

To: Leader and Members of the Executive Board
(Councillors M Stanley, Hayfield, Humphreys, Moore, Morson, Phillips, Simpson, Smith and Sweet)

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

22 SEPTEMBER 2014

The Executive Board will meet in the Committee Room at the Council House, South Street, Atherstone, Warwickshire on Monday 22 September 2014 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 17 June 2014** - copies herewith to be agreed as a correct record and signed by the Chairman.
- 4 **Requests for discussion of En Bloc items and approval of remaining En Bloc items.**
- 5 **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)

- 6 **Financial Statements 2013/14** – 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 2014. This report presents the audited Financial Statements.

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

- 7 **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).

- 8 **Key Corporate Issues** – Report of the Chief Executive
Summary

The purpose of this report is to draw Members' attention to the key Corporate issues facing the Council in the mid-term future. It seeks to assist Members to addressing these issues during the formulation of the 2014/15 Budget and in the run-up to the 2015 Council Election.

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

9 **Financial Strategy 2015–2019** – Report of the Deputy Chief Executive

Summary

This report summarises the Authority's Financial Strategy, projects forward the Authority's General Fund budgets to 2018/19, and suggests a detailed budget approach for the 2015/16 General Fund Budget.

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

10 **Review of Polling Districts and Polling Places** – Report of the Chief Executive

Summary

The Council is invited to approve the polling districts and polling places scheme for North Warwickshire.

The Contact Officer for this report is David Harris (719222).

11 **The Openness of Local Government Bodies Regulations 2014** – Report of the Assistant Chief Executive and Solicitor to the Council

Summary

The report advises Members of the implications of the Openness of Local Government Bodies Regulations 2014 ("the Regulations") and asks Members to agree the measures necessary for this Council.

The Contact Officer for this report is Steve Maxey (719438).

12 **HS2 Property Consultation 2014** – Report of the Assistant Chief Executive and Solicitor to the Council

Summary

The report advises Members of the latest consultation on measures to compensate those affected by the HS2 project and seeks endorsement of a draft response.

The Contact Officer for this report is Steve Maxey (719438).

13 **Core Strategy Adoption** – Report of the Assistant Chief Executive and Solicitor to the Council **to follow**

Summary

This report seeks Members agreement for the adoption of the Core Strategy.

The Contact Officer for this report is Dorothy Barratt (719250).

- 14 **Borough Care Alarm Equipment Replacement and Control Centre Equipment Modification Report** – Report of the Assistant Director (Housing)

Summary

This report requests Members to consider the funding shortfall to purchase replacement Borough Care alarm units and pendants that is expected to occur this year and in future years.

The Contact Officer for this report is Gary Thomas-McGenity (719303).

- 15 **Broadband Match Funding**– Report of the Assistant Director (Corporate Services)

Summary

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.

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

**PART B – ITEMS FOR EN BLOC DECISIONS
(YELLOW PAPERS)**

- 16 **Budgetary Control Report 2014/15 Period Ended 31 August 2014 -** Report of the Assistant Director (Finance and Human Resources)

Summary

The report covers revenue expenditure and income for the period from 1 April 2014 to 31 August 2014. The 2014/2015 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).

- 17 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets – April 2014 to June 2014** – 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 2014.

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

- 18 **Minutes of the meetings of the Safer Communities Sub-Committee held on 31 July 2014** to be received and noted.
- 19 **Minutes of the meetings of the Special Sub-Group held on 21 July, 18 August and 15 September 2014 (to follow)** to be received and noted.
- 20 **Minutes of the meeting of the Local Development Framework Sub-Committee held on 7 August 2014** to be received and noted.

JERRY HUTCHINSON
Chief Executive

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE EXECUTIVE BOARD

17 June 2014

Present: Councillor Sweet in the Chair

Councillors Barber, Hayfield, Humphreys, Moore, Morson, Phillips, Smith and Winter

Apologies for absence were received from Councillor Simpson (substitute Councillor Barber) and Councillor M Stanley (substitute Councillor Winter)

1 **Declarations of Personal or Prejudicial Interest.**

None were declared at the meeting.

2 **Minutes of the meetings of the Board held on 11 February and 14 May 2014.**

The minutes of the meetings of the Board held on 11 February and 14 May 2014, copies having been circulated, were approved as a correct record and signed by the Chairman.

3 **Capital Programme – 2013/14 Final Position**

The Assistant Director (Finance and Human Resources) updated Members on the final position of the 2013/14 Capital Programme and highlighted those schemes which had not progressed as quickly as expected and which were recommended to be carried forward into the 2014/15 Capital Programme.

Recommended:

- a **That the level of expenditure incurred (both actual and committed) to the end of March 2014 against the 2013/14 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 2014/15 Capital Programme.**

4 Capital Accounts 2013/14

The Board was informed that the Capital Accounts for 2013/14 had been prepared. Members were invited to approve the methods of funding used.

Recommended:

That the methods of funding to meet capital expenditure incurred in 2013/14 be approved.

5 Earmarked Reserves 2014/15

The Deputy Chief Executive reported on the level of reserves at 31 March 2014. Members were asked to approve the proposed use of reserves in 2014/15.

Recommended:

That the reserves held at 31 March 2014, and the planned use of reserves in 2014/15 be approved.

6 Annual Governance Statement 2013/14

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 the Annual Governance Statement for 2013/14, 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.

7 Financial Statements 2013/14

The Deputy Chief Executive reported on the Annual Financial Statements for 2013/14 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 2014 be noted.

8 Scheme of Delegation in Respect of the Determination of Planning Applications

The Head of Development Control reported that the Planning and Development Board had recently considered an amendment to the Scheme of Delegation in respect of the determination of planning applications. The Board was invited to endorse the proposed changes.

Recommended:

- a That the Council's adopted Scheme of Delegation in respect of the determination of planning applications be amended as recommended by the Planning and Development Board; and**
- b That the Constitution be amended accordingly.**

9 Warwickshire Fire and Rescue Service: Shaping the Future Consultation

The Board was informed that Warwickshire Fire and Rescue Service were carrying out a consultation on Shaping the Future and that the Council's comments had been invited.

Resolved:

That the report be noted.

10 Membership of the Democratic Structures Task and Finish Group.

The Board was asked to agree the membership of the Democratic Structures Task and Finish Group for the ensuing year. The Board was also asked to consider the Council's increased representation from one to three on the Birmingham Airport Consultative Committee. The Chief Executive referred to discussions which had commenced with neighbouring Councils around different ways of working.

Recommended:

- a That membership of the Democratic Structures Task and Finish Group for 2014/15 be agreed at the Full Council meeting on Wednesday 25 June 2014; and**

- b That names of the Council's three representatives on the Birmingham Consultative Committee be agreed at the Full Council meeting on Wednesday 25 June 2014.**

11 Broadband Update Report and BDUK Match Funding

The Assistant Director (Corporate Services) reported on the progress made to improve broadband coverage and speeds. The Board was asked to consider providing additional match funding to enable new Broadband Delivery (BDUK) grant funding to be accessed.

Recommended:

- a That the report be noted;**
- b That the Council accepts in principle an agreement to provide additional match-funding provided it first receives a satisfactory report outlining the improvements achieved so far together with details, including an acceptable time frame, of what will be achieved, and provided agreement can be reached on the value of the additional funding; and**
- c That, subject to the receipt of satisfactory information, the Assistant Director (Corporate Services), in consultation with the Chairman of the Board and the Opposition Spokesman, be authorised to agree the level of additional match funding.**

12 Leisure Management Software – Use of Urgent Business Powers

The Assistant Director (Leisure and Community Development) reported on the action taken under the Chief Executive's Urgent Business Powers to procure a new Leisure Management Software system and sought approval of a small consequent increase in the revenue budget.

Resolved:

- a That the action taken under the Chief Executive's Urgent Business Powers to advance the procurement of a new Leisure Management Software system be endorsed; and**

Recommended:

- b That the £750 increase in the revenue budget, consequent upon the procurement of the new Leisure Management Software be approved.**

13 Constitutional Amendments

The Assistant Chief Executive and Solicitor to the Council sought the Board's approval for a number of changes to the Council's Constitution.

Recommended:

That the changes to the Constitution set out in the report of the Assistant Chief Executive and Solicitor to the Council be agreed.

14 Pay Policy Statement

The Assistant Director (Finance and Human Resources) presented the Pay Policy Statement for consideration. A number of revised figures were circulated at the meeting.

Recommended:

That the Pay Policy Statement 2014/15, attached as an Appendix to the report of the Assistant Director (Finance and Human Resources) and amended by the figures circulated at the meeting, be agreed.

15 Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April 2013 to March 2014

The Chief Executive reported on the progress with the achievement of the Corporate Plan and Performance Indicator targets applicable to Executive Board for April 2013 to March 2014.

Resolved:

That the report be noted.

16 Scrutiny Forward Plan and Annual Report

The Board was invited to endorse the work of the Scrutiny Board and its Forward Plan for the forthcoming year.

Recommended:

That the Scrutiny Forward Plan and Annual Report, attached as Appendix A to the report of the Assistant Director (Corporate Services), be noted.

17 Minutes of the meetings of the Special Sub-Group held on 17 February, 17 March, 14 April, 19 May and 16 June 2014

The minutes of the meetings of the Special Sub-Group held on 17 February, 17 March, 14 April, 19 May and 16 June 2014 were received and noted.

18 Minutes of the meeting of the Local Development Framework Sub-Committee held on 9 April 2014

The minutes of the meeting of the Local Development Framework Sub-Committee held on 9 April 2014 were received and noted.

19 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.

20 High Street Innovation Fund

The Board was asked to consider a grant application to establish a Visitors' Centre in Coleshill.

Recommended:

That the grant be awarded.

Chairman

Agenda Item No 6

Executive Board

22 September 2014

Report of the Deputy Chief Executive

Financial Statements 2013/14

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 2014. This report presents the audited Financial Statements.

Recommendation to the Board

That the 2013/14 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 2013/14 financial year, the Authority is required to prepare its accounts by 30 June and to publish them by 30 September.

3 2013/14 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 2014. The out turn position was better than expected in the revised estimates, for both the General Fund and the Housing Revenue Account.
- 3.2 During the first year of operation of the new business rates scheme, we were required to assess the provision needed to cover potentially successful rating appeals lodged prior to 2013/14. The financial statements were initially prepared on the basis that this provision was set aside fully in 2013/14. Due to a reduction in rating income received in 2013/14, this left the Council in a 'safety net' position.
- 3.3 The opportunity has been taken to do some financial modelling on the impact for the Council if the provision was set aside over a 5 year period. Spreading the provision removes some of the fluctuation in resources year on year and anticipates additional resources of around £140,000 over the five year period.

As this is beneficial for the Council, the NDR3 and the financial statements have been changed to reflect the revised approach.

- 3.4 The Council will no longer be in a safety net position. As the safety net payment was being held in earmarked reserves, there has been a reduction to earmarked reserves. Spreading the provision will require the Council to pay a levy to the government on rates above the baseline figure, and this levy needs to be accounted for in 2013/14. This has reduced the General Fund balance previously reported by £25,000, and is included within the additional resource figure given above.

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 now been audited by the Council's external auditors, PricewaterhouseCoopers LLP, and are attached as Appendix A. There have been no changes to the accounts following the audit, although the auditors have requested some minor presentational changes in the notes to the statements for 2013/14.

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 2013/14 impacts upon future years. The General Fund balance totals £4,336,828 at 31 March 2014, whilst the Housing Revenue Account amounts to £1,390,583.

- 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 2013/14 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	General Fund Budget and Setting the Council Tax 2013/14	February 2013
Resources Board	Nigel Lane	Housing Revenue Account Estimates 2013/14	February 2013

NORTH WARWICKSHIRE BOROUGH COUNCIL

FINANCIAL STATEMENTS

2013/14

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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 2013/14 and shows our financial position at 31 March 2014. 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 Auditors 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

The main change in the statements relates to the localisation of business rates. Previously the Council collected business rates from businesses in the North Warwickshire area, and paid these into a national pool. We then received a set amount from the national pool towards the provision of our services. From April 2013, this has changed. We continue to collect local business rates, which are divided between the government (50%), this Council (40%) and Warwickshire County Council (10%). However as our assessed need is lower than our share of the business rates, we have to pay the difference to the government as a tariff.

If during the course of the year, additional business rates are collected, they are allocated in the proportions set out above. This Council is then required to pay a levy on the additional rates we receive. If we collect less business rate income than expected, we stand the shortfall until we lose a specified amount, and then we are eligible for a safety net payment.

We joined the Coventry and Warwickshire Local Business Rate Pool, as the Pool is required to pay a lower levy on any additional rates that are collected.

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 surplus of £9.010 million for 2013/14. The main reasons for this surplus are the revaluation of property, plant and equipment and the actuarial gain on pension assets.

The surplus 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 2013/14

➤ 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 2012/13 levels. We originally planned to spend £9.738 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 2013/14 budget compared with the actual figures for General Fund Revenue Services.

	Original Budget £000	Net Revenue Spending £000
Total revenue spending	40,315	43,859
Less income relating to those services	31,523	35,763
Net Spending on Services	8,792	8,096
Interest Payable	55	24
Contribution to Balances	-	201
Parish Precepts	891	891
Total	9,738	9,212

The main changes from the original budget relate to:

- Reduced staffing costs due to part year vacant posts, a reduction in superannuation resulting from staffing changes and a reduction in recruitment activity, partially offset by the use of agency staffing.
- A general underspend on various service cost centres within the supplies and services budgets.
- Increased income in a number of areas including legal fee income on business rates and council tax collection, higher occupancy of industrial units, additional leisure centre income and additional grants towards assets of community value, transaction payment protection and new homes bonus.
- Contingency sums allowed in the budget have not been required.
- A lower than expected return on investment income due to reductions in interest rates.
- A decrease in the benefits subsidy receivable in the year and lower than expected benefit overpayments recovered.

Our money in 2013/14 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	4,855	4,855
Council Tax Special Grant	40	45
Council Tax Transitional Support Grant	18	18
Revenue Support Grant	2,523	2,523
Business Rates	1,694	1,684
Interest on balances	150	87
Contribution from Balances	458	-
Total	9,738	9,212

At the end of the year our total revenue reserves amounted to £9.333 million. The table below shows the different types of reserve we hold.

Revenue Reserves	£000
General Reserve (for unexpected events)	4,337
For capital spending (for spending on assets with a lasting value)	1,390
Other reserves (held for specific purposes)	3,606
Total	9,333

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	4,355	4,680
Cost of Borrowing	2,919	2,919
Contribution to capital spending	3,736	1,993
Contribution to Earmarked Reserves	312	1,040
Contribution to Balances	234	824
Total	11,556	11,456

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

- A permanent transfer of some electric and asbestos expenditure from capital to revenue and additional repairs reflecting changing works on void properties, gas repairs and servicing.
- 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	11,513	11,435
Interest earned	43	21
Total	11,556	11,456

Variations to the original budget are:

- Lower interest earned on balances due to lower interest rates.
- Rental income has reduced due to the sale of additional council houses. This has been partially offset by lower shop vacancies and increases in rechargeable works to the leaseholders of flats previously sold.

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 £6.717 million. The table below shows the different types of reserve we hold.

Revenue Reserves	£000
Housing Revenue Reserve (for unexpected events)	1,391
Major Repairs Reserve (for spending with a lasting value on housing assets)	1,621
Other reserves (held for specific purposes)	3,705
Total	6,717

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 98.0% for Council Tax and 98.9% for business rates falling due in 2013/14.

Capital Spending in 2013/14

Alongside our day-to-day costs we spend money on assets such as buildings, vehicles, equipment and computer systems. During 2013/14 our capital spending was less than the agreed programme and came to £7.766 million.

The 2013/14 Capital Programme includes amounts brought forward from 2012/13 that had not been spent and is shown below, together with a comparison to actual expenditure.

	Programme £000	Expenditure £000
Council Housing	4,847	2,226
Housing General Fund Services	737	482
Other General Fund Services	6,174	5,058
Total	11,758	7,766

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 period. In addition to this, programmed work to maintain the Council Offices and build a new leisure centre at Coleshill will only be completed in 2014/15.

All schemes not completed in 2013/14 are reviewed, and where the project is still needed, the money will be spent in 2014/15. 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 28 council houses which were sold under the Right to Buy legislation. The Arcade in Atherstone was sold to Atherstone Town council and a piece of land at Kiln Way was also sold.

We revalue all of our assets within a five-year period, with a proportion revalued each year. The value of our assets in 2013/14 has increased by £9.469 million, primarily due to the increase in the valuation of council properties in the Borough which have risen in value. When our spending in 2013/14 is included, together with some disposals, revaluations, depreciation and impairments, the total value of assets at the end of the year is £121.923 million.

We have £57.539 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 £16.008 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 £24.318 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 2013/14 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 2014/15 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 £1,530,000 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 2014/15

Central government offered an amount equal to a 1% increase for those Councils who didn't increase their council tax in 2014/15. Although the government support is only available for one year, we held our 2014/15 Council Tax at 2013/14 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 £8.364 million in total, a decrease in planned net spending (after service income) of 2.91%. Schemes to promote faster broadband across Warwickshire which started in 2012/13 will continue to be a priority in 2014/15.

Planned capital spending for 2014/15 is £13.927 million, including funding for 2013/14 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 2014/5, we will also complete the replacement leisure centre in Coleshill and 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 2014.

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.

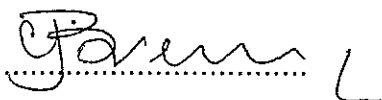
The Deputy Chief Executive has also:

- 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 2013/14 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 2014.

All known material events that have occurred up to and including this date, which relate to 2013/14 or before have been reflected in the accounts.

Signed: 

Date: 9/9/14

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 other reserves. 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	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants / Conts Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	4,198	4,778	676	57	4,305	1,614	7	15,635	30,187	45,822
<u>Movement in reserves during 2012/13</u>										
(Deficit) / surplus on the provision of services	(1,222)	-	2,753	-	-	-	-	1,531	-	1,531
Other Comprehensive Income and Expenditure	(4,884)	-	(6,176)	-	-	-	(1)	(11,061)	465	(10,596)
Total Comprehensive Income and Expenditure	(6,106)	-	(3,423)	-	-	-	(1)	(9,530)	465	(9,065)
Adjustments between accounting basis and funding basis under regulations (note 5)	6,957	-	6,057	-	309	7	-	13,330	(13,330)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	851	-	2,634	-	309	7	(1)	3,800	(12,865)	(9,065)
Transfers to/from Earmarked Reserves (note 6)	(914)	797	(2,743)	2,767	-	-	-	(93)	93	-
(Decrease)/Increase in 2012/13	(63)	797	(109)	2,767	309	7	(1)	3,707	(12,772)	(9,065)
Balance at 31 March 2013 carried forward	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 Year	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

North Warwickshire Borough Council

Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2014

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.

2012/13	2012/13	2012/13		2013/14	2013/14	2013/14
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
5,602	(5,139)	463	Central Services to the Public	1,110	(653)	457
3,970	(1,540)	2,430	Cultural and Related Services	4,201	(1,850)	2,351
4,149	(878)	3,271	Environmental and Regulatory Services	4,971	(1,485)	3,486
1,638	(902)	736	Planning Services	1,555	(1,229)	326
119	(25)	94	Highways and Transport Services	105	(21)	84
16,894	(19,586)	(2,692)	Local Council Housing	17,050	(19,135)	(2,085)
9,463	(8,480)	983	Other Housing Services	9,555	(8,477)	1,078
1,321	(127)	1,194	Corporate and Democratic Core	1,307	(115)	1,192
56	-	56	Non-Distributed Costs	96	-	96
1,461	(1,882)	(421)	Other Services (*)	2,247	(1,233)	1,014
44,673	(38,559)	6,114	COST OF SERVICES	42,197	(34,198)	7,999
1,161	(88)	1,073	Other Operating expenditure (Note 7)	1,266	(396)	870
3,790	(3,036)	754	Financing and investment income and expenditure (Note 8)	3,662	(2,997)	665
-	(9,472)	(9,472)	Taxation and non-specific grant income (Note 9)	735	(9,719)	(8,984)
49,624	(51,155)	(1,531)	(Surplus)/Deficit on Provision of Services	47,860	(47,310)	550
6,050	-	6,050	Surplus or Deficit on revaluation of Property, Plant and Equipment	-	(7,952)	(7,952)
941	-	941	Impairment losses on non-current assets charged to the Revaluation Reserve	553	-	553
4,069	-	4,069	Actuarial gains/losses on pension assets / liabilities	-	(2,161)	(2,161)
11,060	-	11,060	Other Comprehensive Income and Expenditure	553	(10,113)	(9,560)
60,684	(51,155)	9,529	Total Comprehensive Income and Expenditure	48,413	(57,423)	(9,010)

(*) 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 Localising Council Tax grant, Small Business and Empty Property Rate Relief Grant, New Homes Bonus.

North Warwickshire Borough Council

Balance Sheet as at 31 March 2014

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 (*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 2013 £000		Note	31 March 2014 £000
104,442	Property, Plant and Equipment	10	113,800
703	Heritage Assets	11	515
6,791	Investment Property	12	6,748
349	Intangible Assets	13	281
169	Assets Held on Leases	37	158
6	Long Term Investments	14	5
1,002	Long Term Receivables	14	1,001
113,462	LONG TERM ASSETS		122,508
3,525	Short Term Investments	14/41	6,524
74	Inventories	15	92
3,270	Short Term Receivables	14/17	3,205
3,243	Cash and Cash Equivalents	18	4,425
10,112	CURRENT ASSETS		14,246
-	Provisions		(845)
(2,828)	Short Term Payables	14/20	(6,283)
(2,828)	CURRENT LIABILITIES		(7,128)
(58,789)	Long Term PWLB Loans	41	(57,539)
(169)	Other Long Term Liabilities (leases)	37	(158)
(24,994)	Pension Fund Liabilities	40	(24,318)
(37)	Receipts in Advance - Capital Grants	34	-
(83,989)	LONG TERM LIABILITIES		(82,015)
36,757	NET ASSETS		47,611
19,342	Usable Reserves	22	20,586
17,415	Unusable Reserves	23	27,025
36,757	TOTAL RESERVES		47,611

Signed 

Date 2/9/14

C J Brewer CPFA, Deputy Chief Executive

Cash Flow Statement for the Year Ended 31 March 2014

The cash flow statement shows the changes in cash and cash equivalents of the council during the reporting period. 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.

2012/13 £000		2013/14 £000
(1,531)	Net deficit or (surplus) on the provision of services	550
1,129	Adjustments to net surplus or deficit on the provision of services for non cash movements (Note 24)	(1,085)
(1,329)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 24)	(5,711)
(1,731)	Net cash flows from Operating Activities (Note 24)	(6,246)
1,841	Investing Activities (Note 25)	3,315
674	Financing Activities (Note 26)	1,749
784	Net Increase or decrease in cash and cash equivalents	(1,182)
(4,027)	Cash and Cash Equivalents at the beginning of the reporting period	(3,243)
(3,243)	Cash and Cash Equivalents at the end of the reporting period (Note 18)	(4,425)

NOTES TO THE FINANCIAL STATEMENTS

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

For 2013/14 the following accounting policy changes that need to be reported relate to:

- IFRS10 Consolidated Financial Statements (May 2011)
- IFRS11 Joint arrangements (May 2011)
- IFRS12 Disclosure of Interest in Other Entities (May 2011)
- IFRS13 Fair Value Measurement
- IAS27 Separate Financial Statements (as amended in May 2011)
- IAS28 Investments in Associates and Joint Ventures (as amended in May 2011)
- IAS32 Financial Instruments: Presentation-Offsetting
- Annual Improvements to IFRS's 2009-2011 Cycle

2. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in pages 65 - 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 2014 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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by around £57,000 for every year that useful lives had to be reduced.
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.	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 £15.080 million. However, the assumptions interact in complex ways. During 2013/14, the Council's actuaries advised that the net pension's liability had increased by £1.986 million attributable to updating the assumptions.
Arrears	At 31 March 2014, we had a balance of sundry receivables of £308,020. A review of significant balances suggested that an impairment of doubtful debts of 18.3% (£56,387) was appropriate. However in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the doubtful debts would require an additional £56,387 to set aside as an allowance.

4. Material Items of Income and Expense

In overall terms the council's housing stock increased in value during the year. Revaluation gains of £7.952 million went to the Housing Revenue Account. This was partially offset by losses on some properties across the Borough of £1.764 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 (Account) 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.

2013/14	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	(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 or sale as part of the gain/loss 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)
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)

2013/14	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 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 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	(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)

2012/13 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 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	(1,679)	(6,178)	-	(1,463)	-	-	9,320
Movements in the fair value of investment properties	(367)	(71)	-	-	-	-	438
Amortisation of intangible assets	(125)	-	-	-	-	-	125
Capital grants and contributions applied	-	70	-	-	-	-	(70)
Revenue expenditure funded from capital under statute	21	-	-	-	-	-	(21)
Amounts of non-current assets written off on disposal to the Comprehensive Income and Expenditure Statement	(1)	(583)	-	-	-	-	584
<i>Insertion of items not debited/credited to the Comprehensive Income and Expenditure Statement</i>							
Statutory provision for the financing of capital investment	139	-	-	-	-	-	(139)
Capital expenditure charged against the GF and HRA balances	108	-	-	-	-	-	(108)

2012/13 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
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	10	686	(696)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	148	-	-	(148)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	-	(14)	14	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the governments capital receipts pool	(226)	-	226	-	-	-
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	-	38	-	(38)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	1,494	-	(1,494)
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)	(4,785)	(16)	-	-	-	4,801
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	(25)	-	-	-	-	25
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	(27)	(18)	-	-	-	45
Total Adjustments	(6,957)	(6,057)	(309)	(7)	-	13,330

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 2013/14.

	Balance at 1 April 2012	Transfers Out 2012/13	Transfers in 2012/13	Balance at 31 March 2013	Transfers Out 2013/14	Transfers in 2013/14	Balance at 31 March 2014
	£000	£000	£000	£000	£000	£000	£000
General Fund							
External funding received towards the provision of council services	657	(125)	152	684	(212)	122	594
One off funding set aside to progress specific council priorities	308	(92)	-	216	(40)	40	216
Contingency funding set aside to cover potential risks on areas such as VAT recovery and the receipt of benefit subsidy	424	(10)	14	428	-	-	428
Other reserves held for revenue purposes to cover timing issues on spending	1,686	(183)	910	2,413	(517)	472	2,368
Reserves held on behalf of Other Organisations	22	(22)	-	-	-	-	-
Reserves Held for Capital Spending	1,681	(68)	221	1,834	(2,120)	1,676	1,390
Total General Fund Reserves	4,778	(500)	1,297	5,575	(2,889)	2,310	4,996
HRA							
Housing Act Advances	5	-	-	5	-	-	5
Housing Repairs Reserve	52	(2,760)	2,768	60	(2,947)	2,959	72
Reserves held for Capital spending	-	-	2,759	2,759	(516)	1,385	3,628
Total HRA Reserves	57	(2,760)	5,527	2,824	(3,463)	4,344	3,705
Total Earmarked Reserves	4,835	(3,260)	6,824	8,399	(6,352)	6,654	8,701

7. Other Operating Expenditure

2012/13		2013/14
£000		£000
935	Parish council precepts	891
-	Parish Precept Grant	112
226	Payments to the Government Housing Capital Receipts Pool	262
(88)	Gains on the disposal of non-current assets	(395)
1,073	Total	870

8. Financing and Investment Income and Expenditure

2012/13		2013/14
£000		£000
21	Interest payable and similar charges	24
662	Pensions interest and expected return on pension assets	1,132
(114)	Interest receivable and similar income	(101)
185	Income and expenditure in relation to investment properties and changes in their fair value	(390)
754	Total	665

9. Taxation and Non-specific Grant Income

2012/13		2013/14
£000		£000
(5,455)	Council tax income **	(4,953)
-	Non Domestic rates – Distribution of Collection Fund Deficit	221
(3,774)	Non domestic rates	(1,684)
(243)	Non-ring fenced government grants *	(2,568)
(9,472)	Total	(8,984)

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

** Council Tax income doesn't include a contribution from the collection fund in 2013/14 (a contribution of £54,910 was included in 2012/13). The Council's share of the residual balance of £98,357 is detailed in note 23 on the collection fund adjustment account. This will be transferred in 2014/15 (£25,244 transferred in 2013/14).

10. Property, Plant and Equipment

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 recognised in the Revaluation Reserve	128	34	-	-	-	-	162
Revaluations increases/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)
Impairment loss reversal recognised in the Revaluation Reserve	77	1	-	-	-	-	78
Impairment loss reversal recognised in the Surplus / Deficit on the Provision of Services	1,273	1,263	-	-	-	-	2,536
De-recognition – disposals	7	-	-	-	-	-	7
Other movements in Depreciation and Impairment	-	-	-	-	-	302	302
At 31 March 2014	(50,846)	(12,774)	(2,619)	(14)	-	(543)	(66,796)
Net Book Value							
At 31 March 2014	68,608	41,548	2,084	88	123	1,349	113,800
At 31 March 2013	62,951	39,781	1,334	92	123	161	104,442

Comparative movements in balances in 2012/13:

	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 2012	117,265	57,105	3,441	102	124	905	178,942
Additions	1,348	202	82	-	-	237	1,869
Revaluations increases/decreases recognised in the Revaluation Reserve	121	(1,396)	-	-	-	-	(1,275)
Revaluations decreases recognised in the Surplus / Deficit on the Provision of services	(4,863)	(2,471)	-	-	-	-	(7,334)
De-recognition – disposals	(270)	(116)	(4)	-	(1)	-	(391)
Other movements in Cost or Valuation	(3)	(2)	(29)	-	-	(136)	(170)
As at 31 March 2013	113,598	53,322	3,490	102	123	1,006	171,641
Accumulated Depreciation and Impairment							
As at 1 April 2012	(50,616)	(13,074)	(1,797)	(6)	-	(845)	(66,338)
Depreciation charge	(1,405)	(486)	(390)	(4)	-	-	(2,285)
Depreciation written out to the Revaluation Reserve	60	24	-	-	-	-	84
Depreciation written out to the Surplus / Deficit on the Provision of Services	1,362	-	-	-	-	-	1,362
Impairment losses recognised in the Surplus / Deficit on the Provision of Services	(53)	(76)	-	-	-	-	(129)
Derecognition - disposals	3	69	-	-	-	-	72
Other movements in Depreciation and Impairment	2	2	31	-	-	-	35
As at 31 March 2013	(50,647)	(13,541)	(2,156)	(10)	-	(845)	(67,199)
Net Book Value							
As at 31 March 2013	62,951	39,781	1,334	92	123	161	104,442
As at 31 March 2012	66,649	44,031	1,644	96	124	60	112,604

Depreciation

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

Building	Assumed Life (Years)
Leisure Centres	5 – 20
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

At 31 March 2014, we are part way through a contract for the construction of a leisure centre at Coleshill. The capital commitment for this scheme in 2014/15 amounts to £2.963 million.

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	Total
	£000	£000	£000	£000
Carried at historical cost	82,497	59,646	2,312	144,455
Valued at fair value as at:				
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	70,148	42,136	4,731	117,015

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 2013/14. 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.

2012/13 £000	Civic Regalia	2013/14 £000
	Cost or Valuation	
699	Balance as at 1 April	703
4	Revaluations	(188)
703	Balance as at 31 March	515

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

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000
Civic Regalia	45	45	699*	703	515

* revalued in 2011/12

12. Investment Properties

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 Properties.

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:

2012/13 £000		2013/14 £000
(471)	Rental income from investment property	(504)
218	Direct operating expenses arising from investment property	187
438	Change in fair value of investment properties	(73)
185	Net (gain)/loss	(390)

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:

2012/13 £000		2013/14 £000
7,429	Balance at start of the year	6,791
-	Expenditure during the year	11
-	Revaluation	10
(200)	Disposals	(137)
(438)	Net gains/(losses) from fair value adjustment in the Consolidated Income and Expenditure Statement	73
6,791	Balance at the end of the year	6,748

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 £135,040 charged to revenue in 2013/14 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 Total 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:

	2012/13 Software Licences £000	2013/14 Software Licences £000
<i>Balance at start of year</i>		
Gross carrying amounts	2,017	2,098
Accumulated amortisation	(1,624)	(1,749)
Net carrying amount at start of year	393	349
<i>Additions:</i>		
Expenditure in the year	81	67
Amortisation for the period	(125)	(135)
Net carrying amount at end of year	349	281
<i>Comprising:</i>		
▪ Gross carrying amounts	2,098	2,165
▪ Accumulated amortisation	(1,749)	(1,884)
Net carrying amount at end of year	349	281

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 is being amortised until 2014/15,
- Planning System (SX3). The software cost £137,563 in 2005/06 and 2006/07. The cost is being amortised until 2014/15,
- 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 2013 £000	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000
Investments				
Loans and Receivables	1	-	3,525	6,524
Financial assets at fair value through the comprehensive income and expenditure account(**)	6	5	-	-
Total Investments	7	5	3,525	6,524
Receivables				
Loans and Receivables	1,002	1,001	3,270	3,205
Total included in Receivables	1,002	1,001	3,270	3,205
Borrowings				
Financial liabilities at amortised costs (*)	58,819	57,539	-	-
Total include in borrowings	58,819	57,539	-	-
Other Long term Liabilities				
PFI and Finance leases	169	158	-	-
Total other long term liabilities	169	158	-	-
Payables				
Financial liabilities at amortised cost	-	-	2,828	6,283
Total Payables	-	-	2,828	6,283

(*) 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.

(**) Fair value has been measured by direct reference to published price quotations in an active market.

➤ Gains and Losses on Repurchases of Borrowing

In previous years we have repurchased external borrowing, which has resulted in premiums and discounts arising. The premiums and discounts that arose from these repurchases that related to General Fund debt were charged to the General Fund revenue account in the year that they occurred. The amounts related to HRA debt are being written out over the same period of the original loans, and will be fully written out of the Balance Sheet in 2013/14. The movement on premiums and discounts is shown within long term borrowing and loans and receivables at amortised cost.

➤ Loans below Market Rates

During 2013/14 the Council granted Decent Homes Standard loans to 5 private owner occupiers totalling £26,740 and Disabled Facilities loans to 5 private owner occupiers totalling £31,356. 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.

15. Inventories

	Consumable Stores	Consumable Stores	Maintenance Materials	Maintenance Materials	Client services Work in Progress	Client services Work in Progress	Total	Total
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at start of year	29	30	38	44	1	-	68	74
Purchases	368	407	440	550	-	1	808	958
Recognised as an expense in the year	(367)	(393)	(434)	(547)	(1)	-	(802)	(940)
Balance at year end	30	44	44	47	-	1	74	92

16. Construction Contracts

At 31 March 2014 we had no construction contracts in progress.

17. Receivables

31 March 2013 £000		31 March 2014 £000
2,235	Central Government Bodies	1,403
82	Other Local Authorities	734
-	NHS Bodies	1
953	Other Entities and Individuals	1,067
3,270	TOTAL	3,205

18. Cash and Cash Equivalents

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

31 March 2013 £000		31 March 2014 £000
3	Cash held by the Council	3
3,240	Bank current accounts	4,422
3,243	Total Cash and Cash Equivalents	4,425

19. Assets Held for Sale

There were no assets held for sale at 31 March 2014 (none were held at 31 March 2013).

20. Payables

31 March 2013 £000		31 March 2014 £000
290	Central Government Bodies	2,802
341	Other Local Authorities	1,012
2,197	Other entities and individuals	2,469
2,828	TOTAL	6,283

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. A new provision of £2.112 million has been set aside in the Collection Fund at 31 March 2014, to cover possible refunds. Our share of this provision is £844,824 (40%), 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 2013 £000		31 March 2014 £000
(4,025)	Revaluation Reserve	(4,008)
(38,506)	Capital Adjustment Account	(47,565)
29	Financial Instruments Adjustment Account	-
(2)	Deferred Capital Receipts Reserve	(1)
24,994	Pensions Reserve	24,318
(41)	Collection Fund Adjustment Account	(139)
-	Collection Fund Adjustment Account – NDR	221
136	Accumulated Absences Account	149
(17,415)	Total Unusable Reserves	(27,025)

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.

2012/13 £000		2013/14 £000
(5,340)	Balance at 1 April	(4,025)
(354)	Upward revaluation of assets	(589)
1,540	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	381
86	Difference between fair value depreciation and historical cost depreciation	131
43	Amount written off to the Capital Adjustment Account	94
(4,025)	Balance at 31 March	(4,008)

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.

2012/13 £000		2013/14 £000	
(45,120)	Balance at 1 April		(38,506)
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
2,352	▪ Charges for depreciation and impairment of non-current assets	3,218	
6,050	▪ Revaluation losses on Property, Plant and Equipment	(6,261)	
125	▪ Amortisation of intangible assets	135	
(21)	▪ Revenue expenditure funded from capital under statute	162	
584	▪ 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	1,172	
(129)	Adjusting amounts written out of the Revaluation Reserve	(131)	
438	Movements in the market value of Investment Property	73	
(23)	Reversal of previous impairment losses		(1,632)

	<i>Capital financing applied in the year:</i>		
(108)	▪ Use of the Capital Receipts Reserve to finance new capital expenditure	(1,389)	
(1,494)	▪ Use of the Major Repairs Reserve to finance new capital expenditure	(1,649)	
(70)	▪ Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,338)	
(889)	▪ Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,470)	
(201)	▪ Capital expenditure charged against the General Fund and HRA balances	(1,581)	(7,427)
(38,506)	Balance at 31 March		(47,565)

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.

2012/13 £000		2013/14 £000
58	Balance at 1 April	29
(29)	Proportion of premiums incurred in previous financial years to be charged against the Housing Revenue Account balance in accordance with statutory requirements	(29)
29	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.

2012/13 £000		2013/14 £000
20,193	Balance at 1 April	24,994
4,069	Actuarial gains or losses on pension assets and liabilities	(2,161)
2,054	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	2,854
(1,322)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,369)
24,994	Balance at 31 March	24,318

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.

2012/13 £000		2013/14 £000
(3)	Balance at 1 April	(2)
1	Transfer to the Capital Receipts Reserve upon receipt of cash	1
(2)	Balance at 31 March	(1)

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.

2012/13 £000		2013/14 £000
(66)	Balance at 1 April	(41)
25	Amount by which council tax and non domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated of the year in accordance with statutory requirements	(98)
(41)	Balance at 31 March	(139)

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.

2012/13 £000		2013/14 £000
-	Balance at 1 April	-
-	Amount by which council tax and 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	221
-	Balance at 31 March	221

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.

2012/13 £000		2013/14 £000
91	Balance at 1 April	136
(91)	Reversal of accrual made at the end of the preceding year	(136)
136	Amounts accrued at the end of the current year	149
136	Balance at 31 March	149

24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2012/13	2012/13		2013/14	2013/14
£000	£000		£000	£000
		REVENUE ACTIVITIES		
		<i>Cash Outflows</i>		
7,996		Cash paid to and on behalf of employees	7,963	
30,122		Other operating cash costs	40,302	
8,415		Housing Benefit paid out	8,216	
5,509		Precepts paid out	4,994	
-		Payment relating to Business Rates (NNDR)	40,762	
332	52,374	Payments to the Capital Receipts Pool	253	102,490
		<i>Cash Inflows</i>		
(10,969)		Rents (after rebates)	(11,436)	
(73)		Revenue Support Grant, Area Based Grant and Housing and Planning Delivery Grant	(2,523)	
(3,774)		Receipts from Business Rates (NNDR) less Tariffs	(1,709)	
-		Receipts relating to Business Rates (NNDR)	(41,252)	
(5,480)		Precepts Received	(4,855)	
(18,461)		DWP Grants for Benefits	(13,890)	
(914)		Other Government Grants	(784)	
(5,700)		Cash received for goods and services	(17,428)	
(7,834)		Other revenue income	(9,986)	
(789)	(53,994)	Council Tax income	(4,775)	(108,638)
	(1,620)	Cash movement relating to revenue activities		(6,148)
		RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
		<i>Cash Outflows</i>		
3		Interest paid	3	
		<i>Cash Inflows</i>		
(114)	(111)	Interest received	(101)	(98)
	(1,731)			(6,246)

Net cash flow from operating activities

2012/13 £000	2012/13 £000		2013/14 £000	2013/14 £000
	1,531	Net (Deficit)/Surplus on the provision of services		(550)
		Add		
(8)		Contribution to Housing Repairs Reserve	(12)	
(3,140)		Contributions to reserves	(4,621)	
(88)		(Gain)/ Loss on sale of Assets	(395)	
226		Receipts re payment to Housing Pool	262	
25		Reversal of the Collection Fund Adjustment	(98)	
-		Reversal of the Collection Fund Adj. - NNDR	710	
70		Net movement on pensions	353	
934		Depreciation and Amortisation of Assets	2,944	
108		Write down of revenue expenditure funded from capital under statute	110	
45		Accumulated Absences	13	
662		Reversal of Current Pension Costs in Service Accounts	1,132	
37	(1,129)	Deminimus Charges	687	1,085
	402			535
		Add		
-		Increase/(Decrease) in Provisions	845	
2,467		Increase/(Decrease) in Reserves	1,487	
(1,149)		Increase/(Decrease) in Payables	3,578	
(320)		Increase/(Decrease) in Receipts in Advance	(262)	
287		(Increase)/Decrease in Receivables	65	
(6)		(Increase)/Decrease in Stocks and WIP	(18)	
50	1,329	(Increase)/Decrease in Prepayments	16	5,711
	1,731	Net cash flow from operating activities		6,246

25. Cash Flow Statement – Investing Activities

2012/13 £000		2013/14 £000
3,062	Purchase of property, plant and equipment, investment property and intangible assets	7,398
1,308	Other payments for investing activities	517
(685)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,584)
(1,844)	Other receipts from investing activities	(3,016)
1,841	Net cash flows from investing activities	3,315

26. Cash Flow Statement – Financing Activities

2012/13 £000		2013/14 £000
(750)	Cash receipts of short and long term borrowing	(1,250)
1,424	Other receipts from financing activities	2,999
674	Net cash flows from financing activities	1,749

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 as follows:

Service Board Income and Expenditure 2013/14	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

Service Board Income and Expenditure 2012/13 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	(37)	(3,853)	(680)	(18,470)	(12,334)	(35,374)
Government grants	-	(96)	-	(15,503)	-	(15,599)
Total Income	(37)	(3,949)	(680)	(33,973)	(12,334)	(50,973)
Employee expenses *	281	2,956	497	9,117	2,483	15,334
Other service expenses	73	4,935	171	24,391	4,367	33,937
Support Service Recharges*	281	1,217	414	3,955	1,393	7,260
Total Expenditure	635	9,108	1,082	37,463	8,243	56,531
Net Expenditure	598	5,159	402	3,490	(4,091)	5,558

* 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.

2012/13 £000		2013/14 £000
5,558	Net expenditure in the Service Board Analysis	7,610
613	Amounts in the Comprehensive Income and Expenditure Statement not reported to Members in the Analysis	389
6,171	Cost of Services in the Comprehensive Income and Expenditure Statement (*)	7,999

(*) The variance between the cost of service line on the main Comprehensive Income and Expenditure statement and the figure above relates to £57,000 (in 2012/13 only) homelessness grant which is shown in the taxation and non specific grant income line in the main Comprehensive Income and Expenditure statement.

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.

	Service Board analysis	Service and Support Service not in Analysis	Cost of Services	Corporate Amounts	Total
2013/14	£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

2012/13	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	(35,374)	(10)	71	-	(35,313)
Interest and investment income	-	-	-	(114)	(114)
Income from council tax	-	-	-	(5,455)	(5,455)
Government grants and contributions	(15,599)	(830)	-	(3,960)	(20,389)
Total Income	(50,973)	(840)	71	(9,529)	(61,271)
Employee expenses	15,334	62	-	-	15,396
Other service expenses	33,937	(75)	-	-	33,862
Support service recharges	7,260	-	-	-	7,260
Depreciation, amortisation and impairment	-	1,466	-	-	1,466
Interest payments	-	-	-	683	683
Precepts and levies	-	-	-	935	935
Payments to Housing Capital Receipts Pool	-	-	-	226	226
Gain on disposal of non-current assets	-	-	-	(88)	(88)
Total Expenditure	56,531	1,453	-	1,756	59,740
Surplus on the provision of services	5,558	613	71	(7,773)	(1,531)

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 2013/14 the total deficit resulting from trading activities totalled £56,352 and the following table summarises the financial performance for each.

DSO	2012/13 Expend	2012/13 Income	2012/13 (Surplus)/ Deficit	2013/14 Expend	2013/14 Income	2013/14 (Surplus)/ Deficit
	£000	£000	£000	£000	£000	£000
Horticulture – the DSO maintains the Council's parks, playing fields and open spaces	462	(488)	(26)	497	(504)	(7)
Refuse Collection – the DSO collects both domestic and trade refuse	1,019	(1,009)	10	1,005	(953)	52
Amenity Cleaning – the DSO carries out street cleaning and litter picking activities.	449	(449)	-	479	(468)	11
Totals	1,930	(1,946)	(16)	1,981	(1,925)	56

29. Agency Services

Warwickshire County Council provides a payroll service to the Council, involving a total payment of £8.477 million for employees and members of the Council. Of this sum £1.482 million is paid to Her Majesty's Revenue and Customs and £0.435 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.

		2012/13 £		2013/14 £
Funding provided to the pooled budget:				
• North Warwickshire	73,351		75,944	
• Nuneaton and Bedworth	140,499	213,850	145,466	221,410
Expenditure met from the pooled budget:				
• North Warwickshire	85,093		59,460	
• Nuneaton and Bedworth	162,992	248,085	113,887	173,347
Net deficit/(surplus) arising on the pooled budget during the year		34,235		(48,063)
Council share of 34.3% of the net deficit arising from the pooled budget		11,743		(18,230)

31. Members' Allowances

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

	2012/13 £000	2013/14 £000
Allowances	222	220
Expenses	9	8
Total	231	228

32. Officers' Remuneration

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

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
*(Hours per week reduced from 37 to 32 from 1 st April 2013)				

2012/13	Salaries, Fees and Allowances	Expenses Allowances	Pensions	Total
Job Title	(£)	(£)	(£)	(£)
Chief Executive	97,181	6,841	16,618	120,640
Deputy Chief Executive	81,601	5,921	13,954	101,476

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	2012/13 staff numbers	2013/14 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	
	2012/13	2013/14	2012/13	2013/14
			£	£
£0 – £20,000	2	5	5,574	31,796
£20,001 – £40,000	1	-	20,935	-
£40,001 – £60,000	-	-	-	-
Total	3	5	26,509	31,796

The total cost of £31,796 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 2013/14 accounts.

Type of Audit Work	2012/13 £000	2013/14 £000
Fees payable to PricewaterhouseCoopers LLP with regard to external audit services carried out for the year	56	48
Fees payable in respect of statutory inspections	2	-
Fees payable for the certification of grant claims and returns for the year	16	21
Total	74	69

34. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14.

	2012/13 £000	2013/14 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	73	2,523
Council Tax Freeze Grant	113	45
Non Domestic Rates	3,774	1,709
Local Services Support Grant	57	-
Total	4,017	4,277
Credited to Services		
New Burdens – Assets of Community Value	5	8
New Burdens – Community Right to Challenge	-	9
Economic growth – Local Development Framework	-	7
New Burdens – Localising Council Tax Reform	93	40
Electoral Reform Services Grant	-	10
Small Business and Empty Property Rate Relief	-	205
Neighbourhood Planning Grant	-	20
UK Food Safety Standards Grant	2	-
High Street Innovator Grant	100	-
LPSA Grant Funding	464	-
Lottery Funding for Local Nature Reserve	70	110
Leader Project Grant	356	240
Stronger and Safer Communities Funding	10	35
NW Clinical Commissioning Group – Health Shop & Exercise Referral	19	-
New Burdens Transparency Code Set Up	-	3
New Burdens Housing Benefit Grant	-	11
Benefits Grant	23	94
Benefits Administration Grant	390	357
New Burdens – Temporary increase in Small Business Rate Relief	3	-
New Homes Bonus Scheme	191	414
Council Tax and Rent Allowances Subsidy	12,526	7,911
National Non Domestic Rates Administration Grant	112	110
Housing Rent Rebates	5,936	5,979
Total	20,300	15,563

We have received a grant that is yet to be recognised as income as it has conditions attached to it that will require the monies or property to be returned to the giver, if they are not met. The balance at the year end is as follows:

31 March 2013 £000		31 March 2014 £000
	Grants Receipts in Advance (Capital Grants)	
107	Opening Balance	37
(70)	New Build Grant HRA – use in year	(37)
37	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 2014 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 2013/14 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 2013/14. During the year, we paid £2,213,660 (£2,540,940 in 2012/13) 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 £961,689 (£781,324 in 2012/13) was received from the County Council for school swimming lessons, grass cutting, food bank, Bob hubs and recycling activities.

Three Borough Councillors were also on Atherstone Town Council in 2013/14. Income of £28,129 (£43,472 in 2012/13) 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 £62,482 (£61,536 in 2012/13) 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		
	2012/13 £ 000	2013/14 £ 000
<i>Capital Investment</i>		
Property, Plant and Equipment	2,207	7,595
Intangible Assets	81	67
Local Authority Mortgage Scheme	1,000	-
Revenue Expenditure Funded from Capital Under Statute	353	496
Total Expenditure	3,641	8,158
<i>Sources of Finance</i>		
Capital receipts	(148)	(1,389)
Unfunded Local Authority Mortgage Scheme	(1,000)	-
Government grants and other contributions	(291)	(1,670)
Revenue Contribution to Capital	(108)	(110)
Earmarked Capital Reserve	(183)	(950)
Major Repairs Reserve/HRA RCCO	(1,494)	(1,649)
Revenue Contribution to Capital - HRA	-	(522)
Capital payables	(391)	(261)
Prudential Borrowing	(26)	(1,607)
Total Financing	(3,641)	(8,158)

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.

	2012/13 £ 000	2013/14 £ 000
Long Term Assets	112,454	121,502
Long Term Receivable	1,000	1,000
Revaluation Reserve	(4,025)	(4,008)
Capital Adjustment Account	(38,506)	(47,565)
Capital Financing Requirement	70,923	70,929

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 2013 £000		31 March 2014 £000
169	Property, Plant, and Equipment	158

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 2013 £000		31 March 2014 £000
118	Finance lease liabilities (net present value of minimum lease payments):	
15	• Current	108
36	• Non-current	18
	Finance costs payable in future years	32
169	Minimum lease payments	158

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

	Minimum lease payments		Finance lease payments	
	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000
Not later than one year	11	11	14	14
Later than one year and not later than five years	45	45	51	49
Later than five years	113	102	89	77
Total	169	158	154	140

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 2013/14, no contingent rents were payable by the Council (none in 2012/13).

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 2013 £000		31 March 2014 £000
29	Not later than one year	31
425	Later than one year and not later than five years	189
-	Later than five years	-
454	Total	220

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 2013 £000		31 March 2014 £000
101	Minimum lease payments	101
(66)	Contingent rents	(87)
35	Total	14

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 2013 £000		31 March 2014 £000
300	Not later than one year	274
9	Later than one year and not later than five years	23
152	Later than five years	153
461	Total	450

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 2013/14, £97,025 contingent rents were receivable by the Council (£108,072 in 2012/13).

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.

There was an HRA impairment reversal of £7.952 million during the year, which was credited to the Surplus or Deficit on the Provision of Services. This related primarily to an increase in the value of council housing, although there was also an increase in the value of some community centres. There was a charge made to the HRA, reflecting the demolition of a garage site at Princess Road, Atherstone.

Other impairments of £1.796 million took place within the year relating to the Council Offices, depot and play areas, and these were charged to the Surplus or Deficit on the Provision of Services. There was a small reduction in the overall charge due to an increase in the value of a leisure pavilion.

39. Termination Benefits

The Council terminated the contracts of 5 employees in 2013/14, incurring liabilities of £31,796.14 (£26,509 in 2012/13) – see Note 32 for the number of exit packages and total cost per band. Payments were made to a Conservation and Heritage officer, Accountancy Assistant, Housing Contracts Manager, Pool Receptionist/Attendant 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, 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:

	2012/13 £000	2013/14 £000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services</i>		
• Current service cost	(1,392)	(1,722)
• Past Service Cost and Curtailments	-	-
<i>Financing and Investment Income and Expenditure</i>		
• Interest cost	(3,095)	(3,397)
• Expected return on scheme assets	2,433	2,265
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	(2,054)	(2,854)
<i>Other post employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
• Return on plan assets	4,133	1,528
• Actuarial gains arising on changes in demographic assumptions	-	692
• Actuarial losses arising on changes in financial assumptions	(8,422)	(1,986)
• Other	220	1,927
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(4,069)	2,161
<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	2,054	2,854
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
• Employers contributions payable to scheme	1,322	1,369
Retirement benefits payable to pensioners	(2,114)	(2,329)

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 £24,318,000 at 31 March 2014 and a loss of £24,994,000 at 31 March 2013.

Assets and Liabilities in Relation to Post-employment Benefits

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

	Funded Liabilities	
	2012/13 £000	2013/14 £000
Opening balance at 1 April	64,607	75,627
Current service cost	1,392	1,722
Interest Cost	3,095	3,397
Contributions by scheme participants	445	433
Actuarial gains arising from changes in demographic assumptions	-	(692)
Actuarial losses arising from changes in financial assumptions	8422	1,986
Other	(220)	(1,927)
Benefits paid	(2,114)	(2,329)
Closing balance at 31 March	75,627	78,217

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

	Funded Assets	
	2012/13 £000	2013/14 £000
Opening balance at 1 April	44,414	50,633
Expected rate of return - Interest	2,433	2,265
Actuarial gains – Return on plan assets	4,133	1,528
Contributions by scheme participants	445	433
Employer contributions	1,322	1,369
Benefits/transfers paid	(2,114)	(2,329)
Closing balance at 31 March	50,633	53,899

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 £3.793 million (£6.566 million in 2012/13).

Scheme History

	31 March 2010 £000	31 March 2011 £000	31 March 2012 £000	31 March 2013 £000	31 March 2014 £000
Present value of liabilities in scheme	(64,243)	(59,701)	(64,607)	(75,627)	(78,217)
Fair value of assets in scheme	39,846	43,943	44,414	50,633	53,899
Surplus / (Deficit) in the scheme	(24,397)	(15,758)	(20,193)	(24,994)	(24,318)

The liabilities show the underlying commitments that we have in the long-run to pay post employment (retirement) benefits. The total liability of £24.318 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 2013/14 the Council actually paid an employer's contribution of £1,220,892 representing 18% (17.1% in 2012/13) of participating employees' pensionable pay into Warwickshire County Council's Superannuation Fund, which provides members with defined benefits related to pay and service. In addition, the Council also paid £10,580 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 2013/14 these amounted to £144,877 representing 2.1% of pensionable pay (in 2012/13 the Council made payments totalling £145,423 representing 2.1% of pensionable pay). In 2014/15 the estimated contributions expected to be paid to the scheme after the Balance Sheet date is £1,318,000.

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 2014. 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:

	2012/13	2012/13	2013/14	2013/14
	Beginning of period	End of Period	Beginning of period	End of Period
Long term expected rate of return on assets in the scheme				
Equity investments	6.3%	4.5%	4.5%	7.2%
Government Bonds	3.9%	4.5%	4.5%	7.2%
Property	4.4%	4.5%	4.5%	7.2%
Cash/Liquidity	3.5%	4.5%	4.5%	7.2%
Expenses Deducted (p.a.)	0.6%	0.6%	0.6%	0.6%
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	21.9	21.9	21.9	22.4
Women	23.6	23.6	23.6	24.4
Longevity at 65 for future pensioners:				
Men	22.8	22.8	22.8	24.3
Women	25.9	25.9	25.9	26.6
Rate of Inflation (CPI)	2.5%	2.8%	2.8%	2.8%
Rate of Increase in salaries	4.8%	5.1%	5.1%	4.6%
Rate of increase in pensions	2.5%	2.8%	2.8%	2.8%
Rate of discounting scheme liabilities	4.8%	4.5%	4.5%	4.3%

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.

	2012/13	2012/13	2013/14	2013/14
	£ 000	%	£ 000	%
Equity Securities:-				
• Consumer	5,302.7	10.5%	5,768.2	10.7%
• Manufacturing	2,909.1	5.7%	3,032.0	5.6%
• Energy and Utilities	1,473.0	2.9%	1,294.1	2.4%
• Financial Institutions	2,172.6	4.3%	2,551.3	4.7%
• Health and Care	920.6	1.8%	1,072.3	2.0%
• Information Technology	1,878.0	3.7%	1,885.7	3.5%
• Other	810.1	1.6%	1,589.9	3.0%
Private Equity:-				
• All	441.9	0.9%	584.2	1.1%
Real Estate:-				
• UK Property	4,639.8	9.2%	5,028.7	9.3%
• Overseas Property	110.5	0.2%	96.1	0.2%
Investment Funds and Unit Trusts:-				
• Equities	15,355.6	30.3%	15,355.8	28.5%
• Bonds	7,659.4	15.1%	8,430.4	15.7%
• Hedge Funds	2,283.1	4.5%	2,440.4	4.5%
• Other	4,492.5	8.9%	4,548.0	8.4%
Cash and Cash Equivalents:-				
• All	184.1	0.4%	221.9	0.4%
Total	50,633.0	100%	53,899.0	100%

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2013/14 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2014:

	31 March 2010	31 March 2011	31 March 2012	31 March 2013	31 March 2014
Differences between the expected and actual return on assets	19.5%	4.6%	(4.2%)	8.2%	2.8%
Experience gains and losses on liabilities	-	6.5%	(0.8%)	0.3%	(2.5%)

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 – TMP's) 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 2014 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 £308,020 of the balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2013 £000	31 March 2014 £000
Less than three months	89	164
Between three and six months	19	14
Between six months and one year	17	63
More than one year	71	67
TOTAL	196	308

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 2014 was £24,465.

➤ *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 £57.539 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 2013 £000	31 March 2014 £000
Less than one year	1,250	1,250
Between one years and two years	1,250	1,300
Between two and five years	4,350	4,750
Between five and ten years	9,960	10,610
Between ten and fifteen years	12,850	13,400
Between fifteen and twenty years	19,129	16,229
More than twenty years	10,000	10,000
Total	58,789	57,539

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 2014 were held with banks and building societies. At 31 March 2014 the Council had short-term investments of £6.524 million.

	31 March 2013 £000	31 March 2014 £000	Change in year £000
Short Term Investments	3,525	6,524	2,999
Total	3,525	6,524	2,999

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 2012/13 £000	Actual 2012/13 £000		Actual 2013/14 £000	Actual 2013/14 £000	Note
		EXPENDITURE			
2,769		Repairs and Maintenance	2,958		5
		Supervision and Management			
1,100		- General	1,202		
441		- Special Services	508		
1,463		Depreciation and Impairment of non-current assets	1,647		8
2,412		Debt Management Costs	2,890		
81		Movement in the allowance for bad debts	26		11
(7)		Payment to Communities and Local Govt	-		
	8,259	TOTAL EXPENDITURE		9,231	
		INCOME			
(10,565)		Dwelling rent	(11,021)		12
(331)		Non-dwelling rent	(324)		
(73)		Charges for Services and Facilities	(90)		
(70)		Grant for New Build	(37)		
	(11,039)	TOTAL INCOME		(11,472)	
	(2,780)	Net Cost of HRA Service as included in the Comprehensive Income and Expenditure Statement		(2,241)	
	61	HRA service share of Corporate and Democratic Core		61	
	(2,719)	Net Income/cost for HRA Services		(2,180)	
		HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement			
	(89)	Gain on sale of HRA non-current assets		(396)	
	71	Interest payable and similar charges		(7)	
	(18)	Interest and Investment Income		(21)	14
	6,178	Capital grants and contributions receivable			
		Surplus or Deficit on Revaluation of Property, Plant and Equipment		(7,952)	
	3,423	(Surplus) or Deficit for the year on HRA Services		(10,556)	

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.

2012/13 £000		2013/14 £000
(676)	Balance on the HRA at the end of the previous year	(567)
3,423	(Surplus)/ Deficit for the year on the HRA Income and Expenditure Statement	(10,556)
(6,057)	Adjustments between accounting basis and funding basis under statute	8,335
(2,634)	Net (Increase) or decrease before transfers to or from reserves	(2,221)
2,743	Transfers to or (from) reserves	1,397
109	(Increase) of decrease in year on the HRA	(824)
(567)	Balance on the HRA at the end of the current year	(1,391)

Adjustments between accounting basis and funding basis under statute:

2012/13 £000		2013/14 £000	Note
	Items included in the HRA Income and Expenditure Statement but excluded from the movement on HRA Balance for the Year		
(6,178)	Reversal of Impairment losses and revaluations	7,952	9
89	Gain on sale of HRA Property, Plant and Equipment	396	
(16)	Net charges made for retirement benefits in accordance with IAS 26	(85)	10
(18)	Reduction/(Increase) in accrual for employee benefits	(1)	
70	Reversal of grant for new build	37	
(6,053)	Items not included in the HRA Income and Expenditure Statement but included in the movement on HRA Balance for the Year	8,299	
29	Amortised Premiums and Discounts	29	13
(71)	Transfer to/(from) Capital Adjustment Account	7	13/14
38	Transfer to/(from) Major Repairs Reserve	-	4
(6,057)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	8,335	

Transfers to or from reserves

2012/13 £000		2013/14 £000	Note
8	Transfer to/(from) the Housing Repairs Reserve	12	5

Notes to the Housing Revenue Account (HRA) Statements for the Year Ended 31 March 2014

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 2,715 dwellings during 2013/14, consisting of the following:

2012/13		2013/14
1,470	Houses	1,444
668	Flats	666
591	Bungalows	591
2,729	Total at 31 March 2013	2,701
	The change in stock was as follows: -	
2,739	Stock at 1st April	2,729
(11)	less Sales	(28)
1	New Build	-
2,729	Stock at 31 March 2013	2,701

3. Assets held within the Housing Revenue Account

We hold assets within our HRA valued at £102.646 million as at 31 March 2014. 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 2013 £000	Asset Type	Balance as at 31 March 2014 £000
28,288	Land	30,302
62,923	Council Dwellings	68,579
11	Plant and Vehicles	9
3,525	Other Property	3,756
94,747	Total	102,646
62,923	Operational Assets – Dwellings	68,579
27,555	- Land	29,552
3,525	- Other Buildings	3,756
11	- Plant and Vehicles	9
733	Non-operational Assets	750
94,747	Total	102,646

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 £287.93 million. This is different to the gross book value of the assets included within the balance sheet of £97.896 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.

2012/13 £000		2013/14 £000
(1,614)	Balance as at 1 April	(1,621)
(1,463)	Transfer into Reserve – Depreciation	(1,649)
(38)	Transfer into Reserve – Appropriation	-
1,494	To finance Capital Expenditure – Houses	1,649
(1,621)	Balance as at 31 March	(1,621)

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:

2012/13 £000		2013/14 £000
52	Balance brought forward	60
2,769	Contributions from HRA	2,958
(2,761)	Use of Fund	(2,946)
60	Balance as at 31 March	72

6. Capital Expenditure and Income

We undertake a programme of works in relation to our HRA property and, in 2013/14, spent £2,533,552 (£1,871,333 in 2012/13). This expenditure was used to fund work on council houses of £1,897,765 (£1,525,623 in 2012/13), garages of £8,043 (£10,215 in 2012/13), new housing of £570,305 (£114,386 in 2012/13) and community centres of £57,439 (£221,109 in 2012/13). Capital spending during the year has been paid for from a number of sources and these are shown below:-

2012/13 £'000	Source of Funding	2013/14 £'000
(1,494)	Major Repairs Reserve	(1,649)
-	Capital Receipts	(240)
-	Earmarked Reserves	(522)
(70)	Grants and Contributions	(37)
(307)	Capital Payables	(86)
(1,871)	Total	(2,534)

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 2013/14 capital income of £1,437,600 was received from the sale of 28 council houses (£527,525 for 11 houses in 2012/13), £9,240 from the sale of land at 3 Willow Walk Arley (£149,809 from the sale of land to developers at Queensway, Hurley and Old Farm Road, Mancetter in 2012/13).

8. Depreciation

The HRA is charged with an amount to recognise the level of depreciation incurred in the year on its HRA assets. For 2013/14 the amount of depreciation charged is as follows.

2012/13 Operational assets £000		2013/14 Operational assets £000
1,378	Council Dwellings	1,556
88	Other Property	91
2	Vehicles	2
1,468	Total (*)	1,649

()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

There was an impairment reversal of £7.952 million during the year, which was credited to the Surplus or Deficit on the Provision of Services. This related primarily to an increase in the value of council housing, although there was also an increase in the value of some community centres. A charge was made to the HRA, reflecting the demolition of a garage site at Princess Road, Atherstone.

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 £84,797 to reflect the additional costs of those benefits. This has then been reversed out elsewhere within the account.

11. Rent Arrears

At 31 March 2014 the total rent in arrears was £251,891, which represents 2.28% of collectable rent income (2.34% in 2012/13). The rent arrears figures are detailed below: -

2012/13 £000		2013/14 £000
159	Arrears at 31st March: - Present Tenants	127
89	Former Tenants	125
248	TOTAL ARREARS	252

The allowance for bad debts at 31 March 2014 was £194,169 (£180,074 at 31 March 2013). Debts totalling £8,756 were written off during the year (£31,404 written off in 2012/13).

The Council has increased the provision for the non collection of leaseholder service charges relating to maintenance works undertaken on leasehold properties by £2,979 (£1,976 increase in 2012/13).

12. Gross Rent Income

This is the total rent income due for the year after allowances are made for voids etc. During the year 1.25% of lettable properties were vacant (0.82% in 2012/13). Average rents were £85.72 a week in 2013/14 (excluding service charges) on a 48 week basis, an increase of £4.49 or 5.52% 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 £1,640,299 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 2013/14.

In previous years our external debt covered both General Fund and HRA activities. Over the years we have either rescheduled existing debt, or repaid debt, earlier than the due date. The HRA is liable to pay a proportion of any premium that relates to this, over what would have been the life of the original loans. The HRA paid £29,539 towards outstanding premiums in 2013/14, and received discounts of £504. This clears the outstanding premiums and discounts, leaving nothing to be paid or received in future years. The balance is reflected on the balance sheet as part of the Financial Instruments Adjustment Account.

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 2013/14 this amounted to £20,722 (£17,988 in 2012/13).

Revaluation of Land at Ridge Lane and Warton and a part equity property in Coleshill classed as investment properties during the year showed an increase in the property valuations of £17,175 (£70,650 increase in 2012/13), 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.

North Warwickshire Borough Council

The Collection Fund - Income and Expenditure Statement for the Year Ended 31 March 2014

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.

2012/13 Council Tax £000	2012/13 NNDR £000	2012/13 Total £000		2013/14 Council Tax £000	2013/14 NNDR £000	2013/14 Total £000
30,145	-	30,145	INCOME	31,130	-	31,130
			Income from Council Tax (net of benefits and transitional relief)			
4,518	-	4,518	<i>Transfers from the General Fund</i>			
(1)	-	(1)	Council Tax Benefits	-	-	-
-	39,233	39,233	Transitional Relief	-	-	-
			Income Collectable from Business Ratepayers	-	40,762	40,762
34,662	39,233	73,895		31,130	40,762	71,892
			EXPENDITURE			
25,027	-	25,027	Precepts and Demands :-	22,090	-	22,090
3,920	-	3,920	Warwickshire County Council	3,460	-	3,460
5,426	-	5,426	Warwickshire Police Authority	4,855	-	4,855
34,373	-	34,373	North Warwickshire Borough Council	30,405	-	30,405
254	-	254	Distribution of Surpluses :-	-	-	-
38	-	38	Warwickshire County Council	-	-	-
55	-	55	Warwickshire Police Authority	-	-	-
347	-	347	North Warwickshire Borough Council	-	-	-
-	39,121	39,121	Business Rate :-	-	-	-
-	-	-	Payment to National Pool	-	-	-
-	-	-	North Warwickshire Borough Council	-	15,692	15,692
-	-	-	Payment to Government	-	19,615	19,615
-	-	-	Payment to Warwickshire County Council	-	3,923	3,923
-	-	-	Transition Protection payment to Government	-	921	921
-	112	112	Cost of collection	-	110	110
-	39,233	39,233	Bad and doubtful debts/appeals :-	-	40,261	40,261
52	-	52	Arrears Written Off	28	81	109
52	-	52	Provision for un-collectable amounts	82	82	164
-	-	-	Provision for Appeals	-	2,112	2,112
-	-	-	Less Spread of Appeals provision	-	(489)	(489)
(162)	-	(162)	Increase/(Decrease) in Fund Balance	615	(1,285)	(670)
34,662	39,233	73,895		31,130	40,762	71,892
418	-	418	Balance at 1 April	256	-	256
(162)	-	(162)	SURPLUS/(DEFICIT) FOR THE YEAR	615	(1,285)	(670)
256	-	256	Balance at 31 March 2014	871	(1,285)	(414)

2012/13 CT	2012/13 NDR	2012/13 Total	Analysis of Fund Balance Surplus/(Deficit)	2013/14 CT	2013/14 NDR	2013/14 Total
	£000			£000	£000	£000
186	-	186	Warwickshire County Council	633	(177)	456
29	-	29	Warwickshire Police Authority	99	-	99
41	-	41	North Warwickshire Borough Council (less spread of appeals)	139	(221)	(82)
-	-	-	Government	-	(887)	(887)
256	-	256	Total	871	(1,285)	(414)

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

2012/13 Total	Authority	Precept /Demand	Share of 31 March 2014 Surplus	2013/14 Total
£000		£000	£000	£000
25,213	Warwickshire County Council	22,090	633	22,723
3,949	Warwickshire Police Authority	3,460	99	3,559
5,467	North Warwickshire Borough Council	4,855	139	4,994
34,629	Total	30,405	871	31,276

NNDR (Business Rates) on the Collection Fund

2012/13 Total	Authority	Business Rates 2013/14	Share of 31 March 2014 Deficit	2013/14 Total
£000		£000	£000	£000
-	North Warwickshire Borough Council	15,692	(221)	15,471
-	Warwickshire County Council	3,923	(177)	3,746
-	Government	19,615	(887)	18,728
-	Total	39,230	(1,285)	37,945

Notes to the Collection Fund for the year ended 31 March 2014

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 2013/14 the base was calculated as follows: -

Band	Estimated number of taxable properties after effect of discounts	Ratio	Band D equivalent Dwellings
A	4,093.75	6/9	2,727.11
B	5,202.25	7/9	4,046.19
C	4,897.25	8/9	4,353.11
D	3,255.00	9/9	3,255.00
E	1,950.50	11/9	2,383.94
F	1,094.50	13/9	1,580.94
G	626.00	15/9	1,043.33
H	61.00	18/9	122.00
Less adjustment for collection rates and for anticipated changes during the year for successful appeals against valuation banding.			19,511.62 (390.22)
COUNCIL TAX BASE 2013/14			19,121.40

On the basis of an average £1,543.51 council tax rate throughout the North Warwickshire Borough Council area, the original estimated council tax income was £29.514 million (£1,543.51 x 19,121.40). The actual income received, including benefits, 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 19th February 2014 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 £83,050 after the 19th February 2014, due to changes to the valuations of properties, which will be included within the 2014/15 accounts.

The total non-domestic rateable value at the year-end was £95,594,854 (£95,594,854 in 2012/13). The national non-domestic rate for small businesses was 46.2 pence (45.0 pence in 2012/13) and the rate for other businesses was 47.1 pence (45.8 pence in 2012/13).

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year end of 31 March 2014. 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 2013/14 and the Service Reporting Code of Practice 2013/14, 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. In 2013/14, we reviewed some additional provision we had made in prior years, and as this exceeded the sum calculated for 2013/14, reduced the amount set aside in the 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 period 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 4.3% 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 period 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 period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – 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 Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period 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 period 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 period as if the new policy had always been applied.

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

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.

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 periods 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 2013/14 (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 Communities and Local 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. Business rates are pooled nationally and a share is given back to local authorities based on the number of people living in the area.
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

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 2014 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 acceptable 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. The peer team use their experience and knowledge of local government to provide feedback on the Council's performance. Following receipt of feedback from the review, the Executive Board agreed a number of actions to address the issues that had been raised.

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. Further review of the remit of Boards was undertaken during the year through the Democratic Arrangements Task and Finish Group. 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, though 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, which was reviewed during the year, 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 Experian 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. There has been further review of democratic arrangements and the constitution during the year. Other review work has been undertaken by the Council's statutory officers, with amendments made to the Treasury Management Strategy and the Employee Code of Conduct, and the introduction of a Social Media Policy.

The Council resolved to continue to have a Scrutiny Board, so scrutiny arrangements continued during the year. A number of areas were examined, including: Industrial Units, the Letting of Council Properties and Food Premise Inspections.

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. The

section continued to coordinate work under the National Fraud Initiative, ensuring that all areas are followed up. Specialist counter-fraud consultants and external IT auditors have been used to supplement the work carried out by the section, enabling greater assurance to be placed on the results.

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 LLP, 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 LLP, 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 2014/15 savings

The Treasury Management Strategy was reviewed and updated, including a revised lending list

Reassessment of all insurance cover, as part of a full insurance renewal exercise

Closer monitoring of business rate appeals with the Valuation Office and the purchase 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 to improve the mechanical and electrical infrastructure commenced, to ensure that the civic offices are safe and fit for purpose for the foreseeable future

Work to ensure access to systems and telephony was maintained during the Accommodation project

The purchase and implementation of a virtualisation solution to improve resilience and increase data storage to assist with disaster recovery and business continuity

The adaptation of Internal Audit work to ensure compliance with the new Public Services Internal Auditing Standards

Work was carried out in line with the agreed Audit Plan, with ad hoc work completed where necessary

A formal, independent review of health and safety procedures and systems in Housing Direct Works commenced

The contract to replace the Leisure Centre in Coleshill commenced during the year

Full participation by the Council in the Core Strategy examination.

Further actions will be taken in 2014/15, including:

Updating the Medium Term Financial Strategy and working on savings for 2015/16 onwards

Updating the capital programme and resources available

Monitoring the collection of business rates and the operation of the Local Business Rates Pool

An increase in the proactive monitoring of health and safety arrangements

An ICT disaster recovery test once the work on the Council Offices is complete

Data audit and classification to ensure good data/information governance
Monitoring progress of the Single Fraud Investigation service to ensure adequate fraud cover is maintained for monitoring council tax support fraud
Adoption of a revised Child Protection Policy 2014/17 and completion of the planned Section 11 audit
Further development of Property Management Plans, and the refurbishment of the Depot
A review of Housing Maintenance contract management procedures.

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 & Chief Executive
On behalf of North Warwickshire Borough Council

Agenda Item No 7

Executive Board

22 September 2014

**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 2013/14 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

Report to the Executive Board on the audit for the year ended 31
March 2014 (*ISA (UK&I) 260*)

Government and
Public Sector

September 2014

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 subject to the resolution of outstanding items.

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;
- 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 later in this report.

Please note that this report will be sent to the Audit Commission in accordance with the requirements of its standing guidance.

We look forward to discussing our report with you on 22 September 2014. Attending the meeting from PwC will be Matthew Elmer and Tom Gibbs.

Our Audit Approach is risk-based.

We utilise a range of technology to support what we do, including data auditing, bespoke delivery centres and our cutting edge auditing software 'Aura'.

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

Management override of controls

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.



Audit approach and findings

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.

We reviewed the appropriateness of journals processed during the year.

We assessed management estimations and considered if they were subject to bias.

We tested your bank account and other reconciliations.

Our audit procedures also included an unpredictable element that varies year on year.

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

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.

We performed detailed testing of a sample of income and expenditure transactions focussing on the areas of greatest risk. We also carried out testing to identify unrecorded liabilities.

We performed targeted work on accounts receivable/revenue cut off to ensure 2013/14 income had been appropriately recognised during the year, particularly around year end.

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

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 2014 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 2013/14, this did not impact our testing strategy.

Our revised materiality levels are as follows:

	£
Overall materiality	992,480
Clearly trivial reporting de minimis	15,000

Overall materiality has been set at 2% of actual expenditure for the year ended 31 March 2014.

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 2014.

Audit Team

During the audit process it became necessary to make some changes to the Engagement Team. Mark Jones was replaced as your engagement leader in June 2014 by Richard Bacon, a Partner in PwC. He is being assisted in the delivery of the audit by Matthew Elmer, a Senior Manager in our Government and Public Sector team. These changes were communicated by letter to the Chief Executive.

The other key members of the team, in particular the Audit Manager Tom Gibbs, have remained the same as we reported to you in our Audit Plan.

There are no material accounting issues to draw to your attention. However, we have highlighted on the next few pages some of the key issues we have identified in our audit for you to consider.

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;
- 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 and the approval of the Statement of Accounts we expect to issue an unqualified audit opinion.

As part of our work on the Statement of Accounts we are also examining the Whole of Government Accounts schedules submitted to the Department for Communities and Local Government. Based on the work performed to date we anticipate issuing an opinion stating 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 there are no uncorrected misstatements to report to you.

Your accounts were provided after the statutory deadline of 30 June 2014. We received the first draft accounts on 28 July 2014. We understand the delay was due to some staffing issues within the finance team. This did not adversely impact on the planned timing of our final audit process.

We agreed in advance what we would need for our audit and this was ready for us when we arrived. The finance team worked hard to meet the timescales and were helpful in resolving our queries. We would like to thank the team (and others) for their support and assistance during the audit.

Local Authority Mortgage Scheme (LAMS)

We reported to you in the prior year on the accounting treatment of the £1million on deposit made by the Authority with Lloyds Bank in connection with the Local Authority Mortgage Scheme.

The scheme was 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 Capita (your 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 last year with the Authorities treatment, provided additional disclosures were included in the accounts. We have confirmed these have been included again for 2013/14 (per 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 surplus/liability at 31 March 2014 was £24.3 million (2013 - £25 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

We are relying on the work of the Warwickshire County Council pension fund auditors for a number of matters. We are currently awaiting a letter detailing the findings of their work. We will give you a verbal update at the Executive Board.

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 that there are no uncorrected misstatements to report. Some recommended changes to the accounts were made during the audit, but none of these were material.

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. In addition to the pensions liability, 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 2013/14 by the internal valuer. This has resulted in an increase in the overall value of the Council's HRA properties and a surplus on revaluation of £8million recognised as 'Other Comprehensive Income' in your accounts. Land and building valuations are subjective and 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 give you a verbal update at the Executive Board.

Provisions: Non Domestic Rates Appeals

You noted in your draft accounts that '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'.

You have raised a provision for backdated National Non Domestic Rates (NNDR) appeals which totalled £2.112 million in your draft accounts. Your share of this provision is 40% of the total (£844,824). In the draft accounts you initially anticipated that this would be funded in one year. However, subsequently you have taken the decision to spread part of the cost of this appeal across future years, which is allowable by the rules. This reduced the impact of the initial £2.112 million provision by £489,000 in the 2014/15 collection fund financial statements.

This is a judgemental balance and is based on your best estimate of liabilities for appeals. We have reviewed your methodology and accounting for this transaction and did not identify any issues to report.

We have requested management representations on your provisions balance within the Appendix to this report.

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 appropriate 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 and the National Non Domestic Rates Appeals provision.

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 therefore concluded that the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements, and there are no financial standing issues to report.

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.

In addition to the audit of the Statement of Accounts, PwC has not undertaken any other work for the Authority, other than planned work as part of our Grant Certification responsibilities.

Fees

The analysis of our audit and non-audit fees for the year ended March 2014 is included later in this report.

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 the Audit Commission'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. The Commission’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.

There are no rotation issues which impact on your existing engagement leader, who following recent changes referred to earlier in this report is Richard Bacon.

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.

The Audit Commission 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 2013 and is due to be updated in September 2014. The strategy identifies the impact of anticipated funding reductions between 2014/15 – 2017/18 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 challenged 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 remain challenges, in particular the uncertain nature of local government funding in the medium term.

Financial Management

The Authority has a history of delivering sound financial management. The 2013/14 outturn position has resulted in an increase in General Fund reserves of £201,000.

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 the potential to benefit the Council in future periods. We have reviewed the savings plans you have put in place and we believe these to be deliverable.

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 you have produced, 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 any changes which need to be made to the original assumptions.

We anticipate issuing an unqualified value for money conclusion.

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. The audit work we have conducted has identified a small number of minor control weaknesses which we will report separately to management.

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 2014 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.

Fees update

Fees update for 2013/14

We reported our fee proposals in our plan.

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

	2013/14 outturn	2013/14 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 2013/14 and will be reported in our Certification Report to Management.

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 2014

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 2013 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 2013/14 supported by the Service Reporting Code of Practice 2013/14.

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 2013/14 supported by the Service Reporting Code of Practice 2013/14; 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 2013/14 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 2013/14.

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 2013/14.

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 2014, 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 2014 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.

Local Authority Mortgage Scheme (LAMS)

The Authority 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 Capita 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 of land and buildings and the pension fund actuary, experts in evaluating the value of our non-current assets and pension fund liabilities respectively. I 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 22 September 2014

.....

Deputy Chief Executive
For and on behalf of

Date

Appendix 1 - Related parties and related party transactions

[The Authority to is to include a complete list of related parties in the final signed letter]



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.

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Agenda Item No 8

Executive Board

22 September 2014

Report of the Chief Executive

Key Corporate Issues

1 Summary

- 1.1 The purpose of this report is to draw Members' attention to the key Corporate issues facing the Council in the mid-term future. It seeks to assist Members to addressing these issues during the formulation of the 2014/15 Budget and in the run-up to the 2015 Council Election.

Recommendation to the Council

That the issues raised in this report are the main areas which should be considered for discussions on potential corporate planning.

2 Consultation

- 2.1 The issues raised in this report have been and will be the subject of discussions with Members at the Annual Presentations to political groups.

3 Introduction

- 3.1 Members have been requested, in a separate report on this agenda, to agree the 2014/15 Financial Strategy. This report sets out the key issues facing the Council. Members are requested to give consideration as to whether these are the main areas which should be considered for discussions on potential corporate planning for 2015-16 and beyond.
- 3.2 2015 will be a very important year in North Warwickshire. 7 May sees a General Election and an all-out District Council election. Consequently, whatever the results of those elections, things are going to be very different over the ensuing four years.
- 3.3 This report aims to stimulate debate and discussion by Members and officers in advance of the 2015 elections, so that the Council can move forward as quickly as possible after the Election.

3.4 The key questions for Members seem to me to be “what sort of North Warwickshire do we want?” and “how much can we control/influence our destiny?”.

4 Snapshot of the Borough

4.1 It’s perhaps useful to start by setting out a brief description of North Warwickshire, as it is today.

4.2 It is a rural former mining area with virtually no population growth over the last twenty years but the Core Strategy is likely to suggest growth that is relatively modest but significantly higher than historically.

4.3 In employment terms, it is very popular due to its strategic position on the transport network. This includes A5, M6, M42, M6 Toll, West Coast Mainline, two rail-served major logistics sites, located between Birmingham and East Midlands Airports and bordering the cities of Birmingham and Coventry, in addition to the large towns of Nuneaton and Tamworth.

4.4 Due to its location, the economic connections go in a number of directions, namely towards greater Birmingham (including South Staffordshire); Leicestershire (particularly Hinckley & Bosworth) and the Coventry and Warwickshire sub-region.

4.5 Because of this, there is a great deal of inward and outward job migration. Evidence of this is that from the latest Census release, we have the highest day time increase in male population in the county.

4.6 Despite its key strategic position in the country, North Warwickshire does still have a significant issue with communication and access. This has, to some extent, been addressed by the setting up of rural hubs around the Borough, which have also helped compensate for the loss of some key services e.g. libraries, but there is still an underlying issue around Broadband access and rural transport, particularly, but not exclusively, in relation to accessibility to local employment. The accessibility issue is also key in relation to the fact that we have an ageing population and financial constraints which are pulling key services out of rural areas and into towns and cities.

5 Key External Issues Affecting North Warwickshire

5.1 As with any organisation, external factors have a huge impact on what it can and cannot do and its direction of travel. This next section looks at the various external issues which may affect the Borough over the next few years.

5.2 Political Factors

5.2.1 In the recent past and driven largely by the economy, there has been a continuing drive for reduction in public service levels. Linked to this, there has been a relaxation of regulation, particularly over Planning, and, of particular relevance for North Warwickshire, a push from politicians at a key level for HS2 as a national infrastructure project which seems unstoppable.

5.2.2 This potentially means that Government policy will leave us with even less money as an organisation, whilst dealing with the effects of a major infrastructure project running right through the Borough and increasing demands to develop the Borough (both in terms of housing and employment land) to meet national policy requirements.

5.3 Economic

5.3.1 There is a distinct overlap between political and economic issues and, helped by the national drive to build more housing, there is likely to be an upsurge in the demand for residential development in areas around the Borough. This is likely to have a significant impact on what North Warwickshire will look like in the future.

5.3.2 Currently, the demand is coming from Tamworth, but those requirements will almost certainly be joined (and, potentially, dwarfed) by Birmingham and, possibly, Coventry too.

5.3.3 In addition to the housing demand, however, there may well be economic pressures on our borders. Birmingham Airport has already made overtures about expansion, HS2 is almost certainly coming and Birmingham may need to look outside its borders for employment land going into the future.

5.3.4 Government policy encourages Councils to embrace this growth with incentives such as Business Rate income and New Homes Bonus.

5.3.5 The other side of the coin is that the growth will put additional strains on the infrastructure of the Borough and on the provision of public services by a number of agencies, whether it is schools, policing, health services, social care, refuse collection or a host of other issues.

5.3.6 Whilst planning agreements with Developers may help with some additional costs, it is highly unlikely to be sufficient

5.4 Social

5.4.1 North Warwickshire has a higher than average demographic profile. There is already a national issue about how the public sector will cope with our ageing population moving into the future and North Warwickshire's demands are likely to become acute more quickly, simply because of that demographic profile.

5.4.2 In terms of employment opportunities for younger people in the Borough, there is no shortage of jobs, but many of them are low paid. In terms of skills, school results are generally improving in the Borough, but there is still work to be done around linking the skills that people have to employer requirements, with engineering being a particular issue, as it is nationally.

5.4.3 The ongoing issue of rural isolation continues to be a factor in terms of, for example, access to services for older people and access to employment for younger ones. The establishment of hubs around the Borough has made some impact on this issue.

5.5 Technical

5.5.1 There is still a considerable part of the Borough which is not served by Superfast Broadband. Whilst this is being addressed and the Council has put significant funding into it, it is unclear what the impact will be on those areas not served going into the future.

6 **Internal Issues**

6.1 North Warwickshire Borough Council has been in existence for forty years and prides itself on delivering effective and efficient local services to meet local need. This has been more and more challenging over the last few years as finances have continued to diminish. This section looks at North Warwickshire Borough Council as an organisation and the challenges it might face over the next few years.

6.2 Partnership

6.2.1 The financial constraints applying to the Council also affect many other bodies in the public and third sectors. This has sharpened the thinking of many organisations in terms of working in partnership and this Council has a good track record of achieving impressive results through partnership. This was picked up in the Council's Peer Challenge in 2013, with examples around the Welfare Reform Agenda particularly highlighted. There are many others, eg, maximising public building usage by having other agencies in the Council offices, sharing the Building Control Service with Nuneaton, the development of a new Leisure Centre in conjunction with The Coleshill School, etc.

- 6.2.2 It is important that the authority continues to look to use partnerships for savings opportunities but, equally important, is that we use them to ensure that North Warwickshire has a voice. In public sector terms, North Warwickshire Borough Council is a very small player sub-regionally and, as a result, does not always find itself at the table in terms of bigger strategic issues (eg, the LEP).
- 6.2.3 We have, however, found ways of influencing partnership agendas, eg, through the Coventry & Warwickshire Joint Committee, involvement in City Deal, etc. As a result of this, we have been able to get more recognition given, for example, to the need to improve the A5.
- 6.2.4 As the economy takes off and there is increasing demand for space to construct new housing and employment sites, the Council needs to consider what its position is and how it can best influence that agenda. We are currently part of the Coventry & Warwickshire LEP, but much of the pressure on North Warwickshire is coming from across the border in Greater Birmingham (which includes Southern Staffordshire).
- 6.2.5 Having our own Core Strategy in place will not be enough if some of the bigger authorities are looking to develop outside their borders using the duty to co-operate.
- 6.2.6 Whilst it is for this Council to decide how it wants to deal with the opportunities and threats coming from economic upsurge, it will be important to ensure that we have mechanisms for ensuring that our voice is listened to and, indeed, whether we are in the right partnerships at all.
- 6.2.7 Linked to that is the ongoing debate about what are the right structures for running public services in the sub-region.
- 6.2.8 Members have already taken the decision that they do not support a Unitary Warwickshire County Council, but there are other opportunities for working in partnership with bodies, both inside and outside local government and inside and outside the County. If the Council wants to remain in charge of its own destiny, we need to look seriously at how we want to take opportunities for partnership working forward.

7 **Stakeholders**

- 7.1 This is a brief section on who our stakeholders are and what their aspirations might be.

7.2 Politicians

7.2.1 Clearly, what happens post-2015 will be a matter for the new Administration. Members' aspirations will, however, be constrained by diminishing resources and, consequently, there needs to be some serious discussion about what the Council's real priorities are as it is highly questionable whether we can continue to run "business as usual" right across the board.

7.2.2 I have not included a specific section on the Council's current priorities at this time, as the objectives set at the start of the administration in the ten priority areas have largely been achieved or will be by the end of the Council term. In any event, Members have already indicated in their response to the LGA's Peer Challenge Report that they will be reviewing objectives as part of the Election process.

7.3 Staff

7.3.1 We continue to have a well-motivated and dedicated workforce and largely deliver services in-house. As the economy takes off, there is likely to be more movement in staff which will potentially create both opportunities and problems. Staff training and, particularly looking at future leaders, is an area that needs to be given proper consideration.

7.4 Local Community

7.4.1 Whilst there have been significant cuts in Council spending over the last few years, these have largely not filtered through to delivery of front-line services and, indeed, enhancements have been made both in infrastructure terms and service delivery, eg, Coleshill Leisure Centre and Refuse & Recycling Service.

7.4.2 It is difficult to see how it will be possible to continue to deliver everything going into the next few years and Members know that they will have to make some difficult choices. There will be some interesting challenges with the local community, if and when things stop happening. It is going to be vital to have absolute clarity about the direction the Council is going in and consulting and getting messages out well in advance of taking any action.

7.5 External Partners

7.5.1 We work with a number of organisations across the public and voluntary sectors, as well as with local businesses.

7.5.2 Many of these organisations are reviewing how they provide and deliver services and often the Council is seen as a long-stop when local services disappear. Whilst there are some really good examples where this makes sense (eg, providing accommodation for phlebotomy and physiotherapy services locally) what the Borough Council cannot do is pick up work that was mainstream for other organisations on a regular basis in order that they do not stop altogether. There will often be a real temptation to do this but, in the long-term, it is just not sustainable.

8 **Housing Services**

8.1 These fall into Statutory Services (private sector housing standards, homelessness, mandatory disabled facilities grants, stray dogs); Regulated Services (Council's landlord services – management and maintenance) and Non-Statutory Services (including Borough Care, Pest Control and CCTV in Atherstone).

8.1.1 Key Challenges

- Continuing and potentially increasing demand, from households with difficult financial issues which could be exacerbated by rising interest rates and further welfare reforms.
- The knock-on impact on our customers of reducing budgets in partner organisations, particularly in Social Services and Health.
- Ensuring that there is sufficient grant funding for the Council to carry out its statutory responsibilities for mandatory Disabled Facilities Grants, following the inclusion of grant monies in the pooled Better Care Fund. It is crucial that bodies who dictate how the funding is spent understand the impact of their decisions.
- As a landlord, maintaining our 30 year Business Plan in the context of:-
 - (a) Dealing with the impact of more Right to Buy sales;
 - (b) Collecting rent in the face of Welfare Reforms and changes to rent restructuring; and
 - (c) Being able to let our family homes, if the under-occupation charge continues.

- In terms of stock maintenance, we need to balance making a contribution to providing homes both strategically in partnership and through delivery of our own stock on the one hand whilst, on the other, not impacting on our ability to provide high quality homes through our existing stock.
- Reviewing Borough Care will bring both challenges and opportunities.

8.2 **Revenues & Benefits and Customer Services**

8.2.1 As mentioned in the previous section, the current economic position is still having a significant impact, particularly on those on low income. There are, however, some positive signs:-

- Benefits caseload, though higher than in 2008, is at its lowest for 5 years.
- Job Centre Plus in Atherstone reports a 50% reduction on those claiming Job Seekers Allowance in the last 18 months.
- Local Partnership initiatives such as accessing help and training via Hubs and the Food Bank are helping local communities.

8.2.2 Challenges include:-

- Those unemployed now left on the register will need significant support to be work ready.
- Further Welfare Reforms are planned for 2015.
- The moving target of Government Welfare Reform makes workforce planning difficult and creates uncertainty for staff, due to both moving timescales and uncertainty around funding.
- Workloads are becoming more complex as the welfare changes are increasingly requiring the Council to recover money from very low paid or unemployed residents. At the same time, funding for advice agencies such as CAB is reducing. Rising interest rates may also lead to higher levels of non-payment.
- Decisions may be required by the Council regarding whether or not it maintains the current level of Council Tax Support and whether we can continue with initiatives such as the Food Bank as funding reduces.

- There are likely to be a number of further changes to statutory regimes, including Business Rates, introduction of Universal Credit and further welfare changes and, possibly, a review of Council Tax. Work that the Council has already put in place through the Local Support Service Framework should help us to help our residents deal with this difficult agenda, but all our partners will need to play their part too.

8.3 Planning

8.3.1 I have referred to the overall planning position in previous sections, but specific up and coming challenges include:-

- Core Strategy – Getting our Core Strategy adopted.
- Dealing with a foreseeable sustained increase in major planning applications.
- Submitting the Site Allocations Policy – after carrying out further consultations.
- Involvement in Birmingham City Council’s Core Strategy which is likely to have implications for our area.
- Tamworth likewise
- Dealing with any issues emerging from Coventry’s Core Strategy in relation particularly to Housing and Green Belt.
- HS2 – significant involvement in petitioning for Phase 1 and further petitions for Phase 2
- Continuing to deal with changes in the planning system, particularly a reduction in affordable housing and potential general reduction in the elements of development that come to the Council for a decision.
- Coventry and Warwickshire LEP and Joint Committee – continuing to develop a role and maximising funding opportunities, linked to better working with Warwickshire County Council to produce “pipeline” projects for funding.
- Developing a coherent economic development picture for the Borough – based on the report carried out for the three A5 Councils by the LGA and advice from LEADER Consultants and linked to the Birmingham, Tamworth, Coventry, HS2 and LEP issues above.

8.4 **Leisure & Community Development**

8.4.1 A key issue will be bringing in a new staffing structure (subject to Member approval) to deal with the way that the services have evolved over the last few years. It will take account of:-

- The increase in the importance of landscapes and open space functions since the approval of the Green Space Strategy. Much has been achieved, but there is still a lot to do as this 10 year Strategy reaches its seventh year. This includes reviewing the content of the Strategy and ensuring the delivery of Park Management Plans, continuing development of parks and open spaces, completing delivery of the Play Area Development Programme and the Playing Pitch Strategy.
- Increasing fierce competition within the leisure facility marketplace and the need for the Council's facilities to be able to compete in that marketplace, building on the imminent completion of the Coleshill project and looking at appropriate strategies for our centres at Polesworth, Atherstone and Arley.
- The need to be able to respond to the changes in community partnership priorities, including being able to better engage partners and communities in service design, development and delivery and to focus its work on longer-term engagement within areas of greatest need. Linked to this is the need to ensure the delivery of the next (2015 to 2020) LEADER programme.

8.5 **Information Technology**

8.5.1 Key issues for Information Technology include:-

- Developing online services and making their provision more central to how we do things. Government is pushing "digital by default" and moving towards digital only.
- Opening up public information (Open data) for others to use and the Transparency Agenda. Another Government phrase "open by default, digital by design". There is a lack of evidence of real demand yet which is likely to increase.
- Equity of access – the need for pervasive broadband and mobile data coverage, accessible/usable online services and skills. The Council's support to extend Broadband and access via the hubs has moved things forward significantly but there is still a lot to do.
- The drive to use ICT to help tailor and personalise services/information.

- Dealing with conflict we have due to the requirements on us around security and compliance balanced against business/customer demand, innovation, openness and transparency.
- Understanding as an organisation and exploiting technology changes and particularly the next developments of the internet – more connected, more mobile, more locational and situationally aware technology “the internet of things”.
- The increasing pressure to understand, manage and classify our information. This is being driven by security, compliance, transparency and the hope that better management will help us use it better (continuation of information as a key resource).
- Needing to change the way we project ourselves as an organisation. Information will continue to move from just being the written word. We need to get to grips with multimedia service delivery, eg, a short video instead of written instructions, issues reported as pictures and locations not words.
- Overall, we need to manage a tension between the need to keep things going and the need to innovate, experiment and take risks – with fewer resources and less budget. To do this, we will need to maintain and develop the ICT/Information management skills of all staff if we are to innovate and use ICT to drive change, savings or improvement. Technology will change the way people engage and interact with us and we will need to be up to speed and able to respond. Social media will drive us towards less of a “telling and broadcasting to” approach and towards “asking, listening and involving”.

8.6 **Finance & Human Resources**

8.6.1 In addition to the section on the Council’s Financial Position set out below, the Finance & Human Resources Division has a number of key tasks/projects to deal with, including:-

(a) Finance

- Ongoing issues with movements in Non-Domestic Rates (NDR) as the economy improves, including the impact that this has on the Coventry and Warwickshire NDR pool.
- Managing the Medium Term Financial Strategy and savings targets.

- Managing capital funding and projecting future recovery issues.
- Financial aspects of the Depot refurbishment/replacement.
- Financial aspects of key projects, eg, Coleshill Leisure centre.

(b) Human Resources

- Maintenance of Health and Safety systems of control, despite pressure on resources.
- Management of attendance.
- Retention of key staff, particularly if economy improves.
- Capacity issues across the organisation.
- Ongoing staffing issues which can take up significant resources.

8.7 **Streetscape**

8.7.1 Priorities/Challenges

8.7.2 Following a period of significant change, including the completion/implementation of projects such as the new refuse and recycling service, new trade waste service, bringing the carriageway sweeping service in-house and completion of the Accommodation Project, there are still a significant number of challenges to take forward within the resources available.

- Review and implementation of refuse & recycling service options.
- New refuse fleet.
- Retendering of recycling materials contracts.
- Expand trade waste service to increase recycling and income.
- Review street cleaning and grounds maintenance operations with a view to reducing costs, increasing efficiency and/or enhancing service delivery.

- Depot refurbishment/replacement.
- Further rationalisation of corporate property assets.
- Public convenience provision.
- Facilities Management – assess and implement H&S and maintenance arrangements for new and existing plant and equipment across the Council's corporate property portfolio.

8.8 Other Issues

8.8.1 Having looked at the key demands and challenges on a service by service basis, there are some other key areas which require a specific mention.

8.8.2 Election Issues

8.8.2.1 2015 will be a very significant year in North Warwickshire with Parliamentary, Borough and Parish Council Elections all taking place on the same day. Whilst clearly of great relevance to Councillors and the public, this will generate a significant amount of work for Democratic Services staff who are also wrestling with the not inconsiderable task of introducing the Individual Electoral Registration regime.

8.8.3 Cross-County Issues

8.8.3.1 The last three areas are all ones where we work closely with partners with more resources and wider remits than we have.

(a) Emergency Planning

The Borough Council has found itself more involved in recent years in live Emergency Planning issues, particularly flooding, and we have now got arrangements in place to help us provide timely and appropriate assistance. Access to some national funding has been obtained through work with the County Council, but the reality is that our capacity and funding to deal with a major emergency without assistance from our bigger partners is limited.

(b) Health & Wellbeing

Local Government now has direct responsibility for Public Health exercised through the County Health & Wellbeing Board on which we

are represented. Health Improvement has been a key concern for the Council over many years and, with a higher age profile than many areas, it is important that we play our role with partners in improving the quality of life of our residents. Many of our functions are health related, eg, Environmental Health, Leisure Services and Housing, and we work with partners to look at ways of improving public health and unlocking financial resources. Our resources for getting involved in the bigger health issues are, however, limited and capacity remains a real problem in such a complex partnership agenda. Looking into the future, the Council needs to give consideration as to how it can maximise its effectiveness in this area and take account of it in how it delivers services, such as Borough Care, moving forward.

(c) Community Safety

As with the previous two topics, we have a lot of involvement but limited resources to deal with this key issue. The Borough Council has, however, made some key interventions working in partnership, particularly in relation to CCTV and ANPR (Automated Number Plate Recognition) cameras. We have also been making the case for prioritising Rural Crime which is now being recognised as a key issue by Warwickshire Police. The Council will, however, need to keep the way it can most effectively contribute to this agenda under review.

9 **The Council's Financial Position**

- 9.1 Local Authority finance has changed significantly in the last four years from a reliance on government grant to one where finance is linked to growth either through new housing development which attracts new homes bonus and additional Council Tax, or growth in the business rates base, some of which can be retained by the Council. Authorities that are unable to grow are at risk of becoming financially unsustainable.
- 9.2 The amount of grant the Council receives from Government has fallen by £1.76 million from 2010-11 to £3.675 million in 2014-15 and now finances only 41% of our net expenditure in 2014-15 as opposed to 55% in 2010-11. At the same time Government incentives to freeze Council Tax has reduced Council Tax income by £173,000 which will increase to £294,000 p.a. when Council Tax freeze grant for 2011-12 ends in 2015-16. In order to compensate for these losses of income the Council has made savings of £2.2 million in the four years to 2014-15, and our net expenditure is now £8.972 million
- 9.3 The Council's financial strategy anticipates further reductions in government funding in the next four years of 15.5%, 10%, 10% and 9%, and requires further savings of £2.045 million by the end of 2018-19 if financial reserves are to be maintained at acceptable levels. Savings of this magnitude cannot be achieved without impacting on service delivery

9.4 The main risks to the Council's financial strategy are as follows:-

- A harsher financial settlement in future years than allowed for.
- Successful appeals on business rates means the Council cannot achieve its assumed level of income.
- Further freezes in Council Tax which permanently erode the Council's income base.
- Additional new homes are not delivered at the level assumed in the budget (110 pa) resulting in a reduction in new homes bonus and Council Tax receipts.
- The necessary level of savings cannot be achieved to timescale.
- Increased national insurance costs as a result of changes to state pension arrangements from 2016 are not funded by government.
- Welfare reform changes result in increased costs for the Council.

9.5 If any of these risks materialise then either savings required will increase substantially or reserves will fall well below the minimum acceptable level of £1.3 million.

10 Resources

10.1 In previous reports I have done a separate section on resources, but a number of these issues have been covered earlier in the report. Section 9 covers our **Financial** position, Section 8.5 deals with the issues and challenges relating to **Information** use and management, whilst most of the key issues around **Land, Accommodation and Other Capital Assets** are covered in various sections of the report.

10.2 That leaves our major resource, **Staffing**. Whilst this has been mentioned in various sections, it is important that we look after our workforce and ensure that North Warwickshire is seen as an attractive place to work.

10.3 Through its Human Resources Strategy, the Council has worked hard to do this in challenging economic times and, as a result, our workforce has stepped up to the mark. This has been done despite reducing the staffing numbers over a long period and against a backcloth of reducing financial resources and a number of years (previous to last year) with no pay rises. In this environment, service

standards have been maintained and the Council in staff surveys is seen as a good employer with morale levels largely being maintained.

10.4 We do need to continue to proactively manage sickness however, taking account of the fact that our age profile is increasing.

10.5 We also need to continue to look for opportunities to maintain capacity through joint working opportunities and through keeping our management structures under review.

11 **Conclusion**

11.1 Moving towards the Council Elections in May next year, Members will clearly be thinking about what their priorities will be post-Election, depending on the result.

11.2 It is hoped that this report has given Members sufficient information on External factors affecting the Council, Internal issues which they may wish to take account of, including challenges facing individual services, and the requirements and aspirations of stakeholders.

11.3 In addition, when having thought about options for future priorities, Members need to be aware of the resources available to them. That information is also outlined in the report so, hopefully, this provides enough of a framework to enable further discussion and planning to take place in preparation for the next Administration.

12 **Report Implications**

12.1 **Finance and Value for Money Implications**

12.1.2 Any new financial implications will be reported as part of the Budget and Corporate Planning processes.

12.2 **Risk Management Implications**

12.2.1 These will be identified as proposals for 2015/16 are developed.

12.2.2 The key issue in this report however is to note the importance of matching the Council's obligations and ambitions with the resources available to it. This issue was also picked up by the Peer Challenge Team.

12.3 **Equalities Implications**

12.3.1 In making major strategic policy and financial decisions, it will be necessary to consider whether an Equality Impact Needs Assessment needs to be carried out.

12.4 **Links to Council's Priorities**

12.4.1 These are referred to in the report.

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			

Agenda Item No 9

Executive Board

22 September 2014

Report of the Deputy Chief Executive

Financial Strategy 2015-2019

1 Summary

- 1.1 This report summarises the Authority's Financial Strategy, projects forward the Authority's General Fund budgets to 2018/19, and suggests a detailed budget approach for the 2015/16 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 2015/16 to 2018/19 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 2015/16 and the following three years. The figures are intended to indicate the position in broad terms only. More accurate ones will be produced during the forthcoming estimate process.

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. The latest consultation document gave an indicative Settlement Funding Assessment for 2015/16. 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.

2015/16	Indicative Settlement £m	Change to 2014/15 £m	Change to 2014/15 %
Revenue Support Grant	1.392	(0.616)	(30.7)
NDR Baseline funding	1.759	0.048	2.8
Total Settlement Funding Assessment	3.151	(0.568)	(15.3)

- 3.3 Financial settlement figures for 2016/17, 2017/18 and 2018/19 are not yet known, although further reductions to national control totals have been discussed and are expected. The figures used in our latest projections have assumed further reductions of around 10% in all years, and are shown below.

	2016/17	2017/18	2018/19
Revenue Support Grant	1.001	685	420
NDR Baseline funding	1.794	1.830	1.867
Total Settlement Funding Assessment	2.795	2.515	2.287

The projected RSG figure for 2018/19 is £160,000 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 £580,000. If that were the case, then the 2018/19 savings figure could be reduced.

4 **Business Rates**

- 4.1 The Secretary of State announced a baseline funding level of £1.711 million for North Warwickshire from business rates in the 2014/15 Finance Settlement. As we are required to pay a business rate tariff of £14.256 million in 2014/15, we need our share of the business rates we collect (40%) to come to £15.967 million, in order to achieve this level of funding.
- 4.2 During the first year of operation of the new business rates scheme, the Council was required to assess the provision needed to cover successful rating appeals lodged prior to 2013/14. This provision could be set aside in full in 2013/14, or spread over a five year period. After taking account of the reduction in rates received in 2013/14 due to the closure of Daw Mill and some successful large appeals, the decision has been taken to spread the cost of the provision over a five year period.

4.3 The requirement to set aside resources to cover successful appeals relating to pre 2013/14 applications as well as 2014/15 applications should be more than offset by the additional rates expected during the year.

4.3 For 2015/16 the baseline funding assumed by the government will increase to £1.759 million (a 2.8% increase in line with RPI). This assumes that North Warwickshire's share of business rates is £16.408 million, and a tariff payment of £14.649 million will be required. Given the volatility around business rates, it has been assumed that only baseline funding levels will be achieved in future years. Any additional rating income achieved will contribute towards the Councils savings targets.

5 **New Homes Bonus**

5.1 The New Homes Bonus expected for 2015/16 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 usually 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 and 2014/15 to the end of the current strategy period is detailed in Appendix B. This shows that by March 2019, the Council Tax lost would amount to £2.604 million. As grant funding is limited to £1.051 million, the net funding foregone by the end of the strategy period will be in the region of £1.553 million. The annual income loss from 2015/16 onwards amounts to £294,000 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 2014/15 was taken, although the transitional grant will not continue. This approach has also been assumed for 2015/16 onwards.

7 Review of 2014/15

7.1 In order to update the strategy, a number of areas of both income and expenditure have been revisited. The 2014/15 budget has been adjusted for the following changes:

	£000
Increased vacancies	(50)
Additional planning fee income	(100)
Increased take up of the recycling service	150
Rental income from Warwickshire County Council	(40)
Additional superannuation cost following auto-enrolment	58
A reduction in business rates on industrial units, together with some additional income	(29)
Additional software maintenance costs, higher interest payments to the HRA, and reductions in income	30
Total	19

7.2 The anticipated amount to be taken from balances is expected to increase to £615,000, leaving an anticipated opening General Fund balance of £3,721,000 at 1 April 2015. This has been used as the revised starting point for the updated forecast.

8 Budget Projections 2015/16 to 2018/19

8.1 The 2015/16, 2016/17 and 2017/18 years have also been reviewed and a further year, 2018/19, 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 No growth has been included, except for one off provision to cover the Borough elections in 2015/16. The forecast for each year includes a contingency sum. Funding has been included to cover the costs of borrowing to fund the accommodation project and the replacement of Coleshill Leisure Centre.

8.4 The forecast has been summarised and is shown in the table below. The forecast anticipates balances of £1,526,000 at March 2019, if the assumed savings are made.

	2014/15	2015/16	2016/17	2017/18	2018/19
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	Revised £000	£000	£000	£000	£000
Spending Requirement	8,874	9,292	9,496	9,749	9,949
Grant to Parish Councils	98	83	75	67	61
Savings 2014/15		(655)	(655)	(655)	(655)
Savings 2015/16			(565)	(565)	(565)
Savings 2016/17				(475)	(475)
Savings 2017/18					(350)
Net Expenditure	8,972	8,720	8,351	8,121	7,965
Council Tax	(3,984)	(4,082)	(4,182)	(4,285)	(4,390)
New Homes Bonus	(514)	(624)	(734)	(753)	(746)
RSG	(1,964)	(1,392)	(1,001)	(685)	(420)
NDR	(1,711)	(1,759)	(1,794)	(1,830)	(1,867)
CT Freeze Grant	(45)				
Collection Fund Surplus	(139)	(101)	(103)	(106)	(108)
Use of Balances	615	762	537	462	434
Balances C/fwd	3,721	2,959	2,422	1,960	1,526

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.

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Current Forecast	762	537	462	434
2013/14 Strategy to Board	784	558	588	
Difference	-22	-21	-126	

9.2 The main areas of difference between the February projection and the current figures in 2015/16 are:

- The increased take up of the recycling service has been continued;
- An increase in the level of planning income expected;
- Additional income from the County Council;
- An improved performance at the industrial units; and
- Additional superannuation costs.

10 Savings

10.1 In order to manage the significant cut in Revenue Support Grant expected in 2015/16, savings of £1.53 million included in the February forecast have been revised. Savings over the period 2015/16 to 2018/19 have been increased to £1.695 million, and a further £350,000 has been included for 2018/19.

10.2 The total savings of £2.045 million over the 4 year forecast equates to a saving of around 6% of the net budget per annum. The authority has already made significant reductions in its budget over recent years, so taking out a

further £2.045 million will be extremely challenging. Work is already in hand for identifying options for reducing net expenditure for both 2015/16 and subsequent years.

10.3 The government have indicated that support for a further Council Tax freeze will be available for 2015/16, although it will be for one year only. A decision to accept the support and freeze Council Tax in 2015/16 would reduce resources by an additional £279,536 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 £645,000 in 2016/17, giving a revised total of £2.125 million.

10.4 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 2018/19 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.
- **New Homes Bonus** – The strategy assumes 110 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 110 will be beneficial. A further risk area arises as a review of the New Homes Bonus Scheme is expected, and there is some uncertainty around its continuation.
- **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 8.5% predicted for 2015/16 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 £2.045 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
2015/16	1,128	762	482
2016/17	1,101	537	177
2017/18	1,139	462	112
2018/19	1,226	434	89

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 £2.045 million to £1.295 million and achieve the same level of balances at the end of 2018/19.

11.4 If the worst-case scenario occurred there would be an additional call on balances. As the balances at 1 April 2015 are expected to be £3,721,000, the Council could manage the worst case into 2017/18 if needed. However further savings of £950,000 would be needed in 2017/18, with a further saving of £290,000 the following year, to ensure that balances were at an acceptable level at the end of 2018/19. Finding the additional savings earlier would mean the total savings required during the life of the strategy would reduce.

12 **Budget Approach 2015/16**

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 2014/15, 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 £1.295 million to £2.795 million. The updated strategy includes savings of £2.045 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 2015/16 – 2018/19**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	2015/16	2016/17	2017/18	2018/19
Pay awards	2%	2%	2%	2%
Superannuation rates	14.55%	15.3%	16.05%	16.8%
Agency staff	2%	2%	2%	2%
Business Rates	2%	2%	2%	2%
Utilities	5%	5%	5%	5%
Other premise costs	2%	0%	2%	0%
Supplies and services	2%	0%	2%	0%
Payment of benefits	3%	3%	3%	3%
Housing Benefit Administration Grant	-8.5%	-8.5%	-8.5%	-8.5%
Reduction in RSG/NDR	-15.3%	-11.3%	-10%	-9%
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 Indicative allocations of funding for this Council show a 15.3% reduction in 2015/16. Figures for 2016/17, 2017/18 and 2018/19 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 around 10% in each year.
- 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 £1.711 million for North Warwickshire in the 2014/15 Finance Settlement. As we are required to pay a business rate tariff of £14.256 million in 2014/15, we need our local share of business rates to come to £15.967 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 2014/15, 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 above 2% 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 reduced considerably as the effect of the economic situation has taken hold. This will be taken into consideration in the review of fees and charges during the detailed work in the 2015/16 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 2015/16 will be carried out in 2014 during the production of that budget. Only those found will be included. Where possible the savings will be brought in earlier, during 2014/15, as this will give a beneficial impact on balances. The savings target for 2015/16 has been increased to £655,000, as the anticipated saving from the new recycling arrangements has not been achieved due to the increased demands on the service. 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 £500,000 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 limits increases 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 £70 million. The HRA has external borrowing of £56 million, whilst the General Fund has internal borrowing of £14 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.

IMPACT OF COUNCIL TAX FREEZES IN 2011/12, 2012/13, 2013/14 AND 2014/15

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19		Total
Grant Income - 2011/12 CT freeze	-111,746	-111,746	-111,746	-111,746						-446,984
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		-267,900
Grant Income - 2014/15 CT freeze				-44,850	-44,850	-44,850	-44,850	-44,850		-224,250
Grant Income - 2015/16 CT freeze										0
Grant Income	-111,746	-223,966	-156,396	-201,246	-89,500	-89,500	-89,500	-89,500		-1,051,354
Loss of CT 2011/12	134,012	136,003	120,040	121,389	121,996	122,606	123,219	123,835		1,003,098
Loss of CT 2012/13		92,539	81,678	82,596	83,009	83,424	83,841	84,260		591,346
Loss of CT 2013/14			83,312	84,247	84,669	85,092	85,517	85,945		508,782
Loss of CT 2014/15				85,932	86,362	86,794	87,228	87,664		433,980
Loss of CT 2015/16					7,333	7,369	7,406	7,443		29,551
Loss of CT 2016/17						7,513	7,551	7,588		22,652
Loss of CT 2017/18							7,698	7,736		15,434
Loss of CT 2018/19								7,887		7,887
CT Lost	134,012	228,542	285,030	374,164	383,367	392,797	402,459	404,471		2,604,844
Net Revenue Impact	22,266	4,576	128,634	172,918	293,867	303,297	312,959	314,971		1,553,490

POTENTIAL IMPACT OF AN ADDITIONAL COUNCIL TAX FREEZE IN 2015/16

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19		Total
Grant Income - 2011/12 CT freeze	-111,746	-111,746	-111,746	-111,746						-446,984
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		-267,900
Grant Income - 2014/15 CT freeze				-44,850	-44,850	-44,850	-44,850	-44,850		-224,250
Grant Income - 2015/16 CT freeze					-44,850					-44,850
Grant Income	-111,746	-223,966	-156,396	-201,246	-134,350	-89,500	-89,500	-89,500		-1,096,204
Loss of CT 2011/12	134,012	136,003	120,040	121,389	121,996	122,606	123,219	123,835		1,003,098
Loss of CT 2012/13		92,539	81,678	82,596	83,009	83,424	83,841	84,260		591,346
Loss of CT 2013/14			83,312	84,247	84,669	85,092	85,517	85,945		508,782
Loss of CT 2014/15				85,932	86,362	86,794	87,228	87,664		433,980
Loss of CT 2015/16					85,887	86,316	86,748	87,182		346,133
Loss of CT 2016/17						9,053	9,098	9,143		27,294
Loss of CT 2017/18							9,275	9,322		18,597
Loss of CT 2018/19								9,503		9,503
CT Lost	134,012	228,542	285,030	374,164	461,922	473,284	484,926	487,350		2,929,230
Net Revenue Impact	22,266	4,576	128,634	172,918	327,572	383,784	395,426	397,850		1,833,026

Increase in Net Revenue Impact for Council Tax Freezes in 2014/15 and 2015/16

279,536

APPENDIX C

Cost / Income Type	2015/16	2016/17	2017/18	2018/19
Pay awards	2%	2%	2%	2%
Superannuation rates	14.55%	15.3%	16.05%	16.8%
Business rates	2%	2%	2%	2%
Utilities	5%	5%	5%	5%
Other premise costs	2%	0%	2%	0%
Agency staff	2%	2%	2%	2%
Supplies and services	2%	0%	2%	0%
Payment of benefits	3%	3%	3%	3%
Reduction in specific Housing Benefit admin grant	-8.5%	-8.5%	-8.5%	-8.5%
Revenue Support Grant / NDR	-15.3%	-11.3%	-10%	-9%
Council Tax	1.95%	1.95%	1.95%	1.95%
Income	2%	2%	2%	2%

APPENDIX D

Potential Use of Balances

Best Case

	2014/15 Revised £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Estimated Use of Balance	615	762	537	462	434
An increase in the financial settlements received			(80)	(70)	(65)
Sustained improvement in planning income	(100)	(50)	(50)	(50)	(50)
Improvement in other service income		(30)	(30)	(30)	(30)
Improvement of 0.5% in investment rates		(50)	(50)	(50)	(50)
Additional surplus in the Collection Fund	(50)	(50)	(50)	(50)	(50)
Pay awards continue at 1%	(80)	(80)	(80)	(80)	(80)
Additional staff vacancies	(20)	(20)	(20)	(20)	(20)
Potential Use of / (Cont to) Balances	365	482	177	112	89
Balances at Year End	3,971	3,489	3,312	3,200	3,111

Worst Case

	2014/15 Revised £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Estimated Use of Balance	615	762	537	462	434
Business rate income at safety net		88	90	92	93
Additional funding relating to New Homes Bonus is not received			110	220	330
Additional 1% on the pay award in 2016/17			87	90	93
Planning income is not sustained		100	100	100	100
Further reduction in service income		30	30	30	30
Reduction of 0.5% in investment rates		50	50	50	50
Inflation is 1% higher than assumed		98	97	95	96
Potential Use of / (Cont to) Balances	615	1,128	1,101	1,139	1,226
Balances at Year End	3,721	2,593	1,492	353	(873)

Agenda Item No 10

Executive Board

22 September 2014

Report of the Chief Executive

Review of Polling Districts and Polling Places

1 Summary

- 1.1 The Council is invited to approve the polling districts and polling places scheme for North Warwickshire.

Recommendation to the Council

That the existing scheme of polling districts and polling places be approved without amendment.

2 Background

- 2.1 Under the Electoral Administration Act 2013 the Council is required to undertake and complete a review of all polling districts and polling places in its area. Members will recall that in February the Council authorised the Chief Executive to commence a review.

3 The Review

- 3.1 Consultation on the review was undertaken during May and June. The consultees included, Borough Councillors, County Councillors, Town and Parish Councils, Members of Parliament, CAB, Nuneaton and Bedworth Borough Council, Tamworth Borough Council and through the Council's website. In addition, a number of questionnaires were handed out by polling staff at the recent elections in May. A summary of the responses received are set out in Appendix A.

...

- 3.2 As the Board will be aware in the majority of cases the polling station is located in a Community Room or Church/ Village Hall. In a large rural area often no alternative exists other than the provision of a mobile station which is very expensive and usually difficult to site. As will be the case a few stations have access and car parking issues but on balance it is proposed that no amendments be made to the existing scheme.
- 3.3 Although a formal review is required every 5 years in practice all stations are reviewed on an annual basis as part of the preparations for the next set of elections.

3.4 Having considered the representations received the Board is invited to recommend to the Council the adoption of the existing scheme without amendment.

4 **Report Implications**

4.1 **Financial Implications**

4.1.1 Election costs are met by the relevant body e.g. Borough Council, Parish Council, County Council or Government. Where elections are combined the costs are split evenly between the elections.

4.2 **Legal and Human Rights Implications**

4.2.1 These are referred to in the main body of the report.

4.3 **Equalities Implications**

4.3.1 It is acknowledged that a few stations have access and car parking issues but in these cases no better alternative exists.

The Contact Officer for this report is David Harris (719222).

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
1	Several	Consultation Responses	May/June 2014

North Warwickshire Borough Council

2014 Review of Polling Districts and Polling Places

**Arley and Whitacre Borough Ward
(AA, AB, AC, AD, AE, AF)**

Submission Form Analysis

Meadowcroft Community Centre, Meadowcroft, Arley - AA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√					
√		√			√		
√		√			√		

Recommendation: No change

Arley and St Michael's Community Centre, Gun Hill, Arley - AB

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√		
√		√			√	The Community Centre is better than the School. The kids don't have to have time off school	Fir Tree Pub
√		√			√	Polling Station clearly marked with helpful staff	
√		√			√		
√			√		√	Would question if big enough for a General Election	Big location
√		√			√		
√		√			√	Nice building, staff friendly and helpful	

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√		Local School
√		√			√	We used to vote in Gun Hill Infants School before it was destroyed. We should still be voting there	
√		√			√		
√		√		√			

Observations from the Returning Officer

The premises are more than adequate to accommodate a double station.

Recommendation: No change

Ansley Common Communal Room, St Johns Road, Ansley Common - AC

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		St Johns Hall
√		√		√			
√		√			√	No problem, they are very good and have all the facilities required and toilet and kitchen (Ansley Parish Council)	St Johns Church Hall, Ansley Common
			√			Not easy to find for new residents. Polling Station too small. In the past we have had to queue up outside as the room we are using is too small	

Observations from the Returning Officer

Community rooms can be small but it is very rare for queues to form at Polling Stations. Procedures are in place for dealing with queues at the close of polls.

Recommendation: No change

Ansley Village Church Hall, Birmingham Road, Ansley Village - AD

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√		√			
√		√			√		
√		√			√		
√		√			√	Current arrangements seem to work quite well	
√		√			√	Distance to polling station must not be an impediment to the voter	Ansley Social Club
√		√			√	Everything should be done on computer as your people say it is 2014 that would cut even more costs	Computers
√		√			√	Excellent venue. Warm, light with kitchen and toilet facilities and parking (Ansley Parish Council)	Social Club or Community Bungalow in Croft Mead

Recommendation: No change

Arden Forest Community Room, Arden Forest Estate, Ridge Lane - AE

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Needs to be comfortable for Returning Officers and accessible for disabled people (Ansley Parish Council)	Very rural – limited options
√		√			√		
√		√			√	Polling places are ideal and location good. Birchley Heath should be part of Atherstone District and the Parliamentary District should be North Warwickshire. Birchley Heath and area is closely related to Atherstone	Post or Ansley Village Church Hall
√		√			√		
√		√			√	Good venue	

Recommendation: No change

Over Whitacre Village Hall, Nuneaton Road, Over Whitacre - AF

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√	Venue is suitable and no change necessary (Over Whitacre Parish Council)	
√		√			√		
√		√			√		

Marcus Jones MP has noted the Review and said that all Polling Stations in his area are acceptable.

Recommendation: No change

Atherstone Central Ward

(BA, BB)

Submission Form Analysis

The Ratcliffe Centre, Ratcliffe Road, Atherstone- BA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√		√		This centre is ok for disabled and is easy to access and central for the ward	
√		√			√	It is close to my house so – Good!	

Recommendation: No change

The Civic Suite, The Council House, South Street, Atherstone- BB

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√		
√		√			√		
√		√			√	None - I am happy with present conditions	
√		√			√		

Richard Freer (UKIP) has said that all Polling Stations in his area are adequate for purpose.

Recommendation: No change

**Atherstone Central Ward
(CA)**

Submission Form Analysis

Racemeadow Primary School, Ratcliffe Road, Atherstone - CA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√			√		√	We should try to avoid using schools for polling stations. There is already another polling station on Ratcliffe Road in the ICT suite and the further 2 stations located in Racemeadow School could be combined with this using fewer staff costing less and not affecting education	ICT Suite on Ratcliffe Road which already has a Polling Station
√		√			√	All ok	
√		√			√	No problems	
		√				Schools should not be used	

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√			√	√		It is a pity that schools have to be closed. Parking is not easy at the School	The Rugby Club
√		√			√	No set views so long as they are easily accessible to the community	
√		√			√		
√		√			√	They could have more parking spaces	
√		√			√	They are fine	

Richard Freer (UKIP) has said that all Polling Stations in his area are adequate for purpose.

Observations from the Returning Officer

The other polling station on Ratcliffe Road serves a different polling district and is a considerable distance from the electorate in polling district CA. It is never an easy decision to use a school but there is no suitable alternative venue. The Rugby Club/Cricket Club would be in use on Thursdays in May the traditional month for elections.

Recommendation: No change

Atherstone South and Mancetter Ward

(DA, DB, DC)

Submission Form Analysis

Outwoods Primary School Nursery, Southlands, Atherstone - DA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	I don't think there should be any changes to the current polling districts or polling places	

Recommendation: No change

Mancetter Memorial Hall, Old Farm Road, Mancetter - DB

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	More than adequate for area with suitable parking for disabled	
√		√			√	They are ok as it is	
√		√			√	I feel the station is perfectly placed and districts are suitably worked out for the local population	
√		√			√	Very Good	
√		√			√		
√		√			√		
√		√			√		

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	This Polling Station has good access with plenty of parking spaces. Inside is clean and welcoming with clear instructions. The staff have always been pleasant and helpful	
√		√			√		
√		√			√	My Polling Station is perfectly acceptable	
√		√			√	Polling places to be retained. No internet polling!	
√		√			√	Current practices are more than adequate for the turn out	Scout premises (Mancetter)

Recommendation: No change

Arden Forest Community Room, Arden Forest Estate, Ridge Lane- DC

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√		

Richard Freer (UKIP) has said that all Polling Stations in his area are adequate for purpose.

Recommendation: No change

Baddesley and Grendon Ward

(EA, EB, EC,ED, EE)

Submission Form Analysis

Baddesley Ensor Village Hall, Keys Hill, Baddesley Ensor - EA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	There should be lots of Polling Stations near to where people live, but you should be able to choose which one you use. What about telephone/internet voting in addition?	
√		√			√	Keep it local!	
√		√			√	Polling District and places seem adequate in our area	Postal vote

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

Ramp at front doors and path would be a help to disabled electors

Recommendation: No change

Room Rear of The Rose Inn, Main Road, Baxterley – EB, EC, ED

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√		√		Most suitable – ideal place	
√		√			√	Keep it local!	
		√			√		
√		√			√	Satisfactory – no change required	

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

Disabled access – Difficult to get over doorstep with larger wheelchair. Door width – one issue with larger wheelchair

Observations from the Returning Officer

No suitable alternative premises exist.

Recommendation: No change

Penmire Close Community Room, Penmire Close, Lower Baddesley - EE

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√	No problems	
√		√			√	Adequate	
√		√			√		

Recommendation: No change

Coleshill North Ward

(FA)

Submission Form Analysis

Coleshill Community Centre, Temple Way, Coleshill - FA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	It is easy to get to	
√		√			√	Local and accessible	Memorial Park - Coleshill
√		√			√	Polling stations are a must to give the people the right to choose	

Colin Greatorex, the Clerk to Coleshill Town Council said – I am happy to report that the Council supports proposals to retain the Coleshill Community Centre, Temple Way, Coleshill North polling. This would allow electors to vote very locally in the town

Recommendation: No change

Coleshill South Ward

(GA)

Submission Form Analysis

Coleshill Town Hall, High Street, Coleshill - GA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	The polling place should be well located with easy access for all	A local school hall
√		√			√	Well placed and adequate	Local school
√		√			√	Must be accessible and central in the town and have available parking	
√		√			√	The Town Hall is a perfect location and the polling staff are fab	
√		√			√		
√		√			√		

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	It is sometime difficult to ascertain who the political representatives are, because of the variation in the extent of the boundary catchment area	
√		√			√	In the centre of town – could not be better	
√		√			√	Central easy to get to	
√		√			√	In my experience I have no problems with either polling districts or polling places	
√		√			√	Very good	

Colin Greatorex, the Clerk to Coleshill Town Council said – I am happy to report that the Council supports proposals to retain the Town Hall, High Street, Coleshill for Coleshill South polling. This would allow electors to vote very local in the town

Recommendation: No change

Curdworth Ward

(HA, HB, HC, HD, HE, HF)

Submission Form Analysis

Curdworth Village Hall, Coleshill Road, Curdworth – HA, HB

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Polling Station in central location and good facilities (Curdworth Parish Council)	

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

Polling Station not accessible for disabled electors – ramped access needed

Observations from the Returning Officer

No better alternative premises exist.

Recommendation: No change

Middleton Recreation Room, Church Lane, Middleton – HC, HD

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	This seems an ideal venue for the Polling Station	
√		√			√	This polling place is very convenient	
√		√			√	Must be easy to find as this one is	
√		√			√	Middleton is well located with good parking and disabled access	
√		√			√	Adequate	
√		√			√	Quite satisfied with the way things are	

Recommendation: No change

Lea Marston Hotel and Leisure Complex, Haunch Lane, Lea Marston - HE

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Very good easy to use	
√		√			√	Schools should not be utilised as they are for educating not voting. Lea Marston Hotel is perfect for us	
√		√		√		Just the entrance doors rather stiff to one with arthritis but I realise this is a fire door	
√		√			√	My Polling Station is within a reasonable distance and easily accessible	
√		√			√	They should be convenient for access to enable the highest possible turnout	
√		√			√	Both are very suitable to our needs	

Recommendation: No change

Nether Whitacre Church Hall, Station Road, Nether Whitacre - HF

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Good	Chapel
√		√		√		No specified views	

Recommendation: No change

Dordon Ward

(IA)

Submission Form Analysis

Dordon Village Hall, Browns Lane, Dordon

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Think the current boundaries are large enough to give a cross section of views of the community – important part of the democratic process and should be maintained	Postal vote
√		√		√		No problems getting in or out. It's local to me and I like it, also the people are helpful and friendly	
√		√			√	I like the existing system	
√		√					
√		√			√	Fine for purpose	

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√	I feel they adequately cover the borough area. However, visiting later in the evening can be problematic on certain elections	Local school or library
√		√			√		
√		√			√	Don't really have anything to comment on. This is the first time I have voted in Britain and found everything very straightforward. Did drive around the village to find out where it was though. This wasn't really a problem	Local school or library
√		√			√		
√		√			√		
√		√			√	Makes it more convenient to vote being in the locality	

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Ideal place	
√		√			√	Adequate	

Recommendation: No change

Fillongley Ward

(KA, KB, KC, KD, KE, KF, KG)

Submission Form Analysis

The Reading Room, Castle Drive, Astley - KA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Satisfactory	
√		√			√	Satisfactory	Postal Vote
√		√			√		

Recommendation: No change

Corley Village Hall (Festival Room), Church Lane, Corley - KB

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	I am very happy with my polling place it is very local	
√		√			√		
√		√			√	The location and venue is ideal	

Recommendation: No change

Fillongley Village Hall, Coventry Road, Fillongley - KC

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	I would not like it if I had to drive outside the village to vote. This polling station is very convenient and has good parking, although not in centre of village	
√		√			√		
√		√			√		
√		√			√		
√		√			√	Fillongley Village Hall is central to the village and easily accessible	

Recommendation: No change

Maxstoke Village Hall, Church Road, Maxstoke - KD

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Perfectly adequate	
√		√			√	None – other than very expensive resource for so few voters. Also schools should not be used	

Recommendation: No change

Shustoke Parish Hall, The Green, Shustoke - KE

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Personally the village hall is ideal as it is only a 150 yard walk. If I had to travel further I would hope car parking would be available	

Recommendation: No change

The Undercroft, Packington Hall, Packington Park – KF, KG

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√	This is a convenient location for the parish of Packington and the western part of the Ward	
√		√					
√		√			√	Just right	
√		√			√	Perfectly happy	There is not one
√		√			√	Absolutely fine	

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

There are steep slippery steps to main entrance. Lighting is subdued inside the building which caused problems when it was dark.
Lack of lighting around the building

Observations from the Returning Officer

The comments in respect of the entrance and lighting are noted but no better alternative exists.

Recommendation: No change

Hartshill Ward

(LA, LB, LC, LD)

Submission Form Analysis

Caldecote Village Hall, Weddington Lane, Caldecote - LA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Is this a cost cutting exercise? If the funds are used to help the community I would not object to travelling to a polling station	Higham Lane School/Technical College
√		√		√		No difficulties	
√		√			√	Would prefer schools not to be used so no need to close. Other public buildings eg room in library	
√		√			√		

Recommendation: No change

Hartshill Community Centre, Church Road, Hartshill - LB

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√	Very good	
√		√			√	Districts seem ok but don't think schools should be used when only one room is required	

Recommendation: No change

Chancery Court Community Room, Chancery Lane, Chapel End - LC

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√			√	√		This is our 3 rd polling station since we moved to this address! Each move is farther away. The site was having maintenance work done on the day of polling, there is no parking	Hartshill Church Community Centre
	√		√		√		
√		√			√	Very accessible – well signed	
√			√		√	Hartshill Church was much easier for me	Hartshill Church
√		√			√	Only problem parking for vehicles restricted	
√		√			√		
√		√			√		

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	I'm happy with the current arrangements	

Recommendation: No change

Drayton Court, Community Centre, Drayton Court, Chapel End - LD

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Should be central to the area of district and not interrupt children's education	Postal votes
√			√		√		
√		√			√		
√		√			√		
√		√			√		

Marcus Jones MP has noted the Review and said that all Polling Stations in his area are acceptable.

Hartshill Parish Council - The 3 Polling Stations in Hartshill are all easily accessible and work well.

Recommendation: No change

North Warwickshire Borough Council
2014 Review of Polling Districts and Polling Places
Hurley and Wood End Borough Ward
(MA, MB, MC, MD)

Submission Form Analysis

Hurley Village Hall, Knowle Hill, Hurley – MA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		

Recommendation: No change

Wood End Village Hall, Tamworth Road, Wood End – MB

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	I am happy with things as they are	
√		√			√	I prefer schools aren't used as this means less disruption to education	
√		√			√	Polling Stations absolutely fine if clean and tidy, easy to get to and with easy access	I think the Village Hall is the most appropriate place
√		√			√		
√		√			√		

Recommendation: No change

Piccadilly Community Centre, Piccadilly – MC

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	I am happy with the way they are	Postal Voting (although prefer attending Polling Station)
√		√		√			I would rather turn out to vote
√		√			√		Postal Voting or online

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

Good station. Well lit, warm, good parking and access.

Recommendation: No change

Dosthill Primary School, High Street, Dosthill – MD

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

Parking not available.

Observations from the Returning Officer

The comments in respect of parking are noted. The polling station is shared with Tamworth Borough Council and that Council is actively looking at an alternative.

Recommendation: No change at present

North Warwickshire Borough Council

2014 Review of Polling Districts and Polling Places

**Kingsbury Borough Ward
(NA, NB)**

Submission Form Analysis

Kingsbury Church Welcome Hall, Tamworth Road, Kingsbury – NA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√		
√		√		√			
√		√			√	Happy with existing	
√		√			√	The local Polling Station is spot on. Easy access and parking	

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	I am happy with the status quo	None
√		√			√		
√		√			√	Am quite happy with the current system	
√		√			√	They are suitable	
√		√			√		
√		√			√	Suitable as arranged at present	

Comments from Presiding Officer/ Poll Clerk and/or Station Inspector

Good Station, adequate in all aspects.

Recommendation: No change

Kingsbury Community and Youth Centre, Pear Tree Avenue, Kingsbury – NB

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		Postal Voting
√		√			√	No particular views on Polling Station. They should be open at weekend to encourage more voters. Happy with Polling Station. Easy to park and location good	
√		√			√	Adequate for the use of polling. Easy to park and find	None
√		√			√		
√		√			√	They should be easily accessible and in the heart of the community as this Station is. Other alternatives to schools should be used	Postal Voting

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	The need to be easily accessible by road, with nearby free parking. The Sports Hall fills the bill admirably!	None

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

Good venue, adequate in all respects.

Recommendation: No change

North Warwickshire Borough Council

2014 Review of Polling Districts and Polling Places

**Newton Regis and Warton Borough Ward
(PA, PB, PC, PD, PE, PG, PG)**

Submission Form Analysis

Newton Regis, Village Hall, Austrey Lane, Newton Regis – PA, PB, PC

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√		
√		√			√		
√		√			√		
√		√			√	Good parking. Excellent polling station. Well signed with efficient staff	

The Parish Council of Newton Regis, Seckington and No Mans Heath have considered the current polling place and feel that it meets the needs of local people and is suitable for the purpose of polling.

Recommendation: No change

Shuttington and Alvecote Parish Hall, Newton Lane, Shuttington – PD, PE

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Perfect as it is.	
√		√			√	Easy access.	
√		√			√		

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

Uneven step into main hall.

Recommendation: No change

Austrey Baptist Church Hall, Main Road, Austrey – PF

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Adequate	
√			√		√	Ramp from car park but 2 steps up to enter building – Council could pay for ramp	School/Pub
√			√		√	Access to the room is not disabled friendly – steep incline and steps into room. The room has damp issues which create a fume – not healthy to breathe in	Village Hall

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

Accessible for disabled electors from car park, but there is a step up into the Hall

Recommendation: No change

Submission Form Analysis

Warton Parish Room, Maypole Lane, Warton – PG

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		Postal Vote
√		√			√		
√		√			√		Polesworth or Postal Vote
√		√			√		
		√			√		
√		√			√		
√		√			√		

Recommendation: No change

North Warwickshire Borough Council

2014 Review of Polling Districts and Polling Places

**Polesworth East Borough Ward
(QA, QB)**

Submission Form Analysis

Polesworth Memorial Hall, Bridge Street, Polesworth – QA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Ours is fine, central to the Village	
√		√			√		Not available it's in the best place
√		√			√		
√		√			√	A polling station should be walking distance from a person's house, or on their way to work – if parking is easy	

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	All ok, as they need to be easily accessible to everyone	Library
√		√			√	Appears to meet the needs of the voting public	

Recommendation: No change

Submission Form Analysis

Sycamore Avenue Community Room, Sycamore Avenue, Polesworth – QB

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√		
√		√		√			
√		√			√		

Recommendation: No change

North Warwickshire Borough Council

2014 Review of Polling Districts and Polling Places

**Polesworth West Borough Ward
(RA, RB, RC)**

Submission Form Analysis

St Johns Community Centre, New Street, Birchmoor – RA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Adequate for short time attending	

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

Not ideal access for disabled electors as there are two steps to negotiate. No access ramp.

Observations from the Returning Officer

No suitable alternative premises exist.

Recommendation: No change

Polesworth Community Wing, The Polesworth School, Dordon Road, Polesworth – RB

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√		√		The building is fine, but parking is very difficult, hardly any of the cars parked were people voting	
√		√		√		I think the station is right for the voting. I think it is good to use halls and not close schools for the day	
√		√			√	I have always been perfectly happy with the current arrangements	

Comments from Presiding Officer/Poll Clerk and/or Station Inspector

Several electors complained of lack of parking during school hours. No wheelchair access – door sill is too high for restricted mobility electors. No access ramp.

Observations from the Returning Officer

The comments in respect of parking and disabled access are noted. No suitable alternative premises exist.

Recommendation: No change

Paddocks Close Community Room, Paddocks Close, Polesworth – RC

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Easy to find. Excellent facilities	Memorial Hall, Polesworth
√		√			√	I feel all areas are covered without having to travel too far.	Do not want alternative the Paddocks is perfect
√		√			√		

Recommendation: No change

North Warwickshire Borough Council

2014 Review of Polling Districts and Polling Places

**Water Orton Borough Ward
(SA)**

Submission Form Analysis

Water Orton Parish Church Hall, New Road, Water Orton – SA

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Very adequate	
√		√			√	Satisfactory	The Link, Water Orton
√		√			√	Polling places should be easily accessible with plenty of parking. I think the polling districts are about right	
√		√			√		New to the area not sure
√		√			√	No problems	

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√	Good in Water Orton. Absolutely fine	
√		√			√	I'm dismayed that so many schools are forced to close on Polling Day. Surely other halls could be used	
√		√			√		
√		√			√	Very necessary and local for easy access	
√		√			√	Water Orton Polling Station is fine	
		√			√	No directions given on Polling Card so Polling Station easy to find if you know where it is – hard otherwise	Postal
√		√			√	I think it is very important to keep local polling station – (1) part of keeping the community spirit; (2) fair way of voting 1 person 1 vote; (3) not everyone has a computer to vote on line or would want to	I feel there is no alternative

Is the Polling Station Easy to Find?		Is the building suitable for voting purposes?		Do you have a disability?		General Comments	Alternative Option
Yes	No	Yes	No	Yes	No		
√		√			√		
√		√			√	The Methodist Church is an ideal polling station as it is in the centre of the village, but adequate parking facilities and kitchen facilities for staff	

Recommendation: No change

Agenda Item 11

Executive Board

22 September 2014

**Assistant Chief Executive and Solicitor to
the Council**

**The Openness of Local
Government Bodies Regulations
2014**

1 Summary

- 1.1 The report advises Members of the implications of the Openness of Local Government Bodies Regulations 2014 (“the Regulations”) and asks Members to agree the measures necessary for this Council.

Recommendation to the Council

- a That the Council’s Standing Orders be amended to allow filming, photography and audio recording at all meetings of the Council;**
- b That the attached Policy on filming, photography and audio recording be adopted;**
- c That Officers examine the costs of implementing live streaming of Council meetings and report back; and**
- d That the procedures regarding recording of Officers’ decision detailed in the report be adopted.**

2 Consultation

- 2.1 The Regulations affect all Councillors and therefore no specific consultation has taken place. The matter has however been discussed at the Leaders’ Liaison meeting.

3 Background

- 3.1 The Regulations have been introduced, according to the Government’s Guidance, to ensure “local government bodies are genuinely accountable to the local people whom they serve and to the local taxpayers who help fund them”. Given the development of digital communication methods, the intention is to ensure these channels can be used to show how local government makes its decisions.

3.2 The Regulations have two main sections – firstly regarding reporting on local government meetings and secondly on publicising certain Officer decisions.

4 Reporting

4.1 The Regulations provide that Councils must allow filming, photographing, audio recording or otherwise allowing those not at Council meetings to see or hear these proceedings. This does not relate to any part of a Council meeting in which confidential information is discussed.

4.2 As a result therefore the Council must amend its Standing Orders which currently prevent these activities.

4.3 In addition, Councils are required to provide “reasonable facilities” for reporting on their meetings. However these activities must not disrupt the meeting and oral commentary by someone who is at the meeting is specifically not allowed.

4.4 As a result therefore it is suggested that the Council adopts the attached Policy to guide the management of anyone wishing the record our proceedings.

4.5 A number of Councils, as result of the Regulations or otherwise, live stream their meetings. It is suggested that Officers investigate the cost and other practicalities of this and report back in due course.

5 Officers’ decisions

5.1 The Regulations require records to be made of certain decisions by Officers under delegated powers. They also require that these records be made public, namely to be available for inspection by members of the public at our offices, on our website and by any other means the Council thinks appropriate.

5.2 Not all decisions made by Officers need to be recorded in this way. The decisions to be recorded are:

- decisions made under a specific resolution of the Council to delegate a matter to an Officer;
- a decision to grant a permission or a licence;
- a decision that affects the rights of an individual; or
- an award of a contract or decision to incur expenditure which materially affects the Council’s financial position.

5.3 The term “expenditure which materially affects the Council’s financial position” is not defined and therefore it is for each Council to decide what that figure will be. The Council’s Contract Standing Orders provide the procedures for

purchasing and requires different procedures to be adopted depending on the amount being spent. It is suggested that the top value band of purchases be adopted for the purposes of the Regulations – which is where the expenditure will exceed £110,000.

5.4 The Assistant Chief Executive and Solicitor to the Council will ensure all other decision caught by the Regulations will be duly recorded. It should be noted that a number of these decisions, for example planning permissions granted under delegated powers, are already recorded in this way.

6 Report Implications

6.1 Finance and Value for Money Implications

6.1.1 The measures detailed in the report can be introduced within existing budgets. Any decision to live stream Council meetings will detail the costs involved

6.2 Legal and Human Rights Implications

6.2.1 These are detailed in the report

6.3 Risk Management Implications

6.3.1 Adopting the recommended actions, including the adoption of a policy on filming, photography and audio recording, will reduce the risk to the Council of non compliance with Regulations.

The Contact Officer for this report is Steve Maxey (719438).

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
1	Parliament	The Openness of Local Government Bodies Regulations 2014	August 2014
2	DCLG	Open and Accountable Local Government	August 2014

Policy on Recording, Filming, Photographing and Broadcasting

North Warwickshire Borough Council Meetings

1. General

North Warwickshire Borough Council is committed to good governance and to open and transparent decision making. The Council welcomes the attendance of the press and public at all of its meetings, whilst they are open to the public. The Council has also introduced a right for the public to speak at its meetings, including on planning applications being considered by the Planning and Development Board.

This policy provides guidance to the public and press on the use of mobile phones, social media (use of web-based technologies to share information and to interact with online communities, e.g. blogs, Twitter, Facebook, YouTube and SMS text messaging), filming, photographing, recording and broadcasting of Council, Boards, Committees, Sub-committee, and Panel meetings (“Council meetings”).

2. Who may attend Council meetings to record them?

The press or public may attend any Council meeting whilst that meeting is in open session. They may record, film, photograph and broadcast the proceedings of any of these meetings.

The “press” is widely defined and includes citizen journalists, bloggers, social commentators and people wishing to film proceedings as well as more traditional print media. There is no requirement for accreditation.

3. What facilities are available to the public and press under this policy?

The Council will make “reasonable” facilities available to assist anyone wishing to record, film, photograph or broadcast proceedings of its meetings. This will include providing a table at each meeting for use by the press to assist with taking their reports.

The Council will also designate an area in the public gallery, typically the front row, for use by anyone wishing to record, film, photograph or broadcast proceedings.

The Council will not provide any additional kit or equipment to enable the recording, filming, photographing or broadcasting of proceedings. Nor will the Council facilitate additional internet access.

4. What can be recorded, filmed, photographed or broadcasted?

Any Council meeting may be recorded, filmed, photographed or broadcast, whilst these meetings are in public session only.

However any such activity, broadcast, commentary or expression of views is subject to the UK legislation, including the laws of defamation, public order, data protection and human rights.

5. What restrictions are there on recording, filming, photographing or broadcasting?

(a) Meetings during which the presence of the press and public are excluded

The public and the press may be excluded, by resolution, from a meeting, where the transaction of business on the agenda is likely to involve the disclosure of confidential information

Where it is resolved to exclude the press and public then all rights to film, record, photograph or broadcast the meeting are rescinded and recording equipment used for the purpose of reporting the meeting must be removed from the meeting while the meeting is in closed session.

(b) Members of the public attending the meeting who do not wish to be recorded, filmed, photographed or broadcasted

A separate area in the public gallery has been designated for people who do not wish to be filmed, photographed, recorded or appear in any broadcast. This area will typically be towards the rear of the public gallery.

Persons who film, photograph, record, or broadcast meetings are required to only focus on Councillors, Officers and the public who are directly involved in the conduct of the meeting.

Where a member of the public is permitted to address a meeting (e.g. at the Planning and Development Board), the Chairman or Senior Officer will ask each individual to give their express permission to being filmed, recorded, photographed or to appear in a broadcast or in any other means used by the press or public for enabling persons not present to see or hear proceedings at the meeting as it takes place or later. Where permission is refused, the Chairman will instruct that any recording, filming, photographing etc. cease with immediate effect, whilst the person is addressing the meeting. Failure to comply with this instruction will be deemed to constitute disruptive behaviour which may result in expulsion from the meeting, under the Council's Standing Orders.

(c) Use of Mobile Devices and oral commentary

To minimise disruption to others attending the meeting, all attendees must ensure that their phone or other mobile devices are set to silent mode during the meeting.

Whilst written report or written commentary is permitted during a meeting, no oral commentary or oral reporting is permitted by anyone at the meeting, as this could be disruptive to the proceedings of the meeting.

(d) No flash photography shall be used unless permission is given by the Mayor at the annual Council meeting during the 'Mayor making' process.

6. Exclusion from a meeting on the grounds of disruptive or intrusive behaviour

As far as possible, every effort will be made by the Council to ensure that the public and the press are able to exercise their rights to film etc. However, should this activity become overly intrusive or

disruptive to the point where it is considered to interfere with the proceedings or the conduct of business, or the decision making process, then the Mayor (in the case of Council meetings) or the Chairman (in the case of other meetings) will warn the person to desist. If the instruction is not respected, the person may be asked to leave the meeting.

If the activity is disruptive or distracting to the good order and conduct of the meeting, the Mayor or Chairman may rescind permission to record, photograph, film, broadcast or to the use of any other means by the press or public for enabling persons not present, to see or hear proceedings at the meeting as it takes place, or later. The Mayor or Chairman's ruling is final.

Examples of disruptive behaviour include:

- moving to areas outside of the designated area within the public gallery for the purpose of recording, filming, photographing or broadcasting the meeting, without the permission of the Mayor or Chairman;
- generating excessive noise in making a recording or during the setting up or re-siting of equipment during the meeting;
- intrusive lighting or use of flash photography;
- attempting to address the meeting without permission or asking for statements to be repeated for the purposes of recording;
- seeking to record, film, photograph or broadcast members of the public against their wishes.

This list is not exhaustive.

7. Is permission required to attend a meeting for the purpose of recording proceedings?

While no prior permission is required to film, record, photograph or broadcast a meeting in open session, it is advisable that any person wishing to film or audio record a public meeting notify Democratic Services in advance, so that reasonable facilities can be provided for the public meeting.

8. Claims or liabilities

Any person or organisation choosing to film, photograph, record or broadcast any Council meeting is responsible for any claims or other liability resulting from their activities and by choosing to film, photograph, record or broadcast proceedings, they accept that they are required to indemnify the Council, its Members and Officers in relation to any such claims or liabilities.

9. Deemed acceptance of this policy's requirements

Any person or organisation choosing to film, photograph, record or broadcast any Council meeting is deemed to have accepted the requirements of this policy, whether they have read the policy or not.

10. Review

This policy will be reviewed initially one year after its adoption and then every three years

Steve Maxey

Assistant Chief Executive and Solicitor to the Council

September 2014

Agenda Item 12

Executive Board

22 September 2014

Assistant Chief Executive and Solicitor to the Council HS2 Property Consultation 2014

1 **Summary**

- 1.1 The report advises Members of the latest consultation on measures to compensate those affected by the HS2 project and seeks endorsement of a draft response.

Recommendation to the Council

That the consultation response attached be endorsed, subject to additional Member comments.

2 **Consultation**

- 2.1 Councillors B Moss and May have been sent a copy of this report in advance of its publication. Their comments will be reported to the Board.

3 **Background**

- ... 3.1 The Government is consulting on two new policies for owner-occupiers of property close to Phase One of HS2. The consultation paper can be found at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/326808/CS139A_PC01_Property_consultation_document_2014.pdf
... These policies are the **alternative cash offer** and the **homeowner payment**.

- 3.2 A number of measures have already been announced:

- Express purchase – for those properties within the safeguarded area and the extended homeowner protection zone
- Voluntary purchase offer – for people up to 120m from the centre of the railway in rural areas and available from 2015.
- Need to sell scheme – for those able to demonstrate what HS2 Ltd call a compelling need to sell their homes because of HS2. Intended to run from 2014
- Rent back – allowing people to continue to live in homes that have been purchased by the Government until the land is needed.

- 3.3 The current consultation is not asking for views on these schemes.

4 Consultation

4.1 The Alternative Cash Offer

4.1.1 The proposal is to give owner-occupiers with the 'Rural Support Zone' (i.e. the zone within which the Voluntary purchase offer mentioned above operates) an alternative of staying in their homes instead of selling. A cash offer of 10% of the open market value of their property would be received, capped at between £30,000 and £100,000. This would be available from 2015 and last until one year after the opening of the railway.

4.2 The Homeowner Payment

4.2.1 This would be available to people outside of the 'Rural Support Zone' but within 300m of the middle of the line. A cash offer as follows:

- 120m – 180m (from the centre of the line): £22,500 per property
- 180m – 240m: £15,000
- 240m – 300m; £7,500

4.2.2 These payments will not be linked to rises in house prices or to inflation and it is proposed that it will be available from Royal Assent of the phase one Bill until a year after the railway opens.

5 Response

5.1 The consultation asks two questions, relating to views on the two schemes. This, as with other consultations, is too restrictive and therefore the proposed response includes other relevant views.

The Contact Officer for this report is Steve Maxey (719438).

Background Papers

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

Background Paper No	AuthorNature of Background Paper	Date
1	Parliament – Property Consultation 2014 for the London-West Midlands HS2 route. Consultation document.	Jul 14
2	PriceWaterhouseCooper – HS2 Property Bond. Cost report	Mar 14
3	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/327755/hs2-property-bond-cost-report.pdf KPMG – HS2 Regional Economic Impacts	Sep 13
4	http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Market%20Sector/Building%20and%20Construction/hs2-regional-economic-impacts.pdf BBC - FOI request	Oct 13

HIGH SPEED TWO: PROPERTY COMPENSATION CONSULTATION 2014

RESPONSE FROM NORTH WARWICKSHIRE BOROUGH COUNCIL (“the Council”)

1. General comments

The Council is disappointed that the consultation is not a full review of all the compensation measures for people affected by the HS2 project. The Council strongly believes that the overall scheme is flawed and unfair.

The current consultation is simply a reworking of old ideas that have been shown to be similarly flawed and unfair. The proposals are characterised by a series of unexplained arbitrary thresholds and limits. In some cases are not based on what is now accepted to be the Government’s position on the supposed benefits of the scheme nor on the losses it accepts individuals will face.

One basic flaw is the concentration on individual householders to the exclusion of any appreciation of the very significant disruption that communities as a whole will suffer. The Council would repeat therefore its view that a very substantial Community Fund should be established to compensate places as a whole. This should be targeted at actual losses suffered by communities at the time they arise rather than the current focus on trying to predict what those losses will be.

In addition, no proposals are included for businesses or for losses to Local Authorities’ revenue, given the new funding mechanisms for the sector. Paragraph 2.1.3 states that:

“communities thrive....when businesses can build up a customer base”

The Council regards it as incredible therefore that no compensation, over and above the existing statutory scheme, is being suggested for the many hundreds of businesses that will be affected.

The Government seems concerned that a fairer system of compensation would create a precedent for every other infrastructure project. Whilst considering the affects on other schemes is sensible, the Council is of the view that a very strong case can be made out that HS2 is unique and therefore on a scale that can distinguish it from other infrastructure projects. North Warwickshire in particular has never been faced with as much devastation as this scheme threatens and the impacts are significantly more complex than other schemes.

The report by PWC into the Property Bond scheme suggested that properties up to 500m from the line were likely to suffer a reduction of 20% in value and a 20% fall in demand. Properties 300m from the line were likely to reduce in value by 30% with a 40% reduction in demand. It should also be borne in mind that these assumptions were based on a property bond being in place to stabilise the market and therefore the actual reductions may be larger. This suggests that the Government’s proposed scheme is not fair to the point of being measly.

The Council would repeat its earlier suggestion that a property bond should be considered as it has worked in the past on similar schemes to stabilise the housing market. It is particularly disappointed to note that the Government’s concerns include what they call the “unacceptable burden” of the costs of such a scheme. The estimate of the costs range from £30m in the best case scenario to

£150m in the worse. Given the amounts being spent on HS2 scheme as a whole this Council does not see this as prohibitive.

Finally, this Council would like the various elements of the HS2 budget – construction, compensation, mitigation, professional fees etc – to be set out in full and then ring-fenced. The Government have made great play of the idea that the new compensation scheme is more generous which means there is at the very least the risk of more being spent on compensation than would originally have been the case. This Council welcomes this as a step in the right direction (but still not enough for the reasons contained in this response). However if the overall budget for HS2 has not increased then more compensation will mean less is available for other elements. Given the “fixed” nature of a lot of the HS2 work, there is, in this Council’s view, a risk that the budget for environmental and other mitigation will come under pressure to be reduced. If this were to happen this would be entirely unacceptable in this Council’s view and a further betrayal of those areas who are being asked to sacrifice so much for little benefit.

Consultation Questions

Q1: What are your views on our proposals for the alternative cash offer?

In addition to the points made above, the Council would respond as follows.

In our view, eligibility should not be restricted only to those who have moved to the property since the HS2 scheme was announced. There has often been an unacceptable level of detail available to the general public (and Councils) and owner-occupiers should not be penalised if they were not fully aware of the effects of HS2 when they moved. Eligibility should be from the date of Royal Assent.

Similarly it is wrong that people who accept the alternative cash payment should be ineligible for the voluntary purchase scheme. Owner-occupiers may be tempted by the cash payment without being able to predict the effects of the construction and initial operation of the line. Eligibility for other schemes should therefore remain open, subject to an adjustment for any monies already paid.

Paragraph 2.5 proposes that two valuations should be obtained and the cash offer will be based on an *average* of the two. If owner-occupiers are forced to use only Government approved valuers (as proposed) then it is only fair that the higher of the two valuations is used. It is suggested that the additional cost of this adjustment will be very small. If the Government is going to pre-approve the valuers involved, and prevent the openness that would come from allowing owner-occupiers to choose a valuer, then the Government should accept that any difference between the valuers should be resolved in the owner-occupiers’ favour.

There is also no appeal mechanism for owner-occupiers who believe that the Government appointed valuers have made errors. Again given the lack of openness in the process, an appeal mechanism is important.

The Council sees no reason for a cap at £100,000. If properties affected are worth more than £1m then the Council can see no logic why those people should not be compensated on a similar basis to others.

In addition, the scheme should be open to properties further than 120m from the centre of the line as the affects of HS2 stretch a lot further than this. No explanation is given as to why 120m has been chosen and there is a very real prospect that the number of people wishing to remain within 120m of the centre of this railway will be very small. In that case this restriction will lead to very limited take up and any sense of an alternative and more “generous” scheme will be illusory.

The PWC report mentioned above, which has been accepted by the Government, stated that the effects will be felt at least 500m from the line and HS2 Ltd have accepted cases under the Exceptional Hardship Scheme up to 1km from the line. The case for more properties being eligible therefore seems to this Council to be unanswerable.

Furthermore, no justification of the 10% figure is given. The PWC report suggests house prices will be affected by up to 30%. If this measure is designed to keep people in their communities then the Government is asking those same people to pay the majority of the price for this worthwhile aim, as the cash offer will still leave them worse off.

Q2: What are your views on our proposals for the homeowner payment?

This section of the consultation paper states that all areas of the country will receive an economic benefit. The Government’s own report by KPMG on this matter showed that there are more than 50 places in the UK that will be worse off as a result of HS2. The idea therefore that all areas will benefit and therefore any compensation simply needs to be “topped” up shows an unacceptably flawed approach to the whole issue of compensation. The nature and scale of the measures needed to truly compensate those areas that will suffer or not benefit as much as others is therefore greater than the assumptions used to design these, and the other compensatory, proposals.

As above, only allowing people to be eligible from the 9th April 2014 is grossly unfair. To suggest that all house purchasers were fully aware of all the disbenefits is entirely removed from the real world experience of the people that will suffer as a result of HS2. Again, eligibility should run from Royal Assent.

The lack of a link to inflation or house prices is extremely regrettable. House prices are predicted to rise at least 8% nationally and already reports suggest this is being significantly exceeded. The extent of the compensation available therefore will decline at a very quick rate.

The scheme does nothing for those in these bands who wish to move as the “Need to Sell” scheme is very restrictive.

As mentioned above, restricting this compensation to 300m is flawed and ignores the Government’s own evidence. The PWC report put the price reduction of HS2 for properties in the 120m-300m bracket to be an average of 27%. When taken to 500m the average reduction is 18%. The scheme should therefore extend to include all that the Government has acknowledged will be affected and this arbitrary, unexplained cut off is extremely unjust.

Similarly, no explanation is given for the figures chosen and do not relate to house prices or the actual losses suffered. The Government’s own figures state that the average price of a house in the

HS2 "Country North" area is £425,000. A payment of the lowest amount being suggested, £7500, would therefore represent only 1.8% of this price. Given that the lowest average price reduction in the PWC report is 18% the Government is therefore suggesting giving people one tenth (1/10) of the losses they will suffer. There is absolutely no basis therefore for the Government's suggestion that the proposals are generous or that they represent the sharing of the supposed benefits of the scheme.

North Warwickshire Borough Council therefore calls on the Government to develop compensation mechanisms that understand the losses that communities, businesses and individuals will actually suffer and then provide a full and fair scheme of compensation.

Agenda Item No 14

Resources Board

22 September 2014

**Report of the
Assistant Director (Housing)**

**Borough Care Alarm Equipment
Replacement and Control Centre
Equipment Modification Report**

1 Summary

- 1.1 This report requests Members to consider the funding shortfall to purchase replacement Borough Care alarm units and pendants that is expected to occur this year and in future years.

Recommendation to Council

- a That Members approve an increase in the 2014/15 capital alarm equipment replacement budget by £5K to £23K in order to ensure sufficient Borough Care alarms and pendants are available for current and new service users this year ;**
- b That Members consider the same increase in the capital alarm equipment replacement budget in subsequent years, when considering the 2015/16 Three Year Capital programme;**
- c That Members approve an additional capital allocation of £5K to purchase additional alarm call handling equipment to resolve a technical issue affecting the communication between the control centre and some Borough Care service users, which is an unintended consequence of the modernisation of the national telephone network; and**
- d That Members approve a supplementary revenue estimate of £1K per annum to fund the ongoing costs of the additional alarm call handling equipment.**

2 Report

2.1 The attached report was considered by the Resources Board at its meeting on 1 September 2014. The recommendations were agreed as printed and this Board is invited to consider the financial implications.

3 Report Implications

3.1 These are set out in the attached Appendix.

The Contact Officer for this report is Gary Thomas-McGenity (719303).

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

Agenda Item No 7

Resources Board

1 September 2014

**Report of the
Assistant Director (Housing)**

**Borough Care Alarm Equipment
Replacement and Control Centre
Equipment Modification Report**

1 Summary

- 1.1 This report seeks to make Members aware of a funding shortfall to purchase replacement Borough Care alarm units and pendants that is likely to occur this year, and also an increasingly significant issue affecting communication between certain Borough Care alarm users and the Borough Care control centre that may escalate over the coming years.

Recommendations to Executive Board

- a That Members approve an increase in the 2014/15 capital alarm equipment replacement budget by £5K to £23K in order to ensure sufficient Borough Care alarms and pendants are available for current and new service users this year ;**
- b That Members consider the same increase in the capital alarm equipment replacement budget in subsequent years, when considering the 2015/16 Three Year Capital programme;**
- c That Members approve an additional capital allocation of £5K to purchase additional alarm call handling equipment to resolve a technical issue affecting the communication between the control centre and some Borough Care service users, which is an unintended consequence of the modernisation of the national telephone network; and**
- d That Members approve a supplementary revenue estimate of £1K per annum to fund the ongoing costs of the additional alarm call handling equipment.**

2 Pendant Replacement

- 2.1 Telecare alarm manufacturers estimate the average life expectancy of an alarm unit to be 5 – 7 years and the battery life of alarm pendants to be up to 5 years for most units but in practice, with careful husbandry, alarm units often remain serviceable for many years longer than their design life. However, such careful management of resources has left us in a position whereby the profile of our alarm stock is aging to such an extent that the majority of returned units now have to be scrapped because they are in too poor a state to be recycled or they are obsolete. Also, the increased longevity of alarm units means it is necessary to replace pendants 2 – 4 times during the life cycle of an alarm unit.
- 2.2 Of the 3401 alarm units currently owned by Borough Care, 2370 alarm units (70% of stock) are over 5 years old and 904 (26% of stock) are over 10 years old (See Table 1).

Table 1 (Stock balance at 29/4/14)

Manufacturer	Model	Quantity	Age (Yrs)
Caretech	Gina	549	1 – 6
Caretech	Gloria	60	3
Chubb	Classic T	509	5 – 6
Chubb	Eclipse	126	12 – 14
Chubb	Intellilink	953	6 – 12
Possum	POM	1	10 +
Tunstall	Lifeline 2	1	23 +
Tunstall	Lifeline 2+	140	22 – 23
Tunstall	Lifeline 400	140	10 – 14
Tunstall	Lifeline 1000	326	10 – 14
Tunstall	Lifeline 3000	83	10 – 14
Tunstall	Premier S	87	15 – 20
Tynetec	Reach (Black)	418	1 – 3
Tynetec	Reach (White)	1	3
		3394	

- 2.3 Not only are new alarms required for new applicants but it is necessary to replace alarm units that are scrapped each year because of their poor condition when returned, or their being uneconomical to repair, or due to obsolescence. This accounted for at least 150 alarm units of the 250 returned during the last financial year and is expected to continue at least this rate this year and into the future. Also, at least 20 alarm units are returned without pendants each year after the user has died / moved into care etc, and at least 20 pendants are lost each year by service users.

- 2.4 Replacement pendant costs currently range from £34 – £40 each depending upon model and new alarm units costs range from £86 – £96 each depending upon model. Currently two different alarm models are used to service different needs.
- 2.5 The cumulative effect of having to replace more and more alarm units and pendants each year instead of being able to recycle them has meant we have now reached the position where the £18K budget is unlikely to be sufficient this year to purchase the required number of alarm units and pendants needed to service existing customers and ensure there are enough alarm units available for new applicants.
- 2.6 Currently, the £18K equipment budget allows for the purchase of 150 alarm units and 100 pendants. With present and projected equipment disposal rates of at least this amount of alarm units and at least 150 pendants needed each year, a budget increase of £5K will enable the purchase of 175 alarm units and 175 pendants, enabling a small surplus in case more alarm units and/or pendants be required than estimated.

3 National Telephone Network Modernisation

- 3.1 A need has arisen to provide additional call handling facilities to ensure communications between certain Borough Care users and the control centre are not adversely affected by an emerging issue linked to the digitisation of the national telephone network.
- 3.2 This emerging issue has arisen due to the piecemeal development of the national telephone network to convert it from analogue to a fully digital network along with the ever pressing need for greater network capacity.
- 3.3 It was recognised that such a technological advance would have the potential to create operability problems with some existing analogue telephone equipment. This equipment included telecare alarms because they operate with data protocols designed over 20 years ago. All alarm models were therefore tested by alarms manufacturers to ensure compatibility with the new network technical arrangements. Fortunately, no Borough Care alarms were found to be incompatible which would have necessitated replacement.

- 3.4 During the last 4 years however there has been a complete change to the national telephone network digitisation strategy resulting in piecemeal upgrading by individual telephone line providers. An unintended consequence of this has been increasing problems affecting telecare alarm operability because many of the 150 plus telephone line providers have used different technical specifications to deliver their digital services via the national network. This approach has unfortunately invalidated previous alarm compatibility testing results and made it almost impossible to devise a revised standard test with so many different technical configurations being used by telephone line providers.
- 3.5 The differing technical configurations do not noticeably impact on voice communication when using normal telephones but can affect telephone equipment that transmits “data” such as telecare alarms, with the result that alarms can sometimes fail to connect to the control centre at the first attempt and have to re-dial; therefore lengthening the time it takes for the call to connect. Also, even once connected, fluctuating speech volumes between the alarm user and control centre may sometimes be experienced causing difficulties for the operator to understand what the service user is saying or vice versa.
- 3.6 Companies providing landline telephone services have no legal obligation to ensure the quality of data transmissions via “standard” telephone lines and in commercial terms telephone line providers maintain that it would be too costly to amend their current technical arrangements, even though many of the 1.6 million alarms installed nationally are vulnerable to the issues outlined.
- 3.7 The Telecare Services Association has had various national discussions with telecoms industry and OfCom representatives to raise the issue and seek solutions. However, the problems still persist and appear to be becoming more commonplace as technical configurations are further adjusted in attempts to satisfy the ever increasing need for more national telephone network capacity.
- 3.8 The only solution devised so far to address the issue to ensure first time connection and speech stability has been a joint venture by the Telecare Services Association and alarm manufacturers to develop a new data transmission protocol, which has been completed and approved by the British Standards Institute (BS8521). The new protocol has been specifically designed to operate with digital “Next Generation Network” exchange equipment unlike the existing data protocols, which were designed over 20 years ago, making it far more robust than current protocols should network specifications alter further.

- 3.9 As this solution is the only likely means of overcoming the issues for the foreseeable future given that the telecoms industry will not/cannot modify their infrastructure to fully accommodate the current protocols, it would therefore be prudent for Borough Care to adopt the new BS8521 protocol alongside the current one within the call handling equipment to enable prompt and stable communication between all alarm units and the control centre to be maintained.
- 3.10 In order to utilise the new protocol additional components will need to be purchased for the Borough Care call handling system, and an additional telephone line installed at the control centre and disaster recovery centre.

4 Conclusion

- 4.1 Should the Borough Care alarm equipment budget not be increased, to offset any alarm unit shortages that may develop a waiting list of new applicants will need to be introduced, operating on the basis that installation would only take place as and when an alarm unit became available.
- 4.2 Should the solution to implement the BS8521 data transmission protocol be adopted it will enable prompt call handling and quality voice communication between the operator and service user to be maintained into the foreseeable future. Should it not be adopted, although alarm calls will still be received promptly and speech between the operator and service user will not be affected in most instances, there will still be a number of instances when issues occur with the possibility that the situation may deteriorate further still.

5 Report Implications

5.1 Finance and Value for Money Implications

- 5.1.1 An increase of the alarm equipment replacement budget by £5K to £23K per year will provide sufficient alarm units and pendants to service current Borough Care users and ensure alarm units are always available for new applicants at projected replacement rates.
- 5.1.2 £5K will purchase the necessary call handling equipment to mitigate the effects of the national telephone network digitisation, and £1K per year will be needed to cover additional telephone line rental and maintenance costs.

5.2 Safer Communities Implications

- 5.2.1 Borough Care service provision provides service users with a greater sense of security and well-being.

5.3 Environment and Sustainability Implications

- 5.3.1 The lack of further investment in additional alarm units and pendants may lead to difficulties maintaining current service levels to all existing service users and the introduction of a waiting list for new applicants.
- 5.3.2 If the Borough Care service is restricted due to alarm availability it will reduce the independence and ability of many older and vulnerable people to remain living at home without significant additional support from other services.

5.4 Health, Well-being and Leisure Implications

- 5.4.1 The Borough Care service contributes to the Health, Social Care and NWBC well-being agendas by providing a service that helps enable users to maintain their independence in their home as well as the provision of an immediate means for summoning assistance in the event of an illness or accident.

5.5 Risk Management Implications

- 5.5.1 There is the possibility of not being able to maintain Borough Care services to all current service users if there is insufficient alarm and pendant equipment available to replace faulty equipment.
- 5.5.2 Negative publicity and damage to NWBC's reputation may occur should a vulnerable person not be able to access the Borough Care service due to no alarm equipment being available, or should a user suffer a mishap because faulty alarm equipment could not be replaced promptly.

5.6 Equalities Implications

- 5.6.1 If the Borough Care service was restricted due to the availability of equipment a "fair" priority criterion would be required determine which new applicants should receive the service when equipment became available. The determination and application of any criteria will need to be subject to an equality impact assessment to ensure that no adverse impacts are created.

5.7 Links to Council's Priorities

- 5.7.1 The effective provision of the Borough Care service will contribute directly to the corporate priorities in respect of:
- Public services and Council Tax
 - Access to services
 - Health and well-being

The Contact Officer for this report is Gary Thomas-McGenity (719303).

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

Agenda Item 15

Executive Board

22 September 2014

Report of the Assistant Director (Corporate Services)

Broadband Match Funding

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.

Recommendation to the Council

- a That Members consider and decide on the level of additional match funding it 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 Councillors M Stanley, Sweet and Smith have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

3 Background

- ... 3.1 A Broadband Update and Match Funding report (Attached as Appendix 1) was considered by Executive Board on 17 June 2014 and A Broadband Update Report (attached as Appendix 2) was considered by Resources Board on the 2 June 2014. These reports provide background to the project.

- 3.2 Executive Board on the 17 June amended the recommendations of the Board which were then approved by Council. These amended recommendations are provided below.

- a That the report be noted;
- b That the Council accepts in principle an agreement to provide additional match-funding provided it first receives a satisfactory report outlining the improvements achieved so far together with details, including an acceptable time frame, of what will be achieved, and provided agreement can be reached on the value of the additional funding; and

- c That, subject to the receipt of satisfactory information, the Assistant Director (Corporate Services), in consultation with the Chairman of the Board and the Opposition Spokesman, be authorised to agree the level of additional match funding.
- 3.3 As requested by Executive Board, and to help fulfil the requirements of the recommendation of the Board, the CSW project team have given briefings to and answered questions from Management Team and more recently to leading members from both parties. As a result of the meeting with leading members it was decided to bring a report back to this Board and seek its views in order to resolve recommendation C.

4 **Report**

- 4.1 Since the June 2014 reports Warwickshire County Council has approved the provision of budget to match an additional £3.68m BDUK grant. This additional grant was made as a result of the Government updating its broadband strategy, in June 2013, and stating its intention to extend coverage of superfast broadband to 95% of premises by 2017. Solihull has agreed to match the £380,000 that BDUK estimate is needed to bring their area up to the new 95% target.
- 4.2 The recent CSW project team briefings detailed the improvements made so far and the progress being made in the Borough which includes upgrades to BT cabinets in Fillongley, Coleshill, Whitacre Heath and Corley to provide superfast broadband.
- 4.3 Work is also underway in a number of other wards and a new approach to resolving the technical issues in Baddesley is being pursued by BT. 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> .
- 4.4 The CSW Project team also explained how additional funding up to £6m has been offered by BDUK to the sub region, subject to match funding. The 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 are now being asked to provide match against.
- 4.5 The investment being made by 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.

- 4.6 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.
- 4.7 However, even with the latest BDUK grant (£3.68m) and match funding from the County Council and the private sector the borough will not achieve the target of 95% of premises connected. This is largely due to the rural nature of our villages and the number of more isolated properties, which are significantly more costly to upgrade. Further investment will still be needed if we are to provide superfast broadband to greater numbers of residents and businesses.
- 4.8 Any investment in the project will improve broadband provision for at least some residents and local businesses. It will also contribute to bringing the borough closer to having pervasive superfast broadband, and the benefits it brings, more readily available.
- 4.9 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.
- 4.10 Any grant 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.

5 Report Implications

- 5.1 The majority of the implications and benefits associated with the improving broadband are provided in the Resources Board, Attached as Appendix 2.

5.2 Finance and Value for Money Implications

- 5.2.1 Members are asked to consider and decide on the level of match funding they will support.
- 5.2.2. If an amount is agreed upon this would be included as approved additional budget in 2015/16 financial plans.

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

Agenda Item 15

Executive Board

17 June 2014

Report of the Assistant Director (Corporate Services)

Broadband Update Report and BDUK Match Funding

1 Summary

- 1.1 The report provides an update on the progress made to improve broadband coverage and speeds. It also seeks the Boards views on providing additional match funding to enable new Broadband Delivery (BDUK) grant funding to be accessed.

Recommendation to the Council

- a That the report be noted;**
- b That Members consider and express their views on the match funding proposals provided in Section 5 of the Resources Board Report (attached as Appendix 1); and**
- c If Members decide to give an in principle agreement to additional match funding a further report would be brought to the Board once the detailed requirements are known.**

2 Consultation

- ... 2.1 A Broadband Update Report (attached as Appendix 1) was considered by Resources Board on the 9 June 2014 and the amended recommendations of that meeting will be reported to the Board. A verbal update will be provided on Warwickshire County Council's proposal which were approved by their Cabinet on 5 June and is due to be considered by their Full Council on 9 July.
- 2.2 In preparing the Report for Resources Board the Chairs, Vice Chairs and Opposition Spokespersons of Resources and Executive Board were consulted.

3 Report

- 3.1 The Broadband Update Report also asked Resources Board to consider a request from the Coventry, Solihull and Warwickshire (CSW) Broadband Project team; which asked whether the Districts and Boroughs would be willing to give an "in principle" commitment to finding additional match funding.

- 3.2 The details of the request and the background to it are provided in Section 5 of Appendix 1. However, in summary the Government has allocated an additional £3.6m in BDUK grant to the Coventry, Solihull and Warwickshire Sub Region to further improve the number of premises that could get Superfast Broadband. The CSW Broadband Team project that even after the improvements from the current Broadband project and the commercial roll-out the Borough will have about 5,000 premises unable to achieve superfast speeds. It is estimated that it would need around £1m of public investment to get to the new target of 95% of premises in reach of Superfast Broadband.
- 3.3 As BDUK funding has to be matched 1:1, a £500,000 allocation of BDUK grant would need to be matched by £500,000 to achieve a £1m investment.
- 3.4 The County Council is currently going through its processes to establish if it is able to provide match funding and the level of that match. Also the level of funding the County is able to commit will, to some extent, depend on the contributions the Districts and Boroughs may make. This level of uncertainty makes it difficult to provide Members with a specific figure that is being sought.
- 3.5 Section 5.7 of the Resources Board Report (Appendix 1) gives a possible scenario for match funding, based on how the original funding was split between the County Council and the District and Boroughs. However, at this stage the Council is only being asked for an “in principle” view and an indicative level, or range, of match funding, should it decide it wishes to consider further match funding.

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

Agenda Item No 9

Resources Board

2 June 2014

Report of the Assistant Director (Corporate Services)

Broadband Update Report

1 Summary

- 1.1 This report provides an update on the progress being made on the provision of broadband services and superfast broadband as part of the CSW Broadband project, which covers Coventry, Solihull and Warwickshire (CSW) and operates under the guidelines laid down by BDUK project.

Recommendation to the Board

- a That the report be noted; and**
- b That Members consider and express their views on the match funding proposals detailed in Section 5 of this report and that the views of the Board are forwarded to Executive Board.**

2 Consultation

- 2.1 Councillors Moore, N Dirveiks and Smith have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

3. Background

- 3.1 The Government made £530 million available to support the roll-out of basic broadband (2Mb) to properties with no, or very poor, provision and to help support the delivery of Superfast Broadband to 90% of properties. It is anticipated that the CSW Broadband project will achieve superfast speeds for 91% of the sub regions premises.
- 3.2 An initial allocation of £4,070,000, BDUK grant, was made by the Government to the CSW sub region. Authorities were required to match fund the grant. This Council, at its Resources Board meeting in February 2013, approved the provisions of £197,868 as the match funding sought from it, to help improve broadband coverage in the Borough.
- 3.3 The contract for the provision of the fibre infrastructure, needed to improve broadband speeds, was awarded to BT under a national framework contract established by the government.

- 3.4 Members of the CSW Broadband Project Team have held public meetings in the Borough to explain the project, gain public support, recruit volunteer Broadband Champions and update on the progress made. The CSW team and BT attended Scrutiny Board on 16th September 2013 to update Members and give them the opportunity to scrutinise progress and future plans.
- 3.5 The CSW Broadband team also sends out regular email newsletters, provides information for Councils' websites and maintains a project website <http://www.cswbroadband.org.uk> and Social Media accounts such as on Twitter - @CSWBroadband.
- 3.6 The project website includes the most up to date information and maps showing the roll-out plans. It also links to a BT post code checker to enable people to see the exchange and cabinet they are connected to and if there are plans published yet for their areas.

4 **Current Situation and 12 month plan**

4.1 The CSW Broadband Project has been split into 8 phases, with each phase lasting about 6 months and at any one time 2 overlapping phases will be being worked on. Each phase consists of BT identifying and upgrading exchanges and selecting and surveying a number of locations for new cabinets to enable superfast fibre broadband.

4.2 The potential cabinet locations are verified by the CSW Broadband project team to ensure they meet set criteria. The Highways service and relevant Planning team are consulted about the location of the new cabinets. Assuming the consultation and survey raises no issues cabinets can be installed, powered and made live ready for people to subscribe to superfast broadband services. These services can be purchased from any broadband provider.

4.3 Phase 1 (from April 2014) and Phase 2 (from July 2014) are currently active and phase 1 cabinets are now starting to be made live. The Borough has 19 cabinet locations identified in phase 1:-

- 13 in Coleshill
- 1 in Curdworth
- 5 in Fillongley.

4.4 Phase 2 sees further work in the Coleshill and Curdworth exchange areas and in Hurley. The indicative plan for Phase 3 (October 2014) includes some cabinets in the Atherstone and Chapel End exchange areas.

... 4.5 The data in the table provided as Appendix 1 summarises how access in the Borough will be improved by the BDUK project and the commercial roll-out of broadband by telecommunication companies. It shows that a maximum of 9,669 properties will get the ability to connect to Superfast Broadband, as a result of the first 3 Phases of the BDUK Project, by the end of March 2015.

4.6 The CSW Project Team is trying to be open and upfront about the plans and the work programme. But all information given out has to go with a health

warning as it is based on current understanding. Surveys can identify issues which may put a cabinet out of the plan or cause an area to be brought forward or delayed.

- 4.7 Also even if a cabinet is upgraded to fibre and therefore theoretically able to deliver Superfast speeds, a property's distance from the cabinet or the quality of the cable to the property may mean superfast speeds can't be achieved. Some properties, for historical reasons, are connected directly to an exchange and these will be unable to get superfast connections under the current project. The CSW Broadband website provides the most up to date information available.
- 4.8 As the project progresses more details on Phases 4 to 8 will become available.

5 Next Steps and Further Funding

- 5.1 As can be seen from Appendix 1, even at the end of the current BDUK project some premises in the borough will still be unable to access Superfast Broadband. The intention is that all will be able to connect to a broadband service. However, some premises will still not have a connection to an exchange and/or cabinet which has been upgraded to support the next generation access (NGA). Others may be on the next generation access network but unable to get Superfast speeds for a variety of reasons.
- 5.2 The Government has recently made more funding available to help fill the gaps in access and address the problems of those premises still getting slow internet speeds. The CSW area has been notified of a potential additional grant of £3.68 million to help take Superfast Broadband coverage to 95% of premises. However, this funding must be matched in order to draw it down.
- 5.3 The CSW Broadband Project Working Group (PWG) was asked, at its April meeting, to establish if Councils have the appetite to provide additional match funding in order to secure some of this additional grant in order to deliver further broadband improvements within their areas.
- 5.4 PWG members were asked a supplementary question to find if there was a willingness to find additional funding towards retaining the CSW Project Team beyond the current BDUK project. The intention being they would work on a further project to deliver the £3.68m grant. There is also an EU target to provide 100% of premises with speeds of at least 30mbps by 2020 and the project team are actively investigating sources of additional funding for this.
- 5.5 At this time Councils are being asked for an "in principle" view on further match funding and contributions towards staffing costs. Further work is being done on where, across the sub region, grant would need to be allocated to address those premises that will still not have Superfast Broadband.
- 5.6 As one of the more rural areas, which started from the lowest level of superfast access in the CSW sub region, current estimates suggest that the

Borough would require about £1m of public investment to put around 3,400 additional premises in reach of Superfast Broadband and achieve the 95% coverage target. This level of investment would need £500,000 from BDUK and the £500,000 match funding would need to be found between Warwickshire County Council and North Warwickshire Borough Council.

5.7 The County Council is going through its processes for establishing their ability to and appetite for matching the BDUK grant and therefore it is not possible to give exact figures for the funding being sought, from this Council, at this time. For indicative purposes the current BDUK project was matched on a 3:1 basis between the County and the Districts and Boroughs, which would give a figure of £125,000 being sought from this Council as match funding. However, if Members are willing to consider match funding the Board is asked to give an indication of the level of match funding it may consider.

5.8 The CSW BDUK Project Team have indicated that any match funding is being sought across 2015/16 and 2016/17 to enable them the access the additional BDUK grant.

6 Report Implications

6.1 Finance and Value for Money Implications

6.1.1 This report has no financial implication arising directly from it. However, Members are asked to consider and express a view as to whether this Board has the appetite to consider further match funding and give an indication of the level of match funding it may consider. The views of this board will then be forwarded to Executive Board for consideration

6.1.2 If Members are willing to consider additional match funding a further report would be brought to Board once the detailed requirements are known.

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 rural communities. The lack of adequate internet provision may 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.

6.2.2 The lack of broadband provision also means people are unable to use online services and have to travel to get the services they need.

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.

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

Agenda Item No 16

Executive Board

22 September 2014

Report of the Assistant Director (Finance and Human Resources)

Budgetary Control Report 2014/15 Period Ended 31 August 2014

1 Summary

- 1.1 The report covers revenue expenditure and income for the period from 1 April 2014 to 31 August 2014. The 2014/2015 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

That the report be noted.

2 Consultation

- 2.1 Councillors N Dirveiks, Moore and Humphreys 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 controllable expenditure for those services that report to the Executive Board as at 31 August 2014 is £259,838 compared with a profiled budgetary position of £264,375; an under spend of £4,537. 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 Emergency Planning

- 4.3.1 The current underspend is due to no professional services expenditure to date on this budget.

5 Risks to the Budget

5.1 The key risks to the budgetary position of the Council from services under the control of this Board are:

- The current level of budget within Emergency Planning is sufficient to carry out the anticipated workload; however any major local emergency would require additional expenditure.

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 2014/15 is £624,020, 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 2013/14 financial year is £595,460. 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).

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

Executive Board

Budgetary Control Report 2014/2015 as at 31 August 2014

Description	Approved Budget 2014/2015 £	Profiled Budget August 2014 £	Actual August 2014 £	Variance £	Comments
Housing Strategic Service Review	33,200	13,833	13,837	4	
Outreach and Access to Services	132,470	56,556	56,554	(2)	
Corporate Communications	61,640	30,834	30,875	41	
Community Strategy	146,430	59,367	59,765	398	
Communication Group	-	0	0	-	
Emergency Planning	52,400	21,335	16,269	(5,066)	4.3.1
N.Warks Local Development Framework	197,110	82,129	82,217	88	
Support to Parishes	770	321	321	-	
Total Expenditure	624,020	264,375	259,838	(4,537)	

Agenda Item No 17

Executive Board

22 September 2014

Report of the Chief Executive and the Deputy Chief Executive

Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April - June 2014

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 2014.

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 2014/15. This is the first report showing the progress achieved so far during 2014/15.

4 Progress achieved during 2014/15

- 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 2014/15 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 2014/15 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	19	100%
Amber	0	0%
Red	0	0%
Total	19	100%

Performance Indicators

Status	Number	Percentage
Green	2	40%
Amber	1	20%
Red	2	40%
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 assessing the impact of services, 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 14/15


	Action	Priority	Reporting Officer	Update	Status	Direction
NWCP 001	To ensure that we assess the impact of our services on, and actively engage with, all sections of our communities and to implement key actions agreed in the Customer Access Strategy and Consultation Action Plans relating to consultation and the provision of services and report by July 2014	Consultation and Communication	Maxey, Steve	Actions within the customer access strategy and consultation action plan continue. It is still planned to do a place survey this financial year.	 Green	
NWCP 002	To continue to work with partners in the Coventry & Warwickshire Local Enterprise Partnership and with Hinckley and Nuneaton to maximise opportunities to gather feedback to develop the economy of the Borough and to report on progress by October in each year.	Local Employment	Barratt, Dorothy	Work is on-going	 Green	
NWCP 003	To report annually in March on the work of the local Financial Inclusion Partnership including for 2014/15 activity with the CAB and Warwickshire Welfare Rights Activity and the local impact of the Welfare Reform programme	Access to Services	Trahern, Bob	This will be undertaken in March bringing together the various plans we are monitoring throughout the financial year	 Green	
NWCP 004	To further consult on a revised Site Allocation Plan and submit the same for consideration by the Planning Inspectorate by October 2014; and To submit final Development Plan documents relating to Development Management and Gypsy and Travellers by November 2014	Countryside and Heritage	Barratt, Dorothy	There has been progress on the Site Allocations Plan which has had a further round of public consultation. It is hoped that this can be formally submitted in early 2015. New timescales will need to be determined for the other documents due to pressure on staff resources.	 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 to be reported annually	Countryside and Heritage	Barratt, Dorothy	Petitioning work is on-going. No change in relation to open cast mining	 Green	

	Action	Priority	Reporting Officer	Update	Status	Direction
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 & Council Tax	Beggs, Robert	Work is continuing on improving our overall resilience following the completion of the Council House accommodation works. The continuity plans in place are being reviewed to ensure the planned improvements are effective. These will then be subject to testing and exercising later in the year. The Warwickshire Local Resilience Forum is reviewing a number of its plans and processes through working on wednesdays multi agency sessions. A recent training event on how emergency services work jointly has been attended. Work on a Strategic Flood Plan for Warwickshire is being finalised.	 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 2014	Public Services & Council Tax	Brewer, Chris	The budget strategy has been updated and is reported elsewhere on this agenda	 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	Brewer, Chris	A review of the planning system is currently underway and discussions are being held with neighbouring authorities to identify if there are any opportunities for shared working.	 Green	
NWCP 038	To complete identified improvement works to the Council's main offices, both on time and on budget, to ensure the ongoing provision of services to the local community while safeguarding the safety and security of all residents, staff and visitors who use The Council House building and seeking to make the buildings more environmentally friendly. Detailed updates on progress of the project will be regularly reported	Public Services and Council Tax	Dobbs, Richard	The improvement works to the main Council offices have now been completed and were delivered on time and under budget	 Green	
NWCP 042	To continue to look for ways of narrowing the Council's capital funding gap and report annually in February	Public Services & Council Tax	Garner, Sue	Work to update the capital position will begin shortly.	 Green	

	Action	Priority	Reporting Officer	Update	Status	Direction
NWCP 072(1)	To maintain the existing level of core funding for arts and welfare organisations	Public Services & Council Tax	Powell, Simon	Live and Local continue 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, one of which was awarded grant in April 2014.	 Green	
NWCP 075	To implement the Council Tax Support Scheme 2014/15 and carry out a review to enable a scheme to be set for 2015/16	Public Services and Council Tax	Trahern, Bob	Implementing the 2014/15 was achieved and a decision taken to retain the current scheme with very minor amendments around self employed status in 2015/16	 Green	
NWCP 076	To update the Medium Term Financial Strategy to take account of external funding changes relating to Business Rates and report by September 2014	Public Services & Council Tax	Brewer, Chris	Work is in progress.	 Green	
NWCP 077	To review the Council's membership of the Coventry and Warwickshire Business Rates Pool by December 2014	Public Services & Council Tax	Brewer, Chris	The impact of the Pool is being monitored.	 Green	
NWCP 078	To continue to work with partner organisations in Coventry, Warwickshire and Hinckley to develop a City Deal with central government, if this proves beneficial to the local economy, to report as necessary	Local Employment	Maxey, Steve	The City Deal has been approved by Government and is being implemented by the Coventry and Warwickshire Joint Committee. Updates are given to the Special Sub Group	 Green	
NWCP 079	To work with the retailers in Atherstone, Polesworth and Coleshill to develop action plans for the use of the Portas monies and to help implement the plans	Local Employment	Maxey, Steve	The High Street Innovation Fund continues with a number of schemes having been approved	 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	Dobbs, Richard	The Council continues to work with the EA and WCC to mitigate the impact of flooding within the Borough	 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 report on progress by October 2014	Consultation and Communication	Bird, Linda	Work in progress and an update will be provided to Board.	 Green	
NWCP 094	To ensure we communicate effectively to help inform residents, businesses and all sections of our communities of their opportunities to be involved in decision making and report on progress by October 2014	Consultation and Communication	Linda Bird	Work in progress and an update will be provided to Board.	 Green	

NWPI Executive Board 14/15

Ref	Description	Section	Priority	Year End Target	Performance	Traffic Light	Direction of Travel
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	99	 Green	
NWLPI 153	Number of domestic burglaries detected in the Local Authority area	Policy Support	Crime and Disorder	55	24	 Green	
NWLPI 154	Number of violent crimes in the local authority area	Policy Support	Crime and Disorder	109	120	 Red	
NWLPI 155	The number of vehicle crimes in the local authority area	Policy Support	Crime and Disorder	118	123	 Amber	

Ref	Description	Section	Priority	Year End Target	Performance	Traffic Light	Direction of Travel
@NW:NI032	Violent Crime Offences related to Domestic Violence	Policy Support	Crime and Disorder				
@NW:NI047	People killed or seriously injured in road traffic accidents	Policy Support	Crime and Disorder				
NWLPI 162	Percentage of Freedom of Information replies dealt with within 20 days	Policy Support	Public Services & Council Tax	100	88.5	 Red	

Comments
<p>Lower levels of domestic burglary are continuing to be seen in the first quarter. The most recent predictive analysis has highlighted the wards of Atherstone South & Mancetter, Baddesley & Grendon and Fillongley as areas for monitoring for the July to September periods.</p>
<p>The information for overall violent crime is not currently available following a change to the West Mercia Police crime system. The figure shown is for violence against the person and sexual offences for April to June 14. The violent crime figures available also include most serious violence, assault with less serious injury and violence against the person with injury. The levels during the first quarter are above the equivalent period in 2013/14. Some increases in the reporting of sexual offences is anticipated following the introduction of the Sexual Assault Centre at George Elliot Hospital.</p> <p>There is a need to confirm what measures will be available to monitor violent crimes overall.</p>
<p>The trendline for theft from vehicles is decreasing and both theft from and theft of vehicle offences have reduced over the last three years. The predictive analysis for July to September 2014 shows an increase in vehicle crime in September 2013. The wards of Arley & Whitacre, Atherstone North and Fillongley have been highlighted as priority areas for this period. Hot spot locations include Corley Services and Ransome Road estate in New Arley. Follow up action is planned regarding use of the access barriers at Corley Services, monitoring for the New Arley locations and follow up work on premises in Atherstone at risk from fuel thefts.</p>

Comments

Information for the number of offences relating to Domestic Violence isn't currently available. The additional provision of counselling services for victims of abuse has been in place since January 2014. The latest report from the service shows that the service has been working in Atherstone, Mancetter, Polesworth and Kingsbury. Promotion of the services is taking place with partners including health, Police, Childrens and Families and at Childrens Centres. This is to ensure robust referral processes are in place. 20 clients have been offered therapy counselling and all 20 have taken this up.

Information not currently available.

200 FOI's received, 177 completed within 20 days, 14 over 20 days. 9 outstanding which 6 are overdue.

Year End figures - 86%, 644 received, 556 completed within 20 days, 70 over 20 days. 18 Outstanding.

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE SAFER COMMUNITIES SUB-COMMITTEE

31 July 2014

Present: Councillor Morson in the Chair

Councillors Ferro, Humphreys, Moore and Smith

Apologies for absence were received from Councillors L Dirveiks, Fox and Hayfield (Substitute Councillor Humphreys).

Sergeant Fildes was also in attendance.

1 **Disclosable Pecuniary and Non-Pecuniary Interest**

None were declared at the meeting.

2 **Minutes of the Meeting of the Sub-Committee held on 23 January 2014**

The minutes of the meeting of the Sub-Committee held on 23 January 2014 copies having been previously circulated, were approved as a correct record and signed by the Chairman.

3 **Safer Communities Funding Update 2013/14 – 2014/15**

The Chief Executive updated Members on the expenditure to support community safety initiatives and interventions carried out during 2013/14 and set out the current planned spend profile for the 2014/15 year, together with an update on progress with the implementation of the various projects.

Resolved:

That the Borough Council expenditure for 2013/14 totalling £59,325.64 identified within the report of the Chief Executive be noted and the allocations for 2014/15 be approved in principle.

4 **Reducing Rural Crime Project Progress Report**

The Chief Executive informed Members of the progress being made with the Reducing Rural Crime Project.

Resolved:

That the progress to date with the Reducing Rural Crime Project be noted.

5 Progress Report on Achievement of Corporate Targets – April – June 2014

The Chief Executive detailed the progress made with the achievement of the Corporate Plan targets relevant to the Sub-Committee for April to June 2014.

Resolved:

- a That the performance achieved for April to June 2014 be noted; and**
- b That the year end recorded crime levels for 2013/14 and the quarter 1 levels for 2014/15 be noted.**

6 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 by Schedule 12A to the Act.

7 Evaluation of the Coleshill Designated Public Places Order

The Chief Executive informed Members of an evaluation report of the implementation of the Designated Public Places Order for Coleshill Town Centre.

Resolved:

- a That the evaluation report for the Designated Public Places Order for Coleshill be noted; and**
- b That, in consultation with local residents, local business and other stakeholders, the Designated Public Places Order be continued for a further 12 months.**

Peter Morson
Chairman

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE SPECIAL SUB-GROUP

21 July 2014

Present: Councillor M Stanley in the Chair

Councillors Humphreys, Phillips, Smith and Sweet

Councillor Lewis was also in attendance.

1 **Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared at the meeting.

2 **Development of New Indoor Leisure Facilities in Coleshill**

The Assistant Director (Leisure and Community Development) reported on the development of the new indoor leisure facilities in Coleshill.

Resolved:

That the report be noted.

3 **Local Enterprise Partnership and Joint Committee**

The Assistant Chief Executive reported on progress of the Local Enterprise Partnership and Joint Committee. A number of issues were discussed including the A5 feasibility study; a Green Belt review; Local Plans and the supply of housing; Economic Prosperity Boards; regeneration and the Solihull Garden City.

Resolved:

That the report be noted.

4 **Updated Retirement Policy and Procedure**

The Assistant Director (Finance and Human Resources) presented an updated Retirement Policy and Procedure for adoption.

Resolved:

That the updated Retirement Policy and Procedure attached as an Appendix to the report of the Assistant Director (Finance and Human Resources) be adopted.

5 **Updated Procedure on the Statutory Right to Apply for Flexible Working.**

The Assistant Director (Finance and Human Resources) presented an updated procedure on the statutory right to apply for flexible working.

Resolved:

That the report be noted.

M Stanley
Chairman

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE SPECIAL SUB-GROUP

18 August 2014

Present: Councillor M Stanley in the Chair

Councillors Humphreys, Phillips, Smith and Sweet

Councillor Morson was also in attendance.

1 Disclosable Pecuniary and Non-Pecuniary Interests

None were declared at the meeting.

2 Development of New Indoor Leisure Facilities in Coleshill

The Assistant Director (Leisure and Community Development) reported on the development of the new indoor leisure facilities in Coleshill.

Resolved:

That the report be noted.

M Stanley
Chairman

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE LOCAL DEVELOPMENT FRAMEWORK SUB-COMMITTEE

7 August 2014

Present: Councillor Sweet in the Chair.

Councillors Davis, May, B Moss, Phillips and Winter.

Apologies for absence were received from Councillors Butcher (Substitute Winter), Humphreys (Substitute Davis), Simpson and Smith (Substitute May).

1 **Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared at the meeting.

2 **Core Strategy Main Modifications**

The Assistant Chief Executive and Solicitor to the Council reported to Members the Main Modifications that were currently out for consultation.

Resolved:

That subject to minor changes to MM12, MM41 and MM64 the Main Modifications on the Core Strategy be supported.

R Sweet
Chairman