a particular cabinet, combined with an overview of the cost and technical feasibility of upgrading the cabinet, to give a cost per connection. The project has always sought the get best value by working from the least costly. Allocating funding in this way ensures that investment decisions are transparent and can be explained if questioned.

5.1 Finance and Value for Money Implications

5.1.1 This report seeks agreement to include the £147,868 of match funding, being sought from the Council over the next three financial years, as growth in 2016/17 and the two following years.

5.2 Environment and Sustainability Implications

5.2.1 The improvement of broadband services within the Borough will help support people to live, work and learn in our rural communities.

5.2.2 The lack of adequate internet provision has been shown to affect people's decisions to move to the area or may encourage businesses to relocate from the Borough, thus affecting the sustainability of local communities.

5.2.3 The lack of broadband provision also means people are unable to use online services, which is increasingly becoming a barrier to accessing services, including public service; resulting in them have to travel to get the services they need.

5.3 Risk Management Implications

5.3.1 It is recognised that the level of match funding being sought could put other schemes at risk.

5.3.2 Not investing in the Borough's broadband infrastructure could result in economic and structural problems for the Borough. Lack of broadband could increase the risk of businesses not investing or thriving in the area and residents may miss out on life chances and access to services.

5.4 Equalities Implications

5.4.1 Poor or no broadband service can prevent people from accessing information and services resulting in them being less well informed, having fewer opportunities and missing out on more effective ways of managing their businesses, life and finances. The impact of this lack of internet service is known as the "digital divide"

5.5 Links to Council's Priorities

5.5.1 Investment in the Broadband infrastructure contributes directly to the Council's priority of Supporting Employment and Business. Working to improve broadband access for the people and businesses of North Warwickshire through the work of the Council and specifically the Coventry, Solihull and Warwickshire BDUK Project is a Corporate Plan Target.

The Contact Officer for this report is Linda Bird (719327).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Local Broadband Plan and Match Funding Proposal	Linda Bird	Executive Board Report	6/2/2012
Broadband Update Report	Linda Bird	Resources Board Report	2/6/2014
Broadband Update Report and BDUK Match Funding	Linda Bird	Executive Board Report	17/6/2014
Broadband Match Funding	Linda Bird	Executive Board Report	22/9/2014
Broadband Match Funding – Further Information	Linda Bird	Executive Board Report	24/11/2014
Broadband Match Funding - Further Information	Linda Bird	Executive Board Report	10/2/2015

Agenda Item 12

Executive Board

10 February 2015

Report of the Assistant Director (Corporate Services)

Broadband Match Funding - Further Information

1 Summary

- 1.1 The report asks the Board to decide if the Council will provide additional match funding for investment in improving the Broadband infrastructure in the Borough as part of CSW Broadband project. This report was deferred by the Board's meeting in November to enable it to be considered as part of the budget setting process.

Recommendation to the Council

- a That Members consider and decide on the level of additional match funding they would support; and**
- b That if additional match funding is recommended, members approve that it is taken forward as approved additional funding into the 2015/16 budget process.**

2 Consultation

- 2.1 Members have considered this matter and similar reports at previous meetings of this Board.

3 Background

- 3.1 The Council provided £197,868 towards match funding the initial BDUK grant of £4,070,000 to the CSW sub region. This funding and the associated work is referred to as "phase 1" in this report. The contract to carry out the work to provide comprehensive access to a broadband service and provide superfast broadband was awarded to BT in May 2013 and work began, on the ground, in February 2014 and is anticipated to be completed by the end of 2016. It is anticipated that phase 1 will provide superfast broadband to 91% of the premises in the sub region.
- 3.2 An update report to the June 2014 Executive Board provided information on progress made so far and informed members of an additional £3.68m BDUK grant (phase 2). This additional grant was made as a result of the Government updating its broadband strategy and stating its intention to extend coverage of superfast broadband to 95% of premises by the end of 2017. This second grant has been matched by Warwickshire CC with an additional £380k of grant matched by Solihull MBC to enable them to prioritise improvements in their area.

3.3 A further £6m has been offered by BDUK to the sub region, subject to match funding. The CSW project team are seeking this match funding from a number of sources including European funds and funds administered by the LEP. It is this additional grant that Districts and Boroughs have been asked to help provide match against. Warwick District Council and Rugby Borough Council have agreed to provide match funding at the same level as they contributed in phase 1.

3.4 Executive Board on the 17 June 2014 gave an in principle agreement to provide additional match funding provided it received a satisfactory report outlining the improvements achieved so far, together with details of future plans and timescales. A report (attached as Appendix 1) providing this information was considered by Executive Board, on 22 September. The Board decided to defer the decision until its November meeting to enable further, updated progress information to be provided. The November meeting agreed that this report and the subject of further match funding needed to be considered as part of the budget setting process during the January/February cycle of Board meeting.

4 **Current Improvements and Plans**

4.1 The CSW Project team report that work in the Borough is two months ahead of schedule and progressing well. As can be seen from the graphs in Appendix 2, around 26% of the homes that have seen improvements in broadband across the sub-region are in the borough. These figures show that 74 cabinets have been upgraded in the sub region, with 21 of them being in North Warwickshire. The 74 cabinets upgraded have enabled over 15,600 homes to access better broadband with 5,364 of them being in North Warwickshire.

4.2 The most up to date figures show that by the end of December 2015 over 26,265 premises in Warwickshire were able to get better broadband due to the investment made through the project. Over 9000 of these premises are in North Warwickshire which is a 67% increase in the two months since October and demonstrates the pace of change now happening on the ground.

4.3 Figures published by Ofcom in October 2014 show that the percentage of people that subscribe to superfast broadband, where it is available, continues to grow and is currently at 28%. Applying this to the 5,364 superfast ready premises in the borough gives us an estimate of over 1,500 homes and businesses benefitting from the BDUK investment, with each of these being used by many more citizens, pupils and employees.

4.4 A very specific example of the benefits that superfast broadband can give is the new Coleshill Leisure Centre which is in an area where the BT cabinet has been upgraded using BDUK funding. We have been able to connect the Centre using broadband at a cost of £360pa compared with a leased line costing £4,000pa.

- ... 4.5 The map provided as Appendix 3 shows the locations of the cabinets that have or are in the plan to be upgraded, to provide superfast broadband, by the end of 2016. The list provided as Appendix 4 details the locations of cabinets being worked on, which includes upgrades to BT cabinets in Fillongley, Coleshill, Whitacre Heath and Corley, and those shaded green are “live” and able to deliver superfast broadband services.
- ... 4.6 The map provided as Appendix 5 shows how the deployment is being phased in the borough and how wide an area each upgraded cabinet reaches when it is providing superfast broadband. As the situation is constantly changing, as surveys are completed and cabinets are upgraded, the maps and information on the CSW Broadband website are the most accurate sources of information on progress.
<http://www.cswbroadband.org.uk/images/NGA-Network-Coverage-Map-July-2014.jpg>.

5 Future Plans and Investment

- 5.1 The investment being made through the CSW Project team is focused on achieving the government’s target of getting superfast broadband to 95% of the premises in the sub-region. However, members need to be aware that this will be most easily and cost effectively achieved by investing in the more populated or business areas.
- 5.2 Despite this the borough is predicted to see the biggest improvement, within the sub region, in the percentage of premises getting access to superfast broadband as a result of the current investment. The borough is expected to move from just 50% of premises, which could get superfast broadband from the commercial roll out, to around 83% of premises with the help of current Council funding, BDUK grant and private sector investment.
- ... 5.3 The map provided as Appendix 6 shows the areas (the white areas) that will not get improved broadband through the initial (phase 1) investment. These white areas are where state aid rules allow us to invest and are the areas which are included in the tender for work to improve broadband using the phase 2 funding. However, it is highly unlikely that all these areas will see improvement, even with phase 2 funding. We will only know the details of which of these areas will definitely be upgraded in phase 2 when the tender is returned and the contract finalised in January 2015 or early February.
- 5.4 Even with the phase 2 BDUK grant (£3.68m) and match funding, from the County Council and the private sector, the borough is unlikely to achieve the target of 95% of premises connected. This is largely due to the rural nature of our villages and the number of isolated properties, which are significantly more costly to upgrade. As can be seen from Appendix 6, some of the white areas cover large geographical areas which are likely to include very small communities and isolated rural homes and businesses. Such communities and properties could be where Borough Council investment is targeted.

- 5.5 Any investment in the project will improve broadband provision for at least some residents and local businesses. It will bring the borough closer to having pervasive superfast broadband and benefiting from the economic and social benefits it can bring.
- 5.6 Grand funding matched by the Borough Council would be ring fenced to improvements within the borough. The Council could also influence where the money is spent, using its own priorities, which may be different to the priorities and criteria currently being applied to the funding administered by CSW Broadband Team. The CSW Project Team would be able to provide data and indicative costs based on the models they are using which could be used to help the Council decide where best to target any investment.

6 Report Implications

6.1 Finance and Value for Money Implications

- 6.1.1 Members are asked to consider and decide on the level of match funding they will support.
- 6.1.2 If an amount is agreed upon this would need to be included as approved additional budget in the 2015/16 financial plans.
- 6.1.3 If the Council was to decide to provide match funding, each £1 committed would draw down £1 of government grant and also investment from the private sector, for example from BT.

6.2 Environment and Sustainability Implications

- 6.2.1 The improvement of broadband services within the Borough will help support people to live, work and learn in our all our communities. The lack of adequate internet provision has been shown to affect people's decisions about moving to areas or it may encourage businesses to relocate from the Borough, thus affecting the sustainability of local communities.
- 6.2.2 The lack of broadband provision means people are unable to easily access service. Online services are becoming widespread and in some cases either the default or only option.

6.3 Equalities Implications

- 6.3.1 Poor or no broadband service can prevent people from accessing information and services resulting in them being less well informed, having fewer opportunities and missing out on more effective ways of managing their businesses, life and finances. The impact of this lack of internet service is known as the "digital divide".

6.4 Links to Council's Priorities

- 6.4.1 Investment in the Broadband infrastructure in order to provide better internet services contributes directly to the Council's priority to improve access to

services. A number of Council and other public services are increasingly being provided online, with the online option becoming the preferred or default method in some cases.

The Contact Officer for this report is Linda Bird (719327).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Local Broadband Plan and Match Funding Proposal	Linda Bird	Executive Board Report	6/2/2012
Broadband Update Report	Linda Bird	Resources Board Report	2/6/2014
Broadband Update Report and BDUK Match Funding	Linda Bird	Executive Board Report	17/6/2014
Broadband Match Funding	Linda Bird	Executive Board Report	22/9/2014
Broadband Match Funding – Further Information	Linda Bird	Executive Board Report	24/11/2014

Agenda Item No 11

Executive Board

21 September 2015

**Report of the Assistant Director
(Corporate Services)**

**Information and Communications
Technology Strategy 2015 - 2019**

1 Summary

- 1.1 The report presents the Draft Information and Communications Technology (ICT) Strategy for 2015 – 2019 to Members.

Recommendation to the Council

That the Draft Information and Communications Technology Strategy provided as Appendix 1A is approved.

2 Report

- 2.1 The ICT Strategy was considered and approved by Resources Board on the 8 September 2015.

- ... 2.2 The Report prepared for Resources Board (attached as Appendix 1) provides an overview of the Strategy and contains an updated Risk Assessment and Equality Impact Assessment.

The Contact Officer for this report is Linda Bird (719327).

Agenda Item No 12

Resources Board

8 September 2015

**Report of the Assistant Director
(Corporate Services)**

**Information and Communications
Technology Strategy 2015 - 2019**

1 Summary

- 1.1 The report presents the Draft Information and Communications Technology (ICT) Strategy for 2015 – 2019 to Members for their consideration and comment.

Recommendation to the Board

That the Draft Information and Communications Technology Strategy provided as Appendix A is approved.

2 Consultation

- 2.1 Councillors D Wright, Henney, Smitten, Jones and Phillips have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting. The Draft ICT Strategy was also made available to Councillors Jones as the Lead Councillor for IT and Philips as Shadow.
- 2.2 As required for Council Strategies, in addition to this Board, this report will be submitted to the Executive Board.

3 Introduction

- 3.1 The Council has had a formally approved ICT Strategy since 2000, with the immediately preceding Strategy covering the period from June 2012.
- 3.2 This four year Strategy has been developed after consultation, research and using best practice from other Councils and professional bodies such as the Society of IT Managers.
- 3.3 The next four years provide an opportunity to make a step change in the way ICT support's service delivery, communication and engagement. The progression towards services being provided online will continue and we will aim to provide the technical infrastructure to enable the Council to achieve its customer access ambitions.
- 3.4 During the last Strategy, and as part of the Accommodation Project, the Council invested in the ICT infrastructure and improved network access, telephony services, server virtualisation and server room energy efficiency.

We also upgraded the Office and email solutions used by staff and Members, which give additional functionality and flexibility.

3.5 The ICT Strategy is intended to:

- Ensure that the use of, and investment in, ICT is aligned with the Council's Priorities and Corporate Plan and through these the Sustainable Community Strategy.
- Define the technical direction for the Council and the governance and operational services needed to manage and deliver ICT services.
- Support the delivery of the Council's services in ways that citizens want and value.
- Promote the effective development and use of online, digital services, information and communication by the public and within the Council.
- Follow and adopt legislative requirements, industry standards and best practice.

4 **Information and Communications Technology Strategy**

4.1 The ICT Strategy will be delivered by addressing the issues and aims identified in the Strategy and to further these principles:-

- **Accessibility** – to give easy, secure and appropriate access to information and services to people when and where they need it, using ways they value; including face-to-face, telephone, mobile phone and particularly through the Internet and the website.
- **Partnership** – to work with others to provide convenient, customer focused and consistent services which the Council regards as a priority and citizens want and value.
- **Effective ICT service provision** – to provide cost effective, efficient and reliable technology, information and customer focused ICT services by developing our own staff and resources and by working with others; sharing skills, developments, technology and information.
- **Flexibility and Innovation** – to be responsive to the need for change; to help services identify and use technology and information to improve and support better ways of working.

4.2 Section 4 of the Strategy describes our current technology and systems. It provides a baseline against which we can judge our progress. It also identifies issues that need to be addressed.

- 4.3 Section 5 details the high level aims relating to all elements of ICT services, equipment and systems for the next four years.
- 4.4 We have carried out an assessment of the Council's computer applications and Appendix 1 of the Strategy is the plan for reviewing their use and fitness for purpose. We will only seek to replace systems if, on review, they prove to no-longer meet service needs and a costed business case for replacement can be established.
- 4.5 Detailed actions to implement the strategy will be identified in Corporate Services' Annual Service Plan and if appropriate in other Division's Service Plans. This will give visibility for Members, to ICT projects, as all Service Plans go through Boards for approval.
- 4.6 Officers also work to ensure links are made between relevant strategy and policy for example between the ICT Strategy, the Customer Access Strategy and policy on Consultation and Communication.

5 Report Implications

5.1 Finance and Value for Money Implications

- 5.1.1 There are no financial commitments arising directly from this Report. Funding for planned projects is included in the Capital Programme. The financial implications of any new, unanticipated initiatives will be identified as part of a project business case and a bid made through the Budget process if necessary.
- 5.1.2 It is expected that the use of ICT and the move to online services will help the Council to make savings and service improvements.

5.2 Safer Communities Implications

- 5.2.1 The use of ICT will help contribute towards the Council's role in reducing crime and disorder in a number of ways including the use of broadband for mobile CCTV cameras, opportunities for wider community engagement through social media, publishing safer communities related information and advice on the website and other partnership related activities.
- 5.2.2 The Council meets a number of information and technical security standards and compliance regimes. It complies with the Payment Card Industry Data Security Standard for managing electronic payments. It has achieved Public Service Work (PSN) compliance which means we have passed security assessments that enable it to securely share government and public sector information and services over a common network. We are now investigating compliance with an additional cyber security accreditation (Cyber Essentials) which is being promoted by the Government, to private and public sector organisations, and would help demonstrate a pro-active approach to data protection and information security management.

5.3 Legal and Human Rights Implications

5.3.1 The ICT Strategy supports developments, such as security improvements, to ensure that human rights are not infringed and that the Council complies with relevant legislation, including the Data Protection Act 1998 and the Freedom of Information Act.

5.4 Environment and Sustainability Implications

5.4.1 The use of ICT can help deliver sustainability improvements including reducing the need to travel. More energy efficient equipment can help reduce power consumption.

5.5 Human Resources Implications

5.5.1 The ICT Strategy identifies the need to develop skills to ensure that Staff and Members can use the technology, applications and information they require.

5.6 Risk Management Implications

5.6.1 Having an ICT Strategy and its subsequent implementation is one of the ways the Council can mitigate risks associated with the provision and development of ICT systems and services. The Risk Assessment for Strategic ICT, last updated in 2012, has been reviewed and amended and is included at Appendix B to this report.

...

5.7 Equality Implications

5.7.1 The use of ICT can enable people to access services and information that they may previously have been unable to. The Council has worked hard through the creation of Community Hubs, mobile service provision, Learn my way and by supporting the Superfast Broadband Project to help ensure that people are not excluded or disadvantaged through lack of access to, or skills to use, online services.

5.7.2 Increasingly government and other agencies are pursuing a “digital” transformation agenda and only providing their services online. The council is likely to have to support some of our residents negotiate this change, for example guiding people through a benefit application. The Council will also have to make decisions about how it provides services and manage its own digital journey. The Equality Impact Assessment published with the 2012 Strategy has been updated and is included at Appendix C to this report.

...

5.8 Links to Council’s Priorities

5.8.1 The ICT Strategy, and its delivery, contributes to a number of Council Priorities and specifically supports the priorities relating to Promoting Sustainable and Vibrant Communities and Responsible Financial & Resource Management.

The Contact Officer for this report is Linda Bird (719327).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

Risk Management Form – ICT Strategy 2015 - 2019

NORTH WARWICKSHIRE
BOROUGH COUNCIL

Division - Corporate Services

Risk Ref	Risk: Title/Description	Consequence	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Gross Risk Rating	Responsible Officer	Existing Control Procedures	Likelihood(5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating
1	Not having an approved ICT Strategy.	ICT investment not made or wasted.	3	4	12	AD (CS)	Strategy gives the future view which enables funding bids to be included in Capital Programme. Strategy, actions and any project plans show links to Council Priorities and Service Plans. Skills identified in advance and plans and bids for training made Technical direction stated and projects identified to support it Strategy identifies compliance requirements and aims set to deliver them.	2	2	4
		Skills not identified or developed.	3	3	9	AD (CS)		2	2	4
		Technical direction not clear or followed.	3	3	9	AD (CS)		2	2	4
		Legislative and security requirements not met.	3	4	12	AD (CS)		2	2	4
		Benefits from ICT use for customers, staff and the Council not achieved.	3	4	12	AD (CS)		2	2	4

							Strategy identifies potential benefits, which are then clarified in projects which aim to deliver them.			
Risk Ref	Options for additional / replacement control procedure						Cost Resources	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating

Compiled By : Linda Bird
Reviewed and Updated by : Linda Bird
Reviewed and Updated by : Linda Bird

Date: 19/1/2009 (for 2009 – 2012 ICT Strategy)
Date : 9/3/2012 (for 2012 – 2015 ICT Strategy)
Date : 10/8/2015 (for 2015 – 2019 ICT Strategy)

Initial Equality Impact Assessment Pro Forma

Section	Corporate Services	Officer responsible for the assessment	Linda Bird – AD (Corporate Services)			
Name of Policy to be assessed	ICT Strategy 2009 – 2012	Date of initial Assessment	19/1/2009	Is this a new or existing policy?	Update to Existing?	
	ICT Strategy 2012 – 2015	Date of Review & Update	9/3/2012	Existing	Yes	
	ICT Strategy 2015 - 2019	Date of Review & Update	10/8/2015	Existing	Yes	
1	Briefly describe the aims, objectives and purpose of the policy.	<ul style="list-style-type: none"> • Provide direction for the Council's use of technology and information. • Define the governance and operational services needed to manage and deliver ICT. • Ensure that the use of and investment in ICT is aligned with the Council's Priorities and Corporate Plan and through these the Sustainable Community Plan. • Support the delivery of the Council's services in ways that citizens want and value. • Promote and facilitate the development and use of on-line services and information. • Follow and adopt legislative requirements, industry standards and best practice. 				
2	Are there any associated objectives of the policy? Please explain.	See Above				
3	Who is intended to benefit from this policy, and in what way?	This strategy is intended to inform Councillors, Staff, Partners, Citizens and Local Communities about how the Council plans to use technology and information				
4	What outcomes are wanted from this	Our aim is to provide the best technology and ICT services for the council. Outcomes				

policy?	of specific projects and initiatives are defined during the project.		
5 What factors/forces could contribute/detract from the outcomes?	<ul style="list-style-type: none"> • The strategy takes a corporate view of ICT needs, which may conflict with and override divisional needs. • If the council is to get maximum benefit from using ICT, services must be involved in the implementation of business solutions and the realisation of the benefits from these solutions, as this relies on operational ownership and cultural change. • It is envisaged that funding, especially capital will be particularly tight during the period of this strategy and this may impact on our plans and ambitious. • Services have not identified a need to replace any corporate or business application during this period. • The ongoing and transformational move to public services and information being provided digitally will be a challenge for the council and our customers and citizens 		
6 Who are the main stakeholders in relation to the policy?	Councillors, Staff, Partners, Citizens and Local Communities, Local Businesses.	7 Who implements the policy, and who is responsible for the policy?	The Strategy is developed and owned by Corporate Service Division on behalf of the Council. Implementation will be led by Information Services but relies on numerous projects and other Sections and Divisions..
8 Are there concerns that the policy could have a differential impact on racial groups?	–Y	N√	Please explain.
What existing evidence (either presumed or otherwise) do you have for this ?			
9 Are there concerns that the policy could have a differential impact due to gender?	–Y	N√	

What existing evidence (either presumed or otherwise) do you have for this?			
1 0 Are there concerns that the policy could have a differential impact due to disability?	Y [√]	N	The Strategy promotes the provision of accessible information. Specific initiatives include meeting accessible standards to the Website (large text, video, speech). Information and services provided online help people who are unable to visit the council or who prefer not to use the telephone to engage with the council and to get a service and information.
What existing evidence (either presumed or otherwise) do you have for this?	Research by Government and others identifies how online and digital service can benefit people with disabilities.		
1 1 Are there concerns that the policy could have a differential impact due to sexual orientation?	Y [√]	N	
What existing evidence (either presumed or otherwise) do you have for this?			
1 2 Are there concerns that the policy could have a differential impact due to their age?	Y [√]	N	There are conflicting views about the impact of ICT on older people and the preference of younger people to use technology and information. It is important for the ICT Strategy to encourage access to technology for all and the provision of information and services to meet people's needs regardless of age.
What existing evidence (either presumed or otherwise) do you have for this?			
1 3 Are there concerns that the policy could have a differential impact due to their religious belief?	Y [√]	N	

What existing evidence (either presumed or otherwise) do you have for this?			
1 4	Are there concerns that the policy could have a differential impact due to them having dependants/ Caring responsibilities?	Y [√]	N The provision of services digitally as promoted in the Strategy could help people with caring responsibilities by making services available at times, places and in ways convenient for them. It also support the Councils stance on home, flexible and mobile working.
What existing evidence (either presumed or otherwise) do you have for this?			
1 5	Are there concerns that the policy could have a differential impact due to them having an offending past?	Y [√]	N Some of the information held and processed is of a financial, sensitive or confidential nature. Anyone employed to use or access this information would have to satisfy criteria laid down by HR and Audit.
What existing evidence (either presumed or otherwise) do you have for this?			
1 6	Are there concerns that the policy could have a differential impact due to them being trans-gendered or transsexual?	Y	N [√]
What existing evidence (either presumed or otherwise) do you have for this?			
1 7	Could the differential impact identified in 8 – 16 amount to there being the potential for adverse impact in this policy?	Y	N [√]
1 8	Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or any other reason?	Y	N [√]

1 9	Should the policy proceed to a partial impact assessment?	Y	N √	
2 0	If Yes, is there enough to a full EIA?	Y	N	
2 1	If no please detail the steps taken to minimise the adverse impact?	The Strategy is written on the basis of :- <ul style="list-style-type: none"> • Ensuring accessibility and providing all with the ability to communicate with and engage with the Council. • Giving secure, appropriate access to information and services to all people when and where they need it, using ways they value including face-to-face, telephone, website, mobile phone etc. 		
2 2	Date on which Partial or Full assessment to be completed by.	Y	N	
Comments It is anticipated that the Strategy will become approved after the September 2015 meeting of the Council. It has been assumed that the Council's Customer Access Strategy will express customers and communities aims and ambitions for using ICT and that this strategy will support the delivery of these aims.				
Signed (Completing Officer) : Linda Bird..... <p style="text-align: center;">Date : 10/8/2015</p>				
Signed (Head of Section): Linda Bird..... <p style="text-align: center;">Date: 9/3/2012.....</p>				

North Warwickshire Borough Council

Information and Communications Technology Strategy

2015 - 2019



North Warwickshire
Borough Council

1. Summary

This Information and Communications Technology (ICT) Strategy is a collection of principles, issues to be addressed and aims which encourage us to use technology effectively and innovatively to support the work of the Council and help it achieve its aims for the Borough.

High quality, customer focused services are dependent on access to up to date and meaningful information and information systems.

Our Strategy aims to provide technical direction but it has to be flexible and able to accommodate and respond to the inevitable changes that will impact on the Council's customers, services or priorities over the next 4 years.

2. Introduction

We are in an environment of constant change, with growing demand, increasing complexity and mounting customer expectation. To be able to respond to this the Council depends on a sound and secure information and technology base.

2.1 Purpose of the Strategy

This Strategy is intended to:

- Provide direction for the Council's development and use of technology and information.
- Ensure that the use of, and investment in, ICT is aligned with the Council's Priorities and Corporate Plan and through these the Sustainable Community Strategy.
- Define the governance and operational services needed to manage and deliver ICT.
- Support the delivery of the Council's services in ways that citizens want and value.
- Promote and facilitate the innovative development and use of on-line, digital services.

2.2 Timeframe, Approach and Audience

2.2.1 Timeframe

This ICT Strategy builds on the achievements of the 2000, 2006, 2009 and 2012 Strategies. It will be reviewed in 2018 for re-publication in 2019.

Actions to support the delivery of the Strategy will be identified annually and included in relevant Service Plans. This process will reflect any achievements and include new requirements and changes in priorities.

2.2.2 Approach

The Strategy has been developed after consultation with Services to find out their ambitions, needs and priorities. Legislation, standards, national strategy and good practice have been drawn upon.

The Strategy is developed and owned by Corporate Services on behalf of the Council. Progress will be monitored via Extended Management Team and reported annually to Board.

The Strategy will help guide day-to-day technology decisions, purchases and actions.

2.2.3 Audience

This Strategy is intended to inform citizens, communities, Councillors, staff, partners and suppliers about the Council's plans for using technology and information.

2.3 Constraints and Assumptions

The Strategy does not prescribe a single technical or organisational approach such as Cloud computing or outsourcing. We will select the best solutions to provide appropriate technology and ICT services for the Council, mindful of practical constraints such as finance, time and security and key dependencies such as legislation and skills.

This Strategy takes a corporate view of ICT, which may sometimes conflict with and override divisional needs. Services must lead the implementation of their business systems and the realisation of the benefits from these solutions. Corporate Services will continue to lead on Council wide systems such as email and the website

The majority of the Council's technical infrastructure (data cabling, network infrastructure and telephony services) was replaced during the Accommodation Project in 2014. Therefore, a priority for this Strategy is to ensure its effective use and on-going improvement.

2.4 Finance

The period of austerity and reducing government grant is expected to continue during the lifespan of this Strategy and this will impact on Council services, plans and ambitions. However, our computer hardware will continue to reach "end of life" and applications may cease to meet our needs. In these circumstances, robust business cases will need to be made for investment. There is also an expectation that the Council will get efficiencies from the implementation of ICT.

The Strategy informs the ICT elements of the Council's capital funded Investment Programme.

2.5 Council Priorities

The Council has identified a number of key priorities, which support its vision for the Borough and its communities. These corporate priorities are developed by Members, supported by officers, and reviewed as part of the Corporate Plan process. It is expected that ICT will help the Council achieve each of its priorities but is most closely allied to Promoting Sustainable and Vibrant Communities and Responsible Financial & Resource Management.

2.6 Other Strategies and Policies

The ICT Strategy needs to link with and support the delivery of other Council strategies and policies, most specifically the Customer Access Strategy which expresses the Council's and its customers' and communities' aims and ambitions for service delivery.

There are close links between this Strategy and strategies and policies supporting Consultation and Communication. The Officers responsible for strategy in these areas work together to ensure that the required connections are made and dependencies recognised.

The ICT Strategy must take account of the delivery of other strategies, policies and projects including HR strategy, Climate Change reduction and the Information Security Policy.

2.7 External Influences

During the life of this Strategy the Council will have to achieve a number of milestones and respond to government initiatives and legal requirements. Some of the key issues which will impact on the ICT Strategy are listed below: -

- Ongoing savings and efficiencies; their achievement and impact.
- Government changes to public services in areas such as planning, housing, public health.
- The drive towards Digital Services as a key way of providing access to public services.
- Responding to the Transparency¹ agenda and opening up of access to, and use of, our data.
- Increased demand for security from those we work with and from the public.

3. Strategic Principles

ICT must support the Council's business vision and the priorities it sets for serving the people and communities of North Warwickshire. This will be done by addressing the issues and aims identified in Sections 4 and 5 and by using the principles below to guide us:-

- Accessibility** – to give easy, secure and appropriate access to information and services to people when and where they need it, using ways they appreciate; including face-to-face, telephone, mobile device and particularly through the Internet and the website.
- Collaboration** – to work with others, sharing skills, developments, technology and information. To provide convenient and customer focused services which the Council regards as a priority and citizens want and value.
- Effective** – to provide cost effective, efficient and reliable technology, information and customer focused ICT services by developing our own staff and by working with others.
- Innovative** – to be aware of ICT innovation and the opportunities it offers. To utilise technology and information to help drive change and improve our ways of working.

4. Current Situation and Issues

To determine what must be done in the future we have to understand our current use and management of ICT and the issues, needs and wants we have to deal with.

4.1 ICT Governance

The range and depth of ICT services needed by the Council are provided via a mixture of methods. Information Services Section (IS) is responsible for the direct provision of the majority of ICT services.

4.1.1 Direction and Management

Projects – ICT needs are built into the Council's 10 year Capital Programme. Projects are managed, monitored and prioritised and reported to Extended Management Team (EMT). Projects are managed by a project manager, who reports to a project sponsor, board or working

¹ Local Government Transparency Code sets out the data we must publish publicly and when and how it has to be published as required by The Local Government (Transparency Requirements) (England) Regulations 2014.

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group. Projects must have a valid business case and a plan that is owned by a service or by Corporate Services for council wide systems.

Bids and Purchasing - All ICT must be purchased through Information Services (IS). Most hardware replacement is funded through a capital programme budget. If a business application is needed the relevant service has to fund this from its budgets or make a capital programme bid.

ICT Disaster Recovery – We use an ICT disaster recovery (DR) service which covers business critical servers, systems and connectivity. Divisions are responsible for defining their business continuity arrangements and identifying their ICT needs in a DR or emergency situation.

Change, Benefits Realisation and Review – ICT is an enabler of innovation, transformation and change. Information Services Section (IS) works with Divisions to ensure that opportunities are recognised and realised through the implementation of ICT projects. IS staff assist with service reviews and post implementation reviews to establish what benefits have been achieved.

4.1.2 In-house ICT Services

Information Services - Has two functions dedicated to delivering ICT services, in brief:-

- Support - provides helpdesk services, support engineers and PC and system installation.
- Development - network and security policy and management, application upgrade and support, corporate application ownership (Website, EDRM², GIS³) and project management.

Divisional Expertise – A few Services have staff who support the use of their business applications. This is beneficial where the business process is heavily integrated with, and dependant on, the application. These staff have knowledge of the service and its processes, they are able to work with IS and suppliers to ensure systems meet service needs.

4.1.3 External ICT Services – Shared Services and Outsourced Provision

The range of skills needed to manage the breadth of technology used will always cause difficulties for a small team. Our approach is to minimise and manage ICT risk and complexity and to provide the core ICT services as cost effectively and efficiently as possible using our resource.

We will continue to develop collaborative relationships with others to share applications, supplement skills and augment capacity or to provide services we do not regard as our core business. We use a number of systems which are developed, supported and hosted by other organisations e.g. E-learning modules, Firmstep CRM⁴, Website.

Known ICT Governance Issues:-

- The impact of the pace of ICT change and the increasing complexity and variety of ICT e.g. devices, platforms (e.g. cloud).
- Maintaining or getting access to the range of professional and technical skills and services needed for the future.

² EDRM - Electronic Document and Records Management system – used to store and retrieve documents.

³ GIS - Geographic Information System – used for mapping and storing data about a physical location or object.

⁴ CRM – Customer Relationship Management System – used to record contact with the council and our response,

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- The management and development of corporate systems relies on a few IS staff and in some cases a few hours of their time. This can limit our ability to exploit these applications.
- The Council will need to take a wider and more co-ordinated view of the use of applications and information if it is to avoid cost and if new shared services are to be developed.

4.2 ICT Standards, Legislation and Good Practice

We will maintain an awareness of ICT related legislation, standards and good practice and will we aim to adopt, advise on and comply with those that are relevant. This can be challenging given procurement rules, the costs of compliance and the need to balance business functionality with technical fit, security restrictions and supplier responsiveness.

We have implemented or are in the process of complying with a number of technology and information related standards and good practice:-

- Staff have been trained in Prince2 and MPS for IT Project and Programme Management.
- We have implemented a payment management system which is currently Payment Card Industry Data Security Standards (PCIDSS) compliant.
- Revised the Information Security Policy.
- Adopted the Local Land and Property Gazetteer (LLPG) as our master property address file and integrated its use into a number of business systems.
- Complied with security requirements to connect to the PSN (Public Services Network).

Known ICT Standards, Legislation Issues and Good Practice Issues:-

- To continue to migrate systems to use the LLPG as their address data source.
- We need to ensure we maintain the appropriate approval to connect to PSN and future iterations of the Government's Secure Intranet (GSI) while there is a business need.
- We need to help support the Council's commitments on climate change reduction.
- Where qualifications in Prince and MSP have lapsed, their renewal must be balanced against the need to consider new methodologies more suited to working in a changing environment.

4.3 Current Applications, Software and Information

Applications and software are reviewed periodically to ensure they meet our needs. Appendix 1 is a schedule of these and shows their current status and potential review dates.

The Council must have the business and corporate applications and technologies in place to enable communications and provide access to information. Our systems need to support service delivery and we are working to enable people to use the best channel and encourage them to self-serve via the Internet.

The information held in our systems must be fit for purpose and available where and when it is needed to those authorised to use it.

During the last Strategy we:-

- Implemented a new CRM (Customer Relationship Management) system in 2014. Developing its use by the Contact Centre and for self-service is an iterative process.
- We ceased our Enterprise Agreement with Microsoft in 2010. We are only licensed to use versions up to those currently installed (Windows 7, Office 2010 and Server 2008 clients).
- Implemented a new Leisure System and a PCIDSS compliant e-payments solution.

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- Expanded our use of social media with corporate and service specific (e.g. leisure) accounts.
- Complied with the requirements to publish data under the Transparency Code (2015).

Known Application, Software and Information Issues:-

- ✦ We need to continue the development of our digital services (website, self-services and internet/social media tools) to help support the ambitions of the Customer Access Strategy.
- ✦ Some services and functions are not supported by business applications.
- ✦ Integration between applications could deliver efficiencies but is costly.
- ✦ Some of our applications can't be enabled easily for use by home or mobile workers.
- ✦ To decide if we take out a new Microsoft agreement or how other software could be used.
- ✦ The need to maintain and develop corporate systems to meet service or corporate needs.
- ✦ Need to remain on supported versions of systems, resulting in regular upgrade projects.
- ✦ Some of the data held in our systems is not of the quality or completeness we require.
- ✦ We need to review and improve GIS data and expand the use of our Address Gazetteer.
- ✦ New information classification schemes are emerging which we will need to accommodate.
- ✦ The need to comply with the mandatory parts of the Transparency Code (2015) and subsequent versions.
- ✦ File sizes and the demand for transferring and storing data and media files are challenging.

4.4 Current Infrastructure and Hardware

A reliable infrastructure underpins access to systems, information and resources such as telephones and printing. As part of the Accommodation Project there has been major investment in cabling, power, network hardware and telephony. The size of the Server Room has been reduced and new cooling and power protection were installed. We now need to make best use of this new infrastructure and ensure that future needs are anticipated and accommodated.

Work to improve the provision of Superfast Broadband in the Borough is underway supported by BDUK and match funding from this Council and County Council. It is anticipated that by 2017 approximately 85% of premises will be able to connect to Superfast Broadband and the aspiration is that by the end of this Strategy this figure will be 98%. A lack of access impacts directly on the people of the Borough and on our ability to connect to locations cost effectively.

The Council has invested in its technical infrastructure and now has the following in place:-

4.4.1 Hardware

- Computers - A replacement programme based on a "fit for purpose" test guides the purchase of PCs and monitors.
- Mobile Devices - Laptops, tablets or smartphones are used where there is a business need.
- File Servers – We have a virtualised server and storage solution, running VMware. This helps with server installation and enables data to be replicated to a Disaster Recovery site.
- Server Software – We have server software up to Server 2010 installed.
- Community Hubs – We have ICT facilities in Community Rooms, on the BOB bus and in community locations for public use as advocated in the Customer Access Strategy.
- We have some jobs roles where staff that have no, or limited, access to Council ICT.

4.4.2 Communications Infrastructure

The communications infrastructure enables the Council to store, produce, disseminate and communicate information.

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Network

- Local Area Network (LAN) - The Council has a 10Gbit switched network covering the two main administrative buildings and can provide up to 1000Mbit connections to the desktop.
- Wireless – Provides, limited, Wi-Fi access in the Civic Suite and around the Council House.
- Firewall – Two makes of firewall are used to provide secure access to the network.
- Cabling Standards – The Council House, Old Bank House and Coleshill Leisure Centre have Cat 6 cabling and OM3 fibre between the main buildings and between the floors within them.
- County Network – We have a single connection to the County network.
- Secure Logon – Two factor authentication is used for remote and home working.
- Internet – We have a 100Mb internet line for web browsing and SIP⁵ voice calls.

Email

E-mail is an essential business communication tool and therefore the reliability and accessibility of this service is essential.

- The Email server was replaced in 2014 and the software upgraded to Exchange 2010.
- We have an Email archive solution which helps to improve resilience, searching and restore.
- The Council uses “Good for Enterprise” for mobile device and email management.

Telephony

The Council replaced its old Index Switch and the MacFarlane ADC used by the Contact Centre as part of the Accommodation Project.

- The Council’s Mitel VOIP telephone system was upgraded significantly and new software installed to cater for its use by the Contact Centre and corporately.
- Leisure Centres have been brought onto the corporate Mitel system which has reduced cost and increasing convenience.
- During 2015 we will migrate to SIP trunking service for telephone calls.

Printing

The Council has a policy of using multi-function workgroup devices (MFDs), which can print, copy and scan at a lower cost than small devices. Our current contract with Xerox ends in 2016.

- The Xerox MFDs have secure printing facilities deployed for printing, copying and scanning.
- There is a Xerox production copier and a colour copier, which are used via the Print Room.
- The large format plotter, printer and scanner were replaced by two devices saving space.
- Small printers have been phased out except where there is a case for their retention.
- The old, costly line printers used for cheques have been replaced by a laser printer solution.

4.4.3 Home Working, Flexible and Mobile Working

- Our home and flexible working solution using broadband and Citrix is widely used.

⁵ SIP – Session Initiated Protocol - telephone line service which uses national internet services to provide a more flexible and lower route for inbound and outbound voice calls.

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- There is a secure virtual private network (VPN) for managed access to the Council's network and applications.
- Thin Client Solution – Citrix access is the approved, secure solution for home and flexible workers. It enables the use of personal devices for some work purposes.
- Mobile Working – The “Good” application is used to provide email to mobile devices.
- Housing maintenance staff are using tablet devices to access their jobs and information.

Known Infrastructure and Hardware issues:

- Personal Devices – PSN compliance impacts on the use of personal devices. We need to balance business needs and efficiency with security risks and compliance.
- Mobile Working – Services want to expand their use of mobile working (e.g. Housing), review their current arrangements (Streetscape) or implement new processes (Planning).
- Connectivity – The lack of fast broadband and pervasive mobile phone and data coverage is a problem in the Borough. It affects people's ability to self-serve and work on the move.
- Thin Client Solution – Our Citrix environment used by home and flexible workers and to deploy applications is being updated during 2015.
- Home and Flexible working – The solution is sized for current use and would need to be upgraded if the Council increases this type of working or introduces hot-desking.
- Servers and Virtual Environment – Our servers and shared storage need to be reviewed regularly to ensure they are fit for purpose and running supported software.
- Server Software - Need to upgrade server client licenses and server operating system software before they become unsupported by their developers.
- Backup – Our solution will be reviewed in 2015/16 and resolve speed and capacity issues.
- Print and Copy – The service required and the options available will be reviewed in 2015/16 with the preferred option implemented before the end of the Xerox contract in 2016.
- The hardware used to run applications needs to be reviewed and replaced or upgraded, if necessary, as it reaches “end of life”.
- Communications - The Mitel system has some unified communications functionality which needs to be investigated and could help improve internal communication and collaboration.

4.5 Skills and Knowledge

4.5.1 Employees and Councillors

Most Council jobs require some use of computers and the majority of staff and Councillors have access to ICT and applications. Staff and Members must be given the chance to gain the skills and confidence they need to use them effectively.

We provide awareness of, and training in, the use of technology, information and systems:-

- Appraisal - Skills and knowledge needed for jobs and by staff are considered at Appraisal.
- Application Training – Corporate Services staff provide training in the use of corporate applications e.g. TOTAL and Trim. Service application training is organised with the supplier.
- Package Training – Has been provided via an agreement with Warwick District Council.
- Technical Training - Specific technical or IT project related training is arranged by IS.
- On the Job Training - Provided for new staff by their services on relevant applications.
- Awareness – Open Days and workshops are provided to raise ICT awareness.
- Briefing sessions are held on policy and strategy changes.
- Induction – All new staff and Members who are expected to use a computer are given an ICT Induction within two weeks of starting work with the Council.

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- Process Improvement – A number of IS staff are trained in various process improvement and change management techniques such as “Systems Thinking”

4.5.2 Community

This Strategy needs to support the development of skills by local people and the ambitions set out in the Customer Access Strategy.

- Skills – Promote the Get Online campaign and support online training in the community.
- Access – Free internet and computer access is provided at Hubs, on the B.O.B bus and in community rooms.

Known Skills and Knowledge Issues:-

- We need to keep on top of the changing skills and knowledge required to exploit applications and technologies such as social media.
- Our IT project management qualifications have lapsed and alternative approaches are emerging which need to be evaluated.
- The skills needed to implement and support ICT are diverse and in some cases specialised. We need to develop, buy-in or share these skills to be effective.
- In areas we are reliant on one or two staff with specific skills and knowledge.
- We need to have the skills to support the access and ICT elements of the Sustainable Community Strategy, Customer Access Strategy, Consultation Strategy and Service Plans.
- It is anticipated that using information from our system and other sources to support decisions will become increasingly important. Our skills and capacity to do this are limited.
- Skills are needed to effectively publicise, promote and measure the use and impact of our digital, on-line services.

5. Future Strategic Aims

The Council must continue to exploit and invest in hardware, systems, information and skills if it is to address the issues identified in Section 4 and deliver ICT solutions to meet the Council’s needs.

5.1 ICT Governance

The Council needs to continue to develop the governance of ICT, including our approaches to ICT service provision, partnerships and innovation.

ICT Governance – Strategic Aims:

Our Strategy seeks to develop structures and services which address the following:-

- ✿ **Shared Services** - Respond to, and help enable, any approved Shared Services or joint working initiatives. Exploit opportunities for ICT collaboration where they save cost or provide capacity or capability.
- ✿ **Digital Services** - Develop and encourage the use of customer focused, accessible on-line digital services, such as Internet payments and self-service.
- ✿ **Mobility** - Provide access to information and services regardless of location (Council buildings, at home, on site), time or device.
- ✿ **Accessibility** - Provide accessible information and services by complying with standards and by delivering services in ways people want and value.

- ✿ **Business Continuity (BC)** – To minimise and manage ICT risk by ensuring ICT BC arrangements, which meet Council and service needs, are in place and regularly tested.
- ✿ **Disaster Recovery** – To have a DR contract or alternative solution in place which ensures business critical systems can be recovered in a disaster situation.
- ✿ **Project Management** - Business cases must be produced to identify how systems help deliver Council priorities and clearly identify benefits.
- ✿ **New Ways of Working** – Help the Council respond effectively to change and the organisational impact of new systems and ways of working.
- ✿ **Benefits Realisation** – Ensure benefits of new processes and technologies are identified and measured to establish if they are benefiting the Council or improving people’s lives.
- ✿ **Performance and Service Management** – Manage and improve the performance of the ICT Service by being customer focused and providing good, value for money services.

5.2 Standards, Legislation and Good Practice

The Council must continue to abide by legislation, adopt standards and apply good practice approaches to security, information and technology.

Standards, Legislation and Good Practice – Strategic Aims:

Our Strategy seeks to implement standards and adopt good practice to help us manage technology and information securely and effectively:-

- ✿ **Information Security** – Provide technology to enable the Council to store and manage its own, partner and customer information securely and successfully.
- ✿ **Security Standards** - Protect the Council’s physical and information assets and ensure confidentiality for our citizens by using ISO 27001:2013 as a good practice guide.
- ✿ **Data Transfer** – Ensure data collection, transfer and storage is done securely and where necessary compliantly.
- ✿ **Policies** – Have relevant and up to date policies and good practice guidance and ensure staff and Members are aware of them and their impact on their use of ICT or information.
- ✿ **Information Management** – To manage, use and share information effectively by using relevant classifications, schemas and information management standards in our systems.
- ✿ **Compliance** – Provide systems and processes to help comply with, and respond to, legal requirements such as Freedom of Information (FOI), Environmental Information Regulations (EIR), the Data Protection Act (DPA) and the Transparency Code 2015.
- ✿ **Data Format** – Ensure our electronic information assets are in a format which can be used by the Council for as long as they are required.
- ✿ **Transparency & Open Data** – Publish data stipulated by the Government in its “Transparency Code”. Make other data available for use where there is a demand to do so.

5.3 Applications, Software and Information

The applications used by the Council must be developed, maintained, upgraded and if necessary replaced so that services are well supported and information is available.

Applications, Software and Information – Strategic Aims:

Ensure services are supported by effective applications, suitable software and reliable information. To achieve this we will:-

- ✿ **Be Business Driven** – New applications or upgrades will be driven by our and customers' needs and a business case.
- ✿ **Reuse** – When possible we will utilise software and applications already purchased.
- ✿ **Buy Not Build** – Buy “off the shelf” applications written for the Local Government market or which contain the functionality we need as standard.
- ✿ **Collaborate** - Look to work with other Councils to share, host or implement systems together where we can achieve efficiencies.
- ✿ **Integrate** – Use integration to improve processes if there is a business case.
- ✿ **Efficiency** – Use tools and applications to improve functionality and user experience.
- ✿ **Cost Effective** – Provide value for money solutions by investigating and if feasible implementing free or lower cost software, systems and services.
- ✿ **Web and Social Media** – Enable the use of web technologies such as social media to meet business needs around information, consultation and engagement.
- ✿ **Application Review** - Investigate, bid for funding and if a business case is approved replace applications identified in the plan provided as Appendix 1.
- ✿ **Transparency** – Be aware of the requirements of the Transparency Code and publish mandatory data at the frequencies set in the code (monthly, quarterly or annually).

5.4 Infrastructure and Hardware

The majority of our aged ICT infrastructure was replaced in 2013/14. Our challenge is to ensure that the new infrastructure remains fit for purpose and serves us through the foreseeable future.

Infrastructure and Hardware – Strategic Aims:

To provide a modern and robust infrastructure through approved investment which will meet the Council's current and anticipated needs and ambitions; we will:-

- ✿ **Communication** – Identify and evaluate new, and utilise existing, methods of communication and collaboration which add value to services, citizens and customers.
- ✿ **Availability** - Maintain agreed levels of infrastructure availability, resilience and reliability.
- ✿ **Innovation** – Use technology to support innovative ways of working which deliver efficiencies and / or improve services delivery and working practices.
- ✿ **Appropriate Technology** - Provide up to date and fit for purpose hardware and software.
- ✿ **New infrastructure** – Ensure the infrastructure is maintained and developed to meet the Council's current and foreseeable future needs.
- ✿ **Thin Client** – Purchase and implement an upgrade of our Citrix, thin client environment.
- ✿ **Printing** – Provide suitable print services and technology (MFD's, plotters, scanners etc) and only keep high cost small printers if there is a strong business case for their retention.
- ✿ **Choice** – Work to enable staff and Members to use their own device of choice where appropriate to securely access to information and systems.
- ✿ **Broadband** – Work with the CSW Broadband Project to improve Broadband coverage and speeds within the Borough.
- ✿ **Community Access** – Provide technology and solutions to meet service's ambitions for community access e.g. Community Hubs, Cyber Cafes, Community Room computing.

ICT Skills

Providing the skills needed to utilise ICT is essential if we are to get the most from ICT investment and information assets. Initiatives which help the public to develop ICT skills and the confidence to use the Internet will benefit them and support the delivery of Council strategies and priorities.

Skills – Strategic Aims:

To ensure an awareness of the opportunities to exploit and efficiently use ICT; we will:

- ✚ **New Software** – Provide staff and Members with the awareness and skills needed to use and exploit corporate software including Office and Windows.
- ✚ **Future Skills** - Continue to develop staff to have the skills needed to use the applications and information they require to do their jobs effectively.
- ✚ **Technical Skills** – Have the technical skills needed to managed and develop ICT through training our own staff, buying in services or working in partnership.
- ✚ **Process Improvement** – Provide skills to help services transform and improve their business processes and deliver efficiencies
- ✚ **Community ICT Skills** – Help residents gain ICT skills and awareness through Council Projects such as Community Hubs and by supporting initiatives such as Learn My Way.

6. Conclusion

There will always be a need for day-to-day, tactical and technical decisions. However, we will use this Strategy as a guide; ensuring that decisions are aligned with it and that there is a business case for investment and action.

Occasionally there may be changes or new opportunities that have such a profound effect on the Strategy that an early review or major change is necessary.

Actions to help implement the Strategy are contained in the Corporate Services Service Plan and Other Service's Plans, when appropriate, and these are approved by Members annually.

Application Schedule - Status and Plans

Business Area	Application	Date Implemented	Fit for purpose	Plans
Service Applications				
Revenues & Benefits	Academy	Pre 2000	Yes	Hardware replacement in 2015
Housing Maintenance	Open Housing	2003	Yes	Hardware review 2016
Housing Rents and Allocations.	Open Housing	2005	Yes	No plans to replace application.
Housing Mobile Working	Total Mobile	2014	Yes	Implementation on-going.
Land Charges	Northgate(iLap)	2005	Yes	Review 2015 as part of Systems Thinking / Service Reviews.
Planning	Northgate(iLap)	2005	Yes	
Environmental Health	Civica – Flare	Pre 2000	Yes	Hardware review 2016
Refuse (Route Planning)	Webaspx	2012	Partially	Review 2015
Committee Minutes	Jadu	2009	Yes	Jadu upgrade 2015
IT Service Desk (Helpdesk)	Richmond	Pre 2000	Yes	No plans to replace.
Leisure Management and Booking.	Gladstone	2015	Yes	Implementation during 2015
Electoral Registration & Management	eXpress	2008	Yes	Review 2017
Shared Applications (corporate cross-cutting information systems)				
Contact Centre – CRM	Firmstep	2014	Yes	Review 2019
Automatic Call Distribution (ACD)	Mitel	2014	Yes	Review 2020
Finance & E-procurement	Consilium - Total	2005	Yes	Hardware review 2016
Local Land and Property Gazetteer	Northgate BS7666	2012	Yes	Review 2016
Assets (Facilities)	IBS	2003	Partially	Review 2017
Assets (Finance)	RAM	2008	Yes	Review 2017
Bank / Payment Transfer	EIGER (BACS)	2005	Yes	No plans to replace. Upgrade 2015
Cash Receipting & Phone Payments	Capita	2012/13	Yes	Review 2018
HR and Payroll	WCC Service	2009	Yes	Review 2015
Fleet / Driver Management	Fleetcheck/Tom Tom	2011	Partially	Review 2015
Application Support Tools (software to help people use and present information)				
GIS	Cadcorp GIS	2005	Yes	No plans to replace. Upgrade 2015

Business Area	Application	Date Implemented	Fit for purpose	Plans
Reporting Software	Crystal Reports	Existing	Yes	No plans to replace.
Project Planning Software	Microsoft Project	Existing	Yes	No plans to replace.
Common Infrastructure Services				
Corporate EDRMS & Workflow	Tower Trim	2005	Yes	No plans to replace – Review 2018
Content Management-Web & Intranet	Jadu	2005. Hardware 08	Yes	Major upgrade in progress 2015
Directory Services	Microsoft AD	Existing	Yes	Review/Update 2015
Personal Productivity – Word, Excel	Microsoft Office	Office 2010 in 2014	Yes	Review 2018
Email & Calendar	Exchange & Outlook	Exchange 2010 in 2014	Yes	Review 2018
Email Archive	Cryoserve	2005	Yes	Review 2017
Infrastructure				
Members ICT	Hardware & software provided to members	Latest update from May 2011	Yes	Reviewed May 2015. Next review April 2019.
Microsoft Server Operating System.	Windows 2007 Server.	2010	Yes	Review with new server purchases.
Client Assess Licenses	2008 r2	Existing	Partially	New licenses purchased 2015.
Remote Access	Citrix	Existing	No	Version going out of support. Review 2014. Implement replacement 2015.
Unix Operating System	Solaris	2004, upgrade 2009.	Yes	Review 2015 (Academy project).
Desktop Operating System	Windows 2003, 7	Windows 7 by 2015	Yes	Review 2017.
Internet Browser software	IE 8, Firefox	Existing	Yes	Upgrade as needed.
Telephone Switch Management	Mitel	2014	Yes	No plans to replace. Review 2020.
Desktop and Server Anti-virus Software	Symantec Anti Virus	Existing	Yes	Reviewed Annually before renewal.
Backup Software	Veritas	Upgraded 2011	Yes	Review 2015.
Preferred Database Management Systems	Oracle SQL Server	Existing	Yes	No plans to replace.

Agenda Item No 12

Executive Board

21 September 2015

Report of the Assistant Director (Streetscape)

Civil Parking Enforcement

1 Summary

- 1.1 This report asks for Members' support for Warwickshire County Council and North Warwickshire Borough Council to work together on a joint approach to parking enforcement and management within North Warwickshire and to consider the implementation of Civil Parking Enforcement across the Borough.

Recommendation to the Council

- a That North Warwickshire Borough Council jointly explores with Warwickshire County Council the future of parking management and enforcement across the Borough;**
- b That North Warwickshire Borough Council formally supports the application for the implementation of a Civil Enforcement Area by giving its agreement to Warwickshire County Council to starting the process of implementation; and**
- c That a fundamental review of North Warwickshire Borough Council's off-street parking management and enforcement is undertaken in order to complement and support the future implementation of Civil Parking Enforcement within the Borough.**

2 Background

- 2.1 Civil Parking Enforcement (CPE) is the name given to the transfer of powers under the Traffic Management Act 2004 (Part 6) from the Police to local authorities for enforcing most on-street parking contraventions. The 2004 Act replaced Part 2 and Schedule 3 of the Road Traffic Act 1991 which allowed for the implementation of Decriminalised Parking Enforcement.
- 2.2 Warwickshire County Council would be the responsible body for implementing CPE and undertaking on-street enforcement. Warwickshire County Council's Parking Strategy (which is attached at Appendix B and which forms part of the current Local Transport Plan) aims to utilise Civil Parking Enforcement to deliver the following benefits:

- Better turnover of on-street spaces arises from better enforcement. Drivers are less willing to overstay as the risk of getting a Penalty Charge Notice (PCN) increases. The increase in availability of parking spaces will benefit residents, local businesses, shoppers and visitors.
- Improved traffic flow. The increased availability of on-street parking spaces reduces congestion caused by drivers searching for on-street spaces. This in turn will lead to improving the local environment.
- Improved road safety through better enforcement of illegal parking on yellow lines, at road junctions, on narrow streets, and in designated loading bays.
- Improved accessibility for emergency services, public transport and utilities vehicles.
- Improved accessibility for people with disabilities who rely on the use of the car, through better enforcement of disabled parking spaces.
- Less parking on footways, making life easier for pedestrians and wheelchair users.

2.3 Following a meeting of officers and Members from the Borough and County Councils to discuss parking management and enforcement within the Borough of North Warwickshire, the Head of Transport and Highways at Warwickshire County Council wrote to NWBC to propose a joint approach to parking management and enforcement and to seek the Borough Council's support to start the process of implementing CPE through the initial application to the Secretary of State to implement a Civil Enforcement Area.

...

3 Off-Street Parking Management and Enforcement

3.1 On-street parking provision and its enforcement is only one part of the way that parking within North Warwickshire is managed. In addition to on-street parking and private off-street parking (primarily at supermarkets and similar sites) there are a number of Council owned and operated off-street car parks situated across the Borough.

3.2 At present, the enforcement of on-street parking is the responsibility of the Police. With the implementation of CPE, the amount and type of enforcement of on-street parking is likely to change and this will have a knock-on effect on off-street parking provision. In order for North Warwickshire Borough Council to support better enforcement of on-street parking while continuing to provide sufficient off-street parking capacity, the Council will need to ensure that its car parks are managed and enforced effectively and in a way which complements the provision and enforcement of on-street parking.

- 3.3 In order to continue to provide an effective off-street parking service which serves the needs of residents, visitors, shoppers and commuters the Borough Council will need to undertake a fundamental review its car parks focussing on capacity, waiting times and restrictions, availability and enforcement with a view to ensuring that there is sufficient available capacity and turnover (or churn) to meet the varying needs of car park users throughout the day. Any identified changes to the way off-street parking is provided, managed and enforced will need to be planned, consulted on, agreed and implemented in time to support the future implementation of Civil Parking Enforcement within the Borough (which is likely to take around 18 months). It is important, therefore, that the review process is begun as soon as possible.

4 Report Implications

4.1 Safer Communities Implications

- 4.1.1 The appropriate provision, management and enforcement of on-street and off-street parking can have an impact on local communities and the safety of the road network.

4.2 Sustainability Implications

- 4.2.1 Effective parking policies, properly managed and enforced can significantly improve the local environment.

4.3 Equalities Implications

- 4.3.1 Effective off-street and on-street parking provision and enforcement should meet the needs of car users with disabilities and improve accessibility.

The Contact Officer for this report is Richard Dobbs (719440).

Communities Group

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Mr R Dobbs
Assistant Director (Streetscape)
North Warwickshire Borough Council
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17 August 2015

Dear Richard

Civil Parking Enforcement – North Warwickshire

Following our recent meeting to discuss parking management issues across North Warwickshire I can confirm that Warwickshire County Council would be happy to undertake a joint approach with North Warwickshire Borough Council to explore the future of parking management and enforcement in the Borough.

As discussed, from a County Council perspective, this would involve the consideration of Civil Parking Enforcement (CPE) across the Borough. This would allow Warwickshire County Council to employ officers to enforce parking contraventions where controls, such as double yellow lines or parking bays, are in place.

In order to implement CPE, Warwickshire County Council would need to apply to The Secretary of State to implement a Civil Enforcement Area. North Warwickshire Borough Council's support of an application would be necessary and we would welcome your agreement to starting this process. Once you have confirmed this I will ask Officers to set up an initial scoping meeting.

Yours sincerely



Graeme Fitton
Head of Transport & Highways

*Working for
Warwickshire*

20. LTP3 Parking Strategy

20.1 Introduction and overview

Car parking plays a key role in influencing travel decisions, in terms of route, mode and destination. Often the cost and availability of parking are factors when making decisions about whether or not to drive to a particular location. This strategy concerns the management of car parking in Warwickshire and its role in managing congestion and the effects of congestion. Related parking issues for cycles, motorcycles and Heavy Goods Vehicles are dealt with in more detail in respective separate Local Transport Plan strategies.

This Parking Strategy builds on the policies and achievements of the last Local Transport Plan. It affords WCC the opportunity to consider how the management of parking should be taken forward in a coherent and cost effective way.

During the last Local Transport Plan period, Decriminalised Parking Enforcement (DPE) was successfully implemented in Warwick and Rugby Districts, and the operation of DPE in Stratford-upon-Avon continued to be successful. The introduction of DPE in Nuneaton and Bedworth and in North Warwickshire is expected to take place not long after this Plan is adopted.

Recently, the language of parking enforcement has changed and it is now known as “Civil Parking Enforcement (CPE)”, and parking attendants are now known as “Civil Enforcement Officers”.

In Stratford-upon-Avon, the parking strategy has the added dimension of the availability of Park and Ride. Here, the County and District Councils are working together to promote the use of Park and Ride for long stay and commuter parking, with off-street town centre car parks being promoted more for use by visitors and shoppers, and on-street parking providing a facility for short stay. Following on from the increasing success of the Stratford-upon-Avon Park and Ride, the County Council will continue to promote local bus and rail based Park and Ride as a means of managing congestion and the impact of traffic in Warwickshire’s towns.

20.2 The policy context

20.2.1 National policy

The Road Traffic Act 1991 provided for the decriminalisation of most non-endorsable on-street parking offences within a defined geographical area, subject to successful application to the Secretary of State by the relevant traffic authority. Under this Act, the enforcement process gave local authorities powers to adopt Permitted Parking Areas/Special Parking Areas (PPA/SPA) within which they can enforce most stationary parking restrictions, leaving the Police service to deal only with endorsable offences such as parking on a pedestrian crossing or causing obstruction. The endorsable offences remained criminal, whereas non-endorsable offences become a civil debt, and the responsibility of the local authority.

Under CPE the Penalty Charge Notice (PCN) replaced excess charge notices (off-street), and a Police issued fixed penalty notice (on-street), both of which had been used to notify drivers that they had committed an offence and were required to pay a charge. A PCN has the status of an unpaid bill and, unless the driver takes action to challenge it, payment remains due as a civil debt. If payment is not made, the Council’s recourse to County Court is to collect the debt, not to prove the offence.

By law, all London Boroughs were required to take on the new powers by 1 July 1994. Outside London local authorities had the choice whether or not to adopt the powers. As of December 2007, Warwickshire County Council is the Highway Authority for Warwickshire and is committed

to adoption of the powers in partnership with the District and Borough Councils within the County.

Part II of the Road Traffic Act 1991 enabled local authorities to take over from the Police service the enforcement of parking regulations and from 31 March 2008 these regulations were replaced by the parking provisions in Part 6 of the Traffic Management Act 2004 (TMA), to provide a single framework in England for the civil enforcement of parking (including on pedestrian crossings), bus lanes, some moving traffic offences and the London lorry ban.

All Local Authorities with DPE powers were required by law to adopt the provisions of the TMA from 31 March 2008. Local Authorities who wish to take over enforcement of parking regulations from the police after 31 March 2008 will do so under the provisions of the TMA (this will apply in the case of Nuneaton and Bedworth Borough and North Warwickshire Borough).

Under the TMA, Decriminalised Parking Enforcement became known as Civil Parking Enforcement (CPE), and an existing Permitted Parking Area/Special Parking Area as a Civil Enforcement Area (CEA) with the addition of Special Enforcement Area (SEA) for some contraventions. Parking Attendants have a wider remit and become known as Civil Enforcement Officers (CEOs) (Parking).

The main changes introduced under the TMA are as follows:

- To increase public confidence in parking by providing a system which can be seen to be balanced and fair to the motorist by publication of the Local Authorities' policies on enforcement.
- To improve public understanding of the way in which parking enforcement contributes to a better environment through reduction in congestion and improvements in road safety.
- To introduce differential penalty charge levels based on the Secretary of State's directive on the seriousness of the contravention.
- To extend the list of contraventions currently enforced within London to Local Authorities outside London. These comprise double parking (defined as a vehicle parked 50 centimetres or more from the kerb) and parking on zig-zag markings at a pedestrian crossing.
- That parking adjacent to a dropped footway is also enforceable by the Local Authority.
- To allow the serving of a penalty charge by post, in situations where the CEO is prevented from serving the notice by affixing it to the vehicle or handing it to the driver.
- To increase compliance with parking restrictions through clear, well designed, legal and enforceable traffic orders, signs and road markings; and the full use of the media to inform the public of changes in parking controls.
- To ensure that staff employed to carry out the enforcement processes are fully trained to a recognized standard.
- To regularly appraise the effectiveness of the scheme in consultation with stakeholders, and take account of views expressed to ensure that parking policies still apply at the right place and time.
- To publish annual reports on the performance of the scheme including financial returns.

20.2.2 Regional policy

The West Midlands Regional Spatial Strategy includes a specific policy, T7, relating to Car Parking Standards and Management. In particular, T7 promotes that "Local authorities, working together, should manage their car parking to reduce congestion and encourage more sustainable forms of travel by:

- managing the supply, location, and price of parking in town and city centres to limit the provision of longstay spaces, where this is necessary to reduce congestion;
- co-operating with each other to avoid using car parking charges as a tool for competition between centres;

- using additional income to support the development of more sustainable forms of travel;
- securing an adequate supply of car parking at railway stations and other transport interchanges;
- securing local Park and Ride sites as an alternative to town centre parking; and
- developing a network of strategic Park and Ride sites, generally at railway stations, to meet the needs of the Region (T6).”

20.2.3 Existing local policy

At its meeting on 19 July 2007, Warwickshire County Council’s Cabinet confirmed or adopted policies for:

- Waiting restrictions (Traffic Regulation Orders, TROs)
- Disabled persons parking places
- Residents parking schemes
- Footway parking.

Furthermore, at Cabinet’s meeting on 7 June 2007, it was confirmed that Local Transport Plan funds would not be used for works to facilitate parking on verges.

These policies, or as varied by the County Council, will apply throughout the lifetime of this LTP.

Parking standards for residential and non-residential off-street parking are contained in the Supplementary Planning Documents of the individual District and Borough Councils. These standards are used to assess proposals from third party developers. Importantly, these documents also give standards for the provision of disabled parking, and parking for cycles (in the case of non-residential parking).

In the specific case of Stratford-upon-Avon, the County Council fully supports the District Council’s vision for a World Class Stratford. This vision is encapsulated in the Urban Design Framework which was adopted as Supplementary Planning Guidance in July 2007. The UDF contains details of existing parking provision in Stratford-upon-Avon and of the aspiration that the balance of short and long stay car parking should be changed to promote the use of Park and Ride and to improve the public realm, particularly within the area known as the ‘Walkable Core’.

20.3 Overview of the current situation

20.3.1 Background

There are three broad categories of car parking in Warwickshire. These are:

- *On-street* – Parking within the adopted highway boundary that is regulated by the Highway Authority which may be subject to a charge or limit to the length of stay. Enforcement of parking regulations has historically been carried out the Police but following the process of Decriminalised Parking Enforcement can be carried out directly by the highway authority or its agents;
- *Public off-street*– Parking areas, normally provided by District or Borough Councils, which are open to public. Typically users are charged according to length of stay; and
- *Private off-street* – Parking that is privately owned for use by the owners, typically residents, employers, retailers and leisure facilities. This category includes commercial parking operations.

On-street parking is the only type over which the County Council has direct control and can change the level and type of provision.

The majority of parking within the County’s town centres is provided by off-street, publicly operated, car parks and on-street parking. Typically parking stock is added to by large car parks

operated by supermarkets and smaller privately operated car parks. In general, in order to support town centre economies short-stay parking tends to be located closer to the town centres and long-stay towards the outside.

Most of the town centres have market days, which naturally increase parking demand and can lead to some displacement of parking out of central parking facilities to nearby areas.

Illegal and inconsiderate parking affects everyone who uses the roads within Warwickshire. Enforcement is necessary to persuade motorists to comply with the regulations in force and achieve the benefits detailed below:

- Better turnover of on-street spaces arises from better enforcement. Drivers are less willing to overstay as the risk of getting a PCN increases. The increase in availability of parking spaces will benefit residents, local businesses, shoppers and visitors.
- Improved traffic flow. The increased availability of on-street parking spaces reduces congestion caused by drivers searching for on-street spaces. This in turn will lead to improving the local environment.
- Improved road safety through better enforcement of illegal parking on yellow lines, at road junctions, on narrow streets, and in designated loading bays.
- Improved accessibility for emergency services, public transport and utilities vehicles.
- Improved accessibility for people with disabilities who rely on the use of the car, through better enforcement of disabled parking spaces.
- Less parking on footways, making life easier for pedestrians and wheelchair users.

Parking enforcement should contribute to the Authority's transport objectives. A good enforcement regime is one that uses quality based standards that the public understands, and which are enforced fairly, accurately and expeditiously. This is consistent with current national best practice and the policies described aim to provide clarity, consistency and transparency within the enforcement process, and compliance with the objectives of the Traffic Parking Tribunal and the Local Government Ombudsman. The Warwickshire Authorities fully support the underlying principles contained within TMA, and are working toward a common approach towards civil parking enforcement across the County.

It is a common misconception that schemes such as civil parking enforcement are a means of making money for the local authority, and that civil enforcement officers work to targets. This is not true. The scheme is self financing. Civil enforcement officers do not work to targets and any surplus revenue has to be used for transport and environmental improvement purposes, thus making our roads safer and more useable for everyone.

In summary, WCC is responsible for:

- Making the Traffic Regulation Orders (TRO's) which are the legal basis for the parking restrictions in force throughout the County.
- The level and times of operation of on-street parking charges.
- The rules for on-street parking permits allocation.
- Maintenance of signs and road markings relating to on-street parking restrictions.

The District and Borough Councils are responsible for:

- The levels and times of operation of charges within those off-street car parks managed by the District/Borough.
- The rules for off-street season ticket allocation.
- The signage and surface markings relating to off-street car parks.
- Enforcing the parking regulations on- and off street (where CPE applies).

- Dealing with disputes to the issue of a PCN for both on and off-street parking.
- Managing the resident parking schemes on behalf of WCC
- Employing the staff required to carry out the enforcement processes for off-street parking and on-street parking where CPE applies.

20.3.2 Parking in Stratford-on-Avon District

Parking in Stratford-on-Avon District was the first to be decriminalised in October 2004. The District Council have responsibility for enforcing the on- and off-street restrictions. There is on-street pay and display in the centre of Stratford-upon-Avon, with maximum stay restrictions of 30 minutes, one hour or two hours depending on the proximity to the main shopping area of the town. There is also an extensive area covered by Residents Parking Schemes. This has, however, led to issues of displaced parking further out of town in residential areas.

It is noticeable that the town centre spaces are generally occupied throughout the day, but, due to turnover, it is usually possible to find on-street parking if required. For longer stay parking, WCC and SDC have been working together to produce a charging strategy which promotes the use of Park and Ride or off-street car parking for longer stay visits. There is a large amount of off-street parking available (approximately 6500 spaces, of which 2800 are managed by SDC) within walking distance of the town centre. A car park variable message system indicates the number of available spaces in various town centre car parks. The privately operated and free-of-charge spaces in retail parks are highly utilised, especially at weekend. The popularity of the retail areas along the Birmingham Road in particular is leading to some congestion issues.

A Park and Ride facility was opened in 2007 at Bishopton, to the north-west of the Town Centre. At the time of writing, it opens daily Monday to Saturday from 07:30 to 19:30, and on Sundays and Bank Holidays during the summer. Patronage levels are slowly increasing. The County Council does not currently plan to open a second Park and Ride, although a third party is interested in operating a service from a site to the south-east of the town centre.

There are two designated coach parks in Stratford-upon-Avon – at Windsor Street and behind the Leisure Centre. There are limited facilities for coach drivers at both of these and the Leisure Centre car park feels remote from the town centre, making both reasonably unattractive. The District Council are currently considering options for the future of the Leisure Centre and the Bridgeway area which would improve the facilities and the connection to the town.

Recently cycle parking facilities have been improved in the town centre with the provision of dedicated stands in prominent locations. Parking for powered two-wheelers is accommodated in a special facility adjacent to the Bridgefoot multi-storey car park. The availability of car parking at Stratford rail station is restricted with 320 spaces. There are plans to introduce a bus-rail interchange as part of the redevelopment of the former Cattle Market site which will improve its accessibility and reduce the demand for car parking at the station itself. The proposed Stratford Parkway Station will have the benefit of being located adjacent to the Bishopton Park and Ride site and will absorb the car parking demand displaced from the existing station car park due to the Cattle Market development. Its location close to the A46, A3400 and M40 strategic road network makes the Parkway station very accessible by car and by Park and Ride bus from the town centre.

A Shopmobility service is operated in Stratford-upon-Avon town centre from a centre in the Bridgefoot car park.

There are enforceable on-street parking restrictions in other market towns in the District. There are no plans to introduce on-street pay and display outside of Stratford town centre at the current time. This situation will be reviewed if Stratford-on-Avon District Council decide to introduce off-street parking charges.

20.3.3 Parking in Warwick District

Parking enforcement was decriminalised in Warwick District in August 2007. It was decided to recognise the different parking characteristics in the three principal towns of Warwick, Leamington Spa and Kenilworth by implementing different restriction and charging regimes in each.

a Leamington Spa

Leamington Spa is the principal retail and commercial area and benefits from a considerable amount of on- and off-street car parking. The on-street parking spaces are very well used and turn over regularly. Pay and display has been introduced on 24 streets in the town centre permitting maximum stays of up to 2 hours. A number of Residents Parking Zones were introduced at the same time as DPE, primarily due to the close proximity of residential areas to the Town Centre. There has been some displaced parking into residential areas further away from the town centre.

In 2008 a car park management system was installed which indicates the number of car parking spaces available in off-street car parks.

There is a limited amount of parking at Leamington Spa Station which is at full capacity. The County Council are working with Chiltern Railways to increase provision, and to improve the non-car accessibility of the station particularly through the Leamington Spa Station Travel Plan.

There is a coach drop-off and collection point in the town centre in Newbold Terrace, with layover facilities provided at the Leisure Centre. The Spa Centre, Pump Rooms and the town centre itself are attractors of coach-borne visitors.

Cycle stands are provided at various locations along the Parade and side streets. The amount of cycle parking at Leamington station was doubled during LTP2 to meet increased demand.

Shopmobility is available in the Royal Priors car park and is open six days a week. A number of on-street disabled parking spaces were introduced when improvements were made to the Parade in 2006.

b Warwick

Parking restrictions in the town centre include areas of pay and display and of limited or prohibited waiting. The on-street parking restrictions in the town centre mean that spaces turn over frequently. There is also short and long stay off-street parking available around the town. In 2007 Warwick District Council established additional parking in areas known as St Mary's Lands around Warwick Racecourse. These have not been as well used as originally hoped, but their use is increasing.

In 2008 an innovative car park variable message system was installed which replicates brown tourist destination-type signs. Rather than giving numbers of spaces, the signs actually display the name of the most convenient and available car park for destinations such as Warwick Castle, the Racecourse and the town centre.

During the week considerable pressure is placed on on-street parking spaces in residential areas by County Council staff unable to park in designated car parks and employees of other businesses. These areas are protected by Residents Parking Zones and are well enforced. The County Council has introduced measures to try and reduce the demand for parking with incentives for car sharing, flexible working policies and promoting non-car based travel options. Residential areas around Warwick Hospital also experience problems with overspill parking.

The Warwick Bus Station was opened in 2008. It occupies land formerly available as car parking, and has provided an attractive alternative to car based journeys and patronage is increasing. It

also provides a facility for private coaches to drop-off/collect passengers visiting the town as well as the Castle. Layover facilities are provided at Myton Road and St Marys Land.

There is limited parking available at Warwick Station and there are no plans to change this. Warwick Parkway Station has considerably more parking available and there are plans to further increase the capacity of the car park in recognition of the increasing demand for travel from the Station.

Work is currently underway to identify additional locations for cycle parking in Warwick and to decide on the form of the stands. There is no specific provision for powered two-wheeler parking.

The previous Local Transport Plan included an aspiration to introduce Park and Ride to serve both Warwick and Leamington Spa, given an available site and funding. However, it has not been possible to make any progress and the proposal has now been modified to an aspiration for a 'Virtual Park and Ride' which could come forward with third party funding.

c Kenilworth

Kenilworth has an ample supply of both on and off street car parking. The recent developments at Talisman Square, including the opening of a new foodstore, has improved the attractiveness of the town centre and the regime of restrictions and charges is designed to promote shopping in this local centre. There are five Residents Parking Zones which are located around the Castle, the older part of town and near the town centre.

The proposed Kenilworth Rail Station will have approximately 90 car parking spaces which is expected to be sufficient for the predicted demand. The central location of the station within the town is likely to result in a high number of rail users walking to the station. There is currently limited provision for cycle parking in the town centre. Coach parking requirements tend to be associated with the Castle, which provides six spaces.

20.3.4 Parking in Rugby Borough

Parking was decriminalised in Rugby Borough in October 2007. In Rugby town centre, pay and display parking restrictions have been introduced, as well as Residents Parking Zones. There is a good supply of off-street car parking, although some may be lost due to proposed developments. Some town centre on-street parking may also be lost when the Rugby Town Centre Pedestrianisation Scheme is implemented in the near future.

The main issue for parking within Rugby relates to the differential use of certain car parks over others within the town centre. This is primarily linked to the spatial position of the key car parks in relation to the highway network, but is also affected by the nature of the facilities themselves. This results in certain car parks being over-utilised, and others having spare capacity. To illustrate this, at times of peak occupancy demand for parking currently accounts for some 70% of available spaces within the town centre. The newly opened Swan Centre adds to the privately operated off-street car parking which was already available at the Clock Towers. Disabled parking places are allocated in the Borough Council's car parks.

In response to this, the County Council (in conjunction with Rugby Borough Council) introduced a Variable Message Signing scheme to the key car parks within the town centre, the aim of which was to provide better information to drivers on the availability of car parking spaces. In parallel with this, the Borough Council implemented a full review of car parking charges in early 2009 which introduced a maximum stay provision of three hours in the four main town centre car parks. This appears to have been a successful policy change which has generated an increased turnover of spaces in these car parks.

The Park Mark scheme has recently been revised by the Government. As such, the Borough Council is considering whether to seek recognition for its car parks under this new criteria.

As part of the Rugby Transport Study, an assessment was carried out to identify the parking needs of the town up to the year 2026. This considered all known changes to the quantum and type of parking within the town (on- and off-street), including the implications of new development within the town centre.

Work undertaken to investigate existing and future parking supply within the town as part of the study has indicated that supply of on-street parking across the town centre as a whole is likely to remain comfortably in excess of predicted demand in the planning timeframe to 2026, with peak occupancy estimated to be at 84% of total capacity. However, it should be noted that demand for on-street parking along streets within the very central area of the town is likely to approach the level of supply within the same timescale. This position will be kept under review by the two Authorities.

The new rail station multi-storey car park off Mill Road opened in 2009. It has spaces for 496 cars. The rail station now has a total of 739 car parking spaces. Although there are no current plans to further increase car parking here the County Council will continue to work with Network Rail and Train Operating Companies to monitor this, and to improve the non-car accessibility of the station.

Cycle parking stands are provided throughout the town centre at public buildings and at the rail station

Coach parking is only permitted at the Westway car park.

20.3.5 Parking in Nuneaton and Bedworth Borough

At the time of writing, CPE had not been introduced in Nuneaton and Bedworth Borough although progress was being made towards its introduction. A previous proposal to introduce CPE in 2006 had been abandoned due to concerns about the operation of the Residents Parking Scheme and the appropriateness of some existing restrictions.

a Nuneaton

Nuneaton has some dense residential areas with terraced housing with no off-street parking and a shortage of on-street parking. Access to the town centre is restricted during the day by automatic rising bollards, but there is usually sufficient off-street parking available in multi-storey and surface level car parks, although some parking is taking place in residential areas to avoid charges. The new Ropewalk multi-storey car park is well used. There are 2176 off-street spaces available in Nuneaton.

New disabled parking spaces were introduced at the same time as the automatic rising bollards and there is a Shopmobility service operating at the Ropewalk car park.

Cycle parking stands are available throughout the town centre, at public buildings and the rail station.

The existing parking provision at Nuneaton rail station is very limited with only 151 spaces. The car park is regularly at capacity. The County Council will continue to work with Network Rail and Train Operating Companies to seek to increase car parking provision to improve the non-car accessibility of the station.

b Bedworth

Bedworth Town Centre also has a restricted area protected by automatic rising bollards. Off-street parking is available around the town centre in multi-storey and surface level car parks, and there are 624 spaces available. An additional 100 spaces are provided for customers of Aldi for a maximum stay of 2 hours at no cost.

Cycle parking stands are provided in the town centre, including behind the library.

There is no charge for parking at Bedworth Rail Station.

A Shopmobility scheme operates in Bedworth on two days per week.

20.3.6 Parking in North Warwickshire Borough

At the time of writing, CPE had not been introduced in North Warwickshire although progress was being made towards its introduction. Currently there are no off-street parking charges levied in the 15 off-street car parks operated by the Borough Council. Disabled parking spaces are available in most of these.

Coleshill Parkway Station has a 200 space car park and spaces are usually available. Cycle parking has also been provided. The Station is well served by public transport. The Station also acts as a “Gateway” to Birmingham International Airport.

A regular rail service was restored to Atherstone rail station in December 2009 following completion of the West Coast Main Line upgrade. The station had been without a regular rail service for some years. The station is now served by a broadly hourly service between Crewe and London Euston. Since introduction of the new service in December 2009 the station has experienced strong passenger growth and it is anticipated that demand will continue to grow in the future. The station currently has less than 10 car parking spaces and as passenger demand grows it is likely that this will reach capacity. The County Council will continue to work with Network Rail and Train Operating Companies to seek to increase car parking provision, and to improve the non-car accessibility of the station.

20.3.7 Lorry parking

The issue of lorry parking, and particularly overnight parking, is addressed in the Freight Strategy.

20.3.8 Powered two wheeler parking

Stratford-upon-Avon has a dedicated Motorcycle Parking facility adjacent to Bridgefoot car park, and dedicated spaces in the off-street car parks managed by SDC. There are also dedicated parking spaces in the off-street car parks in Nuneaton. There is currently no specific provision for powered two wheeler parking elsewhere in Warwickshire.

20.4 The Strategy

The objectives and vision

The objectives of the Parking Strategy are to:

- Complement and support the County Council’s overall transport strategy
- Complement and support strategic demand management policies
- Be consistent with the policies, objectives and targets contained in the Local Development Frameworks of the District and Borough Councils
- Support the achievement of Travel Plan, Sustainable Development and Mode Share objectives
- Ensure town centres are accessible and to support regeneration without undermining demand management objectives
- Make sure that developments are sustainable and make best use of the land available

- Ensure that additional car trips are not encouraged which could cause congestion
- Contribute to the efforts to increase the number of trips by non-car based modes.

These objectives are consistent with advice given to the West Midlands Regional Assembly¹.

The vision of the Parking Strategy is:

‘To effectively manage the supply and enforcement of parking to complement the County Council’s overall transport strategy.’

Policy P1: Partnership working

The County Council will continue to work with the District and Borough Councils to deliver a co-ordinated approach to the supply, pricing and enforcement of on- and off-street parking provision in a way that supports the objectives of the Local Transport Plan, the Local Development Frameworks and other Supplementary Planning Documents.

In order to support policy P1 we will investigate ways of achieving best value for the Councils in the delivery of Civil Parking Enforcement, for example through the use of shared systems or operations.

Policy P2: Environment

The County Council will seek to reduce the environmental impact of traffic congestion through the appropriate use of public parking, including:

- a. The location and period of stay;
- b. The cost;
- c. The provision of real-time information.

a. Location and Period of Stay – This will be managed so as to encourage long stay commuter parking to use Park and Ride facilities (where available) or out of town or peripheral parking sites in order to release parking capacity in town centres for short stay shopping and service related parking. The County Council’s Parking Policy, adopted in July 2007 (or as subsequently amended) sets out how requests for waiting restrictions, residents parking schemes, disabled parking and footway parking will be dealt with.

b. Cost – We will work with the District and Borough Councils to manage the cost of on- and off-street parking in way that will re-enforce local strategies designed to achieve Policy P2a, including consideration of the use of concessions, differentiated charging linked to the time of day, differential charging linked to the carbon dioxide emissions of the vehicle, and of alternative payment methods. The use of on-street parking charges will be considered where appropriate in order to encourage the use of other sustainable modes of transport, Park and Ride or off-street car parks in preference to on-street parking.

c. Information – We will continue to provide real-time car park availability information in Stratford-upon-Avon, Leamington Spa, Warwick and Rugby and will seek to implement a system in Nuneaton (see ITS Strategy).

¹ Parking Standards Scoping Report for the West Midlands Regional Assembly, Atkins, Sept 2005

Furthermore, the Council will seek to ensure that it fulfills its obligations under the Network Management Duty as set out in the Traffic Management Act 2004 insofar as it relates to parking management and enforcement.

Policy P3a: Enforcement in CPE areas

The County Council will pursue full and effective enforcement of parking in partnership with those District and Borough Authorities where CPE is in operation.

In undertaking our Civil Parking Enforcement responsibilities we will:

- Work with District and Borough Councils as set out in Policy P1;
- Ensure compliance with Policy P2 by seeking to promote the use of long stay parking for commuters and short stay parking for shopping;
- Review the extent to which on-street parking charges may be required;
- Review the need for, and introduce if appropriate, traffic regulation orders in consultation with all statutory and non-statutory stakeholders;
- Review the need for, and introduce if appropriate, residents parking schemes in order to control displacement of parking to residential areas;
- Review the effectiveness and appropriateness of parking restrictions periodically; and
- Maintain the traffic signs and road markings associated with parking restrictions.

Policy P3b: Enforcement in non-CPE areas

Where the enforcement of on-street parking restrictions remains the responsibility of the Police (currently in Nuneaton and Bedworth Borough and North Warwickshire Borough), WCC will seek to introduce Civil Parking Enforcement early in the lifetime of this LTP.

In undertaking our responsibilities as Highway Authority, we will:

- Work with District and Borough Councils as set out in Policy P1;
- Ensure compliance with Policy P2 by seeking to promote the use of long stay parking for commuters and short stay parking for shopping;
- Review the need for, and introduce if appropriate, traffic regulation orders in consultation with all statutory and non-statutory stakeholders;
- Review the need for, and introduce if appropriate, residents parking schemes in order to control displacement of parking to residential areas;
- Review the effectiveness and appropriateness of parking restrictions periodically; and
- Maintain the traffic signs and road markings associated with parking restrictions.

Policy P4: Park and ride

Park and Ride proposals will be supported where appropriate in order to promote sustainable and convenient access to local employment, schools, services and shopping.

Park and Ride will be considered particularly advantageous where:

- Its implementation would help manage congestion or help limit the environmental impact of traffic;
- The provision of Park and Ride or related Park and Walk/Cycle facilities supports local traffic management needs; and
- It can also support 'Drop and Ride' facilities to serve school travel demand and minimise the impact of school traffic.

Policy P5: Ease of use

The County Council will work to ensure that parking facilities are easily accessible.

The County Council will ensure parking is accessible by:

- Seeking to maintain an appropriate proportion of short stay parking in economic centres (although the actual number of parking spaces may be decreased in line with other policies or strategies);
- Increasing disabled parking in line with guidance, giving particular attention to central areas and including supporting the introduction or expansion of Shopmobility schemes where appropriate;
- Ensuring that parking is clearly signed and good levels of information on the location and availability of parking is provided; and
- Ensuring that parking facilities, and access and egress from them, are safe and secure.

Policy P6: Land use

The County Council will work to ensure that the provision of public parking across the County is integrated with other policies and provision.

The County Council will work to deliver policy P6 by;

- Encourage the reduction of the amount of Private Non-Residential parking and the greater efficiency of its use;
- Ensure that relevant parking standards in regional and local planning policies and guidance are adhered to; and
- Ensure that land use policy is integrated with and supports parking policies.

The County Council will also ensure that parking provision is taken into account in the development of town centre traffic management schemes and is sympathetic to the urban environment.

Policy P7: Coach parking

The County Council will support the provision of coach services as part of an integrated public transport system, support Warwickshire's tourist industry and manage the impact of coach parking on the highway network.

The County Council will work to deliver policy P7 by;

- Providing safe and convenient access to coach services in a way which also minimises adverse impacts on traffic operation; and
- Working with District and Borough Councils to identify and provide suitable off-street lay-over facilities for coaches.

Policy P8: Cycle parking

The County Council will continue to provide dedicated secure cycle parking facilities in town centres, public transport interchanges and other key service destinations.

We will continue to work closely with local Cycle Forum groups to identify locations for additional stands particularly in the key urban areas. Innovative solutions such as the provision of on-carriageway cycle parking in the ‘dead – spaces’ adjacent to car parking bays or the provision of covered cycle parking ‘hubs’ will be explored and implemented wherever feasible.

Powered Two Wheeler Parking

Policy P9: Powered Two Wheeler parking

The County Council will continue to work with local Powered Two Wheeler users and its internal Motorcycle User Group to identify issues relating to their safe and secure parking. The County Council will continue to provide dedicated secure parking facilities in areas where there is demonstrated demand.

Policy P10: Rail station parking

The County Council will continue to work with Network Rail and Train Operating Companies across the County to ensure that parking is safe, accessible and sufficient to meet the demands of those travellers who are unable to access the station by other sustainable modes. Through its Station Travel Plan initiative and in order to promote more sustainable car based station access, the County Council will encourage the station operators to provide dedicated parking spaces for those who car-share or kiss ‘n’ ride.

Policy P11: Lorry parking

The County Council will continue to work with representatives of the haulage industry through the Freight Quality Partnership on identifying suitable locations for layover and overnight parking of heavy goods vehicles.

20.5 The Action Plan

Table P1: Action Plan

Policy	Action	Timescale	Links to
P1 – Partnership working	Introduction of a Joint Parking Board	Medium term	
	Improve co-ordination of on- and off-street parking policies, including charging	Short term	
	Ensure parking is not used as a competitive tool between different towns in Warwickshire	On-going	
	Investigate ways of achieving best value in the delivery of CPE	On-going	
P2 – Environment	Use of the County Council’s published parking policies to manage the supply and pricing of on-street parking	On-going	
	Car park management systems	Short term	ITS Strategy
	Ensure compliance with Network Management Duty	On-going	Network Management Duty

Policy	Action	Timescale	Links to
P3 – Enforcement	Implement CPE in Nuneaton and Bedworth and in North Warwickshire	2011	
	Review of operations – times and restrictions, signing	On-going	
P4 – Park and Ride	Investigate opportunities for introducing additional Park and Ride, Park and Walk/Cycle or Drop and Ride services	On-going	Bus Strategy
P5 – Ease of Use	Maintain an appropriate proportion of short stay spaces in economic centres	On-going	
	Increase amount of disabled parking available	On-going	Accessibility Strategy
P6 – Land use	Actively engage in Development Control activities to influence the supply of new residential and non-residential parking	On-going	Land use Strategy
	Ensure that town centre traffic management schemes provide appropriate levels of parking	On-going	
P7 – Coach parking	Work with District and Borough Councils on the provision of facilities	On-going	
P8 – Cycle parking	Work with Cycle Forums, Train Operating Companies and local concerns to increase the availability of dedicated secure cycle parking facilities.	On-going	Cycling Strategy
P9 – Powered two wheeler parking	Work with PTW users and Motorcycle User Group to identify and address parking issues	On-going	PTW Strategy
P10 – Station parking	Work with Network Rail and Train Operating Companies to ensure station parking is safe, accessible and sufficient	On-going	Passenger Rail Strategy
P11 – Lorry parking	Continue to identify and promote suitable parking locations via the Freight Quality Partnership	On-going	Freight Management Strategy

20.6 Targets and Monitoring

National Indicators

There are no National Indicators relevant to this strategy

Local Indicators

There are no Warwickshire Local Indicators relevant to this strategy

Monitoring the strategy

Monitoring the delivery of the items outlined in the Action Plan will be an important part of the management and control process. Progress against the identified actions and standards will be reviewed on a regular basis (at least annually) to make certain that the Action Plan is achieving the desired outcome.

Each enforcement authority will produce and publish an annual report about their on-street and off-street activities within six months of the end of each financial year. Annual returns are also required by the Government about the number and speed of payments of Penalty Charge Notices (PCN's) and by the Traffic Penalty Tribunal on the number of PCN's issued.

The following reports will be produced for publication within the public domain and submission to the Government.

Financial

- Total income and expenditure on the on-street and off-street parking account.
- Breakdown of income by source (i.e. parking charges and penalty charges)
- Total surplus or deficit on the on-street parking account
- Action taken with respect to a surplus or deficit on the on-street account
- Details of how any financial surplus has been or is to be spent, including the benefits that can be expected as a result of such expenditure.

Statistical

- Number of higher level PCN's issued
- Number of lower level PCN's issued
- Number of PCN's paid
- Number of PCN's paid within 14 days
- Number of PCN's against which a challenge or representation has been made
- Number of PCN's cancelled (i.e. where a challenge or representation is successful)
- Number of PCN's written off

It is inappropriate to set financial or statistical targets for the operation of CPE. However, year on year comparisons will be made, as will authority against authority comparisons, to establish benchmarking data and to ensure that value for money is being obtained in the operation of the service.

Agenda Item No 13

Executive Board

21 September 2015

Report of the Chief Executive and the Deputy Chief Executive

Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April - June 2015

1 Summary

- 1.1 This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Executive Board for April to June 2015.

Recommendation to Council

That Members consider the performance achieved and highlight any areas for further investigation.

2 Consultation

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

3 Background

- 3.1 This report shows the first quarter position with the achievement of the Corporate Plan and Performance Indicator targets for 2015/16. This is the first report showing the progress achieved so far during 2015/15.

4 Progress achieved during 2015/16

- 4.1 Attached at Appendices A and B are reports outlining the progress achieved for all the Corporate Plan targets and the performance with the national and local performance indicators during April to June 2015/16 for the Executive Board.
- 4.2 Members will recall the use of a traffic light indicator for the monitoring of the performance achieved.

Red – target not achieved (shown as a red triangle)

Amber – target currently behind schedule and requires remedial action to be achieved (shown as an amber circle)

Green – target currently on schedule to be achieved (shown as a green star)

5 Performance Indicators

- 5.1 The current performance indicators have been reviewed by each division and Management Team for monitoring for the 2015/16 year.

6 Overall Performance

- 6.1 The Corporate Plan performance report shows that 100% of the Corporate Plan targets and 40% of the performance indicator targets are currently on schedule to be achieved. The report shows that individual targets that have been classified as red, amber or green. Individual comments from the relevant division have been included where appropriate. The table below shows the following status in terms of the traffic light indicator status:

Corporate Plan

Status	Number	Percentage
Green	15	100%
Amber	0	0%
Red	0	0%
Total	15	100%

Performance Indicators

Status	Number	Percentage
Green	2	40%
Amber	3	60%
Red	0	0%
Total	5	100%

7 Summary

- 7.1 Members may wish to identify any areas that require further consideration where targets are not currently being achieved.

8 Report Implications

8.1 Safer Communities Implications

- 8.1.1 The community safety performance indicators are included in the report.

8.2 Legal and Human Rights Implications

8.2.1 The national indicators were specified by the Secretary of State for Communities and Local Government. They have now been ended and replaced by a single list of data returns to Central Government from April 2011.

8.3 Environment and Sustainability Implications

8.3.1 Improvements in the performance and quality of services will contribute to improving the quality of life within the community. There are a number of targets and indicators included which contribute towards the priorities of the sustainable community strategy including financial inclusion, core strategy, community safety and affordable housing,

8.4 Risk Management Implications

8.4.1 Effective performance monitoring will enable the Council to minimise associated risks with the failure to achieve targets and deliver services at the required performance level.

8.5 Equality Implications

8.5.1 There are a number of equality related targets and indicators including, customer access, consultation, domestic abuse and financial inclusion highlighted in the report.

8.6 Links to Council's Priorities

8.6.1 There are a number of targets and performance indicators contributing towards the priorities of enhancing community involvement and access to services, protecting and improving our environment, defending and improving our countryside and rural heritage, to tackle crime, improving housing and making best use of our resources.

The Contact Officer for this report is Robert Beggs (719238).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

NWCP Executive Board 15/16

	Action	Priority	Reporting Officer	Update	Status	Direction
NWCP 002	To continue to work with partners in the Coventry & Warwickshire Local Enterprise Partnership and with Hinckley and Nuneaton to implement the findings of the LGA economic development report to develop the economy of the Borough and to report on progress by October in each year.	Local Employment	Dorothy Barratt	Work is ongoing and an update report will be prepared and presented to members to provide more details of the work being carried out.	★ Green	➔
NWCP 003	To report annually in March on the work of the local Financial Inclusion Partnership including for 2015/16 activity with the CAB and Warwickshire Welfare Rights Activity and the local impact of the Welfare Reform programme	Access to Services	Bob Trahern	Activities continue as part of the Divisional Service Plan and we continue to deliver with our Financial Inclusion partners and Housing to deliver on this agenda. The food projects with local business support continue to support a wide range of activities and we will be embarking on a major review of all outstanding Council Tax and Housing debts to the Council as well as the likely impact of as yet unknown welfare reforms to be announced in July. This will take place over the next 9 months.	★ Green	➔
NWCP 004	To submit to the Planning Inspectorate a revised Site Allocation Plan by May 2015; and To submit final Development Plan documents relating to Development Management Community Infrastructure Levy and Gypsy and Travellers by November 2015	Countryside & Heritage	Dorothy Barratt	A Draft Development Management Plan will be going out for consultation from early October for six weeks. A revised CIL will be presented to the LDF Sub-committee on 28th September seeking approval for a further round of consultation. Work is ongoing on the Site Allocation Plan and additional sites will be considered by members over the coming months. Work on the Gypsy & Travellers Plan is delayed but is expected to be underway in early 2016.	★ Green	➔
NWCP 005	To continue to oppose a) the HS2 proposal, in partnership with other affected Councils and community action groups and press for the maximum mitigation and other benefits for the Borough and b) the principle of Opencast Mining	Countryside & Heritage	Dorothy Barratt	a) Work is ongoing with HS2 looking at mitigation and the benefits that can be secured. B) no change	★ Green	➔
NWCP 008	To ensure that the Council is prepared for emergencies and has suitable emergency and business continuity plans, as required by the Civil Contingencies Act, and to review both the emergency and business continuity plans annually in March	Public Services and Council Tax	Robert Beggs	Work is currently taking place to liaise with each division to ensure their service based continuity plans are updated. A report on a generator test and power down of the server room is due to be considered by Management Team in August. The Warwickshire Local Resilience Forum has prepared revised strategic and tactical response plans. The plans have been tested and further exercising is planned using the JESIP methodology. This will provide opportunity for testing our local MEP procedures.	★ Green	➔
NWCP 009	To achieve the savings required by the budget strategy including the commitment to keep Council Tax increases lower than inflation and to update the Strategy to reflect future developments by October 2015	Public Services and Council Tax	Chris Brewer	Work has started. Will report to September Executive Board.	★ Green	➔

NWCP 010	To carry out reviews of systems in line with the Council's review plan and explore any opportunities for shared working that may arise, with a view to achieving savings and/or increasing capacity	Public Services and Council Tax	Chris Brewer	Work is progressing	★ Green	➡
NWCP 042	To continue to look for ways of narrowing the Council's capital funding gap and report annually in February	Public Services and Council Tax	Sue Garner	Resources will be updated later in the financial year.	★ Green	➡
NWCP 072(1)	To maintain the existing level of core funding for arts and welfare organisations	Public Services and Council Tax	Simon Powell	Live and Local continues to be funded by the Authority. Other community arts organisations (or organisations wishing to undertake an arts project) are able to apply for grants through the Local Community Projects Fund	★ Green	➡
NWCP 075	To implement the Council Tax Support Scheme 2015/16 and carry out a review to enable a scheme to be set for 2016/17	Public Services and Council Tax	Bob Trahern	Discussions have already started with Members on whether they wish to amend the 2016/17 CTS scheme. If this is necessary, it will require a public consultation exercise to be undertaken in the autumn so a decision can be made by Full Council in December 2015	★ Green	➡
NWCP 076	To update the Medium Term Financial Strategy in September 2015 and February 2016, to take account of external funding changes relating to Business Rates	Public Services and Council Tax	Chris Brewer	Work has started. Will report to September Executive Board.	★ Green	➡
NWCP 077	To review the Council's membership of the Coventry and Warwickshire Business Rates Pool by September 2015	Public Services and Council Tax	Chris Brewer	Will be reviewed by due date	★ Green	➡
NWCP 078	To continue to work with partner organisations in Coventry, Warwickshire and Hinckley in the Joint Committee and to consider further options for joint work in the light of Central Government arrangements for greater devolution, if this proves beneficial to the local economy	Local Employment	Steve Maxey	Work with the Cross border partnership continues looking at training and transport to work, for example the new bus service from MIRA to Birch Coppice. The work of the shadow Economic Prosperity Board continues. A significant amount of work is ongoing regarding the issue of Combined Authorities and Devolution Deals, reported to the Executive Board in June and Council in July	★ Green	➡
NWCP 080	To continue to work with Warwickshire County Council, the Environment Agency and local communities to mitigate the effects of , and protect against, the impacts of localised flooding	Environment	Richard Dobbs	Work continues in this area with community based Pathfinder Projects focussing most recently on issues at Fillongley and Austrey	★ Green	➡
NWCP 092	To ensure we communicate effectively to help inform residents, businesses and all sections of our communities of the Council's services and priorities and their opportunities to be involved in decision making via consultation and report on progress by September 2015	Consultation and Communication	Linda Bird	A Scrutiny Board Task and Finish Group is reviewing communications. The summer edition of north talk has been produced and is being distributed. Options for consultation and involvement will be presented to members as part of the September Report cycle.	★ Green	➡

NWPI Executive Board 15/16

Ref	Description	Section	Priority	Year End Target	Performance	Traffic Light	Direction of Travel	Comments
NWLPI 158	To respond to all complaints and requests for service within three working days	Env Health (C, L & HP)	Public Services and Council Tax	99	95	★ Green	↔	Due to one member of the Environmental Protection team being on maternity leave
NWLPI 153	Number of domestic burglaries detected in the Local Authority area	Policy Support	Crime and Disorder	151	41	● Amber		The level of domestic burglaries reduced from 221 in 13/14 to 152 in 2014/15. The level in the first two months is significantly above the 15 recorded in the equivalent period last year. Monitoring of any emerging locations at risk will be carried out.
NWLPI 154	Number of violent offences and sexual offences in the local authority area	Policy Support	Crime and Disorder	601	162	● Amber		The recording of violence and sexual offences is increasing due to change in recording practices. The levels are significantly higher than the 91 recorded in the same period in 2014/15.
NWLPI 155	The number of vehicle crimes in the local authority area	Policy Support	Crime and Disorder	508	74	★ Green		The levels of vehicle crimes are currently lower than the same period in 2014/15. The latest predictive analysis shows the wards of Arley & Whitacre and Atherstone North for monitoring during the current period.
@NW:NI032	Violent Crime Offences related to Domestic Violence	Policy Support	Crime and Disorder	84				Information not currently available. During 2014/15 the proportion of domestic violence incidents was 36%.
@NW:NI047	People killed or seriously injured in road traffic accidents	Policy Support	Crime and Disorder	46				Information not currently available.
NWLPI 162	Percentage of Freedom of Information replies dealt with within 20 days	Policy Support	Public Services & Council Tax	100	94	● Amber	↔	133 received, 125 replied within 20 days, 6 over 20 days, 2 no reply

NORTH WARWICKSHIRE BOROUGH COUNCIL

**MINUTES OF THE SAFER COMMUNITIES
SUB-COMMITTEE**

21 July 2015

Present: Councillor Reilly in the Chair

Councillors Clews, Davis, Farrell, Payne, Simpson, E Stanley, Watkins and A Wright.

Apologies for absence were received from Councillors Morson and Moss.

1 Disclosable Pecuniary and Non-Pecuniary Interests

None were declared at the meeting.

2 Minutes of the Meeting of the Sub-Committee held on 16 February 2015

The minutes of the meeting of the Sub-Committee held on 16 February 2015, copies having been previously circulated, were approved as a correct record and signed by the Chairman.

3 Consider the Role and Vision for the Safer Communities Sub-Committee

The Sub-Committee were invited to consider its role and vision.

a Recommendation to the Special Sub-Group:

That the Crime and Disorder Priority set out in the Council's Corporate Plan be approved subject to the following proposals:

i That the target related to Drugs and Alcohol Harm Reduction with a focus on violent crime and anti-social behaviour be deleted from the Corporate Plan as these are included within the priority for reducing reoffending and a proposed preventing victimisation Priority;

ii The addition of the following Priorities:

- Reducing killed and serious injury (KSI) road accidents in North Warwickshire;**
- Tackling the boy racers and preventing displacement within the borough; and**

- **Supporting victims and vulnerable people to prevent victimisation and repeat victimisation.**

b Resolved:

That the powers delegated to the Safer Communities Sub-Committee be agreed.

4 Briefing on Crime and Disorder in North Warwickshire and the role and responsibilities of the Council and the North Warwickshire Community Safety Partnership

The Chief Executive provided background information to support a briefing on crime and disorder in North Warwickshire and the role and responsibilities of the Council and the North Warwickshire Community Safety Partnership.

Resolved:

That the report be noted.

5 Headline brief on developments arising from the North Warwickshire Responsible Authorities Group, the Safer Warwickshire Partnership Board and the Police and Crime Panel

The Chief Executive informed the Sub-Committee of recent developments from the meetings of the North Warwickshire Responsible Authorities Group, the Safer Warwickshire Partnership Board and the Police and Crime Panel.

Resolved:

That the report be noted.

6 Progress Report on Achievement of Corporate Plan targets from April to June 2015

The Chief Executive and Deputy Chief Executive informed Members of the progress with the achievement of the Corporate Plan targets relevant to the Safer Communities Sub-Committee for April to June 2015.

Resolved:

That the report be noted.

Councillor Reilly
Chairman

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE SPECIAL SUB-GROUP

10 August 2015

Present: Councillor Hayfield in the Chair

Councillors Humphreys, Jones, Reilly, M Stanley and Sweet

Apologies for absence were received from Councillors Jenns (Substitute Councillor Jones) and Councillor Singh (Substitute Councillor Reilly).

Councillors Chambers, Moss and Smith were also in attendance.

1 Disclosable Pecuniary and Non-Pecuniary Interests

None were declared at the meeting.

2 Corporate Plan 2015/16

The Sub-Group was invited to consider proposed changes to the Council's Corporate Plan following the elections in May 2015. Further revised amendments were circulated at the meeting.

Resolved:

That a further revised Corporate Plan 2015/16 be submitted to the next meeting of the Special Sub-Group to reflect the issues and comments raised at the meeting.

C Hayfield
Chairman

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE SPECIAL SUB-GROUP

18 August 2015

Present: Councillor Hayfield in the Chair

Councillors Humphreys, Jenns, Reilly, M Stanley and Sweet

An apology for absence was received from Councillor Singh (Substitute Councillor Reilly).

Councillors Phillips and Smith were also in attendance.

1 Disclosable Pecuniary and Non-Pecuniary Interests

None were declared at the meeting.

2 Corporate Plan 2015/16

The Sub-Group was invited to consider further proposed changes to the Council's Corporate Plan.

Recommended:

That, subject to the further amendments agreed at the meeting, the revised Corporate Plan 2015/16 be submitted to the Executive Board for approval.

3 Constitutional Issues

The Sub-Group was invited to consider any governance issues that needed to be resolved to enable Council business to be carried effectively following the change of Administration in May 2015.

Recommended:

- a That reports be submitted to future meetings of the Sub-Group in relation to Area Fora and Scrutiny Board;**
- b That the Chairmen and Opposition Spokespersons for the Area Fora and Scrutiny Board be formally invited to attend the relevant meetings of the Special Sub-Group; and**
- c That Officers be authorised to arrange for the Members Allowances Panel to carry out a review, taking account of any proposed changes resulting from recommendation (a).**

4 Progress Report on Human Resources Issues

The Assistant Director (Finance and Human Resources) reported on the progress against the Human Resources Strategy Action Plan and the work done by the Human Resources team in 2014/15. Performance Indicators for Quarter 1 2015/16 were also given.

Resolved:

That the report be noted

5 Exclusion of the Public and Press

Resolved:

That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12A to the Act.

6 Request for Flexible Retirement

The Sub-Group was invited to consider a request for flexible retirement.

Recommended:

- a That the request for flexible retirement as set out in the report of the Assistant Director (Finance and Human Resources) be approved; and**
- b That the detailed arrangements be agreed by the Deputy Chief Executive, in consultation with the Leader of the Council.**

C Hayfield
Chairman

NORTH WARWICKSHIRE BOROUGH COUNCIL

**MINUTES OF THE LOCAL
DEVELOPMENT FRAMEWORK SUB-COMMITTEE**

14 July 2015

Present: Councillor Waters in the Chair.

Councillors Bell, Lea, Smith, L Dirveiks and Smith

Councillors Chambers, Humphreys, Phillips, Simpson and M Stanley

1 Disclosable Pecuniary and Non-Pecuniary Interests

None were declared at the meeting.

2 Meaningful Gap Assessment Responses to Consultation

The Assistant Chief Executive and Solicitor to the Council sought Members' views and comments on the Meaningful Gap Assessment report.

Resolved:

- a. That the Planning & Development Board be advised that Members generally support the Meaningful Gap. However, Members considered that Area 7b is a small but an important element of the gap and should be included within the Meaningful Gap; and
- b. That any housing developments within or adjoining our Borough should maximise the density achieved wherever possible.

3 Development Management Plan – Draft Policies

The Head of Development Control presented the draft Development Management policies to supplement the Core Strategy.

Resolved:

- a That the draft policies as attached to the report of the Head of Development Control are assessed through the Sustainability Appraisal to also include the Strategic Environmental Assessment (SEA) and Habitats Regulations Assessment (HRA) and that these documents along with the draft policies be circulated for consultation; and

- b That all representations received are reported back to the Sub-Committee for consideration.**

T Waters
Chairman