To: **Leader and Members of the Executive Board (Councillors Hayfield, Bowden, Fox, Lewis, May, Moore, Morson, B Moss, Phillips, Simpson, Smith, Swann, Sweet and Zgraja).**

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 - <u>davidharris@northwarks.gov.uk</u>.

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

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

EXECUTIVE BOARD AGENDA

28 JUNE 2010

The Executive Board will meet in the Council Chamber at The Council House, South Street, Atherstone, Warwickshire on Monday 28 June 2010 at 6.30pm.

AGENDA

1 **Evacuation Procedure**.

2 **Apologies for Absence / Members away on official Council business.**

3 **Declarations of Personal or Prejudicial Interests**

    (Any personal interests arising from the membership of Warwickshire County Council of Councillors Hayfield, Fox, May, B Moss and Sweet and membership of the various Town/Parish Councils of Councillors Fox (Shustoke), Lewis (Kingsbury), Moore (Baddesley Ensor), B Moss (Kingsbury), Phillips (Kingsbury) and Zgraja (Over Whitacre) are deemed to be declared at this meeting).

4   **Minutes of the Meeting of the Board held on 19 April 2010** – copy herewith to be agreed as a correct record and signed by the Chairman.

5   **Requests for discussion of En Bloc items.**

PART A – ITEMS FOR DISCUSSION AND DECISION

(WHITE PAPERS)

6   **Capital Programme – 2009/10 Final Position** – Report of the Assistant Director Finance and Human Resources)

Summary

The purpose of this report is to update Members on the final position of the 2009/10 Capital Programme and to highlight those schemes which have not progressed as quickly as expected and which are recommended to be carried forward into the 2010/11 Capital Programme.

The Contact Officer for this report is Sara Haslam (719489).

7   **Annual Governance Statement 2009/10** – Report of the Director of Resources

Summary

The Annual Governance Statement sets out the arrangements the Council has put in place for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. These ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and accounted for and is used economically, efficiently and effectively.

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

8   **Financial Statement 2009/10** – Report of the Director of Resources to follow

Summary

The Annual Financial Statements have to be signed by the Responsible Financial Officer (RFO) and approved by a full Board of the Council by the end of June 2010.

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

9   **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets – April 2009 – March 2010** – Report of the Chief Executive and the Director of Resources.

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 2009 to March 2010.

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

10 **Housing Finance Reform -** Report of the Director of Resources.

Summary

The Department of Communities and Local Government (CLG) has issued a consultation paper on proposals to reform the Housing Finance System. This report outlines the proposals, the potential implications for North Warwickshire Borough Council and attaches a draft response for the Board's consideration.

The Contact Officer for this report is Chris Brewer (719374).

11 **Powers Delegated to the Director of Community and Environment** - Report of the Assistant Chief Executive and Solicitor to the Council

Summary

The report seeks this Board's approval to changes in delegated powers following the retirement of the Director of Community and Environment.

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

12 **Issues for Local Authorities Arising from the Change of Government** – Report of the Chief Executive

Summary

The Chief Executive will report verbally on the issues arising for local authorities following the General Election.

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

13 **Information Security Policy 2010 – 2012** – Report of the Assistant Director (Corporate Services)

Summary

The purpose of this report is to seek approval for the Council's Information Security Policy for the period 2010 - 2012. The policy is needed to help protect the Council's information and ensure it is used legally and effectively.

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

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

14 **Budgetary Control Report 2010/11 Period Ended 31 May 2010 -** Report of the Assistant Director (Finance and Human Resources)

Summary

The report covers revenue expenditure and income for the period from 1 April 2010 to 31 May 2010. The 2010/2011 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).

15 **Capital Accounts 2009/10** – Report of the Director of Resources.

Summary

The capital accounts for 2009/10 have been prepared. This report shows expenditure for the year, together with the methods of funding used.

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

16 **Earmarked Reserves 2010/11** – Report of the Director of Resources.

Summary

The Council holds a number of reserves to meet future expenditure, other than the General Fund and Housing Revenue Funds. This report informs Members of the balances on these reserves at 31 March 2010, subject to audit, and sets out the proposed use of reserves in 2010/11.

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

17 **Value for Money Efficiency Update** – Report of the Director of Resources.

Summary

The report details the Council's Value For Money (VFM) efficiency achievements in 2009/10. It also details the progress made against the 2009/0 VFM Action Plan and proposes a new VFM Action Plan for 2010/11.

The Contact Officer for this report is Sara Haslam (719489).

PART C - EXEMPT INFORMATION
(GOLD PAPERS)

18   **Exclusion of the Public and Press**

       Recommendation:

       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.

19   **Minutes of the meetings of the Special Sub-Group held on 19 April, 17 May and 24 May 2010** – copies herewith to be received and noted.

JERRY HUTCHINSON
Chief Executive

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE   **19 April 2010**
EXECUTIVE BOARD

Present: Councillor Hayfield in the Chair

Councillors Davis, Lewis, May, Moore, B Moss, Phillips, Simpson, Smith, Swann and Sweet.

An apology for absence was received from Councillor Fox.

Councillors Gordon, Pickard and Sherratt were also in attendance. With the consent of the Chairman, Councillors Gordon and Sherratt spoke on Minute No 66 HS2 – High Speed Rail Route.

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

Any personal interests arising from the membership of Warwickshire County Council of Councillors Hayfield, May, B Moss and Sweet and membership of the various Town/Parish Councils of Councillors Davis (Atherstone), Lewis (Kingsbury), B Moss (Kingsbury) and Phillips (Kingsbury) were deemed to be declared at this meeting.

62   **Minutes of the meeting of the Board held on 8 February 2010.**

The minutes of the meeting of the Board held on 8 February 2010, copies having been circulated, were approved as a correct record and signed by the Chairman.

63   **2009/10 External Audit Plan**

Under Section 100B(4)(b) of the Local Government Act 1972, the Chairman had agreed to the consideration of the report by reason of the need to establish the Council's approach to be adopted over the Financial Statements for 2009/10.

Alison Breadon from PricewaterhouseCoopers, the Council's external auditors, presented the 2009/10 draft Audit Plan.

Recommended:

a   **That all unadjusted errors in the Financial Statements be reported by the auditors to the Board; and**

b   **That the draft audit plan be noted.**

64 **Constitution**

Following a number of changes to the responsibilities of Boards and Divisions within the Council, the Board was invited to approve associated revisions to the Constitution.

Recommended:

a **That in future the Annual Council meeting be a ceremonial event and the Constitution amended accordingly;**

b **That the reference on page 56Cic to the ACE (Special Projects) be deleted;**

c **That on page 59 the following be added " v a xvii – Health Protection (Local Authority Powers) Regulations 2010;**

d **That subject to the inclusion of a – c above, the amendments to the Constitution as set out in the document attached to the report of the Chief Executive, together with the addendum circulated at the meeting, be approved; and**

e **That officers be asked to carry out a section by section review of the Constitution.**

65 **Crime and Disorder Scrutiny**

The Assistant Chief Executive and Solicitor to the Council sought approval for co-opting additional members to the Scrutiny Board when scrutinising the work of the North Warwickshire Crime and Disorder Reduction Partnership (North Warwickshire Community Safety Partnership). Members were asked to agree a suggested course of action.

Recommended:

a **That the proposal for co-opting additional members as detailed in the report of the Assistant Chief Executive and Solicitor to the Council be agreed; and**

b **That, in consultation with the Chairman of the Scrutiny Board, the Assistant Chief Executive be authorised to administer the co-option of additional members.**

66 **HS2 – High Speed Rail Route**

The Assistant Chief Executive and Solicitor to the Council reported on the recently announced HS2 (high speed rail route), which would pass through the Borough, and requested views on the current consultation on the proposed Exceptional Hardship Scheme.

Recommended:

a   **That the Chief Executive, in consultation with the Chairman and Opposition Spokesperson, be authorized**

      (i)   **to agree a joint response with the County Council, or, if appropriate, a separate response on the Exceptional Hardship Scheme'; and**

      (ii)   **to work with other local authorities both within the County and, if appropriate, along the route in providing information to the public about the proposals.**

67   **Procurement and Commissioning Strategy 2010/11 – 2012/13**

The Assistant Director (Corporate Services) presented the draft Procurement and Commissioning Strategy 2010/11 – 2012/13 for approval. The draft Strategy had been agreed by the Resources Board at its meeting on 13 April 2010.

Recommended:

That the draft Strategy provided at Appendix A to the report of the Assistant Director (Corporate Services) be approved.

68   **Information Security Policy 2010 – 2012**

The Assistant Director (Corporate Services) sought approval for the Council's Information Security Policy for the period 2010 - 2012. The Policy had been agreed by the Resources Board at its meeting on 13 April 2010.

Recommended

That consideration of the Information Security Policy 2010 – 2012 be deferred.

69   **Minutes of the meeting of the Public Service Board held on 27 January 2010**

The minutes of the meeting of the Public Service Board held on 27 January 2010 were received and noted.

70   **Minutes of the meeting of the North Warwickshire Community Partnership held on Thursday 4 March 2010**

The minutes of the meeting of the North Warwickshire Community Partnership held on Thursday 4 March 2010 were received and noted.

71   **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.

72   **Staffing Matters**

Following the resignation of the Director of Community and Environment, the Chief Executive sought approval for interim arrangements and a review of the senior Management structure.

Recommended:

That in light of the resignation of the Director of Community & Environment, the Special Sub-Group be authorised

a   **to put interim management arrangements in place and to agree any consequential amendments to the Constitution; and**

b   **To review the senior management structure and make recommendations to Council**

C Hayfield
Chairman

Agenda Item No 6

Executive Board

28 June 2010

Report of the Assistant Director　　　　**Capital Programme - 2009/10**
(Finance and Human Resources)　　　　**Final Position**

1　　**Summary**

1.1　　The purpose of this report is to update Members on the final position of the 2009/10 Capital Programme and to highlight those schemes which have not progressed as quickly as expected and which are recommended to be carried forward into the 2010/11 Capital Programme.

Recommendation to the Council

a　　That the Board notes the level of expenditure incurred (both actual and committed) to the end of March 2010 against the 2009/10 Revised Capital Programme;

b　　That the committed expenditure be agreed as slippage to be carried forward into the 2010/11 Capital Programme;

c　　That the Board notes that additional Disabled Facility Grant of £86,800 has been received, and approves the request of the Assistant Director (Housing) to use this to increase the DFG budget in the 2010/11 Capital Programme; and

d　　The Board approves an increase in the Borough Care Lifelines Budget of £6,000.

2　　**Consultation**

2.1　　**Portfolio Holder, Shadow Portfolio Holder and Ward Members**

2.1.1　　Councillors Bowden and Butcher have been informally consulted and any response will be verbally updated at the meeting.

3　　**The Current Position**

3.1　　The Council's Revised Capital Programme for 2009/10, approved by this Board in February 2010, is set out in Appendix A. Also showing is the actual level of expenditure incurred on each scheme as at the end of March 2010.

3.2   The Appendix shows that the current level of actual expenditure incurred amounts to £7,738,854 against a revised programme total of £7,924,700, an initial under-spend of £185,846.

4   **Outcomes from Capital Expenditure**

4.1   The £7.7m spent on capital schemes in 2009/10 has achieved a substantial level of outcomes, and some of these are highlighted in the following paragraphs.

4.2   In terms of the housing capital expenditure, the Council is now in a position of having 99% of its stock at the end of the year that meets the Decent Homes Bronze Standard.   This is in line with the planned programme of improvements that will see the entire stock meeting the standard earlier than the December 2010 government target.   The Lovells partnership contract to carry out the housing improvements started in July 2008 and the customer satisfaction levels are high with the works carried out.   Key elements such as kitchens, bathrooms, boilers, roofing, windows and doors have been replaced, and 35 houses at Piccadilly have been completely refurbished.   Adaptations to numerous houses were made which has enabled disabled tenants to continue living in their current Council property, insulation works carried out will assist in reducing tenants' utility costs and improvements were made to 8 Community Centres situated on housing estates, to enable their maintained use by tenants for social activities. Initial work was also undertaken in 2009/10 to build 25 new houses in the Borough, some of which is being funded from government grant.

4.3   Tenants' removal expenses have been incurred at Hilltop in Arley in both 2008/09 and 2009/10 but compensating income was received in 2009/10 as the houses were officially transferred to Waterloo to undertake a major refurbishment of the properties.

4.4   A major project was carried out at Royal Meadow Drive in Atherstone to install new play equipment and make improvements to the play area generally which has been received well by the local residents.   Disability Discrimination Act improvements have been made at the Memorial Hall in Atherstone by improving the access doors and work was also completed at Arley Sports Centre following significant improvements to the disabled access toilets and fitness suite area in 2008/09.

4.5   The Glulam beams at Atherstone Leisure Centre (in the pool area) were improved during 2009/10, work being completed below the original budget and in less time than initially anticipated, and a new UV filter was installed to improve the quality of the pool water. A significant amount of new equipment has also been purchased at both Arley Sports Centre and Polesworth Sports Centre to overhaul the gym areas, one result being that Direct Debit membership has doubled at Arley compared to this time last year.

4.6   New CCTV equipment was purchased in partnership with Atherstone Town Council which received favourable publicity and has improved the quality of

images available to the Police. Consultants have also been used to assess the options available for the Atherstone Accommodation Project, being undertaken with Local Authority partners, to ensure that any development embarked upon offers value for money.

4.7   There have been some improvements in the Council's technology in that the Microsoft licence used by staff and Members has been upgraded to the latest version and there is a continuous replacement of PCs and IT servers to ensure the Council is able to deliver its services efficiently. In particular, the hardware that the Contact Centre, main Finance and Revenues and Benefits systems all run on has been upgraded.

4.8   In terms of housing grants to the private sector, further improvements at 37 properties for disabled facility adaptations have been completed in 2009/10, along with 41 properties that have benefited from Decent Homes improvement schemes. 2009/10 has also seen a project to install ground source heating at houses in Hill Top, Arley, currently being refurbished by Waterloo Housing. This will allow the tenants of these houses to have lower energy costs and it is hoped that some monitoring of the effect of these heating systems can be undertaken to see the impact on fuel bills.

4.9   This year, the refuse fleet has been replaced. In total, 6 vehicles have been purchased but one, to be used for Recycling, has been funded by Warwickshire County Council. This will allow the service to be more flexible. Work has also been undertaken to improve an unadopted road in Brindley Close, Atherstone and talks are in progress with the County Council for it now to be adopted so that on going maintenance will be carried out by the County in future.

4.10   Over 100 lifelines and 60 pendants have been purchased to replace aging units in the homes of those who qualify for the Borough Care system, to ensure a consistent level of service.

5   **Committed Spend in 2009/10**

5.1   The variance of £185,846 is made up of schemes that have under spent by £206,502 but 4 schemes that are over spent by £20,656.

5.2   In terms of Housing Capital projects, of the £126,468 under spend, £123,210 has been committed to on going contracts which, due to timing issues, were not completed during 2009/10. These relate to the final strands of work by Lovells and a contract to update communal aerial systems. Also, there was insufficient time in 2009/10 to finalise the purchase of 3a Church Walk but this has since happened in 2010/11 and as such the funding is therefore required to offset these costs.

5.3   The next stage of the Accommodation Project will require design work to be undertaken and at the last meeting of the Special Sub Group, approval as given to use of this remaining funding to commission such works.

5.4 Of the ICT schemes, with the exception of the Electronic Document Management System, there is an overall under spend of £6,080 which has been incurred due to the availability of the hardware and subsequent timing of the order for a system replacement project started in 2009/10.

5.5 It is often difficult to accurately predict the spending profile of private sector housing expenditure and at the end of the year, the Disabled Facility Budget was underspent as was the DHS officer post and the Ground Source Heating scheme. The budgets are all committed and will be spent in 2010/11.

5.6 There are 4 schemes where spend has exceeded the budget, essentially due to timing issues of on going schemes. With the exception of the Borough Care Lifelines budget which is discussed later on in this report, each project has a budget provision in 2010/11 and the overspend from 2009/10 will be deducted accordingly.

5.7 Overall, of the capital programme under-spend of £206,502, there are commitments of £185,140 which will be required in 2010/11 to fulfil contracts let or to continue the progress of on going schemes. The schemes totalling £16,030 which have over spent, will have their 2010/11 budgets reduced accordingly.

6 **Disabled Facility Grant**

6.1 Annually the Private Sector Housing Team has an allocation of capital funding to deliver Disabled Facilities Grant. The approved 2010/11 Capital Programme was based on a capital grant from central Government of £151,200 and £100,000 from the Council's own capital funds. The budget available aims to cover the estimated demand.

6.2 The Government settlement was very late this year (March rather than January) and came with an unexpected increase on our estimate. The Council has been awarded £238,000 – an increase of 32% or £58,000 over last years grant and £86,800 more than that included in the approved 2010/11 Capital Programme.

6.3 Whilst this Board has the discretion on how to deal with this increase in funding, Members will be aware of the previous high demand for DFG allocations. During 2009/10, £30,000 was vired from the Private Sector Decent Homes Budget as a top up to match demand. Estimates based on current cases and the waiting list show clearly that this demand for Disabled Facilities Grants is continuing. Members will also be aware of an efficiency review which is being undertaken in this area of work from reports to the Resources Board. Whilst this is already assisting in meeting demand, in order to meet the Council's objective of approving all disabled facilities grant applications within 6 months, a significant amount of capital funding continues to be required.

6.4   As such, it is recommended that the additional grant received from the government is used to increase the Council's DFG budget from £251,200 to £338,000.

7   **Lifelines**

7.1   Approximately 1,000 of the 3,753 Borough Care alarms currently installed in residents' homes in North Warwickshire are from stock purchased 10 or more years ago, with approximately 500 alarm units still remaining in service since Borough Care was established in 1990. Although there is no serviceable life expectancy for social alarm units quoted by manufacturers, average serviceable life expectancy is typically between 5 – 10 years. Careful husbandry and efficient recycling of alarm equipment by the Community Support team has managed to extend their service life considerably further, however, they are not BT21CN compliant (can be guaranteed to operate properly with new telephone exchanges being installed), so they cannot be recycled yet again.

7.2   Also, some models have become obsolete due to commercial changes in the alarms industry. Such alarm units have to be disposed of when faulty because replacement parts are no longer available. Similarly, due to EU regulation changes rendering the previously used standard pendant frequency redundant, there are currently still approximately 200 Borough Care alarms in the field that will need to be replaced as and when their pendant batteries expire.

7.3   As well as alarm units having a serviceable life expectancy, alarm pendants also have a finite service life. This is typically 3 – 5 years on average (depending upon number of activations). Replacement is necessary when the battery expires because pendants have, until relatively recently, been manufactured as sealed units. Such replacement pendants cost approximately £40 each and typically between 100 - 120 need to be replaced each year.

7.4   For the past 3 years the return rate of alarms from ex-service users has averaged 250 – 300 each year with the proportion of older obsolete alarms being returned increasing until now approximately only 60 – 75 alarms that can be used again each year. Over the same period 210 - 240 new installations have been carried out each year, which therefore means between 150 – 165 new alarms are required each year to supplement the ones that have been recycled in order to meet demand for the Borough Care Service.

7.5   The consequence of the alarm equipment stock becoming exhausted is that, should it happen, no further installations can take place until new alarm units become available. A waiting list for the Borough Care service will then need to be established with new applicants only accepted as and when equipment becomes available. Also, there will be a critical problem when service users' require replacement pendants due to battery expiration. It will only be possible to replace their pendants if and when funds become available to purchase

new ones, effectively denying these existing service users the Borough Care service until pendant replacement can be facilitated.

7.6 Over the last few years then the annual budget requirement for Lifelines has developed to the following:

	Unit Cost	Total Cost
160 Alarm Units	£85	£13,600
110 Pendants	£40	£4,400
TOTAL		£18,000

With a current annual budget of £12,000, the Assistant Director (Housing) is requesting that additional budget provision of £6,000 is made available for 2010/11. However, a comprehensive Borough Care review is currently taking place, which will include examination of this issue and will recommend the annual equipment replacement budget necessary to ensure future sustainability. The report will be presented to members later this year.

8   **Report Implications**

8.1   **Finance and Value for Money Implications**

8.1.1 The actual level of expenditure incurred up to the end of March 2010 amounts to £7,738,854, which is £185,846 below the full year budget. However, of the capital programme under-spend of £206,502, there are commitments of £185,140 which will be required in 2009/10 to fulfil contracts let or to continue the progress of on going schemes. The schemes totalling £16,030 which have over spent, will have their 2010/11 budgets reduced accordingly.

8.1.2 If members agree to increase the annual DFG budget by £86,800, there will be no impact on the previously approved 2010/11 Capital programme. Also, as some schemes in the 2009/10 Revised Programme were not spent in full and are not being carried forward, if members agree to the increase in the Borough Care Lifelines budget by £6,000, this can be funded from these under spends.

8.2   **Sustainability Implications**

8.2.1 Expenditure incurred as part of the Council's Capital Programme enables the Council to continue to deliver a range of services to the people of North Warwickshire which contributes towards improving the quality of life for the communities of North Warwickshire.

8.3   **Safer Communities Implications**

8.3.1 The capital programme includes an allocation for improvements to the Atherstone Town Centre CCTV scheme which was supplemented from a Community Safety contribution of £10,000. The CCTV scheme **continues to**

be a significant contribution to reducing crime and disorder in Atherstone.

8.4   **Risk Management Implications**

8.4.1   If the financial provision requested is not carried forward, the achievement of some of the Council's objectives may be at risk.

8.5   **Equalities Implications**

8.5.1   The Council is required to ensure that as far as it is reasonably practicable, it has taken appropriate steps to ensure compliance with the provisions of the DDA. Failure to do so could result in limiting access to services provided from our buildings and facilities by disabled people and give rise to challenge.

The Contact Officer for this report is Sara Haslam (719489).

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	Management Team	Board Report - Proposed 3 Year Capital Programme	Feb 10

Capital Programme 2009/10 **Appendix A**

Expenditure Proposals	2009/10 Revised Budget	Actuals as at end March 2010	Variance to Revised Budget	Committed Variance
HRA Assets				
Lovells contract:				
Kitchens and bathrooms	1,392,170	1,324,205	**(67,965)**	
Windows and Doors	1,190,530	1,134,865	**(55,665)**	
Picadilly	613,970	612,773	**(1,197)**	
Walls/Insulation - Bungalows	207,710	207,710	**(0)**	
Gas heating	125,120	117,851	**(7,269)**	
Gas Supplies		(2,046)	**(2,046)**	
Electrics	83,600	83,604	**4**	
Disabled Facility Adaptations (C/H) Lovells	100,000	100,000	**-**	
Community Centres	118,150	126,534	**8,384**	
Door Entry Scheme	90,000	87,505	**(2,496)**	
Asbestos	45,480	37,355	**(8,125)**	
Roofing	907,000	964,742	**57,742**	
Prelims	385,970	401,415	**15,445**	
Profit and Overheads	307,730	309,659	**1,929**	61,260
Other contracts:				
Chimney Stacks	24,000	18,047	**(5,953)**	
Aerials	16,000	11,052	**(4,948)**	4,950
External Works	2,000	1,685	**(315)**	
Housing Staffing	201,330	202,502	**1,172**	
Disabled Facility Adaptations (C/H)	247,300	249,135	**1,835**	
New housebuild programme		83,948	**83,948**	
New housebuild programme - grant		(83,948)	**(83,948)**	
Purchase 3a Church Walk	57,000	-	**(57,000)**	57,000
HRA TOTAL	**6,115,060**	**5,988,592**	**(126,468)**	**123,210**
GENERAL FUND Assets				
DDA	15,000	10,286	**(4,714)**	
Renewal of Play Areas	50,000	143,841	**93,841**	
Renewal of Play Areas - contributions from partners		(93,841)	**(93,841)**	
The Council House Electrical Installation	30,000	22,431	**(7,569)**	
Other Council Electrical Installations	15,000	13,162	**(1,838)**	
Glulam Beams	60,000	58,641	**(1,359)**	
WDP	34,560	34,560	**-**	
Replace CCTV system	81,100	91,241	**10,141**	
Replace CCTV system - contribution from Narrowing the Gap Fund		(10,000)	**(10,000)**	
Leisure Equipment PSC	58,650	57,046	**(1,604)**	
UV System at Pool (Free Swim Grant Funded)	18,000	18,000	**-**	
Accommodation Project	58,200	44,606	**(13,594)**	13,590
Branching Out Bus	3,010	1,599	**(1,411)**	
Data Matching Work (Elections systems)	3,340	2,199	**(1,141)**	
Sale of suplus land		710	**710**	
ICT Contact Centre	25,500	20,038	**(5,462)**	
ICT Infrastructure Development	20,000	23,763	**3,763**	
ICT hardware & software purchase	40,000	35,948	**(4,052)**	
ICT Academy Server Replacement	20,000	33,764	**13,764**	

Capital Programme 2009/10   Appendix A

Expenditure Proposals	2009/10 Revised Budget	Actuals as at end March 2010	Variance to Revised Budget	Committed Variance
ICT Operating System Upgrade	30,000	15,904	**(14,096)**	6,080
ICT EDRMS ***	1,000	3,400	**2,400**	(2,400)
ICT Capital Asset Software	3,600	3,607	**7**	
Capital Salaries - Management	53,480	53,158	**(322)**	
Legal sals			**-**	
Legal sals to HRA			**-**	
Tenants Removal Expenses ***	20,000	25,347	**5,347**	(5,350)
Decent Homes Assistance-Temp Officer	17,000	13,791	**(3,209)**	3,210
Decent Homes (Private Sector) ***	105,000	113,278	**8,278**	(8,280)
Unadopted Road at Brindley Close, Atherstone	15,000	15,000	**-**	
Ground Source Heating	50,000	48,438	**(1,562)**	1,560
Home Saftey Check Scheme	7,200	7,211	**11**	
			-	
Refuse Vehicles	636,550	763,854	**127,304**	
Refuse Vehicles - contribution from WCC		(127,309)	**(127,309)**	
			-	
Disabled Facilities Grants-Private Sector	319,850	282,359	**(37,491)**	37,490
Home Improvement Agency	11,600	12,600	**1,000**	
Comm Supp - Lifelines	7,000	11,631	**4,631**	-
Total	**7,924,700**	**7,738,854**	**(185,846)**	**169,110**

*** Next years budget will be reduced to take
into account the overspend in 2009/10

**Report of the
Director of Resources**

**Annual Governance Statement
2009/10**

1   **Summary**

1.1   The Annual Governance Statement sets out the arrangements the Council
        has put in place for the governance of its affairs and facilitating the effective
        exercise of its functions, including arrangements for the management of risk.
        These ensure that its business is conducted in accordance with the law and
        proper standards, and that public money is safeguarded and accounted for
        and is used economically, efficiently and effectively.

. . .

. . .

> **Recommendation to the Council**
>
> **a   That the Annual Governance Statement for 2009/10, attached as
>   Appendix A, is approved; and**
>
> **b   That the improvement plan, attached as Appendix B, is
>   approved and progress against the plan is reported to Board.**

2   **Consultation**

2.1   **Portfolio Holder, Shadow Portfolio Holder and Ward Members**

2.1.1   None.

3   **Background**

3.1   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 regulation 4(2) of
        the Accounts and Audit Regulations 2003, as amended by the Accounts and
        Audit (Amendment) (England) Regulations 2006, in relation to the publication
        of a statement on internal control.

4   **Review of the Effectiveness of Internal Audit**

4.1   The Council has a system of Internal Control, to which the internal audit
        system contributes significantly. The internal audit section is responsible for

the provision of much of the system, although some responsibilities are carried out by others. Fraud work is carried out within the Revenues and Benefits Division and through external consultants (CEAC), and a specialist contractor is used for IT audits. All of these also contribute to internal audit within the Authority.

4.2 The position of the Council against the CIPFA Code of Practice for Internal Audit was assessed as part of the 2006/07 Statement of Internal Control. Steps have been taken to improve the internal audit function over the last couple of years, and all actions identified as part of the assessment have now been implemented.

4.3 The arrangement on fraud work with Coventry City Council was formalised during the year, and is working well.

5 **2009/10 Annual Governance Statement**

5.1 The Statement (Appendix A) presented to Members this evening for approval sets out how the Council meets the following principles:

- Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;

- Members and Officers working together to achieve a common purpose with clearly defined functions and roles;

- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;

- Developing the capacity and capability of Members and Officers to be effective; and

- Engaging with local people and other stakeholders to ensure robust public accountability.

5.2 Members are kept informed throughout the year about the various areas that make up the system of internal control. Much of this information comes through Board reports. All Boards receive progress reports on the service areas that come within their remit. Higher level reports include progress against the Corporate Plan and budgetary control reports. However, other more detailed reports are used to deal with specific areas, such as Council Tax collection rates and the performance of the Building Control service.

5.3 Responsibility of monitoring against corporate activity has also been assigned to individual boards, for example, progress against the Human Resources

Strategy is considered by Resources Board, whilst the Executive Board considers the outcomes of the work of the external auditors.

5.4   Where appropriate, all Members are involved in major reviews. Other means are also used to monitor the activity of the Council, such as the Leaders' Liaison Group, and the Standards Committee. In addition, Members are involved in areas such as appeals, and can ensure that agreed policies are being adhered to.

5.5   In reviewing the corporate governance arrangements, a number of areas have been highlighted for further action. These are summarised in the action plan, attached as Appendix B.

5.6   Once approved by this Board, the Statement will need to be signed by the Leader of the Council and the Chief Executive.

6   **Report Implications**

6.1   **Finance and Value for Money Implications**

6.1.1   The governance arrangements put in place by the Council ensure that its financial position is safeguarded and that only approved expenditure is incurred on behalf of the Council and income is only generated for goods and services it actually provides.

6.2   **Legal and Human Rights Implications**

6.2.1   The governance arrangements put in place by the Council ensure that its legal position is safeguarded, it complies with relevant laws and regulations and that expenditure is lawful.

6.3   **Environment and Sustainability Implications**

6.3.1   As part of the Council's governance arrangements, there is a requirement for Officers and Members to consider the environmental impacts and sustainability of decisions taken.

6.4   **Human Resources Implications**

6.4.1   There are systems in place which ensure that health and safety considerations are taken into account, along with legal requirements. The Council also has a number of policies which set out expected standards of behaviour for both Officers and Members.

6.5   **Risk Management Implications**

6.5.1   The Council manages its risks by having good internal control mechanisms in place. The improvements identified in the statement for the future will strengthen these mechanisms.

2009/BR/001746

6.6   **Equalities Implications**

6.6.1   As part of the Council's governance arrangements, there is a requirement for Officers and Members to consider the equalities implications of decisions taken.

6.7   **Links to Council's Priorities**

6.7.1   The governance arrangements ensure that the achievement of the Council's priorities is monitored on a regular basis, and action taken where this is appropriate.

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

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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, facilitating the effective exercise of its functions, and 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 regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

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. 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 statement has been in place at North Warwickshire Borough Council for the year ended 31 March 2010 and up to the date of approval of the statement of accounts.

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. Full consultation is carried out with stakeholders, as part of the annual review. 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 Local Area Agreement, 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.

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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. During the year progress against these targets is collected and reported to both senior managers and to service boards, along with performance indicator information. A final position is collated at the year of the year, which is again reported to Members and is also published on the Council's website. The Council also has comprehensive forecasting and budgeting procedures. Periodic and annual review 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 Value for Money reviews. However this does not prevent the Council from looking for efficiencies on an ongoing basis, and these have been demonstrated through the efficiency returns required by the government.

The Council ensures that it is operating efficiently by specifying the different roles and responsibilities of both Councillors and Officers. The remit of each decision making Board is set down in the constitution, along with the roles of individual Councillors. The Council does not have an Audit Committee, but instead divides the core functions between the Executive Board and the Resources Board. The constitution also outlines the responsibilities of senior officers, and areas where they have been given delegated powers. Employee contracts include job descriptions, and these give the detail of individual roles, for all employees. The Council uses an appraisal system to set specific targets for individual staff on an annual basis. These targets reflect their Division's targets in the Corporate Plan and the Divisional Service Plan and are subject to a six monthly review. A more cost effective service is provided by appropriately trained staff and the appraisal system is also used to assess the training and development needs of individual employees, and ensure that they have the skills and abilities to carry out the tasks required. Where a shortfall is identified, this is addressed through the annual training plan. The Council started to plan more rigorously for future staffing requirements in 2008/09, and pulled together a workforce plan, which projected future service needs and the workforce that would be needed for their delivery. Further work on workforce planning was completed during 2009/10.

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.

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 and by Members by the Standards Committee.

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 were this is beneficial. Risk management is led

by the Director of Resources, and uses a cross divisional group to promote and co-ordinate risk management across the Council. Members have been involved in identifying the main risks the Council faces. The system also involves an annual review of risks in their areas by senior managers, with some checking carried out throughout the year by the Internal Audit section.

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 through Value for Money reviews and its Overview and 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. The Council has a consultation strategy, and will vary the methods used for consulting with the public depending on the subject matter, and the target audience. Through this mechanism valuable information is received on the decisions that the Council has taken, and is used to feed into future objectives.

Review of effectiveness

North Warwickshire Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of its effectiveness is informed by the work of managers within the Authority who have responsibility for the development and maintenance of the governance environment, work carried out by Internal Audit, and also by comments made by the external auditors and other review agencies and inspectorates. Data obtained from Experion, feedback received through Gov Metric 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. The use of Portfolio Groups has been reviewed, along with how they have worked in practice. As a result it has been recognised that different portfolios require varying levels of involvement and meeting frequencies. Members have also chosen to set up a Member advisory group to assist in the development of the Local Development Framework. In addition to the above, some other work has been undertaken by the Council's statutory officers, leading to a revision of the Financial Regulations, Contract Standing Orders, Risk Management Strategy and the Treasury Management Strategy.

Revised arrangements were implemented for Overview and Scrutiny during the year, involving one Board instead of the two previously used. The revised arrangements include the use of task and finish groups to look at a number of key issues, with reviews focusing on whether specified corporate plan targets are improving the experiences of Borough residents.

The work undertaken by Internal Audit have enabled the Audit Manager to conclude that the Council has a range of appropriate strategies, policies, procedures and protocols to address

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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 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. CEAC, the fraud specialists, have also carried out some awareness sessions for staff and Members.

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

Our review of the effectiveness of the system of internal financial control is informed by the work of managers within the Council, the work of the Internal Auditors and by our external auditors, PricewaterhouseCoopers, in their annual audit letter and other reports. Executive Board consider the annual audit letter.

The external auditors assess the Council's Use of Resources on an annual basis. The last known result assessed the Council as performing adequately (level 2). Although a 2009/10 review was carried out, the assessment was not completed, as the government have chosen to stop this process.

Following a lot of progress made as a result of the Housing Inspectorate's inspection of the Council's housing service, the Council have continued to achieve further improvements. This has been reflected in the improved satisfaction ratings from tenants. The Council also received a positive direction of travel statement from the Audit Commission on its overall performance as an organisation.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Resources Board, Overview and Scrutiny Boards, Chief Executive, Director of Resources, Director of Community and Environment, Assistant Chief Executive and Solicitor to the Council, Assistant Directors, Auditor Manager, PricewaterhouseCoopers, CEAC, Housing Inspectors and Audit Commission, 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 improve the Council's governance arrangements, including:

> ➢ Delivery of the financial targets within the financial strategy, and additional work undertaken to manage the impact of the economic downturn
> ➢ Continued implementation of the Risk Management Strategy
> ➢ Entering into a 3 year contract for Disaster Recovery Services under a framework let by Solihull MBC
> ➢ Production of an annual summary for inclusion in North Talk
> ➢ A Health and Safety week, to promote the importance and management of health and safety issues
> ➢ Review of the Building Control partnership with Nuneaton and Bedworth Borough Council
> ➢ The production of a Member Development Strategy
> ➢ A full review of the Treasury Management Policy, together with implementation of amendments to some procedures

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- ➢ Use of Gov Metric to enable capture of customer satisfaction data
- ➢ Competent Person training for Facilities Management Staff around asbestos and legionella
- ➢ Penetration testing to assess security arrangements and assist with ongoing Gov Connect compliance
- ➢ Joint working with DWP, resulting in a number of prosecutions for benefit fraud
- ➢ Review of rent income procedures for council housing
- ➢ Child Protection Policy revised and circulated, with briefings provided.

Further actions will be taken in 2010/11, including:

- ➢ Continued review of Human Resources policies, with the provision of briefing sessions for staff and unions on new/revised policies
- ➢ The implementation of a computerised risk assessment system for Health and Safety risks
- ➢ Utilisation of Experion data to determine better customer delivery strategies
- ➢ Delivery of the financial targets within the financial strategy
- ➢ Further work on the business continuity plan and disaster recovery
- ➢ Work towards the achievement of stage 2 of the new Equality Framework for Local Government
- ➢ Review of the revised Overview and Scrutiny arrangements
- ➢ Implementation of technology to help with network intruder detection and log file management
- ➢ A fundamental review of response repairs for council housing, to assess the value for money of the service.

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

May 2010

CORPORATE GOVERNANCE ACTION PLAN 2010/11

Action	Responsible Officer	Date Due
Review the operation of the revised Scrutiny arrangements	ACE & StC	December 2010
Review the consultation strategy	ACE & StC	December 2010
Monitor the action plan of the Environmental Impact Group	ACE & StC	January 2011
Risk Management training for Officers	AD (F&HR)	February 2011
Delivery of targets within the financial strategy	DoR	Feb 2011
Produce and implement a training plan for Members	ACE & StC AD (F&HR) SH - P	March 2011
Carry out agreed VFM studies	AD's / Service Heads	March 2011
Update the Workforce Plan	AD (F&HR) / AD's / SH's	March 2011

Agenda Item No 9

Executive Board

28 June 2010

Report of the Chief Executive and the
Director of Resources

Progress Report on Achievement
of Corporate Plan and
Performance Indicator Targets
April 2009 – March 2010

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 2009 to March 2010.

┌───┐
│   │
│   **Recommendation to the Council**   │
│   │
│   **That Members consider the performance achieved and highlight   │
│   any areas for further investigation.**   │
│   │
└───┘

2   **Consultation**

2.1   **Portfolio Holder, Shadow Portfolio Holder and Ward Members**

2.1.1   The Portfolio Holder and Shadow Portfolio Holder for Resources, Councillors
        Bowden and Butcher have been sent a copy of this report and any comments
        received will be reported to the Board.

3   **Background**

3.1   This report shows the end of year position with the achievement of the
        Corporate Plan and Performance Indicator targets for 2009/10. The report
        updates the progress achieved shown in Quarterly reports to each Board
        during 2009/10.

4   **Progress achieved during 2009/10**

...

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 March 2009/10 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
Green – target achieved.

5 Performance Indicators

5.1 The figures for the national and local performance indicators are subject to review by internal and external audit and should be considered as draft figures at this stage.

6 Overall Performance

6.1 The Corporate Plan performance report shows that 90% of the Corporate Plan targets and 64% of the performance indicator targets have been achieved. The report shows that individual targets that have been classified as red or green. Targets relating to equality, the core strategy and value for money reviews have not been completely achieved although a high level of progress has been made in these areas. The results for the place survey indicators are based upon an interim partnership survey carried out on a county wide basis and the statistical confidence level is not as valid as the formal place survey results.   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	28	90%
Red	3	10%
Total	31	100%

Performance Indicators

Status	Year End Number	Percentage
Green	25	64%
Red	14	36%
Total	39	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 new national indicators have been specified by the Secretary of State for Communities and Local Government as part of a new performance framework for local government as set out in the local Government White Paper Strong and Prosperous Communities.

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.

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   **Equalities**

8.5.1   There are a number of equality related targets and indicators including achieving the equality standard, race equality and disability 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
National Indicators for Local Authorities and Local Authority Partnerships	Department for Communities and Local Government	Statutory Guidance	February 2008

Ref	Start Date	Action	Board	Lead Officer	Reporting Officer	Theme	Sub-Theme	Update	Trafic Light	Direction
3	Apr-09	Integrate the post of Parish Liaison Officer into the Leisure and Community Development Division	Executive Board	AD (L&CD)	Assistant Director Leisure & Community Development	Community Life		Achieved. The postholder returned to work (three days a week) after maternity leave in early February 2010. She will be working a four day week from mid-April.	Green	⟷
5	Apr-09	Achieving level 3 of the Equality Standard for Local Government in all of our divisions by March 2010	Executive Board	ACESC	Policy Support Manager	Community Life		New Equality Framework for Local Government set up from April. Proposals for making progress with the new framework considered by Assistant Directors Group. Equality Group set up internally to help make progress across all divisions. the Council is at the developing level of the new framework. A self asssessment for achieving level being prepared . Consultation with divisions underway to inform the overall self assessment.	Red	⇧
6	Apr-09	Review with the County Council and other partners how best to address an overall strategy with partners that addresses Narrowing the Gap objectives as outlined in the Local Area Agreement	Executive Board	AD (R&B)	Assitant Director Revenues & Benefits	Community Life		Work is ongoing with the County Council and other Third Sector partners to identify the best way to deliver the key outcomes identified in the countywide Scrutiny review undertaken into Financial Well Being which identified actions necessary to achieve the Narrowing the Gap agenda. A countywide multi agency bid proposal made to secure LPSA2 funding in September was successful with a funding award of £768,000 to enable CAB, Credit Union and Welfare Rights activity to continue across the county for the next 2 years. A further bid for £27k made for Area Forum funding to support additional support for school and employer banking has also just been approved and started in April 2010. In March 2010, the bid we made for £50k to the DWP to develop an area of work around health and well being for employees and partners has also been approved. Financial Inclusion is an area of work where the Council is playing a significant lead role across the county and will continue to be developed further in 2010/11.	Green	⇧

| Ref	Start Date	Action	Board	Lead Officer	Reporting Officer	Theme	Sub-Theme	Update	Trafic Light	Direction
13	Apr-09	Taking any actions agreed as the result of reports to Members during the year	Resources Board/Executive Board	DR/AD (H)	Assistant Director Housing	Housing		This is concerned with Extra Care provision. Much close working is being undertaken with the County Council. We are working towards a new build scheme and still exploring the possibility of a virtual extra care scheme.	Green	⟷
18	Apr-09	Progressing work on the development of the Core Strategy to ensure the continued provision of affordable housing, assisted by the Housing Market Assessment	Executive Board	ACESC/DCE	Forward Planning Manager	Housing		Work is continuing on progressing the Core Strategy.	Green	⟷
22	Apr-09	Developing Council policies to defend the openness and character of the Countryside through a planning process applied equally and fairly to all	Executive Board	DCE/ACESC	Forward Planning Manager	Countryside & Heritage		Work is continuing on progressing the Core Strategy.	Green	⟷
23	Apr-09	Publishing a draft Core Strategy as part of the Local Development Framework (LDF) by Autumn 2009	Executive Board	DCE/ACESC	Forward Planning Manager	Countryside & Heritage		Work is continuing on progressing the Core Strategy.	Green	⟷
24	Apr-09	Ensuring that strategic housing proposals are contained in Core Strategy	Executive Board	DCE/ACESC	Forward Planning Manager	Countryside & Heritage		Work is continuing on progressing the Core Strategy.	Green	⟷
25	Apr-09	Incorporating land use implications into Core Strategy and Investigating with partners to implement the recommendations of the Strategic Flood Risk Assessment report	Executive Board	DCE/ACESC	Forward Planning Manager	Countryside & Heritage		Work is continuing on progressing the Core Strategy.	Green	⟷
26	Apr-09	Completing a Landscape Character Appraisal by Summer 2009	Executive Board	DCE/ACESC	Forward Planning Manager	Countryside & Heritage		Draft report expected within the next month	Green	⬆
27	Apr-09	To respond to Phase Three of the Regional Spatial Strategy by seeking to protect the Borough's rural character by September 2009	Executive Board	DCE/ACESC	Forward Planning Manager	Countryside & Heritage		Phase three is not being progressed in the same way as Phase 2 - repsonses have been made to draft Policy Statements	Green	⟷
28	Apr-09	Continuing with this policy	Executive Board	DCE/ACESC	Forward Planning Manager	Countryside & Heritage		Work is continuing on progressing the Core Strategy.	Green	⟷
29	Apr-09	Publishing draft Supplementary Planning Document dealing with Planning Agreements (Section 106) and with the new Community Infrastructure Levy by December 2009 subject to further guidance on scope of CIL and S106	Executive Board	DCE	Head of Development Control	Countryside & Heritage		Work delayed until Government publishes final advice and detail.	N/A	⟷
33	Apr-09	Continuing engagement with farmers via the Rural hub	Executive Board	ACESC	Forward Planning Manager	Countryside & Heritage		Work is continuing on progressing the Core Strategy.	Green	⟷

Ref	Start Date	Action	Board	Lead Officer	Reporting Officer	Theme	Sub-Theme	Update	Trafic Light	Direction
35	Apr-09	Inclusion within the Core Strategy of the LDF the need to protect and maintain the best and most versatile agricultural land by end of 2009	Executive Board	ACESC	Forward Planning Manager	Countryside & Heritage		Local Plan policy has been saved and Core Strategy work is continuing.	Green	⟷
36	Apr-09	To adopt the SPD by end of 2009 depending on further advice from Government on the remit of S106 agreements and other forms of contributions	Executive Board	DCE	Forward Planning Manager	Countryside & Heritage		Draft guidance published on the use of Community Infrastrucutre Levy. Work being carried out at sub-regional level to inform process. SPD still on hold.	Green	⟷
39	Apr-09	Prepare design guidance and briefs as separate Supplementary Planning Document by the end of December 2009	Executive Board	DCE	Head of Development Control	Countryside & Heritage		Delayed until Publication of the Preferred Option if the Core Strategy so that we have identified sites to work with.	Red	⟷
40	Apr-09	To use the Design Champion in accordance with the agreed role	Executive Board	DCE	Head of Development Control			Completed.	Green	⟷
66	Apr-09	Carrying out the timetabled actions for year three of the Partnership Plan, including to secure targeted reductions in crime and the fear of crime and working in partnership to achieve Safer Communities targets in the Warwickshire Local Area Agreement.	Executive Board	CE/AD (L&CD)	Policy Support Manager	Safer Communities		Partnership Plan streamlined to reflect the local actions rather the county wide actions. Crime levels continue on a downward trend. The March year end position shows green status for majority of crime targets. All crime types have seen reductions including violent crime by 7%, domestic burglary by 13% and vehicle crime by 12%. The number of anti social behaviour incidents have also reduced by 12%.	Green	⬆
68	Apr-09	Subject to the outcome of bids to the Supporting People Board and other funding streams to continue to provide support for domestic abuse victims	Executive Board	CE/AD (H)	Policy Support Manager	Safer Communities		A locally based support worker is being provided for 16 hours per week through WDVSS. Funding allocated by North Warwickshire Community Safety Partnership with top up from the Council. Assistant Director Housing is part of a strategic review group at a county level considering the provision of services for victims of domestic abuse. During the 4 quarters 142 referrals have been received. A total of 34 service users have received support in this period. Service has contacted previous referring agencies to refresh awareness and contacts. Drop in available within one stop shop. Demand for service is increasing and provision increased to 20 hours per week in place from November. Service will continue in 2010/11 pending the outcome of a Warwickshire strategic review of support services.	Green	⬆

Ref	Start Date	Action	Board	Lead Officer	Reporting Officer	Theme	Sub-Theme	Update	Trafic Light	Direction
69	Apr-09	continue with the existing programme of securing homes	Executive Board	CE/AD (H)	Policy Support Manager	Safer Communities		Burglary Reduction scheme still being provided using balance of funding. Voucher scheme implemented to help increase low number of referrals. Basis of targeting victims of burglary and vulnerable nearby properties still in place. Referrals received to committ all of the available funding. Domestic burglary reduced by 13% overall.	Green	⇧
70	Apr-09	Achieving a 3% cashable savings target	Executive Board	DR/AD (F&HR)	Assistant Director Finance and Human Resources	Resources		Identified efficiencies are above target in 2009/10.	Green	⇔
71	Apr-09	Achieving the savings required by the budget strategy	Executive Board	DR/AD (F&HR)	Assistant Director Finance and Human Resources	Resources		The savings target for 2010/11 has been exceeded.	Green	⇔
72	Apr-09	Identifying and investigating the options for narrowing the Council's capital funding gap	Executive Board	DR/AD (F&HR)/AD (S)	Assistant Director Finance and Human Resources	Resources		Work is in progress.	Green	⇔
73	Apr-09	Reviewing the case for joint/shared working in other areas, including Human Resources, Procurement, Information Services and the Contact Centre	Executive Board	MT/AD (F&HR)	Assistant Director Finance and Human Resources	Resources		Work with partners is progressing, on all of the identified areas.	Green	⇔
76	Apr-09	Considering the results of the options appraisal and agree with partners the most appropriate solution	Executive Board	DCE/AD (S)	Assistant Director Streetscape	Resources		Discussions with partners are ongoing and other options have now being considered alongside the original brief. Reports have been to Special Sub for updates and a presentation on the full range of options including a thorough financial appraisal and risk assessment of each option was held for all Members in November 2009. Following that seminar, further information is being sought including implications of working with Partners, flexible working arrangements and final report on the market testing of existing sites.	Green	⇧

Ref	Start Date	Action	Board	Lead Officer	Reporting Officer	Theme	Sub-Theme	Update	Trafic Light	Direction
78	Apr-09	Progressing the Value for Money Strategy, including completing existing and commissioning three further Value for Money reviews to be completed by March 2009	Executive Board	DR/ADs	Director of Resources	Resources		The 2009/10 action plan has progressed VFM reviews were completed in: Telephones and Stationery, Housing Maintenance, Refuse and Recycling, and Administration. Some areas are still in progress, and these include: Corporate and Democratic Core (comparative information has been hard to obtain), Finance (implementation of shared payroll with WCC), HR (deferred due to shared service work within Warwickshire), Sport and Recreation (report to June C&E), Parks and Open Spaces (report to June C&E).	Red	⟷
81	Apr-09	Delivering the outcomes of the Warwickshire LAA and the North Warwickshire Sustainable Community Plan through Local Delivery Plans	Executive Board	CE	Policy Support Manager	Community Life		Work at a county level taking place to streamline delivery plans with more emphasis on the local strategic partnerships. A new partnership governance model has been adopted by the Public Service Board in November. A new sustainable community strategy for North Warwickshire has been prepared which will focus on the priorities for narrowing the gaps including raising education attainment levels, health and access to services. Final draft adopted by the North Warwickshire Community Partnership in December. Draft action plan considered at March meeting of the partnership. Proposal for changes to structures also considered. Further work to be carried out to streamline actions.	Green	⬆
82	Apr-09	Reviewing and agreeing a new Service Level Agreement with the County Council to deliver Emergency Planning support in the Borough	Special Sub	CE	Policy Support Manager	Resources		Costings were presented to August LALG meeting and discussions have taken place resulting in new arrangements being put in place.	Green	⟷

Ref	Start Date	Action	Board	Lead Officer	Reporting Officer	Theme	Sub-Theme	Update	Trafic Light	Direction
83	Apr-09	Reviewing the Business Continuity Plan and develop Divisional Plans	Special Sub	CE	Policy Support Manager	Resources		Divisional plans prepared and set up in Development Control, Streetscape, Chie Execs, Housing, Human Resources and Leisure & Community Development. Other areas plans being prepared. Corporate Business Continuity Plan prepared for approval by Chief Executive.	Green	⇧
84	Apr-09	Carrying out a programme of Emergency Plan Exercise and training, including Member training	Special Sub	CE	Policy Support Manager	Resources		Awareness raising session for staff named in MEP delivered 27.10.09. Emergency Centre role based training delivered 07.12.09. Full Emergency centre training carried out 22/01/10.	Green	⇧
85	Apr-09	Considering the implications of and take action on new legislation affecting the Council, particularly to Local Government and Public Involvement in Health Act	Executive Board	CE/ACESE	Assistant Chief Executive & Solicitor to the Council	Resources		New legislation is reviewed by the Solicitor to the Council and reported to Management Team and Board where necessary. A recent briefing has been done on the Local Democarcy, Economic Development and Construction Act 2009 and will reported to the next Executive Board.	Green	⇔

PI Ref	Description	Division	Section	Year End Target	2008/9 Year End	National Best Quartile	SPARSE Best Quartile	Performance	Traffic Light Red/Amber/ Green	Direction	Comments	Suggested reporting interval	Board	2010/11 Target
BVPI 2a	The level (if any) of "the Equality standard for local government", to which the authority conforms. :	Chief Executive	Policy Support	Level 3	2.00			2.00	Red	⇑	New Equality Framework for Local Government set up from April. Proposals for making progress with the new framework considered by Assistant Directors Group. Equality Group set up internally to help make progress across all divisions. Self asssessment for developing and achieving levels being prepared . Consultation with divisions underway to inform the overall self assessment.	Q	Executive Board	Altered
BVPI 2b	The duty to promote race equality. : Does the authority have a Race Equality Scheme (REC) in place?	Chief Executive	Policy Support	78%	68%			73%	Red	⇑	This indicator is not collected as part of the National indicator set.Identified to collect locally to measure Community cohesion Race Equality Scheme forms part of a wider Equality Scheme covering all equality areas.	Q	Executive Board	78%
BVPI 5b	The number of complaints to an Ombudsman classified as : Local Settlement.	Chief Executive	Policy Support	0	0			1	Red	⇓		A	Executive Board	0
NI 154	Net additional homes provided	Chief Executive	Forward Planning	150 units per annum	106			93	Red	⇓	Figures are considerably lower than previous years reflecting poor state of the market	A	Executive Board	150
NI 155	Number of affordable homes delivered (gross)	Chief Executive	Forward Planning	60 units per annum	49			47	Red	⇓		A	Executive Board	60
NI 170	PDL vacant/derelict for more than 5 years	Chief Executive	Forward Planning	-	8%			5%	Red	⇓	Most recent available date 2007	A	Executive Board	Deleted from national set
BVPI 200b	Has the local planning authority met the milestones which the current Local Development Scheme (LDS) sets out? :	Chief Executive	Forward Planning	Yes	No			No	Red	⇓	The milestone in the approved have not been met as the LDS is now out of date and a revised LDS was prepared during 2009/2010 but GOWM wanted changes to be made as they considered some of the timescales unachieveable. As a result the prioirty was for the production of the Core Strategy DPD and an updated revised LDS will be submitted for approval during 2010/11.	A	Executive Board	Yes
BVPI 219	Percentage of conservation areas in the local authority area with an up-to-date character appraisal. :	Chief Executive	Forward Planning	30%	20%			20%	Red	⇔	Little work was carried out on Conservation Area Appraisals this year due to postholder being ill and work being carried out on delivering the Atherstone Partnership Scheme.	A	Executive Board	

PI Ref	Description	Division	Section	Year End Target	2008/9 Year End	National Best Quartile	SPARSE Best Quartile	Performance	Traffic Light Red/Amber/ Green	Direction	Comments	Suggested reporting interval	Board	2010/11 Target
BVPI 106	Percentage of new homes built on previously developed land. :	Chief Executive	Forward Planning		98.50%			97.89%	Red	⟷	Reduced the future targets as many of the sites in the Core Strategy are going to be greenfield rather than previously developed	A	Executive Board	80%
NI 17	Percentage of respondents with a high level of perceived anti-social behaviour combines responses to seven questions about anti-social behaviour problems	Chief Executive	Policy Support	-	16.7			21.1	Red	⇓	Improving the perception and increasing public confidence is a priority for the North Warwickshire Community Safety Partnership. A number of measures are being put in place at a local and county level in response to this.	A	Executive Board	15%
NI 23	% of people who perceive people not treating one another with respect and consideration to be a problem in their area	Chief Executive	Policy Support	-	25.6			27.6	Red	⇓	"	A	Executive Board	Deleted from national set
NI 41	Perceptions of drunk or rowdy behaviour as a problem	Chief Executive	Policy Support	-	27.6			29	Red	⇓	"	A	Executive Board	25%
NI 42	Perceptions of drug use or drug dealing as a problem	Chief Executive	Policy Support	-	28.7			29	Red	⇓	"	A	Executive Board	26%
NI 119	Self-reported measure of people's overall health and well-being	Chief Executive	Policy Support	-	75.5			75.5	Red	⟷	"	A	Executive Board	78%

Agenda Item No 10

Executive Board

28 June 2010

Report of the   **Housing Finance Reform**
Director of Resources

1   **Summary**

1.1   The Department of Communities and Local Government (CLG) has issued a consultation paper on proposals to reform the Housing Finance System. This report outlines the proposals, the potential implications for North Warwickshire Borough Council and attaches a draft response for the Board's consideration.

Recommendation to the Council

To approve the proposed response to the CLG

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2   **Consultation**

2.1   **Portfolio Holder, Shadow Portfolio Holder and Ward Members**

2.1.1   Copies of the report have been sent to Councillors Johnston, Bowden, Butcher and Winter.

3   **Introduction**

3.1   **Housing Revenue Account**

3.1.1   **The Current System**

3.1.2   The Housing Revenue Account (HRA) is a ring fenced account, which covers the management and maintenance of the Council's housing stock. The income and expenditure to the account is covered by statute and Government guidance. The purpose of the ring fence is to ensure there is no cross subsidy between the HRA and the General Fund. However, the system was established 20 years ago, when many services and facilities on estates were then provided solely for Council tenants, but were not available to mixed tenure households living on those estates.

3.1.3   All authorities with a housing stock are part of a national HRA subsidy system. This is a system through which the Government determines the amount Local Authorities need to spend on their council housing and whether any subsidy is required to support this. The Government makes notional calculations of how much income and expenditure each authority should have, if assumed spending is greater than assumed income, then the Government pays the Authority subsidy. Where is it less, the Authority pays the surplus to the Government. In North Warwickshire's case, this

amounts to £3,331,970 in 2010/11 and is anticipated to rise to £3.6 million in 2011/12 and £4.0 million in 2012/13 and will continue to rise each year.

3.2   The current system has a number of problems:

- The fairness of the system depends on the accuracy of the assumptions made about spending needs in over 200 Councils. It is difficult to manage this information nationally.

- Over time, the balance of deficit and surplus Authorities has changed. The system is now roughly in balance nationally, but three quarters of Councils pay notional surpluses into the system, with only a quarter receiving subsidy.

- The requirement for many Authorities to contribute from their rent income back to Central Government for redistribution to other areas is particularly unpopular – especially now it is projected that the national system as a whole will begin to move into surplus.

- The annual nature of the process, and the volatility this brings, militates against longer term planning by Councils. Currently, there are annual changes in allowances, rents and borrowing allocations at short notice.

- Pursuit of fairness within the system has led to increasing complexity and less transparency, with lots of subtle adjustments to reflect local circumstances. This has made the system hard to understand and its outcomes sometimes unpredictable. The assumptions it makes about rent levels are also highly complex.

- Local responsibility and accountability is weak and the system adds a great deal of operational detail into what should be a strategic relationship between Council landlords and Central Government.

3.3   **The Vision for the Proposals**

3.3.1   The proposal is that in order to end the present subsidy / negative subsidy system, authorities will either pay a one off capital sum to the Government, or have their borrowing reduced by a given amount.

3.3.2   The CLG consultation paper sets out the following vision for the proposal:

- There will be a once and for all settlement between Central and Local Government.

- Councils will have a predictable income stream, rents, which they can use to maintain their stock.

- All Authorities will be given at least 10% more to spend under the proposed scheme than the existing scheme to enable Authorities to maintain their stock in good condition.

- The government will provide sufficient funding to enable Authorities to deliver a new build programme.

- Authorities will have long term certainty about their income and wider financial position.

3.4 **The Proposals**

*** 3.4.1 The report to Resources Board on 24 May 2010 detailed the proposals and is attached at Appendix A. The main proposals can be summarised as follows:

- Authorities will either pay a one-off capital sum to Government or have their borrowing reduced by a fixed amount in order to exit the current subsidy system. In effect, 30 years of future subsidy payments are being commuted to a lump sum.

- Two discount rates are being used to calculate the lump sum, 6.5% and 7%, the intention being that surpluses generated from taking on a lower level of borrowing would be used to finance new build.

- There will be a cap on an Authority's total housing borrowing, based on the settlement debt level.

- Authorities will have flexibility on how surpluses in the HRA are used. It will be for Authorities to decide between the levels of investment in major repairs and repayment of debt.

- Authorities will be able to keep all their housing receipts provided that 75% of those receipts are used for affordable housing and regeneration projects. The remaining 25% may be used for any capital purpose.

- The consultation paper provides further guidance on whether services should be paid for through the HRA or General Fund.

3.5 **The Proposed Settlement for North Warwickshire**

3.5.1 The amount of debt a Council will be required to take on will be in accordance with the Tenanted Market Value (TMV) of the stock. The TMV is a method of valuing housing stock by valuing the future income and expenditure needs. In calculating this value for North Warwickshire, a number of assumptions have been made, which are shown below.

3.5.2 Along with other councils, North Warwickshire will be required to continue to follow national social rent policy, leading to rent convergence with other social rents by 2015/16.

3.5.3 An increase in expenditure allowances is proposed for North Warwickshire:

	%
Management & Maintenance	2.6
Major Repairs Allowance	36.4
Overall Increase	12.7*

*The overall increase reflects the different weightings attached to each allowance.

3.5.4 The following debt settlement is proposed:

	7% Discount Rate £000	6.5% Discount Rate £000
Proposed Debt	58,358	61,203
Assumed Existing Debt	3,417	3,417
Payment to DCLG	54,941	57,785

3.5.3 The difference in the two settlements is £2.84m. If the settlement were to be at the lower figure, the DCLG are asking how many new build properties could be delivered for this.

3.6 **Implications for the Council**

3.6.1 In order to assess the implications for the Council, the following work has been undertaken:

- The CLG model, which calculates the level of debt to be taken on, has been checked for accuracy.

- The investment needs of the Council's stock have been assessed for the next 30 years.

- A 30 year financial model has been produced, incorporating all potential income and expenditure needs of the stock, to assess whether the level of debt to be taken on is sustainable.

- A forecast of the existing system over 30 years was produced.

- A sensitivity analysis has been undertaken to assess the impact of changes in interest rates, inflation and investment needs on the financial model.

- Implications for the General Fund have been assessed.

- The potential for any new build programme has been assessed.

3.7 **Impact on the HRA**

3.7.1 Three scenarios have been modelled, varying some assumptions which would have the greatest impact on the business case. These assumptions are:

Interest on Debt – assuming the proposals around housing reform go ahead, the timing is uncertain. Although interest rates have been static for a period of time, this may change over the next couple of years.

Capital Spending – any change to the decency standard which we are currently working towards could affect the level of spending required, for example, an increase in the standards for energy efficiency

Inflation on Capital Spending – inflationary increases in the building industry have historically been higher than general increases in inflation.

The assumptions used are set out below, with the results shown at Appendix B:

	Best	Middle	Worst
Interest on Debt	4.25%	5%	6%
Capital Spend	per budget	+7.5%	+15%
Inflation on Capital Spend	2.75%	3.75%	4.75%
Surplus used to Repay Debt	Yes	Yes	Yes

3.8   **Best Scenario**

3.8.1   Over the 30 year period the Council would be able to finance its capital investment needs of £119 million without having to take out any additional borrowing.

3.8.2   A revenue surplus of £215 million would be generated over the period, which after paying off the £61 million of debt by year 17 would leave a surplus of £154 million.

3.8.3   These surpluses would be available for the Council to use on the provision of housing; to enhance the service provided to existing council tenants, to build new council housing, or to opt for a combination of the first two options.

3.9   **Middle Scenario**

3.9.1   The Council's capital investment needs would rise to £150 million and could be fully financed.

3.9.2   A revenue surplus of £164 million would be generated over the period, which after paying off £61million of debt by year 20 would leave a surplus of £103 million. Again these surpluses would be available for Council use, as detailed above.

3.10   **Worst Scenario**

3.10.1 The capital investment needs would rise to £190 million. Additional borrowing of £7 million would be required during the life of the plan, mainly in years 16-20, raising total borrowing to £68 million.

3.10.2 A revenue surplus of £79 million would be generated over the period, which would mean that after repaying debt of £68 million by year 30 a small surplus of £11 million would be available.

3.11   **The Existing System**

3.11.1 The scenarios under self financing need to be compared with the financial position under the existing system. This shows that for all 3 options the Council should be able to fund its day to day operations.

3.11.2 However the picture is quite different when we look at the Council's ability to maintain its stock at the Decent Homes Standard. The Council currently receives support

through the subsidy system to finance £400,000 of its capital programme from borrowing. If this were to continue even with the best option, the Council will have a shortfall on its capital spending requirements in year 11. The middle option would leave the Council with a shortfall in year 7, with the worst case scenario leaving a shortfall in year 6.

3.11.3 However, if, as is quite likely due to the tightening public finances, this support was to stop then the shortfalls would occur in years 7,5 and 5 for the respective options.

3.11.4 Thus, it is apparent that under the existing subsidy system the Council will not have the resources to maintain its stock to the decency standard.

3.12 **Potential for New Build**

3.12.1 The DCLG offer includes a lower level of debt payment and asks Authorities to indicate the size of new supply of housing they could deliver at this lower valuation. In our case, the reduction is £2.8 million, and based on current new build estimates would equate to 25 properties should no social housing grant (SHG) be available, rising to 50 properties should 50% SHG be obtainable. The timing of when the resources to finance the build would be available differs depending on which of the 3 scenarios prevailed, ranging from years 1-3 in the best case to years 4-8 in the worst case.

3.12.2 As far as land availability is concerned the Council could investigate the use of further garage sites, use some of its existing land supply and explore options with the County Council for use of some of its land holdings.

3.13 **Potential Implications for the General Fund**

3.13.1 The following areas have potential to impact on the General Fund:

- Taking on new debt.

- Amendments to the ring fence.

- Reductions in Government capital grants.

3.14 **Taking on New Debt**

3.14.1 Under present rules, new borrowing taken for housing purposes can have a financial impact on the interest costs paid by the General Fund. The consultation paper proposes that new debt for Housing or General Fund purposes should be earmarked to the HRA or General Fund, so that the full costs of the debt are met by the service taking it out.

3.14.2 There was also a concern that taking on new housing debt could result in an increase in the principal element of the debt repayment cost falling on the General Fund. Although this is not expected, our response to the consultation would need to make it clear that should we accept the offer, it would be conditional on the continuation of current capital regulations and our interpretation of this issue being correct.

3.15 **The HRA Ring-Fence**

3.15.1 The consultation paper has updated the guidance around what should and should not be charged to the HRA. The updated guidance has recognised that the provision of housing and the make up of housing estates has changed. Services and facilities previously available for local authority tenants are now available to a wider audience. A review of this has highlighted a couple of areas which would require an amendment between the HRA and the General Fund.

3.15.2 The first relates to some of the Council's shops. All shops accounted for within the HRA have been reviewed, to establish whether they are still an integral part of a council housing estate. Although some provide a facility for the wider public to use, they are part of a multi tenanted building. As such it is felt appropriate to retain these shops within the HRA, as it is of benefit to current tenants to maintain the premises to the same standard as the rest of the building. The main use of some other shops is still considered to be made by council tenants, so these would also be retained within the HRA. However there are shops in Mancetter, Shuttington and Atherstone which are clearly open to the community generally, and without particular council estates in their vicinity. It would be more appropriate to account for these in the General Fund.

3.15.3 The Housing Division currently maintain a Housing Register, with staff dealing with nominations in the first instance to both council housing and other social housing. The work undertaken relating to other social housing lettings in this area has previously been absorbed by the HRA, as it is a relatively small part of the work of the Housing team. However the General Fund should make a contribution towards this work.

3.15.4 The impact on both Funds is summarised in the table below:

	HRA £	General Fund £
Transfer of shops	26,436	(16,851)
Housing Registration & Lettings	(2,210)	2,210
Total Impact	**24,226**	**(14,641)**

3.15.5 The gain to the General Fund from the transfer of shops is less than the loss to the HRA. The difference is the provision for debt required following the transfer of the assets.

3.16 **Government Capital Grants**

3.16.1 The proposal to allow Authorities to retain all their housing receipts from HRA disposals, provided 75% of those receipts are used for affordable housing and regeneration projects, represents a transfer of funds from Central to Local Government and would therefore reduce the resources for centrally funded housing programmes. The consultation therefore indicates the same expenditure currently supported by capital grant would have to be financed from individual authorities own housing receipts.

3.16.2 It is unclear what projects this could affect. Current indications are that Social Housing Grant would be the affected area, however until further information is available, this cannot be confirmed. If there were a reduction in grants towards private sector housing and disabled facility grants, this would have a significant impact for the Council, as these are funded from the General Fund, which has limited resources. Extending the definition of affordable housing and regeneration to include private sector housing and disabled facility grants would overcome this concern, as

the 75% of receipts retained for use towards affordable housing could then be used to supplement the shortfall.

3.17 **Other Issues**

3.17.1 **Property Numbers**

3.17.2 The CLG model is based on property numbers as at 1 April 2009. Since that date the Council has disposed of 35 properties at Hilltop, to Waterloo Housing Association. However, as the offer stands, the Council would be taking on debt on those properties without the rental income to support that.

3.18 **Borrowing Limits**

3.18.1 The Treasury are concerned that Authorities will use any in-year surplus to finance additional borrowings rather than repay debt as this would impact on national fiscal policies. They are therefore proposing a cap on borrowing for each Authority at the self-financing debt level. This would cause issues for Authorities like North Warwickshire, who are using prudential borrowing to finance the provision of new Council houses. It is therefore important that any cap takes prudential borrowing into account, otherwise Authorities will be unable to finance the whole payment they make to CLG from new borrowing.

3.19.1 **Impact on the Organisation**

3.19.1 If the proposal for self financing is implemented, the Council will need to adapt in a number of areas. Due to the annual nature of the subsidy system, a shorter term view has generally been taken of the financial position. This would need to change, with both Members and officers planning and taking decisions on a longer term basis e.g. building up surpluses to fund capital expenditure in several years time. The impact of decisions on the business plan would become fundamental.

3.19.2 The Council would have taken on significant borrowing under the proposals, so work on treasury management would increase. In addition, the scope would change, as the investment of surplus funds has been the main area of activity more recently. This may require some supplementary training for the staff involved.

3.19.3 Although the achievement of the Decent Homes Standard has required some change around asset management decisions for the council's housing stock, this will need to go further. Asset management will need to be planned and monitored to ensure it remains within the overall business plan, as there will be no funding available from the government should unexpected issues arise. Supplementary training is unlikely, but a different mind set will be required.

3.19.4 The expectation is that tenants will become more involved in decision making. The Council would need to consider whether any change in governance arrangements would be beneficial.

3.19.5 Any ongoing new build programme would require the Council to recruit capacity to manage the programme.

3.20 **Conclusion**

3.20.1 There are significant benefits for the HRA in implementing the self financing model proposed in the consultation document. One of the major benefits is the ability to

maintain the housing stock at the Decency standard. Under the existing subsidy system, the Council will be unable to continue to meet the Decent Homes Standard after 5 - 11 years, depending on the economic circumstances.

3.20.2 Another benefit will be the generation of additional revenue surpluses, which the council will be able to use on existing housing and / or the provision of additional new housing.

3.20.3 There will be an impact on the General Fund from self financing of the HRA, but this will not be a problem, as it would involve a small improvement in the revenue position. This would only change if the current regulations around the provision for repayment of General Fund borrowing are altered. There has been no indication of this, and as they are statutory, there would need to be a deliberate act by the Government to amend them.

3.21 **Response to Consultation**

*** 3.21.1 The deadline for responses to consultation is 6 July 2010. Attached at Appendix C is a draft response for consideration by Board.

4 **Report Implications**

4.1 **Finance and Value for Money Implications**

4.1.1 These are given in the body of the report.

4.2 **Risk Management Implications**

4.2.1 There are a number of risks which need to be considered when looking at the proposal. A number of assumptions have been made in calculating the level of debt to be taken on by North Warwickshire, and any differences will impact on the figures in the business plan. Different scenarios have been examined and shown in the body of the report, to enable Members to assess the potential impact on the plan. These have covered potential areas of change such as interest rates and additional capital spending pressures where variations could have a significant impact.

4.2.2 Any change in government policy on housing rents would affect the business plan, and could be material, depending on the level of change. Similarly a change to the Decency Standard would impact on the business plan. The expectation is that if this were to happen, the government would re-open the debt calculations and adjust the debt settlement figure to reflect the new policy. The Council needs to make this point in their response.

4.2.3 Given the lack of clarity currently available, there is a risk that the proposed reduction in capital grants might be in areas which are of importance to us, such as private sector housing renewal.

4.2.3 There will be a need for both officers and Members to shift to a more business oriented approach, taking a long term view when considering any decisions on the housing stock. There is a risk that if decisions are taken which are not in line with the business plan, the HRA may become unviable. Any short term improvements will need to be fully assessed to ensure they don't jeopardise the long term position on the HRA.

The Contact Officer for this report is Chris Brewer (719259).

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

Report of the   **Housing Finance Reform**
Director of Resources

1   **Summary**

1.1   This report summarises the Government's latest consultation document setting out detailed plans for reforming council housing finance. It identifies the initial implications for North Warwickshire and the further work that will need to be done around the proposals.

Recommendation to the Board

a   **That the proposals relating to Housing Finance Reform are noted;**

b   **That a Members' Seminar is held in mid-June on the proposals; and**

c   **That a detailed response be considered by Executive Board and Full Council on 28 June 2010.**

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2   **Consultation**

2.1   **Portfolio Holder, Shadow Portfolio Holder and Ward Members**

2.1.1   The Portfolio Holders and Shadow Portfolio Holders for Housing and Resources have been sent a copy of this report and any comments from them will be reported at the meeting.

3   **Introduction**

3.1   On 25 March 2010 the Housing Minister published a second consultation document relating to reforming Council housing finance. A copy of the consultation can be found at:
www.communities.gov.uk/housing/decenthomes/councilhousingfinance/

3.2   The consultations' questions can be found at Appendix A.

3.3   The consultation period ends on 6 July 2010.

4.   **The Proposals**

4.1   The proposal is that in order to end the present subsidy/negative subsidy system, authorities will either pay a one-off capital sum to the Government, or have their borrowing reduced by a given amount. The amount of debt a Council will be required to take on will be in accordance with the Tenanted Market Value (TMV) of the stock. The TMV is a method of valuing housing stock by valuing the future income and expenditure needs.

4.2   In calculating the TMV, the CLG have made the following assumptions:

- Landlords will be required to follow national social rent policy and rents will converge with other social rents by 2015/16

- A national increase of 27% in the Major Repairs Allowance

- An increase in management and maintenance allowances

4.3   The self-financing model indentifies a sustainable level of debt for each local authority based on the above assumptions around income and expenditure. This debt is compared to an authority's assumed debt level in the subsidy system and the difference is the amount a local authority is required to pay.

4.4   The self-financing model does not take account of any capital receipts in valuing the stock. The proposal is to allow authorities to retain all their housing receipts from HRA disposals, provided that 75% of those receipts are used for affordable housing and regeneration projects. The remaining 25% may be used for any capital purpose. This represents a transfer of funds from central to local government and would therefore reduce the resources for centrally funded housing programmes. Some expenditure currently supported by capital grant would have to be financed from an authority's own housing receipts.

5   **Financial Accounting & Regulatory Framework**

5.1   The Government proposes that all Council landlords should maintain a Council housing balance sheet that sets out the assets and liabilities of the Housing Revenue Account.

5.2   Under present rules, new borrowing taken for housing purposes can have a financial impact on the general fund. The consultation paper proposes that new debt for housing or general fund purposes should be earmarked to the HRA or General Fund, so that the full costs of this debt are met by the service taking it out.

5.3   The paper also proposes that existing debt, which is currently pooled, should be split between the HRA and General Fund, either by earmarking specific loans or by fixing the interest rate recharged to the HRA at the rate of interest prevailing at the time of the self- financing.

5.4   The Government is proposing that authorities will have some flexibility in how surpluses generated through self-financing are used. It will be for individual authorities to balance investment in major repairs and repayment of debt.

5.5   Government is concerned that any surpluses generated could be used to fund additional borrowing rather than repay existing debt and the impact this could have on national fiscal policies. They are, therefore, proposing a cap on borrowing for each authority at the self-financing debt level.

5.6   The Government believes that the settlement will allow Councils to start to pay off debt from year 1, creating an amount of borrowing headroom up to the opening level of debt, which could be used to fund new supply, which, when combined with Social Housing Grant, would provide capacity to deliver a substantial new build programme.

5.7   The consultation is asking all local authorities to indicate the level of new build they could deliver.

5.8   After a local authority has moved to self-financing, it will be in a position to make its own assessment of the benefits of a transfer of housing stock to a registered provider. No Government financial support would be made available to clear debt or provide grant support through gap funding.

6   The HRA Ring-Fence

6.1   The Government are proposing a series of principles to enable local authorities to decide whether services should be paid for through the HRA or General Fund;

   -    Housing services that a landlord is required to provide through statutory obligations or by the TSA should be paid for through the HRA.

   -    Some defined services should be paid for through the general fund, e.g. housing advisory services, a proportion of the administration of the common housing register and other strategic housing functions.

7   A Full and Final Settlement

7.1   The aim is to achieve a one-off, full and final settlement. There should be no assumption of transfer back to Government if an authority misjudges its business plan.

7.2   However, there could be changes to policies which have an impact on the income of local authorities or require additional costs to be incurred. In such cases, Government would consider the consequences for Council landlords and deal with them as separate transactions.

8   Implementing Reform

6/3

8.1 The consultation paper provides the information local authorities need to decide whether they would wish to proceed and implement this new system. If there is agreement, Government proposes to work towards voluntary implementation from 2011/12, if not voluntary and primary legislation is needed, then this could be during 2012/13

9 **Proposals for North Warwickshire**

9.1 **Increase in Allowances**

	%
9.1.1 Management and Maintenance	2.6
Major repairs allowance	36.4
Overall increase	12.7

	7% Discount Rate £000	6.5% Discount Rate £000
Proposed Debt	58,358	61,203
Assumed existing debt	3,417	3,417
Payment	54,941	57,785

9.2 **Initial Comments on the Proposals**

9.2.1 Clearly these proposals are complex and require a significant amount of work before an informed judgement can be made.

9.2.2 Despite the increased provision for repair and maintenance, these figures are still notional and may not reflect an accurate picture of the authority's actual repair and maintenance stock investment needs. It will, therefore, be necessary to update the Council's 30 year business plan with actual repair and maintenance and investment figures to determine whether this level of debt would be sustainable.

9.2.3 It will also be necessary to carry out work to establish whether any of the proposals have implications for the General Fund, particularly around proposals relating to the HRA ring fence.

9.2.4 Carry out a sensitivity analysis of the Council's business plan to assess the impact of change in interest rates, investment needs and timing.

9.2.5 Check the accuracy of data in the CLG model, which calculates the level of debt to be taken on.

9.2.6 Consider the size of any new build programme that could be delivered based on the 7% discount rate.

9.2.7 Undertake consultation with tenant groups.

9.2.8 The proposals in this consultation paper have significant implications, not only for the HRA, but also potentially for the corporate finances of the authority and the General Fund. It is not therefore an issue that falls solely within the purview of the Resources Board and is of such significance that the whole Council may wish to have the opportunity to comment.

9.2.9 It is therefore proposed to hold a seminar for all Members during mid-June covering the detailed issues around these proposals and to take a detailed report on the implications, together with a response to the consultation paper, to the Executive Board on 28 June 2010, followed by a Special Council Meeting on the same evening.

10   Report Implications

10.1   Finance and Value for Money Implications

10.1.1 The authority would have to take on an additional £54m-£58m of debt, depending on the discount rate used, which would need to be financed from the HRA. A future report will identify whether this is sustainable, together with the potential impact on the General Fund.

10.1.2 The proposal to reduce the resources available for centrally funded housing programmes and replace them with current pooled capital receipts could have implications for this authority's ability to fund these works if the value of pooled receipts does not equate to the reduction in government grant.

10.2   Environment and Sustainability Implications

10.2.1 As indicated above the environment and sustainability implications of the proposals will need to be assessed as part of the detailed considerations.

The Contact Officer for this report is Chris Brewer (719259).

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	DCLG	Consultation Paper	

Consultation Questions

1. What are your veiws on the proposed methodology for assessing income and spending needs under self-financing and for valuing each council's business?

2. What are your views on the proposals for the financial, regulatory and accounting framework for self-financing?

3. How much new supply could this settlement enable you to deliver, if combined with social housing grant?

4. Do you favour a self-financing system for council housing or the continuation of a nationally redistributive subsidy system?

5. Would you wish to proceed to early voluntary implementation of self-financing on the basis of the methodology and principles proposed in this document? Would you be ready to implement self-financing in 2011-12? If not, how much time do you think is required to prepare for implementation?

6. If you favour self-financing, but do not wish to proceed on the basis of the proposals in this document, what are your reasons?

Summary Position on Scenarios After 30 Years

Revenue Position

	Best £m	Middle £m	Worst £m
Income	514	514	514
Less			
Spend	178	178	178
Interest (net)	12	32	84
Capital Spend Funded From Revenue	109	140	173
Surplus	215	164	79
Less Debt Repayment	61	61	68
Surplus by year 30	154	103	11

North Warwickshire Borough Council

Summary Position on Scenarios After 30 Years

Capital Position

	Best £m	Middle £m	Worst £m
Capital Spend	119	150	190
Funded From			
Revenue	109	140	173
Capital Receipts	10	10	10
Borrowing	0	0	7
Year all Debt Repaid	17	20	30

North Warwickshire Borough Council

Draft Response to Council Housing Finance Consultation Questions

1.   What are your views on the proposed methodology for assessing income and spending needs under self financing and for valuing each Council's business?

The Council broadly supports the methodology for valuing the Council's business. We support the use of a base discount rate in line with stock transfer valuations and the additional ½% to give some headroom for new house building.

We are pleased to see the increase in the major repairs allowance and in particular support the significant increase in allowances for houses.

However, we feel it is important that the final debt calculation is based on accurate and up to date data. The Council has recently regenerated a small estate by transferring 35 properties to a Housing Association. This constitutes 1.25% of our stock. We do not feel it equitable that we should take on a debt for these properties without the rental income to support it.

The Council would also question how realistic it is to assume that rental income will continue to rise by RPI + ½% for the period of the 30 year business plan and the implication this will have for the housing benefit bill in the long term.

The Council support the proposal to end the pooling of all capital receipts and enable Authorities to retain all their receipts from houses and land that fall within the HRA (provided 75% of those receipts are used for affordable housing and regeneration projects).

We acknowledge that this represents a transfer of funds from Central to Local Government and could result in a reduction of centrally funded housing programmes, which would have to be financed by a Local Authority's housing receipts. However, we would be concerned if this were to result in a reduction in Government grants to private sector housing assistance and in particular disabled facility grants. This is a growing area of general fund expenditure and 25% of the small amount of housing receipts we obtain would not offset our potential grant loss and cause the Authority significant difficulties. This would be overcome if private sector housing and disabled facility grants were included within the definition for which 75% of receipts should be used.

The Council supports the proposal to use the Subsidy Capital Financing Requirement as the assumed level of existing debt.

The Council has premiums on the balance sheet arising from the premature redemption of debt, which over time would be financed through the subsidy system. We feel that the outstanding value of these premiums should be recognised in the settlement figure.

2.   What are your views on the proposals for the financial, regulatory and accounting framework for self-financing?

The Council cannot see any benefit in producing a separate housing balance sheet. Not only would this create additional work for finance staff, it would also result in additional charges from external auditors and actuaries.

We support the principle of earmarking self-financing debt to the HRA and new borrowing for non-housing purposes being earmarked to the General Fund. Whilst the operation of separate pools may give rise to some inefficiencies in treasury management, we believe these are outweighed by the greater certainty this gives to our costs.

With regard to existing debt, it is anticipated that it will be very difficult to split this between the HRA and General Fund with precision. However, no detail is given on the likely requirements under the Accounting Code. If this approach were favoured, the suggested option contained within the consultation paper of obtaining an approximation of the housing debt that is acceptable locally, would be supported. This would assist in ensuring that no undue burden is placed on the General Fund.

The alternative proposal of fixing the interest charge at the self-financing date does leave the exposure to risk completely with the General Fund. Given the anticipated financing requirements of the two funds, this would not be an issue for this Council.

The Council would require the continuation of existing accounting rules around depreciation, to enable excess depreciation and impairment to be reversed out of the Income and Expenditure Account. Capital provision has been included within the business case for the suitable maintenance of the housing stock, along with an allowance for the physical impairment of the stock. If any impairment is due to market losses, this shouldn't be a charge to the Income and Expenditure Account unless it affects rental income and therefore the income stream on which the business case is built.

The Council would want to be certain that the arrangements for self-financing would not result in additional Minimum Revenue Provision (MRP) falling on the General Fund.

The Council has a positive General Fund Capital Financing Requirement (CFR) and a negative HRA CFR. Recent changes in legislation have ensured that the Council are not required to make increased revenue provision above what was intended when the system was changed a number of years ago. We would want to be assured that these regulations relating to MRP on debt prior to self-financing would remain in place and thus there would be no increased costs falling on the General Fund.

The Council supports the proposed flexibility to be given to Councils to balance investment in major repairs and repayment of debt.

We do not support the proposal to place a cap on borrowing at the self-financing debt level. We believe this is counter to the principles of the prudential code. There are adequate existing controls and constraints within the business planning framework which will ensure that only prudential borrowing which can be supported from future revenue streams will be undertaken.

This Council has taken out prudential borrowing in order to finance the proportion of a new build programme that is not funded by Social Housing Grant (SHG). Any borrowing cap needs to take account of an Authority's existing level of prudential borrowing and should also be set at the higher debt level to create the headroom for new build.

We support previously expressed views that the guidance on the HRA ring-fence should leave flexibility for local decisions to ensure that the Council can address local community issues.

The Council acknowledges that the self-financing settlement proposal is robust enough to withstand a range of movements in key variables in particularly interest rates and inflation. However, 2 key variables of fundamental importance to the business plans viability are rent income and capital expenditure. A change in Government rent policy could take significant amounts of income out of the business plan and seriously affect the Council's ability to service its debt and maintenance needs. Similarly, change in Government policy relating to the decency standard could add significant cost to the business plan. The Council would need specific assurances that major Government policy changes that impact negatively on

the business plan and would have resulted in a lower debt level if built into the original business model are compensated for.

3.   How much new supply could this settlement enable you to deliver, if combined with social housing grant?

The Council wants to continue to supply new affordable housing. Assuming 50% SHG, we believe we could deliver 50 units. The timing of delivery would depend on the prevailing economic circumstances at the time of the settlement. The Council would use its own land and also explore options with the County Council for use of some of its land holdings within the Borough.

4.   Do you favour a self-financing system for Council housing or the continuation of a nationally redistributive system?

The Council supports a self-financing system.

5 & 6. Would you wish to proceed to early voluntary implementation of self-financing on the basis of the methodology and principles proposed in this document? Would you be ready to implement self-financing in 2011-12? If not, how much time do you think is required to prepare for implementation?

If you favour self-financing, but do not wish to proceed on the basis of the proposals in this document, what are the reasons?

The Council would wish to proceed to an early implementation of self-financing; however, it would be subject to the following issues being satisfactorily resolved:

-   An adjustment being made for the 35 properties that have been transferred to a housing association (see response to question 1)

-   Specific assurances of adequate compensation if a future Government were to introduce major policy changes that impact negatively on the original business case

-   Confirmation that the existing MRP regulations will remain unchanged

-   No major upward movement in long term interest rates at the time of settlement

Report of the Assistant Chief Executive and Solicitor to the Council

Powers Delegated to the Director of Community and Environment

1   **Summary**

1.1   The report seeks this Board's approval to changes in delegated powers following the retirement of the Director of Community and Environment

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Recommendation to the Council

That the changes in the delegated powers as detailed in the report be approved and the Constitution be amended accordingly.

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3   **Report**

3.1   Members will be aware that the Director of Community and Environment is retiring with effect from the end of June. As a consequence a temporary restructure of the Council's Management Team has been approved. As a result the powers previously delegated to her need to be reassigned.

4   **Planning**

4.1   Most of those powers involved functions within the remit of the Planning and Development Board. The attached report was agreed by that Board at its meeting on 14 June. As a result therefore this Board is asked to approve the changes detailed in that report.

4.2   In addition, the Planning Protocol within the Constitution makes a number of references to the Director's delegated powers and it is proposed that the Protocol is amended to reflect the changes.

4.3   Finally, the Director of Community and Environment has four other powers delegated to her relating to street naming, local land charges, economic development and the use of the future projects fund. Street naming and local land charges now fall with the Corporate Services Division and it is therefore proposed to assign those delegated powers to the Assistant Director (Corporate Services). It is proposed that the other two powers are delegated to the Assistant Chief Executive and Solicitor to the Council.

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

Report of the
Assistant Chief Executive and Solicitor to the Council

The Powers Delegated to the Director of Community and Environment

1   **Summary**

1.1   The report seeks the Board's approval to recommend to the Executive Board that the powers delegated to the Director of Community and Environment be instead delegated to the Assistant Chief Executive and Solicitor to the Council and the Head of Development Control.

Recommendation to the Board

a   **That the powers detailed in the Appendix be delegated to the Assistant Chief Executive and Solicitor to the Council and Head of Development Control: and**

b   **That all references to the Director of Community and Environment in the Scheme of Delegation in respect of the determination of planning applications to be replaced with a reference to the Assistant Chief Executive and Solicitor to the Council.**

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2   **Report**

2.1   Members will be aware that the Director of Community and Environment is retiring with effect from the end of June. As a consequence a temporary restructure of the Council's Management Team has been approved and one element of this is to move the Development Control section to the Assistant Chief Executive and Solicitor to the Council's division.

2.2   As a result it suggested that most of the powers currently delegated by this Board to the Director need to be delegated instead to the Assistant Chief Executive and Solicitor to the Council save for two powers relating to comments on Licensing and Gambling applications. These comments are made to the Licensing Authority, which is also with the Assistant Chief Executive and Solicitor to the Council's division. In effect therefore these comments would be made by the Assistant Chief Executive and Solicitor to the Council to the same person. It makes sense therefore to delegate those powers to the Head of Development Control.

RCEBPD148

2.3   One delegated power concerns the Scheme of Delegation in respect of the Determination of Planning Applications. This is not reproduced in this report as it is proposed only to move those delegated powers to the Assistant Chief Executive and Solicitor to the Council.

2.4   Members will recall that when the Executive Board recently considered updates to the Constitution is resolved that officers should carry out a section by section review. This report does not prejudice that resolution but is an interim measure to ensure the powers continue to be operative.

2.5   Full details of the delegated powers are contained in the Appendix.

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

Powers to be delegated to the Assistant Chief Executive and Solicitor to the Council

(a) Determination of classes of planning applications defined in the Scheme of Delegation dated June 2008 – **(Copy attached at Appendix B)**

(b) Applications for determination under Section 64 of the Town and Country Planning Act 1990.

(c) Determinations whether "County Matters" are involved in planning applications under Schedule 1 of the Town and Country Planning Act 1990.

(d) Consultations, at his discretion, with neighbours on planning applications received.

(e) Decisions under the Building Regulations 2000 and the Building Act 1984 (including taking appropriate action in respect of dangerous buildings and structures under Section 29 of the Local Government (Miscellaneous Provisions) Act, 1982 to mitigate danger).

(f) Authority to forward to Warwickshire County Council written observations on:

> (i) Applications submitted for consultation purposes by that Council under the Town and Country Planning General Regulations 1992;
>
> (ii) Minerals applications;
>
> (iii) Waste Disposal applications
>
> Subject in all three cases to the proposal being assessed as a "minor" matter by the Assistant Chief Executive and Solicitor to the Council and the Chairman and Ward Member(s) agreeing that the matter is a "minor" one and there is no dissention from the proposed observations of the Assistant Chief Executive and Solicitor to the Council.
>
> NB An application shall be brought before the Board for consideration where there is a disagreement on the proposed observations; where there is known public interest in the proposal; or at the discretion of the Assistant Chief Executive and Solicitor to the Council

(g) Authority to make directions under Articles 4 and 5 of the Town and Country Planning General Permitted Development Order 1995 to prevent the holding of markets where there are planning grounds for doing so (this action is to be taken in conjunction with the Chairman of the Board and the Local Ward Members).

(h) Authority to determine which planning applications should be publicised by newspaper or other advertisement, unless prescribed by legislation.

(i) Power to issue Planning Contravention Notices.

(j) Authority to pursue cases of alleged breaches of advertisement control.

(k) Authority to determine whether to require an Environmental Impact Assessment Statement in respect of planning matters under the Town and Country Planning (Environmental Impact Assessment) (England and Wales) Regulations 1999. (This power is to be exercised in consultation with Local Ward Members on individual cases, with the inclusion of the Chairman and Vice-Chairman of the Board in appropriate cases).

(l) The submission of objections to the West Midlands Traffic Commissioner against applications under the Public Service Vehicles (Road Service Licences and Express Services) Regulations, 1980, subject to the objection being reported to the next available meeting.

(m) The submission of objections to the West Midlands Traffic Commissioner against applications affecting bus services, after consultation with the Ward Members affected.

(n) Notification to the party concerned of flyposting offences under the Town and Country Planning Act 1990. (This power is to be exercised on receipt of a complaint from a Member of the Council).

(o) Power, in emergency circumstances, to make and serve Tree Preservation Orders, Building Preservation Notices and Stop Notices, in consultation with the Chairman of the Board.

(p) Authority to reject High Hedges applications on the grounds of being frivolous or vexatious, or as insufficient attempts made to resolve without the involvement of the local authority.

(q) Authority, subject to consultation with the Local Ward Members, to either reject or uphold a High Hedges complaint once it has been registered and to issue any remedial notice.

Powers to be delegated to the Head of Development Control

(a) Authority to make representations on behalf of the Local Planning Authority in respect of Applications made pursuant to the Licensing Act 2003

(b) Authority to make representations on behalf of the Local Planning Authority in respect of Applications made pursuant to the Gambling Act 2005.

Report of the Assistant Director   Information Security Policy 2010 –
(Corporate Services)   2012

1   **Summary**

1.1   The purpose of this report is to seek approval for the Council's Information Security Policy for the period 2010 - 2012. The policy is needed to help protect the Council's information and ensure it is used legally and effectively.

. . .

> **Recommendation to the Council**
>
> **That the Information Security Policy 2010 – 2012, attached as Appendix A, is approved.**

2   **Consultation**

2.1   **Portfolio Holder, Shadow Portfolio Holder and Ward Members**

2.1.1 See attached report to the Resources Board.

3   **Introduction**

3.1   The Council has had a formally approved information and computer security policy since 1993. Information produced or processed by the Council, whether it is held on computer, paper or provided verbally, is covered by the policy and is one of our main and most valuable assets. It is important that the Council protects its information from all threats, internal or external, deliberate or accidental, that could disrupt or damage the work and reputation of the Council or infringe the rights of staff and citizens.

3.2   The Policy was approved by the Resources Board at it's meeting on 13 April 2010 and the report provided to that Board is attached as an Appendix as it provides background information on the Policy.

3.3   However, Members raised a number of questions about the Policy when it appeared as an En Bloc item at the Executive Board meeting on the 19 April 2010 and as such the report was deferred. The answers to the questions raised at the meeting are provided below.

4. **Responses to Questions about the Policy**

4.1 **Changes to the Policy** - Members asked how the Policy had changed from the previously approved version.

4.1.1 The changes made have been highlighted on the Policy attached as Appendix A. They are all relatively minor and the amendments to the policy are mainly to reflect what now happens in practice. In summary the changes concern:

- Recognition of the need to include Social Networking sites such as "Facebook".
- The requirements to control the transfer of data more robustly and make home and flexible working more secure.
- The need to have more secure passwords.
- Reducing energy.

4.2 **Policy Statement** - It was suggested that the wording in the Information Security Policy Statement (Appendix A, Page 4) around breaches of policy was wrong for Members.

4.2.1 This has been changed to recognise the role of the Members Code of Conduct and the Standards Committee.

4.3 **Email monitoring** - There was some discussion about email monitoring.

4.3.1 To clarify this, the monitoring of email in to and out of the Council is an electronic process, whereby the email is scanned for harmful files such as viruses and for known spam messages, these files are blocked. Pictures are also scanned for excessive skin tones and if they fail this automatic check they are quarantined. We do not check people's individual emails unless they fall into the quarantine or as part of a properly authorised investigation.

4.4 **Website access** – There was a question about accessing websites which may be interpreted as inappropriate.

4.4.1 To clarify this, there are a number of websites that are blocked by most organisations as standard, such as obvious porn and gambling sites. Sites of formally constituted political parties are not blocked. We do not and could not monitor the sites people visit as a regular activity. We only block sites or investigate access if a concern is raised about a site or as part of a properly authorised investigation.

5 **Report Implications**

5.1 These are set out in the attached report to the Resources Board.

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

Background Papers

2010/BR/002501

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			

2010/BR/002501

Agenda Item No 10

Resources Board

13 April 2010

**Report of the Assistant Director
(Corporate Services)**

**Information Security Policy 2010 –
2012**

1 Summary

1.1 The purpose of this report is to seek approval for the Council's Information Security Policy for the period 2010 - 2012. The policy is needed to help protect the Council's information and ensure it is used legally and effectively.

. . .

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Recommendation to the Executive Board

That the Information Security Policy 2010 – 2012, attached as
Appendix A, is approved.
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2 Consultation

2.1 Portfolio Holder, Shadow Portfolio Holder and Ward Members

2.1.1 Both Councillors' Bowden and Butcher have been sent a copy of the policy and any comments received from them will be reported verbally to the Board.

3 Introduction

3.1 The Council has had a formally approved information and computer security policy since 1993. Information produced or processed by the Council, whether it is held on computer, paper or provided verbally, is covered by the policy and is one of our main and most valuable assets. It is important that the Council protects its information from all threats, internal or external, deliberate or accidental, that could disrupt or damage the work and reputation of the Council or infringe the rights of staff and citizens.

3.2 The Policy is one of the tools we use to give the public, our customers, service delivery partners, central Government and staff confidence in our manage information safely and securely. We must be able to engender trust in us not to put them, their finances, privacy, information or systems in jeopardy by poor security management.

3.3 The Policy is based on industry best practice guidance including ISO27001:2005, the "International Standard for an Information Security Management System". The Standard takes a risk-based approach to security, but it is a large, complex and comprehensive document and includes some areas that are not relevant to the Council.

3.4 We have reviewed and updated the Policy to reflect changes in legislation, regulation and advice, which surrounds and governs our use of information. We have had to pay particular attention to the compliance requirements of "Government Connect" for the secure sharing and use of information and from the Purchasing Card Industry who are enforcing data security standards (PCIDSS) for card payment services and transactions.

3.5 The other main drivers for the update to the policy are organisational, technological and social changes which have an impact on how and where we can use information and technology. These include mobile working, home working, social networking websites and shared services and collaboration.

3.6 The current and enforceable version of the Policy is made available on the Council's Intranet so that people can easily access the information they are seeking. Information Services provide a briefing on the policy for new staff as part of their ICT Induction. Managers must reinforce this and identify specific issues and responsibilities; as part of the induction of new staff, when staff change roles and at appraisal.

4 **The Policy**

4.1 The policy is made up of three parts. Section 1 must be read by everyone in the Council, as it describes what each person needs to do to maintain good security and to ensure they are working within the policy. Section 2 covers the controls we have to prevent security problems; this section must be read by Managers, Information Services staff and staff with responsibility for system administration.

4.2 The third element of the policy is an overarching "Information Security Policy Statement" that states the objectives we have for information security management, which are to ensure that: -

- Ownership - Information owned or processed by the Council is protected against threats, be they internal or external, deliberate or accidental
- Confidentiality – Confidentiality of information is assured; we will protect our information from unauthorised access, use, disclosure or interception
- Integrity - Integrity of information is maintained; we will protect information from unauthorised changes or misuse, so that it can be relied upon as accurate and complete
- Availability – Information is available when and where it is needed
- Legality - Legal and regulatory requirements are understood and met
- Communication - Information and training on information security is up to date and available to all staff

4.3 The Policy reiterates a number of key principles that need to be brought to the attention of the Council's computer and information users. They are: -

4.3.1 Non Work Related Use - The Council allows the use of computer resources, including email and Internet access, for appropriate non-work related purposes. The policy states what is regarded as "inappropriate".

4.3.2 Privacy - Computers and software are provided for business use; there can be no assumption of privacy for non-work related information held on or processed by the Council's computers or systems.

4.3.3 Personal Responsibility – Compliance with the Information Security Policy is an individual responsibility and acceptance of it will be sought before access is given to the Council's computer network and systems.

4.3.4 Breaches of the Policy – These may be regarded as a disciplinary matter and as such will be dealt with under the Disciplinary Code.

4.3.5 Monitoring – The Council will monitor the use of its information, business communications and computer assets to protect them, ensure appropriate use and to provide access where needed to maintain services. As required the Policy explicitly identifies the monitoring we can or do employ.

5 Report Implications

5.1 Finance and Value for Money Implications

5.1.1 There are no financial implications arising from this report or from the implementation of the Policy.

5.2 Safer Communities Implications

5.2.1 Good Information Security helps prevent us being open to computer related fraud and crime.

5.3 Legal and Human Rights Implications

5.3.1 The Information Security Policy addresses compliance with a number of pieces of legislation. It also clearly states the Council's approach to information management and access to information. Adherence to the Policy should ensure we do not break the law in these areas or infringe people's rights.

5.4 Human Resources Implications

5.4.1 All individuals who use the Council's computer equipment, applications or information need to be aware of the Policy and its implications and sign to say they abide by it.

5.5 **Risk Management Implications**

5.5.1 Risk Assessments relating to various aspects of Information Security are maintained, updated and acted up on by Information Services. The implementation of the Policy helps mitigate against these risks.

5.6 **Links to Council's Priorities**

5.6.1 Information is an important asset and, as such, its proper and secure management, as defined by this policy, contributes to the Council's priority relating to the making the best use of our resources.

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

Background Papers

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

Background Paper No	Author	Nature of Background Paper	Date

North Warwickshire Borough Council

Information Security Policy 2010 – 2012

Contents

Information Security Introduction

Information is an important asset and of significant value to North Warwickshire Borough Council. The Council must protect its information from threats; internal and external, deliberate or accidental, that could disrupt the work of NWBC, or infringe the rights of staff or citizens.

Information security involves the protection of information for:

Confidentiality:	Keeping information out of the wrong hands.
Integrity:	Making sure that information is accurate and complete.
Availability:	Ensuring reliable and timely availability of information and services.

This policy has been developed using a Risk Management approach, based on the International Standard for Security Management, ISO 27001. Therefore it contains a Policy Statement followed by sections organised under the Control Areas defined in the Standard.
The overall aim of the Policy is to minimise damage to the Council, its assets and reputation, by preventing and reducing the impact of security incidents.

All information created or processed on behalf of NWBC is regarded as being owned and accessible by it as part of the Council's "business record". The Policy focuses on electronic information processed by a computer and on protecting the technology used to hold, process and transmit the Council's information. However, the principles apply to paper records, microfiche and spoken conversation, including voicemail.

The Policy applies to all employees, members, contractors and temporary staff working on behalf of NWBC. Aspects of this policy may be relevant to people we share information with, such as voluntary organisations or partnerships, as part of the work of NWBC.

The Council does allow appropriate non-work related use of computer resources including email and the Internet. However, staff should have no expectation of privacy in anything they create, store, send or receive using the Council's computer equipment.

Terminology

The following terms and abbreviations are used in this document;

"Policy" -   Information Security Policy and measures identified in the Policy document.
"Software" -   Operating systems, Applications, Games, utility software, shareware etc.
"Hardware" -   Any device (computer, printer) that can attach to the network, directly or remotely.
"Staff" -   Those people working for the Council (officers, members, agency staff etc)
"DPA" -   Data Protection Act 1988
"FOI" -   Freedom of Information Act
"RIPA" -   Regulation of Investigatory Powers Act

Using the Policy

All Staff **must ensure they have read the Information Security Policy Statement and Section 1 of the Policy**. These identify the aspects of security we need to manage. The policy describes why we need to manage security in the particular area under the "Objective". Then for each activity it describes what everyone must do to maintain good security and ensure they are working within the policy.

Section 2 identifies the controls in place to prevent security problems. Information Services staff, staff with specific responsibilities for administering systems and Managers, must read this section.

Information Security Policy Statement

Objective : *Our Information Security Policy is in place to ensure that:*

- Information owned or processed by the Council is protected against threats, be they internal or external, deliberate or accidental.
- Confidentiality of information is assured – we will protect our information from unauthorised access, use, disclosure or interception.
- Integrity of information is maintained – we will protect information from unauthorised changes or misuse, so that it can be relied upon as accurate and complete.
- Availability – information is available when and where it is needed.
- Legal and regulatory requirements are understood and met.
- Information and training on information security is up to date and available to all staff.

Approach

This Policy is based on an industry standard framework and on aspects of ISO27001:2005 "International standard for an Information Security Management System" and ISO27002:2005 "Information technology - Security techniques - Code of practice for information security management". Both of which recognise the need to match Security Policy and its implementation to the security risk and the impact of a security breach. The policy aims to articulate what is considered a fair balance between the expectations of the Council and employee's expectations.

Roles and Responsibilities

- This Policy applies to all employees, members, contractors, and temporary staff working on behalf of NWBC.
- This Policy was developed in consultation with Unison and is endorsed and supported by NWBC's Management Team and approved by the Council.
- All managers and supervisors are directly responsible for promoting, publicising and implementing the Policy within their service and for monitoring adherence by their staff.
- It is everyone's responsibility to make themselves aware of the Policy and to adhere to it.
- Information Services are responsible for developing, maintaining and advising on the Policy and for ensuring a number of the Controls identified are actioned.

Breaches of this Policy

Policy breaches should be reported to your Assistant Director/ Head of Service and to the Assistant Director Corporate Services as soon after the incident as possible. Breaches of the Policy will be dealt with under the Code of Conduct for Members. Breaches of the Policy are regarded as a disciplinary matter for staff and those classed as gross misconduct may lead to dismissal. The authority reserves the right to take legal action in relation to a serious breach of policy.

Updates to Policy

The Policy and supporting standards will be reviewed every two years, unless legislation or prevailing good practice requires an earlier amendment. This process will be led by IS within the appropriate consultation and approval process. The current and enforceable version of the Policy and supporting Standards are held on the Intranet. Staff will be informed by email, the Intranet or where necessary paper memo, when changes are made to the Policy.

Information Security Policy – Guidance

Section 1 – Compliance

This section identifies the aspects of security <u>we are all</u> responsible for and what we must do to maintain good security and ensure we are working within the policy.

1. Information Security Policy & Organisation

Objectives:
- To manage and provide management direction and support for information security.
- To provide a clear hierarchy and procedures for reporting, monitoring and decision-making that adheres to relevant legislation and policy.
- To minimise and/or mitigate the risk of the authority being brought into disrepute or becoming liable to prosecution for breach of legislation, accepted working practices, or general employer responsibility.
- To define and schedule activities to test the effectiveness and application of this Policy.

1.1 General Information

✓ Staff and Members should make themselves aware of the Policy, sign the Policy Acceptance Declaration (available on the Intranet) and ensure they comply with the Policy.
✓ Staff are responsible for ensuring others working on their behalf (temporary staff, contractors, partners) are aware of and abide by the Policy when undertaking NWBC business and have signed the Code of Conduct (available on the Intranet)
✓ Information Services (IS) will define and schedule activities to test the effectiveness, awareness and application of the Policy.
✓ IS will provide advice on Information Security or seek external advice for complex issues.

1.2 Incident Reporting

✓ If a security breach is suspected report the matter to your Assistant Director and the Assistant Director (Information & Procurement Services) as soon as possible after the incident. **Do Not Touch anything related to the incident.**
✓ Staff are encouraged to report security weaknesses, viruses and other related issues to Information Services' Service Desk, who will log the matter and investigate the problem.
✓ IS will fully document any security incidents and implement lessons learnt.

1.3 Monitoring and Liability

✓ All forms of network monitoring, user monitoring and data monitoring will be declared within the Policy. IS will inform Staff of changes to the published monitoring practices.
✓ In the event of an act that exposes the authority to risk of corporate liability the matter may be treated as a disciplinary offence, which could in some cases lead to termination of employment, and/or the authority taking legal action.
✓ Staff involved in testing the policy, security related monitoring, reporting the analysis of findings or disciplinary proceedings relating to information security must be aware of, and abide by, relevant Council Policy and legislation, they must also respect confidentiality.

2. Communications and operations management

Objective:
- To minimise the risk of failure and protect the integrity of software and information

- To prevent loss, modification or misuse of information between organisations.
- To minimise the risk of harm or offence due to inappropriate material.

2.1   Virus Protection

✓   If staff become aware of a potential information security threat such as a virus they must contact the IS Service Desk, which is able to assess the validity of the threat/alert (many are hoaxes) and take the appropriate action.

✓   Follow any instructions give by IS in response to a virus incident. Deliberate non-compliance with advice given will be a disciplinary matter.

✓   Do not open suspicious messages, email attachments, Internet links, Facebook links or other social networking links particularly if they come from an unknown sender or are executable files (end with .exe, vb, scr)

✓   If a virus is suspected or detected IS will isolate the computer and any potentially infected media (disk, CD etc). They will investigate the incident and take the appropriate action.

✓   No media (CD, Camera, Phone, DVD, USB devices (memory sticks) etc) should be used on a NWBC Computer unless you have been authorised to do so by your manager and have agreed to and signed the "Portable Device and Media Declaration". Guidance on the use of these devices and the process for virus checking is outlined in the declaration.

✓   If you need a file copied from a media device but have not agreed to the "Portable Device and Media Declaration" please contact the IS Service Desk.

✓   On the Internet do not open programmes which "pop-up". If in doubt, seek guidance from the IS Service Desk.

2.2   Accessing and Exchanging Information (e.g. Email and Internet)

🔒   **Monitoring -** All incoming and outgoing emails and attachments are captured and retained within the email archive software for up to 2 years.

🔒   **Monitoring –** Emails and attachments are electronically scanned for inappropriate content, viruses & malicious code, and to control the transmission of unnecessarily large attachments. Emails trapped and quarantined by these processes are investigated by IS Staff and if a Policy breach is suspected the relevant Assistant Director is informed who may initiate a further investigation.

🔒   **Monitoring –** Management Team may approve the supplementation of regular electronic monitoring if it is believed that a breach of this Policy is being or has been committed.   This may include, but is not restricted to, accessing the content of emails, telephone logs and website logs.

✓   Staff must abide by any guidance developed for the exchange or transmission of information, including email guidance and electronic commerce guidance (e.g. use of e-payments software).

✓   Staff must only use Council provide secure USB data storage device to take electronic data off site.

✓   Information must only be disclosed to, or exchanged with, people or organisations that are entitled to have that information, if you are unsure consult your manager or refer to the Data Protection Act notification (accessible through Policy Section)

✓   Staff must take all possible care when exchanging information via fax, telephone, voicemail, email, via the internet or using physical media to ensure that it does not go to the wrong person/organisation and that the recipient is ready and able to receive the information. Council data must not be emailed to private email addresses.

✓   Data must be desensitised or anonymised prior to transmission where possible.

✓   Sensitive or confidential information must only be exchanged where desensitised or anonymised information will not suffice and must abide by DPA regulations for disclosure.

✓   The risk associated with exchanging information should be assessed and appropriate mitigating actions taken e.g. encryption or secure email.

- ✓ Email must not be used to commit the Council to a course of action you are not authorised to undertake e.g. enter into a contract, request goods or services (without an order), distribute confidential data. Email is admissible as evidence in Court.
- ✓ Staff may use the Council's email and Internet system for reasonable and appropriate non-work related use (see 2.2.1).
- ✓ Staff are advised not to use their NWBC email address to register on non work related websites as this increases spam (unwanted emails) into the Council.
- ✓ Employees must not use NWBC equipment to try to access, send or distribute material, in any way, including via email or the Internet, that is likely to be construed as inappropriate or take part in inappropriate activities, including but not limited to any of the following:-

2.2.1 Inappropriate content and activities:-

i. Pornographic material e.g. nakedness, sexual behaviour or sexual language.
ii. Discriminatory or defamatory on the grounds of race, gender, sexuality/sexual orientation, religion, disability or age.
iii. Hateful, inciting, bullying or violent.
iv. Abusive or libellous including swearing.
v. Participating in or encouraging any illegal activity.
vi. Wastes time and resource e.g. gaming, gambling, chain mail, trading, on-line chat, sending personal email via distribution lists, personal use of social networking websites.
vii. Divulging of closely guarded Council information particularly via participation in "chat" rooms or "blogs", accidentally or on purpose.
viii. Developing, downloading, installing or storing unauthorised software, freeware, shareware or websites or non work related pictures, music or video.

- ✓ If Staff receive inappropriate material they should inform their Line Manager and the IS Service Desk.

2.3   Internet use

- ✓ NWBC employees, members, contractors, and temporary staff working on behalf of NWBC must not attempt to access information or sites that may contain material or activities listed as inappropriate (see 2.2.1).
- ✓ If you accidentally access inappropriate material exit immediately and notify your manager and IS Service Desk.

2.4   Printing & Information Storage and Disposal

- ✓ Staff must be aware of the legislative constraints (DPA) when they print potentially sensitive data, ensuring printouts are not left unattended or uncollected in print trays.
- ✓ The secure printing option should be used when sending sensitive information to the Ricoh printers. This ensures the printout is not produced until someone is at the printer and they enter their PIN number.
- ✓ Staff are responsible for using the recycling/confidential waste facility to dispose of sensitive materials.
- ✓ Computer media such as disk, tape, CD, DVD, data card or USB device must be destroyed or disposed of securely. Media that requires secure destruction should be taken to the IS Service Desk.

2.5   Operations and Network Monitoring

✓ Staff are encouraged and expected to report abnormal, unusual or unacceptable network or application performance to the IS Service Desk to enable them to record and investigate any potential issues.

3.   Access Control

 Objective:
- To prevent unauthorised access to information and systems.
- To ensure information security when using mobile computing and teleworking facilities.

3.1   Access to systems – New starters, leavers and changes

✓ Access for staff to use any system must be formally requested by a Senior Manager or information owner, using the 'Create New Users' form. This can be found on the intranet or through the IS Service Desk.
✓ Managers must ensure they request only the appropriate level of access, to information or systems, needed by their staff to do their jobs.
✓ A Manager or "Information owner" must request additional access or changes to existing access levels.
✓ Managers must ensure that people's access rights are reviewed regularly and specifically if they are due to change roles or responsibilities.
✓ Access rights that allow staff to carry out tasks that would usually not be permitted by other regulations will normally not be granted, e.g. raise and then approve the same order.
✓ Management approval must be sought for work that requires access to systems out of hours. You must request this access from IS with at least 48 hrs notice. If this clashes with pre-planned technical work or work to resolve problems access may be refused.
✓ Managers and/or HR must inform IS in advance of staff leaving, with advice on the retention of any data and who should be given access to it.

3.2   Password Standard for accessing the network (Complex)

✓ You must change your password the first time you log on to the NWBC network.
✓ Password change for the network is enforced every 90 days.
✓ You must change your password if it has been compromised and you feel someone else knows what it is.
✓ Passwords must be kept secret and user id's should not be shared.
✓ Passwords must not be written down.
✓ Passwords should be at least 8 characters in length.
✓ Passwords should not be easy to guess i.e. your children's names, football teams etc.
✓ Passwords must contain characters from three of the following four categories
    ▪ Upper case characters (English) A-Z
    ▪ Lower case characters (English) a-z
    ▪ Numbers 0-9
    ▪ Non-alphanumeric symbols e.g. ! $ # % . , @ =)

For the applications you use please ensure you set a strong password following the guidelines above where possible.

3.3   Locking Workstations

✓ Staff should "lock" their computer screen by using the Alt, Ctrl and Del keys and then selecting "Lock Computer" when they are leaving it unattended for any period of time.

✓ Do not leave screens showing confidential or sensitive information. This is particularly important in public areas or where personal information is used.

✓ Screen savers will be activated after a period of computer inactivity.

3.4 Remote and Mobile Access

✓ Technological solutions, over and above simple user id and password authentication, have been implemented where it is felt that the sensitivity and confidentiality of the information requires heightened control or where hardware may become unsecured e.g. a stolen laptop or Blackberry.

✓ The loss or theft of a laptop, mobile device or removable storage device (e.g. memory stick) must be reported to the IS Service Desk as promptly as possible.

✓ If you are to use a device such as a Laptop or Blackberry abroad first contact Information Services to discuss security and any special measures that may need to be taken.

4. Personnel Security Issues

Objectives:
- To reduce the risk of human error, theft, fraud or misuse of facilities.
- To ensure that people are equipped to support the organisational security policy in the course of their normal work.
- To minimise the damage from security incidents and malfunctions, and to monitor and learn from such incidents.

4.1 Recruitment

✓ Managers must consider whether security responsibilities, over and above those generally required, need to be included in job descriptions due to the nature of the duties involved.

4.2 Training and awareness

✓ Employees will be provided with information on security and the opportunity to receive training. Additional training should be identified using the appraisal process.

✓ Managers must ensure staff are adequately trained to use the information systems they need to use in a safe and secure manner. They must be made aware of how they are affecting the information they are using or updating. Specific needs for accuracy or confidentiality must be explained.

✓ Managers must identify and address information security training requirements for their staff (existing and new), on the basis of their job functions and the computer systems/information they are required to access, to ensure risk of damage due to lack of knowledge is minimised. This training should be recorded, reviewed and updated.

5. Physical and environmental security

Objectives:
- Preventing unauthorised access, damage and interference to information, hardware and premises.
- Preventing the loss, damage or compromise of information or hardware due to any interruption to business activities.

5.1   Physical Access Control

✔ Staff must not try to gain access to areas they are not permitted to enter or they have no need to enter.
✔ Staff should help maintain good security by not allowing the public or visitors into areas they are not authorised to be in and by challenging people who are in an area they are shouldn't be.
✔ Access controlled doors must not be left open unattended. Most of these doors are also fire doors and are should not be left or propped open.
✔ Non IS staff or third parties (contractors, suppliers etc) who need to work in the computer room should be supervised or at a minimum (if known and trusted) signed in and out.
✔ Staff that have been supplied with security devices (RSA key fobs, BSecure cards etc) should ensure that they keep the device safe and report any loss to the IS service desk.

5.2   Environmental Control

✔ Only devices that have been electrically tested and approved should be used in NWBC premises. Advice on the use of electrical equipment including heating or cooling equipment should be sought from Facilities Management.
✔ To reduce energy consumption please ensure that when you are not using your system for any length of time you shutdown your PC.
✔ Your PC will be set to minimise energy consumption when not in use, please do not change any of the power or screensaver options.

5.3   Information Storage

✔ Information, including electronic information and printouts produced from computer systems, must be stored and used in accordance with the principles of the DPA 1998 and any other legislation or NWBC policy that determines or influences its use and storage
✔ Staff can choose to use their own network drive or Trim folder, for information that isn't public or a shared drive or Trim folder for information that should be shared by their colleagues.
✔ Divisions should ensure they have processes in place that provides relevant people with access to individual's information (email & network drives). This is particularly important for ensuring we can maintain services and respond to FOI requests during absences such as holidays or sickness.
✔ Information should not be stored on local C drives, as these are not backed up and will not be recovered if problems occur.
✔ Information produced on a laptop computer, which does not connect and synchronise with the network, does not get copied to the network and therefore is NOT backed up. **Laptop users need to ensure they have backup copies of important files and information.**
✔ Disks, USB devices, CD's etc must not be used as the only storage medium for important information as they can get damaged and information can become inaccessible.
✔ Desks should be cleared of sensitive/confidential information before they are left unattended.
✔ Staff should store data using meaningful descriptions and in locations (such as Trim) that make it accessible and compliant with the Council's Retention of Records Policy.

5.4   Physical Security – e.g. Home workers, Laptops

✔ In the office environment hardware must be kept securely, if there is judged to be a risk of theft portable hardware should be stored in a lockable or otherwise secure location.
✔ Risk assessments should be carried out, and necessary adjustment made, by Divisions to ensure the security of equipment and information used by their home or remote workers.
✔ When transporting hardware ensure it is not left on view (e.g. put it in a car boot) and it is not obviously identifiable as valuable hardware, such as a laptop computer.

- ✓ Staff must take all appropriate measures to ensure that information and hardware is not accessed or used by unauthorised people or used for unauthorised purposes.
- ✓ Computer hardware and software should only be disposed of by IS.

6. Asset Classification and Control

Objectives:
- To maintain the appropriate protection of organisational assets
- To ensure that information assets receive the appropriate level of protection

6.1 Hardware and Software Inventory Management

- ✓ No computer or network communications hardware should be moved without the prior agreement of IS.
- ✓ No computer, network communications hardware or software should be taken off NWBC premises without prior senior line management agreement and IS agreement.
- ✓ Only hardware owned by the Council or approved by IS can be connected to the Council's network or used for NWBC business.
- ✓ Software and Hardware used on the Council's computer equipment must be installed by Information Services or with their approval / assistance.

7. Systems development and maintenance

Objectives:
- To ensure that security is built into information systems.
- To protect the confidentiality, authenticity or integrity of information.
- To ensure that IT Projects and support activities are conducted in a secure manner.
- To maintain the security of application system software and information.

7.1 New Hardware, Software and Systems

- ✓ There are processes for the justification and purchase of new hardware, software and systems. These are managed by Information Services and must be followed to ensure compatibility and security consideration are covered. Please liaise with Information Services.

7.2 Change Management

- ✓ Procedures for changes and upgrades to systems exist and must be followed to minimise the risk of problems and adverse impact on services. These are planned and carried out in conjunction with the appropriate service department(s) and signed off by them.
- ✓ Minor changes (new software, moving hardware etc) must be requested via the IS Service Desk.

8. Business Continuity management

Objective:
- To counteract interruptions to business activities and to protect critical business processes from the effects of major failures and disasters.

8.1 Technology support

- ✓ IS Disaster Recovery arrangements are tested annually and will be reviewed and updated as areas of business risk are identified and Business Continuity arrangements are developed.

✓ Services/Divisions are responsible for developing their Business Continuity Plans and should liaise with IS to identify get agreement for the IS/IT elements of their plans.

9.   Compliance – Legal, contractual etc.

Details of the legislation identified below can be found on the Council's Intranet. Staff should make themselves aware of the legislation and how it impacts on them.

 Objectives:
- To avoid breaches of any criminal and civil law, statutory, regulatory or contractual obligations and of any security requirements.
- To ensure compliance of systems with organisational security policies and standards.

9.1   Data Protection Act 1998

The Data Protection Act covers the collection, processing, storing and disclosing of personal data relating to living individuals, on computer or in paper-based systems. Guidance and answers to specific questions or interpretation of the Act can be obtained from the Assistant Chief Executive and further information is available on the Intranet.

✓ Councillors who use the Council's computer for personal and constituency use and hold personal data related to that use, must register (notify) the Information Commissioner.
✓ Additional conditions are placed on the collection, processing and disclosure of "sensitive" information which includes, sexuality, financial information, criminal record details etc.

9.2   Computer Misuse Regulations

 The Computer Misuse Act 2000 defines a number of criminal offences, relating to hacking, copying of software, introduction of viruses and other similar activities.

✓ Staff must not attempt to access, change or in anyway tamper with hardware, information or software applications used/owned by the Council.
✓ Staff must not copy software, except as allowed under its licence.

9.3   Copyright designs and Patent Act 1988

This legislation places restrictions on the copying and use of copyright material including computer software, publications and images.

✓ Software must not be downloaded to, purchased for installation on or installed on NWBC hardware without the explicit authority of IS.
✓ The legality of any software used and the appropriate license to use it must be proven to the satisfaction of Information Services.

9.4   Records – Retention and Disposal

The Council's Records Retention and Disposal Policy and Publication Schema is available on the Intranet and should be referred to with respect to this matter.

9.5   Freedom of Information

The Council has published its procedural guidelines that arise from the FOI Act and these are available on the Intranet.

9.6 Regulation of Investigatory Powers Act 2000 (RIPA)

RIPA 2000, and The Telecommunications (Lawful Business Practice) Regulations 2000, provides a framework for monitoring activity, data and persons.

- ✓ NWBC employees, members, contractors, and temporary staff working on behalf of NWBC should be aware that they should not expect privacy with regard to the use of hardware and information covered within this framework.
- ✓ Any individual involved in monitoring activity must comply with this legislation if required to undertake monitoring.
- ✓ Monitoring, as defined by RIPA, must only take place with the approval of a member of Management Team.

Section 2 – Security Controls

This section describes the controls the Council has in-place to help ensure good security. **This section need only be read by Information Services staff, Managers and staff with a responsibility for managing or administering systems.**

Information Security Policy

- An Information Security Policy document is available and approved by NWBC.
- The current and enforceable version of the Policy and supporting Standards are on the Intranet.
- Staff will be informed via email and Intranet when changes are made to the Policy.
- The Policy and supporting standards will be reviewed every two years, unless legislation or prevailing good practice requires an earlier amendment.
- The policy will be tested and results of the testing reported through EMT.

Management & Incident Reporting

- Internet access is logged and log files reviewed by specific Information Services (IS) Staff.
- Where a breach of NWBC's Information Security Policy leads to action, this shall be dealt with through the formal investigation process and within the disciplinary procedure or the Code of Conduct for Members. Breaches of the Policy may be reported to Assistant Directors (AD) Group or Management Team.
- Suspected policy breaches are notified to the appropriate AD who may initiate further investigation.
- All Assistant Directors will have access to trend analysis reports relevant to their section/service.
- Information Services require a member of EMT to authorise the release or access to information as part of the investigation of a security breach.

Hardware and Software Inventory Management

- IS maintains an inventory of all hardware and software purchased.
- Hardware is assigned an asset number, which is displayed on a sticker attached to the device and which must only be removed by IS.
- Profile based controls prevent unauthorised software installations.

Recruitment & Training

- Recruitment Policy controls how people are employed the Council. All applicants undergo a selection process which includes checking references and a Criminal Records Bureau check, where required.
- Managers are responsible for identifying security implications of specific job roles (e.g. Web Content provision, system administration) and for providing or requesting training in line with the role.
- Managers are responsible for ensuring information security is covered as part of the induction process for new starters and for all staff when changes to the Policy are implemented.
- IS are responsible for providing updates on the Policy when changes occur and training guidance to Managers & Personnel so that they may ensure training remains current.

Access & Environmental Controls

- Access to the server room is controlled by door security and an out of hours alarm system.
- Access to the server room is not permitted without the agreement of IS.
- Access to secure areas of NWBC offices is protected by door access controls.
- There is an environmental control system in server room.
- There is a no smoking policy in Council. In addition to the fire risk reduction, this also helps prevent damage to electrical devices from smoke pollution.
- Maintenance and support contracts are in place for all environmental and physical security systems.

Information Storage & Backup

- By default all information created using a NWBC Computer, which is connected to NWBC network, is stored on a network drive.

- NWBC maintains a Notification, of the personal information it processes, with the Information Commissioner (as required by the DPA 1998).   New systems must be included in the Notification.
- Information must be removed from NWBC hardware before it is reallocated or disposed of by the Council or as part of an agreed disposal process with a company accredited for secure disposal.
- Confidential waste facilities are available and must be used for sensitive and confidential information.
- IS backup the information on the network each evening to enable recovery in the event of a failure.
- Backup data is stored securely away from the data they protect.
- The status of the backup is checked daily and the outcome recorded. If any element has failed, this must be recorded along with mitigating actions.

Physical Security – e.g. Laptops

- The Assistant Director (Corporate Services) has responsibility for NWBC's computer hardware. Within each Division the AD has responsibility for assets, including computer hardware, used by staff.
- The loss or theft of NWBC hardware or software must be reported to IS as soon as possible after the event. If theft is involved the police must be informed and a crime number obtained.

Virus Protection

- **Monitoring -** All incoming and outgoing emails and attachments are scanned for viruses before they enter the NWBC network by the Council's Internet Service Provider (ISP).
- An internal anti virus system is installed and distributed across the NWBC network, with scheduled updates obtained and distributed regularly.

Operations and Network Monitoring

- IS define and work to set procedures and work instructions for the Operation of NWBC's server hardware and applications.
- One off exercises are undertaken to monitor the use, performance and resilience of the network.
- Where skills are not available in-house, 3rd Parties (e.g. consultants) are engaged to carry out pieces of work to ensure security is maintained.

Exchanging of Information (including email & Internet control)

- The exchange and disclosure of personal information is controlled by the DPA 1998 and must comply with the disclosures identified in our Notification to the Information Commissioner.
- **Monitoring –** Software is used to capture and scan emails and attachments for inappropriate content, viruses & malicious code, and unnecessarily large attachments. Software is used to further control access to web pages that are known to contain inappropriate text or image content.
- **Monitoring –** Management Team may approve the supplementation of regular electronic monitoring if is believed that a serious breach of the Policy is being or has been committed.

Access to systems – New starters, leavers and changes

- Access to the network is controlled using a user id and password. The Council has Standards for the passwords and the use of user ids.
- Where there is a business need to access information held in a persons email account or personal drive this access must be formally requested via the IS Service Desk and approved by a member of EMT.
- The administration of access rights to the network and corporate applications is managed by IS.
- Administration of some service applications is carried out by a named, trained administrator in a service area. This is limited to user and functionality management.
- Access to the network and applications is restricted outside office hours (8am – 6pm).
- Remote access is achieved via a VPN (Virtual Private Network) and secure Citrix connection.
- Repeated unsuccessful attempts to log-on to the network/applications results in accounts being "locked". IS Service Desk can unlock the account on request from the owner of the account.
- People are given the appropriate level of system access they need in-order to do their job.
- New users (and changes) are set up by IS on the receipt of an 'Information Systems Access' form.
- Twice a year IS prompt a review of users and their access rights to ensure that user lists are up to date and that access is appropriate to job roles and responsibilities.

- Managers (or personnel) must inform IS of leavers and indicate what action is required.
- **Monitoring –** systems (including the telephone system) used by NWBC can produce log files showing activity details such as user ref/id, time, action taken. These are monitored and could be used in the event of a problem or investigation.

Password Standards

- Password standards exist and all users of NWBC's computers and network services are only able to access their systems once an appropriate user id and password has been created.
- In some systems re-use of passwords is prevented, but this is not possible in all systems.
- **Monitoring –** Audit software is used to identify missing or non-compliant passwords.

Locking Workstations

- Desktop computers are locked out automatically after 9 minutes of inactivity. The computer can only be unlocked by entering the users password or by an IS Administrator.
- The user is able to manually secure their computer at any time by pressing the following three keyboard keys at the same time; Ctrl, Alt and Del and choosing the "Lock Computer" option.

Defining Security requirements

- IS provide information on security requirements when systems are being purchased or amended.
- The provision and inclusion of this information is part of the Project Methodology followed by IS and a standard element in requirements documents.
- Specialist advice is sought where the nature of the system or the type of access needed requires specific security arrangements and may impact on the overall security of systems or information.

Change Management & Business Continuity

- IS/IT Projects are managed using the Prince Project Management Methodology. This ensures that the impact of change is recognised and standards procedures are followed.
- IS maintains a Disaster Recovery arrangement which provides an alternative office site. This provides from single server replacement up to full hardware and application provision offsite.
- Accommodation with voice and data capability is provided for up to 6 staff.

Legislation

Computer Misuse Regulations
- The Network is monitored to ensure malicious software used for 'hacking' and other related methods of computer misuse as identified by these regulations are not present.
- Regular data backups are taken to facilitate restores, in the event of data loss or damage incidents.
- The Network is monitored to ensure unlicensed software is not installed without IS knowledge; to enable the software inventory held by IS to remain current, and compliant.
- Network access rights are set to ensure only authorised installations of software can occur.

Regulation of Investigatory Powers Act 2000
- Forms of network monitoring, user monitoring and data monitoring is declared in the Policy.
- IS informs Staff of changes to the published monitoring practices.

Monitoring

- The current legal framework for system monitoring is regularly checked to ensure the continued compliance of the authority.
- Authorised personnel will view emails quarantined and suspected of containing inappropriate content.
- Data collected for monitoring or reporting purposes will be viewed by authorised personnel only (IS Support Staff or Staff engaged in an investigation) and presented to MT/EMT in summary form.
- Data collected as part of any Policy Breach investigation will be treated with the confidentiality required by the Disciplinary process.

Report of the Assistant Director
(Finance and Human Resources)

Budgetary Control Report 2010/11
Period Ended 31 May 2010

1   **Summary**

1.1   The report covers revenue expenditure and income for the period from 1 April 2010 to 31 May 2010. The 2010/2011 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 the Board

That the report be noted and that the Board requests any further information it feels would assist it in monitoring the budgets under the Board's control.

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2   **Consultation**

2.1   **Portfolio Holder, Shadow Portfolio Holder and Ward Members**

2.1.1   Both Councillors' Bowden and Butcher have been consulted regarding this report. Any comments received will be reported verbally to the Board.

3   **Report**

3.1   **Introduction**

3.1.2   Under the Best Value Accounting Code of Practice (BVACOP), 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.

4   **Overall Position**

4.1   Net controllable expenditure for those services that report to the Executive Board as at 31 May 2010 is £73,400 compared with a profiled budgetary position of £81,578 an under spend of £8,178 for the period. 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. Reasons for the variations are given, where appropriate, in more detail below.

5   **North Warwickshire Development Plan**

5.1 Grant of £8,418 has been received from the government to cover new burdens set out in 'The New Burdens (Habitats Regulations Assessments and Climate Change Planning Policy Statement). The award of this grant came after the budget had been set and will be used by the service during the year.

6   **Risks to the Budget**

6.1 The key risk to the budgetary position of the Council from services under the control of this Board is:

- Uncertainty surrounding the volume of work and available funding over the next five years for the North Warwickshire Local Development Frame work.

- 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.

7   **Estimated Out-turn**

7.1 Members have requested that Budgetary Control Reports provide details on the likely out-turn position for each of the services reporting to this Board. It is anticipated that the outturn for this Board will be the same at the Approved Budget.

7.2 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.

8   **Report Implications**

8.1 **Finance and Value for Money Implications**

8.1.1 The Council's budgeted contribution to General Fund balances for the 2010/11 financial year is £17,310. Income and Expenditure will continue to be closely managed and any issues that arise will be reported to this Board for comment.

8.2 **Environment and Sustainability Implications**

8.2.1 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 2010/2011 as at 31 May 2010

Code	Description	Original Budget 2010/2011	Profiled Budget to May 2010	Actual to end May 2010	Variance to Date	Comments
2000	Housing Strategic Service Review	34,140	5,517	5,517	0	
2001	Corporate Communications LEADER	25,380	0	0	0	
2002	Corporate Communications	78,730	12,607	12,628	21	
2003	Community Strategy	128,730	21,137	21,557	420	
2006	Communication Group	2,190	532	303	(229)	
2007	Emergency Planning	65,560	8,097	8,097	(0)	
2009	North Warks Local Development Framework	156,810	33,468	25,079	(8,389)	See paragraph 4.3
5050	Support to Parishes	11,930	220	220	0	
	TOTALS	**503,470**	**81,578**	**73,400**	**(8,178)**	

Report of the   **Capital Accounts 2009/10**
Director of Resources

1   **Summary**

1.1   The capital accounts for 2009/10 have been prepared. This report shows expenditure for the year, together with the methods of funding used.

Recommendation to the Council

That the methods of funding to meet capital expenditure incurred in 2009/10 be approved.

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2   **Consultation**

2.1   **Portfolio Holder, Shadow Portfolio Holder and Ward Members**

2.1.1   Councillors Bowden and Butcher have been informally consulted and any response will be verbally updated at the meeting.

3   **Capital Expenditure and Financing**

3.1   Capital expenditure incurred by the Council in 2009/10 totalled £7,920,371. In addition, an amount of expenditure relating to 2008/09, totalling £1,195,670, remained un-funded from the previous financial year. The method by which these amounts have been financed is shown in Appendix A. The Authority has used a variety of sources, including both supported and prudential borrowing, capital receipts, capital and revenue grants, the major repairs allowance, revenue and earmarked capital reserves. Capital creditors 2009/10 are amounts relating to the 2009/10 financial year, which were not paid before the year end and therefore will not be financed until 2010/11. In preparing the funding statement, the effect on resources has been taken into account, and this is explained below.

3.2   In order to maximise the resources available to the Council, all supported borrowing awarded to North Warwickshire, and the majority of capital grants received from the Department for Communities and Local Government towards private sector housing and disabled facilities grants, have been used within the financial year. External grants obtained were used to fund some

2009/BR/001744

expenditure on heating schemes within the Council's housing stock. A number of other sources of funding were used, which include: income from earmarked reserves previously approved by Members, revenue contributions to capital expenditure, and the Major Repairs Allowance.

3.3   In general terms, capital reserves have been used before capital receipts, as this increases the funding flexibility available for future years. It has been necessary to use some capital receipts to fund some of the programme in 2009/10. However in line with the Capital Strategy approved by this Board in February, some prudential borrowing has been undertaken by the Housing Revenue Account, so that some existing capital receipts remain available for future capital programmes. Without the flexibility that the retention of capital receipts gives, the Council will only be able to afford a very minimal General fund capital programme in the future. In addition, as already agreed, prudential borrowing has been used for the replacement of refuse vehicles.

3.4   The accounts of the Authority will not be audited until August.   Any adjustments to the funding statement will be reported to this Board following the conclusion of the audit.

4   **Report Implications**

4.1   **Finance and Value for Money Implications**

4.1.1   The funding of the 2009/10 programme is consistent with the strategy approved by the Council, to use some housing receipts for General Fund schemes, to finance some Housing Revenue Account schemes in the short term by borrowing and to maximise the resources available for the overall programme. The prudential borrowing for HRA schemes can be achieved without any additional revenue implications for the HRA, as the costs will be covered within the existing revenue contribution that the HRA makes to the capital programme.

4.1.2   The Council currently holds usable capital receipts of £2,664,000.   Grant funding and reserves of £1,304,281 remain largely to be used for the housing new build, the private sector housing programme and play areas. All of these funds have been earmarked to finance the Council's long-term capital programme.

4.2   **Environment and Sustainability Implications**

4.2.1   The Council invests in new and existing assets to enable the provision of services to continue to be delivered to the people of North Warwickshire.

4.3   **Links to Council's Priorities**

4.3.1   The proposed funding arrangements contribute towards the Council's priority of maximising its resources.

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

15/3

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

APPENDIX A

EXPENDITURE FOR CAPITAL PURPOSES & METHOD OF FUNDING 2009/10

Description	2008-09 Creditors	2009-10 Spending	TOTAL	Prudential Borrowing	BCA DFG & Reg Hsg Pot	Hsg Receipts	Gen Fund Receipts	Grants and Cont'ns	MRA	Revenue Cont'n GF	Revenue Cont'n HRA	Earmarked Reserves	GF Capital Reserve	HRA Capital Reserve	Capital Creditors 2009/10	TOTAL
Unadopted Road		15,447.68	15,447.68							15,447.68					-	15,447.68
Infrastructure	**-**	**15,447.68**	**15,447.68**	**-**	**-**	**-**	**-**	**-**	**-**	**15,447.68**	**-**	**-**	**-**	**-**	**-**	**15,447.68**
Council House	-	987.17	987.17			-	-	-	-	-	-	987.17	-		-	987.17
Mem Hall DDA		7,677.77	7,677.77									7,677.77				7,677.77
Arley Sports Centre	3,080.00	6,247.71	9,327.71	-	-	-	-	-	-	3,745.00	-	5,582.71	-	-	-	9,327.71
Swimming Pool	-	82,901.89	82,901.89	-	-	-	-	-	-	27,208.79	-	18,000.00	36,227.07	-	1,466.03	82,901.89
Operational Assets	**3,080.00**	**97,814.54**	**100,894.54**	**-**	**-**	**-**	**-**	**-**	**-**	**30,953.79**	**-**	**32,247.65**	**36,227.07**	**-**	**1,466.03**	**100,894.54**
Computers	13,930.21	182,971.34	196,901.55	-	-	-	-	-	-	-	-	34,144.48	159,357.07	-	3,400.00	196,901.55
Equipment	3,616.51	304,375.60	307,992.11	-	-	-	-	10,000.00	-	-	-	209,972.61	88,019.50	-	-	307,992.11
Refuse vehicles		765,837.40	765,837.40	638,528.40								127,309.00				765,837.40
Vehicles & Equip Total	**17,546.72**	**1,253,184.34**	**1,270,731.06**	**638,528.40**	**-**	**-**	**-**	**10,000.00**	**-**	**-**	**-**	**371,426.09**	**247,376.57**	**-**	**3,400.00**	**1,270,731.06**
G.F. ASSET TOTAL	**20,626.72**	**1,366,446.56**	**1,387,073.28**	**638,528.40**	**-**	**-**	**-**	**10,000.00**	**-**	**46,401.47**	**-**	**403,673.74**	**283,603.64**	**-**	**4,866.03**	**1,387,073.28**
G.F. DEFERRED CHGES	**36,075.87**	**477,677.07**	**513,752.94**	**-**	**316,357.23**	**-**	**128,776.99**	**-**	**-**	**-**	**-**	**-**	**7,022.75**	**-**	**61,595.97**	**513,752.94**
New build		87,604.65	87,604.65					68,849.65							18,755.00	87,604.65
Existing Stock	1,138,967.03	5,988,642.50	7,127,609.53	3,300,000.00	400,000.00	1,132,688.27	-	80,790.27	1,731,502.62	-	365,001.58	32,377.84	-	17,624.21	67,624.74	7,127,609.53
COUNCIL DWELLINGS	**1,138,967.03**	**6,076,247.15**	**7,215,214.18**	**3,300,000.00**	**400,000.00**	**1,132,688.27**	**-**	**149,639.92**	**1,731,502.62**	**-**	**365,001.58**	**32,377.84**	**-**	**17,624.21**	**86,379.74**	**7,215,214.18**
GRAND TOTAL	**1,195,669.62**	**7,920,370.78**	**9,116,040.40**	**3,938,528.40**	**716,357.23**	**1,132,688.27**	**128,776.99**	**159,639.92**	**1,731,502.62**	**46,401.47**	**365,001.58**	**436,051.58**	**290,626.39**	**17,624.21**	**152,841.74**	**9,116,040.40**

Executive Board

28 June 2010

Report of the   **Earmarked Reserves 2010/11**
Director of Resources

1   **Summary**

1.1   The Council holds a number of reserves to meet future expenditure, other
        than the General Fund and Housing Revenue Fund. This report informs
        Members of the balances on these reserves at 31 March 2010, subject to
        audit, and updates the proposed use of reserves in 2010/11.

> **Recommendation to the Council**
>
> **To approve the reserves held at 31 March 2010 and the planned use
> of reserves in 2010/11.**

2   **Consultation**

2.1   **Portfolio Holder, Shadow Portfolio Holder and Ward Members**

2.1.1   Councillors Bowden and Butcher have been informally consulted and any
        response will be verbally updated at the meeting.

3   **The Purpose of Holding Reserves and Funds**

3.1   The Council holds a number of reserves that have been earmarked for
        specific revenue and capital purposes and at 31 March 2010 these totalled
        £4.77 million. These reserves are held for a number of purposes, and in broad
        terms can be split into the following categories:

        •   External funding which has been received for specific activities, which has
            not been spent in the year of receipt;

        •   Growth approved, which has not been spent in the year;

        •   Resources set aside as contingency sums;

        •   Resources set aside for general capital spending or the replacement of
            specific assets; and

- Funding earmarked for other reasons, such as timing differences, to smooth expenditure between years, or to progress specific projects.

· · ·   Appendix A sets out in more detail the purpose and amount of these reserves held.

5   **Movement on Revenue Reserves in 2009/10**

5.1   During 2009/10, expenditure of £2.734 million was funded from revenue reserves, whilst income of £3.154 million went into reserves. In Appendix A the reserves are grouped into the categories highlighted in paragraph 3.1, and each of these categories is dealt with below.

5.2   The major use of 'reserves holding external funding for specific activities' related to the use of Planning Delivery Grant to cover existing staff commitments. Some other spending related to work around benefit take up and financial inclusion, the progression of community development schemes and work on the prevention of flooding. Grant and other external funding going into these reserves amounted to £276,000 at the end of the year, with the majority relating to grants obtained for benefit work and community initiatives. Smaller grants were received towards homelessness and environmental projects.

5.3   There was little use of reserves from 'approved growth not yet spent'. Work on parish plans is progressing more slowly than expected, and work relating to the Borough Care service is still at the review stage. During the year, income was put into a reserve for use in providing match funding for bids to be made under the Leader project. This has taken longer to set up than originally anticipated.

5.4   There has been limited movement on contingency sums held within reserves. Grant was received for expenditure on contaminated land, whilst a beneficial position on the General Fund Revenue Account has enabled the opportunity to increase the sum held as a contingency against a possible reduction in benefit subsidy.

5.5   Within 'Other reserves', spending amounted to £2.412 million. Of this £2.279 million related to spending on repairs and maintenance on the Council's housing stock. A further £53,000 was spent on work on the Local Development Framework, on the maintenance of assets and community development schemes. Contributions into these reserves amounted to £2.775 million in total. Again the largest element of this related to the annual contribution of £2.310 million going into the Housing Repairs Fund. However, there are a number of service budgets where it was not possible to spend the budget allocation in the year, for example, vacancies within the Leisure and Community Development Division have led to some under-spends within Grounds Maintenance and Community budgets. In this example, funding has been set aside to enable work on the Green Space Strategy and community projects to be progressed during the coming year.

6   **Movement on Capital Reserves in 2009/10**

6.1   During the year, income of £2.051 million went into reserves held for capital purposes. The majority of this, £1.715 million, related to the Major Repairs Allowance. Grant funding of £0.201 million was received towards energy improvement schemes within the Council's own housing stock, and from the regional housing pot, for use in improving private sector properties. The majority of the remaining income related to approved funding set aside from revenue for the future replacement of General Fund assets.

6.2   Within the year reserves of £2.433 million were used, with £1.732 million relating to the use of the Major Repairs Allowance, £145,000 funding from the Regional Housing Pot for private sector properties and the use of grant income of £113,000 for energy improvement schemes in Council housing. Other use related to reserves that had previously been set aside from revenue to fund capital schemes.

7   **Proposed Use of Reserves in 2010/11**

7.1   The use of some reserves in the current year is unknown, due to uncertainty over the outcome and timing of some projects, for example, the work on environmental issues and the Business Improvement District.

7.2   However, the main expenditure expected to be funded from reserves in the current year is indicated below:

- Expenditure on the Council's housing stock, using the Housing Repairs Reserve (revenue)

- Projects will be progressed where specific funding has been received, eg homelessness, planning delivery grant and the maintenance of land assets

- The Community and Economic Development funding will be used to continue work that is already in hand, or where plans are currently being put together

- The training reserve held for Member training may be needed to supplement the annual budget provision, depending on the development programme compiled

- Funding set aside for grounds maintenance will be used to progress the Green Space Strategy action plan, including work on areas such as allotments

- Expenditure on Intermediate Housing will continue

- Specialist employment advice and external investigators will be used, if necessary, to progress Human Resources issues

- Work on the Local Development Framework will progress in line with the approved timetable

- The insurance and sickness reserves will be used as and when they are needed

- Capital reserves will be used to support the agreed capital programme

- Bids on community schemes will be made to the Leader project during the year

8   **Assessment of Risk when Establishing Earmarked Reserves**

8.1   For the majority of earmarked reserves, there is little or no risk to the financial standing of the Council. Those established to manage the receipt of grant are generally clear-cut, as expenditure is matched very specifically to the income available. It has been recognised that an exception to this is Planning Delivery Grant, due to the Council's decision to commit to ongoing expenditure before actual amounts of grant were known. However, this is being managed with grant retained towards future commitments, and some reduction in staffing having already taken place.

8.2   Reserves set up to manage timing differences similarly lead to little risk. Funds set aside for expected shortfalls are used to manage the risk to the base budget and are estimated using the best available information and with a view to the anticipated timeframe involved. For example, the VAT reserve held would cover the VAT that could not be recovered, should the Authority exceed its exempt limit, for one year. This would allow corrective action to be taken in a planned way.

8.3   The use of the HR reserve is monitored throughout the year, due to some significant spend in the past. However there has been no use of this reserve in 2009/10. The reserve held to cover loss of benefit subsidy has been retained in case it is required following the 2009/10 claim. The 2008/09 claim has now been settled, with no loss of subsidy.

9   **Report Implications**

9.1   **Finance and Value for Money Implications**

9.1.1 Although the Council holds a number of additional reserves, these are earmarked for particular purposes. Some resources have been set aside to deal with new initiatives, but these will only provide one-off funding for schemes.

9.2   **Safer Communities Implications**

9.2.1 Funds held will contribute to meeting the objectives of the Council's Crime and Disorder Strategy.

9.3   **Environment and Sustainability Implications**

9.3.1   These funds contribute to the ongoing provision of Council services, but are one-off contributions to meet the costs of expenditure incurred.

9.4   **Risk Management Implications**

9.4.1   The Council assesses the risks involved in setting up any earmarked reserves, and agrees action, where appropriate.

9.5   **Links to Council's Priorities**

9.5.1   The use of reserves assists the Council on maximising its use of resources.

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

EARMARKED RESERVES FOR REVENUE PURPOSES

EXTERNAL FUNDING RECEIVED FOR SPECIFIC ACTIVITIES

Purpose of Reserve	Balance March 2009 £000	Cont'n to Reserve	Use of Reserve	Balance March 2010 £000
Community and Economic Development Projects – funding received for sport, art, health, crime and disorder, economic development and other community projects.	252	59	49	262
Planning Delivery Grant - Grant received from the government towards the provision of the planning service, which is earmarked to fund ongoing staff commitments.	358		162	196
Homelessness – towards homeless schemes within the Borough	41	34		75
Flood Recovery – to be used for the alleviation of flood damage	23		17	6
Environmental Sustainability - received towards work on climate change	23	22		45
Smoke Free Projects – to assist the implementation of smoke free legislation	21			21
Risk Management – an amount received from Zurich Municipal for risk management initiatives	20	7	4	23
Benefits – for benefits initiatives and to promote anti fraud campaigns	97	154	75	176
Maintenance of Assets – commuted sums received towards the maintenance of open space	43		6	37
Other – a third edition of North Talk and funding for the Building Control Partnership	14		5	9
TOTAL	**892**	**276**	**318**	**850**

APPROVED GROWTH NOT YET SPENT

Purpose of Reserve	Balance March 2009 £000	Contribution to Reserve	Use of Reserve	Balance March 2010 £000
Leader Project – match funding set aside for use once the project is underway	-	25		25
Borough Care - one-off funding approved for the expansion of the service, which has not yet been used.	35			35
Parish Plans - support to enable parishes to produce their own plans. Progress on this scheme has been slower than anticipated.	25			25
Environmental Issues – approved funding which hasn't yet been used, due to lack of capacity / the need to identify a specific agenda	49			49
Business Improvement Districts - Funding set aside to cover a Business Improvement District scheme, if there is sufficient interest from the business community.	18			18
Other – approved for land drainage work, flexible working and a wellness centre.	23		1	22
TOTAL	**150**	**25**	**1**	**174**

CONTINGENCIES

Purpose of Reserve	Balance March 2009 £000	Contribution to Reserve	Use of Reserve	Balance March 2010 £000
Contaminated Land – in the event that the Council has to deal with contaminated land issues, there is no provision in the base budget. This contingency would enable some work to take place.	51	21	3	69
VAT - If the Council goes above its de minimis level, it will not be able to reclaim all its VAT. The reserve has meant that provision is not needed in the annual revenue budget.	50			50
Emergency Planning – under-spends against the annual budget have been set aside to build up a small contingency.	7			7
Benefits – this provides cover in case the Council has to repay a proportion of the grant income received towards benefit payments.	76	57		133
Concessionary Fares – in case the outcome of the judicial review is unfavourable.	83			83
TOTAL	**267**	**78**	**3**	**342**

Purpose of Reserve	Balance March 2009 £000	Contribution to Reserve	Use of Reserve	Balance March 2010 £000
Local Development Framework –Planning fee income rose significantly in 2006/07 to support additional spending on planning and the Local Development Framework, in place of the PDG grant previously received. Some of this income was set aside to cover future expenditure. A revised grant scheme from 2008/09 onwards, rewards the Council for having completed specified pieces of work, and this has enabled the contribution in the year.	411	82	53	440
Housing Repairs Fund – The Council undertakes general repairs and maintenance on its housing stock and this fund contributes to the costs of these repairs.	145	2,310	2,279	176
New Initiatives – This reserve is to provide 'pump priming' for the initial costs that arise from new initiatives, which will ultimately reduce existing costs. Savings achieved will be used to repay the contribution from the reserve, so that other services will have similar opportunities to implement new schemes.	218	66	17	267
Community and Economic Development Schemes - funding set aside for social inclusion schemes involving sport, art and health. Also to be used to complete Crime and Disorder initiatives such as Communities Against Drugs.	52	13	20	45
Green Space Strategy – Some funding set aside to enable tree works and a review of the grounds maintenance service. The remainder to progress actions identified within the Green Space Strategy action plan.	95	116		211
Leasing – Leases for a number of vehicles were only finalised after the vehicles were already in use. This meant that charges included within the revenue account in the first year of operation covered a different period to the actual leasing payment made. The difference was set-aside in this reserve, to cover the outstanding costs at the end of the lease, arising from the timing difference.	54	72	2	124
Maintenance of Council Assets – the Council has to carry out revenue repairs and maintenance on an ongoing basis to its property, vehicles and other facilities. Funds have been set aside to provide funding for unexpected and non-regular repairs.	67	1	23	45
Cover for Frozen Posts – in light of the current financial strategy, the decision was taken to freeze vacant posts, unless services could demonstrate the need for immediate replacement. However if the decision to freeze posts causes unexpected issues, there may be a need to bring in at least temporary cover.	122			122
Purpose of Reserve	**Balance**	**Contribution**	**Use of**	**Balance**

	March 2009 £000	to Reserve	Reserve	March 2010 £000
Audit – As the Authority does not have the capacity in house to cover computer audit work, provision has been set aside to allow the employment of external auditors. In addition, the reserve includes provision to cover current audit arrangements where payments are still outstanding.	15	23		38
Training – The maintenance of this reserve has allowed fluctuations in annual training to be managed, so that training and development is provided when required rather than when funding is available.	43	13		56
Consultation – There is continuing pressure to consult with residents of the Borough and service users. The requirement to consult varies from year to year and the reserve allows fluctuations between years to be managed, without affecting other revenue spending.	43			43
Amenity Cleaning – Additional provision approved for this service has not been spent to date, and has been set-aside to cover future work.	36	13		49
Electricity – to allow the increase needed in the base budget for utility costs to be introduced over a period of time	71			71
Senior Management Restructure – to fund one-off costs arising from the restructure.	33			33
Recycling – to cover additional costs that may arise from some recycling activities	43			43
Human Resources – funding to cover the cost of employment law specialists and external investigators is needed on an ad hoc basis.	50			50
Area Forums – Funds held by area forums, which have not yet been allocated.	9		3	6
Insurance – to cover the additional excess costs borne by the Council, as a result of increasing the levels, to take advantage of lower premiums	41	1	2	40
Miscellaneous – This covers a number of small reserves which do not fall into the other categories, including the sickness fund, flexible working, clean neighbourhoods	108	65	13	160
Housing Act Advances – income set aside to cover the costs of administering housing act advances over the full life of the mortgages approved	55			55
TOTAL	**1,711**	**2,775**	**2,412**	**2,074**

EARMARKED RESERVES FOR CAPITAL PURPOSES

CAPITAL SPENDING / ASSET REPLACEMENT

Purpose of Reserve	Balance March 2009 £000	Contribution to Reserve	Use of Reserve	Balance March 2010 £000
GF Capital – this reserve is used to fund capital expenditure on General Fund schemes, eg works on Council buildings or the replacement of software.	916	33	332	617
Play Area Replacement – revenue funding is set aside each year, to ensure there are sufficient resources to replace the refurbished play areas in the future	69	34		103
Equipment Replacement - This sum has been earmarked for the future replacement of PCs, leisure equipment and CCTV equipment.	219	40	94	165
Vehicle Replacement – some funding has been set aside for the replacement of the refuse vehicles originally purchased by WCC	45	15		60
Pool Reserve (Lottery) – as part of the award of lottery funding towards the refurbishment of Atherstone Pool, the Council agreed to set aside some funds on an annual basis towards the replacement of the plant within the facility	74	12		86
Regional Housing Pot – external funding has been received from the Government Office towards housing schemes within the Borough, such as Decent Homes work on private sector properties	273	120	145	248
Energy Improvement Grants – the Council has been successful in obtaining grant funding towards energy improvement schemes	32	81	113	-
Housing Software - additional funding was approved for further modules on the IBS system and for choice based lettings software	50			50
HRA Capital – this reserve is used to fund capital expenditure on the Council's housing stock.	16	1	17	-
Major Repairs Reserve – The Government has made a Major Repairs Allowance available to the Council which is ring fenced to fund capital expenditure on the Council's Housing Stock.	17	1,715	1,732	-
TOTAL	1,711	2,051	2,433	1,329

Agenda Item No 17

Executive Board

28 June 2010

Report of the   **Value For Money and Efficiency**
Director of Resources   **Update 2009/10**

1   **Summary**

1.1   The report details the Council's Value For Money (VFM) efficiency
       achievements in 2009/10. It also details the progress made against the
       2009/10 VFM Action Plan and proposes a new VFM Action Plan for 2010/11.

Recommendation to the Council

**a   That the Board notes the VFM Efficiency gains for 2009/10 to
          be reported to the CLG, as shown in Appendix A;**

**b   That the progress made against the 2009/10 VFM Action Plan
          be noted; and**

**c   That the VFM Action Plan for 2010/11, as shown in Appendix
          B, be approved.**

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2   **Consultation**

2.1   **Portfolio Holder, Shadow Portfolio Holder and Ward Members**

2.1.1 Councillors Bowden and Butcher have been informally consulted and any
       response will be verbally updated at the meeting.

3   **Introduction**

3.1   Following on from the Government's initial 3-year Gershon Efficiency Agenda
       in 2004, a new VFM Efficiency Agenda was introduced covering the years
       2008 to 2010. The new scheme is less prescriptive and less bureaucratic and
       allows the Council to set its own target, albeit that it expects the Local
       Government sector in total to achieve savings of 3% per annum and that all of
       the savings must be cash related.

3.2   Taking into account the position on the General Fund revenue budget, the
       capital budget and the overall need to find savings to balance the budget, the
       Council set itself a savings target in 2008/09 of £460,000 per annum for the 3-
       year period.

3.3 However, as part of the aftermath of the economic crisis and the subsequent increase in central government spending, the last budget increased the required savings to 4% in 2010/11. This has meant that the cumulative savings expected to have been achieved by March 2011 are now just under £1.6m. This is indicated at Appendix A.

3.4 As with the previous scheme, the savings have been generated from all of the divisions and essentially relate to either working in more efficient ways, better procurement or improved asset management.

3.5 Although the reporting of these savings is not as detailed as previously, the overall total savings generated is now a national indicator (NI 179) and as such will be reported to the CLG in July as part of the National Indicator reporting process.

4 **2009/10 Efficiency Savings**

4.1 Appendix A shows a detailed breakdown of the efficiencies achieved during 2008/09 and 2009/10 along with those expected next year.

4.2 Appendix A shows efficiencies of £622,000 in 2008/09 (against a target of £460,000) and £1,358,000 in 2009/10 (against a target of £935,000). The appendix also shows the estimated cumulative savings figure for 2010/11. Overall the Council has currently identified £1,678,000 efficiencies against a 3-year cumulative target of £1,575,000. However, there needs to be careful monitoring of these schemes to ensure that they are actually still in place in March 2011.

4.3 Each division played its role in the overall Council position and the table below breaks down the efficiencies by division:

Division	Amount £
Leisure & Community Development	26,860
Finance & HR	217,470
Housing	711,260
Information Services & Procurement	171,880
Planning	164,030
Assistant Chief Executive	100,130
Revenues and Benefits	135,250
Streetscape	150,950
TOTAL	**1,677,830**

4.4   There are also several distinct themes of the savings that have been generated, detailed in the table below:

Type of Saving	Amount
Better Procurement	653,180
Improved Processes (changes in working practices or staff restructures)	989,820
Asset Management	34,830
TOTAL	**1,677,830**

4.5   Not only have these schemes met the Government's requirements, but they have also been part of the savings programme required at North Warwickshire to ensure we retain a balanced budget. As with the last few years, the officer Efficiency Working Party will continue to identify savings and monitor their progress, with regular reports being brought to this Board.

5   **VFM Action Plan 2009/10**

5.1   The 2009/10 VFM Action Plan was approved by the Executive Board in June 2009. Since then, the Efficiency Working Party, a cross divisional group made up of senior officers, has been reviewing the plan to ensure that it has been achieved.

5.2   Value for Money Reviews continued to happen in 2009/10 with the Refuse and Recycling, Telephone and Housing Maintenance reports being taken to the relevant boards in the year. Other reviews have been moving along but not completed yet, namely that of Sport and Recreation and Parks and Open Spaces. However, there has been some delay on the Corporate and Democratic Core, Finance and HR and Car Parks reviews which will be rolled over into 2010/11.

5.3   A report was brought to this Board in November detailing the Councils overall VFM position and recommending new reviews to be completed in 2010/11 where costs were either higher than average or performance lower. Work has already started on these and are expected to be completed to timetable.

5.4   The Council has also exceeded the cumulative cash efficiency saving target set by the government for 2009/10 by over £400,000.

5.5   Work continued to identify, monitor and report unit costs as a way of ensuring that cost are behaving as expected and more detailed costing information of other local authorities was purchased which has assisted in the benchmarking element of the VFM Reviews.

5.6   Procurement has continued to have a high profile in ensuring VFM with an updated Procurement Strategy being approved and work under way with the Regional Improvement and Efficiency Partnership to raise the awareness of the need to procure within legal guidelines and following best practice.

5.7 Work has also started in 2009/10 to develop a set of Corporate Customer Standards which will be finalised in 2010/11 to ensure that services are as effective as possible and training has been undertaken within the Council to look at the possibility of introducing "lean systems thinking" to improve working processes. This training has already been put into practice within several areas of the Council, in particular within the Housing Division, the impact of which will be reported later in 2010/11.

6 **VFM Action Plan 201011**

6.1 Now that the existing action plan has been completed, there is a need to continue with the VFM work in line with the current efficiency agenda. The 2010/11 plan shown at Appendix B takes into account on-going tasks from the first action plan, such as carrying out VFM reviews and agreeing a procurement savings target. It also re-affirms the Councils requirement to identify cash savings, make sure processes are efficient as possible and that ensure that customers receive the level and standard of service that they expect.

6.2 The Efficiency Working Party will monitor the achievement of this action plan and an update report will be brought to this Board next year.

7 **Report Implications**

7.1 **Value For Money and Financial Implications**

7.1.1 The efficiencies expected to be generated from 2008/09 to 2010/11 are in the region of £1.678m, just exceeding the Government's target. However, careful management by officers to ensure that these efficiencies remain will be required. These efficiencies will also assist the Council in achieving its budgeted savings programme and also focus services on becoming more customer-facing as a way of improving satisfaction.

7.2 **Environment and Sustainability Implications**

7.2.1 The identification of efficiencies contributes towards sustainability by ensuring that appropriate resources are available to provide services which help improve the quality of life for the communities of North Warwickshire. The application of sustainability principles can help the Council be more efficient and effective.

7.3 **Human Resource Implications**

7.3.1 The efficiency agenda has significant implications for staff, particularly in the way people work and the need to change current practices. It will be necessary to ensure managers have the necessary skills to deliver the efficiency agenda.

7.4   **Equality implications**

7.4.1 Equality Impact Assessments will be carried out and updated to identify any adverse impact in implementing value for money reviews

The Contact Officer for this report is Sara Haslam (719489).

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			

CSR 07 Efficiencies		ACTUALS 2008-09	ACTUALS 2009-10	CUMULATIVE ESTIMATE 2010-11
Finance	Freezing of Accountant post		36,790	37,342
Finance	Staff Advertising		50,000	50,750
Finance	Shared Payroll Service		8,000	20,000
Finance	Adverts for members surgeries		0	9,000
Finance	Frozen Audit post		900	11,600
Finance	Insurance	76,260	77,023	78,178
Finance	Reduction in Members SRA		6,530	6,628
Finance	Corporate Subscriptions		3,910	3,969
Housing	Sale of Land - Rectory Cottages, Arley		0	6,150
Housing	Sale of Land - Lister Road		0	1,200
Housing	Sale of Land - Meadow Street Land			500
Housing	Sale of Land - Warton			1,000
Housing	Convert to Flat - St Benedicts, Atherstone	2,460	2,583	2,661
Housing	Convert to Flat - Chancery Court		0	2,661
Housing	Convert to Flat - Heather Court		0	2,661
Housing	Atherstone			2,790
Housing	Boro Care partnership with NBBC	19,550	19,847	20,544
Housing	Decommission old wired Borough Care system	4,790	24,082	24,443
Housing	Housing DSO restructure	126,000	131,334	133,304
Housing	Housing Caretaker/Cleaning restructure	14,000	16,902	17,156
Housing	Repairs/contracts/DSO section staff changes	23,820	69,520	111,752
Housing	Housing DSO materials			12,000
Housing	Savings on Housing capital contract from Lovells	163,000	370,000	370,000
Housing	New window cleaning contract		2,400	2,436
Info Services	Administration Review		28,000	39,000
Info Services	Frozen Help Desk post		6,940	12,680
Info Services	New stationery supplies	2,000	2,040	2,071
Info Services	Improved telephone charges	2,950	11,948	12,127
Info Services	PPE and H&S equip			3,000
Info Services	New blackberry contract			1,000
Info Services	New photocopying contract	11,865	18,583	18,862
Info Services	General software maint reductions			6,000
Info Services	Reduced Steria IT recharge for Contact Centre		4,835	36,772
Info Services	New Mobile Phones contract		0	2,000
Info Services	PC purchase via WCC	500	1,000	1,015
Info Services	Central Services post deleted			19,020
Info Services	Reduction in Ascertus maint contract		3,940	3,999
Info Services	Postage changed to TNT			11,340
Info Services	Reduce printer consumables			3,000
Leis & Comm Dev	Frozen Community Development posts		24,825	25,197
Leis & Comm Dev	Improved telephone charges	1,600	1,632	1,656
Planning	Senior Management Restructure	0	92,327	88,563
Planning	Consultation documents postage	1,000	1,020	1,035
Planning	SX3 reduced maintenance costs	500	510	518
Planning	Frozen Planning posts		69,950	70,999
Planning	Scanning in house	2,830	2,858	2,915
Regulatory	Senior Management Restructure		61,363	72,690
Regulatory	Env Health Frozen Posts		22,800	27,440
Revs & Bens	Increased no. of benefits claimants with same staff	127,000	133,266	135,265
Streetscape	Low inflation in kerb side collection service		1,670	1,695
Streetscape	Sale of Land - Coleshill Car Park	250	250	250
Streetscape	Sale of Land - Coleshill Car Park			11,000
Streetscape	Use of Council House for weddings and meetings	3,930	3,150	3,197
Streetscape	Sale of Arts Centre		760	760
Streetscape	Reduced costs of cleaning council offices	8,520	6,466	6,563
Streetscape	Refuse boxes and bags		1,150	1,167
Streetscape	Cleaning materials (GF buildings)		1,400	1,421
Streetscape	Agency Workers	10,140	10,241	10,395
Streetscape	Skip Hire			3,000
Streetscape	Fire and security maint contracts combined			5,000
Streetscape	Lease costs of vans	19,080	19,080	19,080
Streetscape	Refuse DSO staff restructure		6,610	27,670
Streetscape	Shared Transport Manager			13,750
Streetscape	Transport, fleet mgt and fuel			10,000
Streetscape	Re-negotiation of dry recycling contract			36,000
	TOTAL	622,045	1,358,434	1,677,835
	SAVINGS TARGET	459,643	934,607	1,575,502
	VARIANCE ABOVE TARGET	162,402	423,827	102,333

Action Service Reviews	By When	By Whom	Measurable Outcome
Value For Money Reviews			
Complete ALL prior years reviews	Dec-10	AD's	Reports to Efficiency Working Party and relevant Board
Complete reviews identified for 2010-11 - Housing Management, Facilities Management, Contact Centre, Procurement and Legal Services	Mar-11	AD's	Reports to Efficiency Working Party and relevant Board
Monitor post VfM review action plans	At each meeting	All ADs	Report to the Efficiency Working Party
Reporting Value For Money Progress			
Complete NI 179 estimate	Oct-10	Corporate Accountant	Completed return
Complete NI 179 actual	Jul-10	Corporate Accountant	Completed return
Report to the Executive Board on the progress of VfM performance and identify the new set of VfM reviews to be carried out in 2011-12. Include CIPFA nearest neighbours grouping in the VfM analysis	Nov-10	Director of Resources and Corporate Accountant	Report to Board
Analysis of Value For Money Data			
Evaluate the adherence to the Data Quality Strategy	Dec-10	Internal Audit	Report produced

Value For Money and Efficiency Action Plan 2010-11

Action Service Reviews	By When	By Whom	Measurable Outcome
Continue to monitor unit costs of key service areas, look at the trends of these costs and benchmark against similar organisations. Embed the process within the monthly budget monitoring cycle	On going	Corporate Accountant	Unit cost information included on budget hotspots report and BCR Board reports
Continue to purchase RO and RA data from VfM Data Group, distribute the key data to AD's	Dec-10	Corporate Accountant	Key service cost data to AD's
Economy and Purchasing			
Set a new efficiency target for procurement for 2010-11	Jun-10	Director of Resources and AD (Corporate Services)	Target reported to Efficiency Working Party
Have an updated Procurement Strategy approved	Jun-10	AD (Corporate Services)	Report to Board
Have 22% of spend via previously fully tendered contracts (Framework & Collaborative Contracts)	Mar-11	AD (Corporate Services)	Report to the Efficiency Working Party
Savings Group to review spending to patterns with a view to identifying further savings	Jul-10	Savings Group	Feed into the Financial Strategy
Efficiency of Processes			
Complete the use of lean or systems thinking within the housing divisions and report back to the VfM group on the project learning points and outcomes	Dec-10	AD (Housing)	Report to the Efficiency Working Party
Effectiveness			

Value For Money and Efficiency Action Plan 2010-11   **Appendix B**

Action Service Reviews	By When	By Whom	Measurable Outcome
Develop the use of the Mosaic Data to monitor whether target groups are using the services expected and to focus marketing material on target groups	Sep-10	AD (Revenues and Benefits)	Report to the Efficiency Working Party
Produce information in North Talk showing where money has been spent	Dec-10	AD (Finance and HR)	Article in North Talk
Produce transactional information to the public that shows where money is spent	01/01/2011 (Gov't Target Date)	AD (Corporate Services)	Information document available to the public
General			
Ensure efficiency group meets at least three times per annum to monitor progress of this action plan	Jul-10	Corporate Accountant	Meetings for the year booked on outlook
Establish a central log to record VfM evidence throughout the year and include an update on this list at each Efficiency Working Party meeting	May-10	Corporate Accountant	List on TRIM and minutes of meetings
Have a set of Corporate Customer Service Standards	Jan-10	Corporate Communications Group	Report to the Efficiency Working Party and Executive Board
Communicate VfM agenda to staff via internal communications to re-emphasise the programme	Dec-10	Corporate Accountant	Article in Insider