

**To: Deputy Leader and Members of the Resources Board
(Councillors Moore, Butcher, Davis, N Dirveiks,
Forwood, Holland, Johnston, Smith and Winter)
For the information of other Members of the Council**

For general enquiries please contact Emma Humphreys/Amanda Tonks on 01827 719221 or via email – emmahumphreys@northwarks.gov.uk or amandatonks@northwarks.gov.uk.

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

This document can be made available in large print and electronic accessible formats if requested.

RESOURCES BOARD AGENDA

2 September 2013

The Resources Board will meet in the Committee Room at The Council House, South Street, Atherstone, Warwickshire on Monday, 2 September 2013 at 6.30pm.

AGENDA

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

4 **Request for discussion and approval of remaining En Bloc items.**

5 **Public Participation**

Up to twenty minutes will be set aside for members of the public to ask questions or to put their views to elected Members. Participants are restricted to five minutes each. If you wish to speak at the meeting please contact Amanda Tonks/Emma Humphreys on 01827 719221 or email democraticservices@northwarks.gov.uk.

6 **Minutes of the Resources Board held on 25 March and 3 June 2013** – copies herewith, to be approved as a correct record and signed by the Chairman.

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

7 **A Review of the Effectiveness of Internal Audit 2012-13** – Report of the Deputy Chief Executive

Summary

The report allows the Board to consider the annual review of the effectiveness of the system of Internal Audit.

The Contact Officer for this report is Barbara Haswell (719416).

8 **Public Sector Internal Audit Standards 2013** – Report of the Deputy Chief Executive

Summary

The report informs Members of changes to the Internal Audit Standards that came into effect from 1 April 2013.

The Contact Officer for this report is Barbara Haswell (719416)

9 **Treasury Management Update Quarter 1 2013/14** – Report of the Assistant Director (Finance and Human Resources)

Summary

This report shows the Treasury Management activity during the first three months of 2013/14.

The Contact Officer for this report is Carl Ford (719379).

- 10 **Capital Programme 2013/14 Quarter 1 Update** – Report of the Assistant Director (Finance and Human Resources)

The report updates Members on the progress of the 2013/14 Capital Programme in terms of expenditure.

The Contact Officer for this report is Carl Ford (719379)

- 11 **Budgetary Control Report 2013/14 Period Ended 31 July 2013** – Report of the Assistant Director (Finance and Human Resources)

Summary

The report covers revenue expenditure and income for the period from 1 April 2013 to 31 July 2013. The 2013/14 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).

- 12 **Consolidated Budgetary Control Report 2013/14 - Period Ended 31 July 2013** – Report of the Assistant Director (Finance and Human Resources)

Summary

The report covers total Council General Fund revenue expenditure and income for the period from 1 April 2013 to 31 July 2013.

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

- 13 **Housing Revenue Account Budgetary Control Report 2013/14 Period Ended 31 July 2013** – Report of the Assistant Director (Finance and Human Resources)

Summary

The report covers total Housing Revenue Account revenue expenditure and income for the period from 1 April to 31 July 2013.

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

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

- 14 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April - June 2013** - Report of the Chief Executive and the Deputy Chief Executive

Summary

This report informs Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April to June 2013.

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

- 15 **Borough Care Service Review** – Report of the Assistant Director (Housing)

Summary

This report provides the Board with an update on the progress of the review of the Borough Care service.

The Contact Officer for this report is Angela Coates (719369).

- 16 **Internal Audit – Performance for 2012-13** – Report of the Deputy Chief Executive

Summary

The report allows the Board to monitor the progress of the Council's Internal Audit function against the agreed plan of work for the year.

The Contact Officer for this report is Barbara Haswell (719416).

- 17 **Internal Audit – Performance for First Quarter 2013-14** – Report of the Deputy Chief Executive

Summary

The report allows the Board to monitor the progress of the Council's Internal Audit function against the agreed plan of work for the year.

The Contact Officer for this report is Barbara Haswell (719416).

- 18 **Minutes of the Housing Sub-Committee held on 8 July 2013** - copy herewith to be received and noted.

**PART C – EXEMPT INFORMATION
(GOLD PAPERS)**

19 **Exclusion of the Public and Press**

Recommendation:

That under Section 110A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.

20 **Irrecoverable Local Taxation Debts** – Report of the Assistant Chief Executive – Community Services

The Contact Officer for this report is Mike Shaw (719338).

21 **Housing Matters** – Report of the Assistant Director (Housing)

The Contact Officer for this report is Angela Coates (719369).

JERRY HUTCHINSON
Chief Executive

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE RESOURCES BOARD

25 March 2013

Present: Councillor Moore in the Chair

Councillors Butcher, Davis N Dirveiks, Forwood, Johnston, Smith and Winter.

An apology for absence was received from Councillor Holland.

Councillors B Moss and Pickard were also in attendance.

82 **Disclosable Pecuniary and Non-Pecuniary Interests**

None were declared at the meeting.

83 **Minutes of the Resources Board held on 28 January 2013**

The minutes of the meeting of the Board held on 28 January 2013, copies having previously been circulated, were approved as a correct record subject to the addition of Councillor Butcher in the list of those present, and signed by the Chairman.

84 **Land at Waverton Avenue, Warton**

The Assistant Director (Leisure and Community Development) sought approval for the transfer of land at Waverton Avenue in Warton from the Housing Revenue Account to the General Fund, in order that the use of the land for allotments could be protected in the future.

Resolved:

That, in order that the use of the land for allotments be protected in the future, the transfer of land at Waverton Avenue in Warton from the Housing Revenue Account to the General Fund be approved.

85 **Review of Grounds Maintenance Service for Council Sheltered Schemes**

The Assistant Director (Housing) reported on a review of the grounds maintenance service delivered to Council sheltered schemes and flats.

Resolved:

- a That the review of the grounds maintenance service to sheltered schemes and flats be noted; and**
- b That the request for a growth bid for the grounds maintenance pilot scheme of £20,832 for 2013/14 only be agreed.**

86 Asbestos Management Plan – Housing Division

The Assistant Director (Housing) provided the Board with information about the Council's duties with regard to managing asbestos in its housing stock and the proposed new arrangements to undertake the relevant surveys required to manage asbestos in domestic and non domestic premises.

Resolved:

- a That the proposal to employ two agency members of staff for a period of two years to undertake asbestos surveys be approved; and**
- b That a growth bid of £74,900 for 2013-14 and 2014-15 be approved to cover the costs of employing the agency employees.**

87 Adoption of a Revised Discretionary Housing Payment Policy

The Assistant Chief Executive (Community Services) requested that the Council adopts a revised Discretionary Housing Payment Policy (DHP) to reflect the changes in Housing and Council Tax Benefit as well as the wider welfare reforms that take effect on 1 April 2013.

Recommended:

That the Discretionary Housing Payment (DHP) policy as attached at Appendix A to the report of the Assistant Chief Executive (Community Services) be approved.

88 Adoption of an Updated Prosecution and Sanctions Policy

The Assistant Chief Executive (Community Services) requested that the Council adopts the updated Prosecution and Sanction Policy which was necessary due to changes introduced as part of the wider Welfare Reform agenda and to reflect up to date practices.

Recommended:

That the Fraud Prosecution and Sanctions Policy as attached at Appendix A to the report of the Assistant Chief Executive (Community Services) be adopted.

89 Adoption of a Council Tax Discretionary Discount Policy

The Assistant Chief Executive (Community Services) requested that the Council adopts the Council Tax Discretionary Discount Policy which was necessary due to a recent National Local Ombudsman decision in which its recommendations stated that all Councils should have a stated policy around adopting local Council Tax discounts.

Recommended:

That the Council Tax Discretionary Discount Policy as attached at Appendix A to the report of the Assistant Chief Executive (Community Services) be adopted.

90 Corporate Debt Strategy

The Assistant Chief Executive (Community Services) sought approval for a revised Corporate Debt Strategy, originally adopted by the Board in July 2007, which outlined how the Council would approach customers who owed multiple debts to the Council.

Resolved:

That the Corporate Debt Framework as attached at Appendix A to the report of the Assistant Chief Executive (Community Services) be adopted with immediate effect.

91 Internal Audit – Performance for Third Quarter 2012-13

The Deputy Chief Executive reported on the progress made by the Council's Internal Audit function against the agreed plan of work for 2012-13.

Resolved:

That the report be noted.

92 Financial Inclusion Activity Update

The Assistant Chief Executive (Community Services) updated Members on the Financial Inclusion activity undertaken by the Council and its partners in the last twelve months.

Resolved:

That the report be noted.

93 Minutes of the Housing Sub-Committee held on 4 February 2013

The minutes of the Housing Sub-Committee held on 4 February 2013 were received and noted.

94 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 items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.

95 Irrecoverable Local Taxation and Housing Debts

The Assistant Chief Executive (Community Services) detailed the amounts recommended for write off, in accordance with the write off policy agreed by the former Finance Sub-Committee in September 2000.

Resolved:

- a That the write off of 7 balances over £1,500, totalling £21,051.30 in respect of unpaid Council Tax be approved;**
- b That the write off of 42 balances over £1,500, totalling £292,359.87 in respect of unpaid Non Domestic Rates be approved;**
- c That the write off of 4 balances over £1,500, totalling £65,803.23 in respect of overpaid Housing Benefit be approved;**
- d That the write off of 1 balance under £1,500, totalling £384.52 in respect of unpaid Council Tax be noted;**
- e That the write off of 15 balances under £1,500, totalling £5,746.89 in respect of unpaid Non Domestic Rates be noted;**
- f That the write off of 103 balances under £1,500, totalling £14,428.28 in respect of overpaid Housing Benefit be noted;**

- g That the write back of 1 balance totalling £529.88, in respect of unpaid Council Tax be noted; and**
- h That the write back of 1 balance totalling £58.26 in respect of overpaid Housing Benefit be noted.**

96 Adoption of an Updated Write Off Policy

The Assistant Chief Executive (Community Services) sought approval for an update to the Council's "Write Off Policy" that was adopted in September 2000, to ensure consistent practices were followed in respect of those debts administered within the Community Services Division.

Recommended:

- a That the updated Write Off Policy as attached at Appendix A to the report of the Assistant Chief Executive (Community Services) be approved;**
- b That the Assistant Chief Executive (Community Services) delegated authority to write off debts be increased to £5,000 in respect of Council Tax, Non Domestic Rates and Housing Benefit Overpayments with effect from April 2013; and**
- c That the Financial Regulations be updated to reflect the revision in delegated authority.**

97 The Arcade

The Assistant Director (Streetscape) updated Members on the discussions and correspondence with Atherstone Town Council around the conditions of sale of The Arcade and Members were asked to consider a way forward.

Resolved:

- a That delegated authority be given to the Assistant Director (Streetscape) in consultation with the Leader of the Council and the Chairman of Resources Board to negotiate and agree the conditions of sale of The Arcade; and**
- b That should such agreement not be reached within one month from the date of this Board, The Arcade be placed for sale on the open market.**

98 Sale of Land

The Assistant Director (Streetscape) updated Members on progress to date with the sale of land adjacent to 40 Kiln Way, Polesworth and the Board was asked to consider the latest revised offer.

Resolved:

That the revised offer set out in paragraph 3.3 of the report of the Assistant Director (Streetscape) for the plot of land adjacent to 40 Kiln Way, Polesworth be accepted.

J Moore
Chairman

NORTH WARWICKSHIRE BOROUGH COUNCIL

MINUTES OF THE RESOURCES BOARD

3 June 2013

Present: Councillor Moore in the Chair

Councillors Barber, Butcher, Davis N Dirveiks, Johnston and Winter.

An apology for absence was received from Councillor Smith (substitute Councillor Barber).

Councillor Humphreys was also in attendance.

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

None were declared at the meeting.

2 **Internal Audit – Plan of Work for 2013-14**

The Deputy Chief Executive explained the basis upon which the Audit Plan for 2013-14 had been developed, using a variety of sources of information to ensure that all appropriate aspects of service activity were embraced as part of the approved three year review programme.

Resolved:

That the Audit Plan for 2013-14 be approved.

3 **Accreditation Costs for Borough Care Service**

The Assistant Director (Housing) informed the Board about the process for achieving accreditation for the Borough Care service and the costs involved.

Resolved:

That the application for accreditation for Borough Care be supported and the budgetary requirement to enable the application to be made be agreed.

4 **Procurement and Commissioning Strategy 2013-2017**

The Assistant Director (Corporate Services) presented the draft Procurement and Commissioning Strategy 2013-2017 to Members for their consideration, comment and approval.

Resolved:

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

5 Membership of the Borough Care Task and Finish Group

The Board was asked to consider the membership of the Borough Care Task and Finish Group for the ensuing year.

Resolved:

That for 2013/14 the membership of the Borough Care Task and Finish Group comprise Councillors Winter, Moore, Pickard, Phillips, Hayfield, Johnston, Smith and Fox.

6 Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April-March 2013

The Chief Executive and the Deputy Chief Executive informed Members of the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April 2012 to March 2013.

Resolved:

That the progress with the achievement of the Corporate Plan and Performance Indicator targets relevant to the Resources Board for April 2012 to March 2013 be noted.

7 Customer Relationship Management (CRM) System Replacement

The Assistant Director (Corporate Services) informed Members that the contract for the current Customer Relationship Management (CRM system) would end in March 2014 and gave an update on the procurement of a replacement system.

Resolved:

That the report be noted.

8 Annual Treasury Report for 2012/13

The Deputy Chief Executive detailed the out-turn for 2012/13 and highlighted areas of significance.

Recommended:

a That the Annual Treasury Report be approved; and

Resolved:

b That the Annual Treasury Report be noted..

9 Members' Allowances Out-turn for 2012/13

The Assistant Director (Finance and Human Resources) advised Members of the allowances paid for 2012/13.

Resolved:

That the report be noted.

10 Risk Management Annual Report 2012/13

The Assistant Director (Finance and Human Resources) informed Members of the progress made on Risk Management during 2012/13.

Resolved:

That the report be noted.

11 Minutes of the Housing Sub-Committee held on 22 April 2013

The minutes of the Housing Sub-Committee held on 22 April 2013 were received and noted.

12 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 items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.

13 Incident Involving Asbestos

The Assistant Director (Housing) provided the Board with information about an incident involving asbestos in premises managed by the Housing Division.

Resolved:

a That the information about the incident be noted; and

b That the change to the capital budget to accommodate the increase in costs as a result of the incident be agreed.

14 **Revision of Housing Lettings Scheme – New Systems of Work**

That Assistant Director (Housing) detailed changes required to the staffing structure of the Pre Tenancy Team to reflect the new systems of work brought in by the revised Lettings Scheme.

Resolved:

That a growth bid against the Housing Revenue Account for the additional costs set out in Section 6 of the report of the Assistant Director (Housing) be agreed.

J Moore
Chairman

Agenda Item No 7

Resources Board

2 September 2013

**Report of the
Deputy Chief Executive**

**A Review of the Effectiveness of
Internal Audit 2012-13**

1 Summary

- 1.1 The report allows the Board to consider the annual review of the effectiveness of the system of Internal Audit.

Recommendation to the Board

That Members note the findings of the annual review of the effectiveness of the system of internal audit for 2012-13; and note that the system of internal audit is operating effectively and can be relied upon as reflected in the Annual Governance Statement for 2012-13.

2 Report

- 2.1 In accordance with the Accounts and Audit (Amendment) (England) Regulations 2006 the Council is required to undertake an annual review of the effectiveness of its system of Internal Audit.
- 2.2 CIPFA (Chartered Institute of Public Finance and Accountancy) have published a Code of Practice for Internal Audit in Local Government in the United Kingdom and this is widely accepted as the guidance that internal audit teams adhere to in best practice.
- 2.3 The Code encompasses eleven key areas (standards) of service delivery namely:

Scope of Internal Audit; Independence; Ethics for Auditors; Audit Committees; Relationships; Staffing, Training and Continuing Professional Development; Audit Strategy and Planning; Undertaking Audit Work; Due Professional Care; Reporting; and Performance Quality and Effectiveness. It also contains a prepared checklist for self assessment.

3 Review Details

3.1 The elements of this review are:

- A self assessment to determine compliance with the Code of Practice undertaken by the Head of Audit.
- Production of an Action Plan identifying where full compliance has not been achieved to ensure full compliance with the Code in future.
- The level of assurance placed upon the work of Internal Audit by the External Auditor.
- Report upon the results of any satisfaction questionnaires.
- Report upon any other performance indicators collected in respect of Internal Audit.

4 Review Results

4.1 The Internal Audit service has been judged against the eleven standards highlighted above. The table below details the number of areas where Internal Audit is judged to be fully compliant (99%), partially compliant (1%) or not compliant (0%).

| Standard | Description | Fully Compliant Areas | Partially Compliant Areas | Not Compliant Areas |
|----------|--------------------------------------|-----------------------|---------------------------|---------------------|
| 1 | Scope of Internal Audit | 20 | 0 | 0 |
| 2 | Independence | 11 | 0 | 0 |
| 3 | Ethics for Auditors | 11 | 0 | 0 |
| 4 | Audit Committees | 10 | 1 | 0 |
| 5 | Relationships | 14 | 0 | 0 |
| 6 | Staffing, training & CPD | 11 | 0 | 0 |
| 7 | Audit Strategy & Planning | 20 | 0 | 0 |
| 8 | Undertaking Audit Work | 18 | 0 | 0 |
| 9 | Due Professional Care | 11 | 0 | 0 |
| 10 | Reporting | 32 | 0 | 0 |
| 11 | Performance, Quality & Effectiveness | 24 | 1 | 0 |
| Totals | | 182 99% | 2 1% | 0 |

4.2 As can be seen above, 9 of the eleven standards are complied with in full and 2 partially.

4.3 For those areas of partial compliance none are considered to significantly affect the effectiveness of Internal Audit. However, an action plan has been created to address these areas. (See Appendix A).

4.4 The External Auditors (Price Waterhouse Coopers) have stated that they are able to place full reliance on the work of Internal Audit following their review carried out in April 2013.

4.5 In addition to the self assessment against the Code of Practice, other factors are deemed to be important when trying to determine the effectiveness of the system of internal audit. These include both qualitative and quantitative issues such as:

- Customer Satisfaction Questionnaires are issued to all managers after a final report has been issued to establish the quality and effectiveness of the review. In all those returned there was 100% satisfaction.
- Internal audit are required to achieve at least 90% of the Audit Plan. During 2012-13 90% of the Plan was completed.
- 100% of recommendations made were accepted by management and implemented.
- 90% of audits were completed by the set deadline and 72% completed within the time allowed, extended time due to extra work being agreed and undertaken.
- Benchmarking through CIPFA in 2011 showed that we compared favourably with our chosen comparators and nationally. It is considered adequate to benchmark every three years.

5 Report Implications

5.1 Risk Management Implications

5.1.1 Not complying with the Code of Practice for Internal Audit in Local Government will result in non compliance with the Accounts and Audit Regulations 2011.

5.2 Links to Council's Priorities

5.2.1 An effective, productive and compliant Internal Audit service will contribute to the Councils priority of "Making best use of resources through achieving a balanced budget and developing our workforce".

The Contact Officer for this report is Barbara Haswell (719416).

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 |
|---------------------|--------|----------------------------|------|
| | | | |

CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT IN LOCAL GOVERNMENT 2006

ACTION PLAN – COMPLIANCE WITH THE CODE

NB – This Action Plan details those areas where full compliance with the Code of Practice was not achieved in 2012-13, together with actions planned.

| Ref. | Adherence to the Standard | Findings 2012-13 | Outstanding Actions | Allocated to | Timescale |
|-------|---|---|--|--------------------------------------|------------|
| 4.1.1 | Does the organisation have an independent audit committee? | No but external auditors accept the role played by Resources Board and Executive Board. | Ensure that Boards act effectively as an audit committee. | Resources Board and Executive Board. | March 2014 |
| 4.2.4 | Does the Head of Internal Audit: <ul style="list-style-type: none"> Attend the committee and contribute to its agenda? Participate in the committee's review of its own remit and effectiveness? | No attendance at Board by Head of Audit as a matter of routine, represented by the Deputy CEO. HoA Meets with leading Board Members at least twice a year | None- system works as it is with attendance by Head of Audit when necessary. | | |

Agenda Item No 8

Resources Board

2 September 2013

Report of the
Deputy Chief Executive

Public Sector Internal Audit
Standards 2013

1 Summary

- 1.1 The report informs Members of changes to the Internal Audit Standards that came into effect from 1 April 2013.

Recommendation to the Board

That the report be noted.

2 Report

- 2.1 The new United Kingdom Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013. The Standards apply across the whole of the public sector and are based on the Institute of Internal Auditors (IIA) Standards, with a limited number of additional requirements and interpretations that allow the PSIAS to be adopted for the public sector.
- 2.2 The PSIAS replace the *Code of Practice for Internal Audit in Local Government in the United Kingdom*, last revised in 2006. In local government the PSIAS are mandatory for all principal local authorities subject to the Accounts and Audit (England) Regulations 2011.
- 2.3 The new Standards are intended to promote further improvement in the professionalism, quality, consistency and, effectiveness of internal audit across the public sector. The Chartered Institute of Public Finance and Accountancy (CIPFA) has produced a Local Government Application Note to provide guidance to local authorities on how to apply the new Standards.
- 2.4 A review of the Standards and the Application Note has not identified many significant changes between the PSIAS and the previous CIPFA Code, with the main changes currently identified as being:-
- The Quality Assurance and Improvement Programme required by the PSIAS must include both internal and external assessments. The external assessment must be undertaken at least once every five years
 - The terms 'board' and 'senior management' must be defined for the purposes of internal activity
 - Any 'significant' additional consultancy services that have not been included in the Audit Plan, should be approved by the 'board'.

3 Future Work and Conclusions

3.1 It is apparent that the Internal Audit Charter will require updating to take account of the requirements of the PSIAS. A future report will reflect these changes.

3.2 The new Standards also introduce a requirement for an external assessment against compliance with the Standards which is to be carried out once every five years. This will incur additional cost, however as the team is small, 2.48 FTE and already subjected to review by External Audit and an internal annual assessment it may be possible for a review of the self assessment to suffice.

4 Report Implications

4.1 Risk Management Implications

4.1.1 A professional, independent and objective internal audit service is one of the key elements of good governance in local government. The contents of both the PSIAS and the CIPFA Application Note must be followed in order to satisfy proper internal audit practices.

4.2 Financial Implications

4.2.1 There are no significant financial implications arising from this report however the requirement to undertake an external assessment of the effectiveness of internal audit once every five years will be an additional cost to the service. There is a one off cost of £150 to purchase the Applications Note from CIPFA which will be met from existing budget resources.

4.3 Links to Council's Priorities

4.3.1 An adequate and effective internal audit of the Council's accounting records and of its system of internal control is a requirement of the Accounts and Audit Regulations 2011.

The Contact Officer for this report is Barbara Haswell (719416).

Background Papers

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

| Background Paper No | Author | Nature of Background Paper | Date |
|----------------------------|---------------|-----------------------------------|-------------|
| | | | |

Agenda Item No 9

Resources Board

2 September 2013

**Report of the
Assistant Director (Finance and
Human Resources)**

**Treasury Management Update
Quarter 1 2013/14**

1 Summary

- 1.1 This report shows the Treasury Management activity during the first three months of 2013/14.

Recommendation to the Board

- a That the Treasury Management Report for the first three months of 2013/14 be noted;**
- b To approve the addition of enhanced Money Market Funds/Cash Funds to the treasury portfolio; and**
- c To approve the revised counter party limits for treasury investments set out in .**

2 Introduction

- 2.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before maximising investment return.
- 2.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.3 CIPFA issued a revised Code of Practice for Treasury Management in November 2011. The revised Code suggests that Members should be informed of Treasury Management activities at least twice a year, but

preferably quarterly. This report therefore ensures that the Council is following Best Practice in accordance with the Code.

3 Economic Forecast

- 3.1 There is an expectation that the low growth in the UK will continue, with interest rates unlikely to rise in the next 18 to 24 months, unless either unemployment levels reduce to at least 7% or if medium term inflation exceeds 2.5%. This is due to the new “Forward Guidance” policy currently employed by the Bank of England. The current rate of national unemployment is 7.8% and the rate of inflation (CPI) is currently 2.8%.
- 3.2 The aim of Forward Guidance is to provide stability to the Markets with the aim of reducing long-term interest rates for borrowing. This will have an impact upon the Councils investment strategy, in what is already a challenging time for long-term investment yields.
- 3.3 The first increase in bank rate is not expected until July 2015. Forecasts have been based on an assumption that the economy continues to recover in the next three years, albeit at slower rates than originally forecast.
- 3.4 The Bank of England may undertake further quantitative easing measures in order to support the current economic growth, but not at the expense of risking inflation rates rising.
- 3.5 The expected longer run trend for PWLB borrowing rates is for them to start to rise from January 2014 onwards.
- 3.6 The Council’s Treasury Advisor, Sector, has undertaken a review of its interest rate forecast and these are summarised below:

| | Bank Rate Forecast | 10 Year PWLB | 25 Year PWLB | 50 Year PWLB |
|----------------------|---------------------------|---------------------|---------------------|---------------------|
| Q3 Jul 13 to Sept 13 | 0.50% | 3.30% | 4.20% | 4.30% |
| Q4 Oct 13 to Dec 13 | 0.50% | 3.30% | 4.20% | 4.30% |
| Q1 Jan 14 to Mar 14 | 0.50% | 3.30% | 4.30% | 4.40% |
| Q2 Apr 14 to June 14 | 0.50% | 3.30% | 4.30% | 4.40% |
| Q3 Jul 14 to Sept 14 | 0.50% | 3.30% | 4.40% | 4.50% |
| Q4 Oct 14 to Dec 14 | 0.50% | 3.40% | 4.50% | 4.60% |
| Q1 Jan 15 to Mar 15 | 0.50% | 3.50% | 4.60% | 4.70% |
| Q2 Jan 15 to June 15 | 0.50% | 3.60% | 4.70% | 4.80% |

4 Treasury Management Strategy Statement

4.1 Review of Annual Investment Strategy

- 4.1.1 The Treasury Management Strategy Statement (TMSS) for 2013/14 was approved by Resources Board on 28 January 2013. The Council’s Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council’s investment priorities as follows:

- Security of Capital
- Liquidity
- Yield

4.1.2 The Council will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate generally to keep investments short term, and only invest with highly rated financial institutions, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Sector. However a different approach is appropriate with UK semi-nationalised institutions, such as Lloyds Banking Group, which is currently significantly UK government owned.

4.1.3 Investment rates in the market have continued at historically low levels, and have fallen during the quarter as a result of a number of UK and Overseas factors. Key factors include the UK Funding for Lending Scheme and the European Central Bank's pledge to support the Eurozone.

4.1.4 The average level of funds available for investment purposes during the first three months was £12.293 million. These funds were available on a temporary basis and the level of funds available for investment purposes was mainly dependent on the timing of precept payments, the receipt and payments of grants and the timing of both capital and revenue expenditure. Officers can confirm that the approved limits within the Annual Investment Strategy have not been breached.

4.1.5 Investment rates have remained at their historical low point for some time, illustrated by the amount of interest earned, £22,699 (budgeted interest £37,500). This is slightly higher than the same period last year, £20,589 (budget £30,000), as interest rates have stabilised. The average interest rate on investments for this period was 0.68% compared to the benchmark of the 7 day LIBOR rate of 0.49%. (See Appendix 1)

• • •

4.1.6 To try and improve the investment options available to the Council and having taken advice from Sector, it is proposed to open an enhanced money market fund (eMMF), also known as a cash fund. These funds are AAA rated investment instruments that operate on a longer term basis than traditional money market funds (MMF) and therefore produce better yields. It should be noted that unlike traditional MMF, which are based on a constant net value, the eMMF has a variable net value, which means that there is a risk of achieving a negative return, although this risk will be minimised through selecting an eMMF that has a low volatility rating (S1).

4.1.7 The treasury investments counter party limits need to be amended to incorporate the addition of the eMMFs and also to be adjusted for other investment instruments to recognise the current market conditions. Instead of the £3,000,000 counter party limit normally used for money market funds, a lower counter party limit of £2,000,000 is proposed in recognition of the variable net value risk. It is also suggested to increase the counter party limit

for MMFs, to recognise their AAA rating and the fact that each MMF has a broad investment portfolio which provides reduced interest risk to the Council. Other counter party limits have also been revised, so a full listing is given in Appendix 2.

4.2 Borrowing

4.2.1 The Council's Capital Financing Requirement (CFR) for 2013/14 was estimated at £70 million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

4.2.2 The table below shows the Council's external borrowings and the utilisation of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate.

| | 2013/14 Original Estimate £m | 2013/14 Estimated Out-turn £m |
|-----------------------------------|---------------------------------------|--|
| External borrowing – Housing | 57.508 | 57.508 |
| Internal borrowing – General Fund | 12.921 | 12.921 |
| CFR (year end position) | 70,429 | 70,429 |

4.2.3 The Council has not needed to borrow any funds on a short term basis during the first three months of 2013/14.

4.3 Prudential Indicators

4.3.1 It is a statutory duty for the Council to determine and keep under review its "Affordable Borrowing Limits". The Council's authorised Borrowing Limit and Operational Boundary Limits for 2013/14 were set at £85.322 million and £69.843 million respectively. Activity has remained within these limits for the first three months.

5 Report Implications

5.1 Finance and Value for Money Implications

5.1.1 Up to 30 June 2013, interest earned on investments was £22,699. The Council has not needed to borrow during the first three months of the year, to fund any temporary shortfalls in the day to day cash flow.

5.1.2 Temporary internal borrowing has been possible due to the revenue and capital reserves currently being held. Once these are used, the Council will need to replace internal borrowing with external borrowing. The use of

temporary internal borrowing for capital expenditure has reduced the cost of capital in the General Fund in the short term.

5.2 Environment and Sustainability Implications

5.2.1 By having effective and prudent treasury management, this contributes towards sustainability and providing services that improve the quality of life for the communities of North Warwickshire.

5.3 Risk Management Implications

5.3.1 Credit ratings are used in assessing the institutions on the authorised lending list and the maximum investment level permitted.

5.3.2 Specialist advice was taken from our Treasury Management consultants to ensure that our debt profile for HRA self financing has an appropriate balance between long and short term borrowing.

5.3.3 Continuous monitoring of the Council's treasury position will allow external borrowing to be taken out to cover the loss of internal borrowing, at the appropriate time.

The Contact Officer for this report is Carl Ford (719379).

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 |
|---------------------|--------|----------------------------|------|
| | | | |

APPENDIX 1

2013/14 Current Investment Portfolio Summary (Quarter 1)

| CURRENT LOANS & INVESTMENTS | | as at : | | 28-Jun-13 | | | |
|---|------------------------------|----------------------|-----------------------|--------------------------|-----------------------|------------------|--|
| Name of Borrowing Authority Investment General Account | Investment or Loan No. | Amount | Type of Investment | Current Interest Rate | Date of Investment | Maturity Date | |
| Lloyds TSB | | 2,000,000.00 | Fixed | 0.80 | 01-Apr-13 | 28-Jun-13 | |
| Lloyds TSB | 5277 | 1,500,000.00 | Fixed | 2.70 | 01-Apr-13 | 28-Jun-13 | |
| Nationwide | 5328 | 1,250,000.00 | Fixed | 0.50 | 15-May-13 | 28-Jun-13 | |
| Barclays | 5338 | 1,250,000.00 | Fixed | 0.53 | 17-Jun-13 | 28-Jun-13 | |
| Bank of Scotland | | 143,000.00 | CALL | 0.40 | 26-Jun-13 | 28-Jun-13 | |
| Santander | | 1,250,000.00 | CALL | 0.50 | 01-Apr-13 | | |
| Royal Bank of Scotland | | 1,250,000.00 | CALL | 0.70 | 01-Apr-13 | | |
| Deutsche Bank MMF | | - | MMF | 0.31 | | | |
| INSIGHT MMF | | - | MMF | 0.33 | | | |
| ROYAL BANK OF SCOTLAND MMF | | - | MMF | 0.32 | | | |
| Prime Rate MMF (Bank of New York Mellon) | | 2,107,000.00 | MMF | 0.44 | | | |
| TOTAL CURRENT GENERAL INVESTMENTS | | 10,750,000.00 | | 0.68 | | | |

Counter Party Limits

| | |
|--------------------|---|
| Group Limit | Up to 30% of total investments |
| Other Limits | Up to 50% of total investments may be invested for a period of more than 1 year |
| | Up to 100% of total investments may be invested with UK institutions |
| | Up to 50% of total investments may be invested in non UK institutions |
| | Up to 100% of total investments may be invested for a period of up to 1 year |
| | Up to 20% of the investment portfolio in any one country outside the UK |
| Money Market Funds | As the funds are spread over a large number of institutions, these do not form part of any group limit. |
| Cash Funds | As the funds are spread over a large number of institutions, these do not form part of any group limit. |

Individual Limits

| Fitch Ratings | Investment Duration | Investment Limit |
|--------------------------------|---------------------|------------------|
| AAA – Money Market Fund (MMF) | 12 months and over | £5,000,000 |
| AAA – Cash Fund (eMMF) | 12 months and over | £2,000,000 |
| AAA – Supranational Bank | 12 months and over | £2,500,000 |
| AAA – Supranational Bank | Less than 12 months | £3,000,000 |
| AA+ | 12 months and over | £2,000,000 |
| AA+ | Less than 12 months | £2,500,000 |
| AA | 12 months and over | £1,750,000 |
| AA | Less than 12 months | £2,250,000 |
| AA- | 12 months and over | £1,500,000 |
| AA- | Less than 12 months | £2,000,000 |
| A+ | 6 to 12 months | £1,500,000 |
| A+ | Less than 6 months | £1,750,000 |
| A | 6 to 12 months | £1,000,000 |
| A | Less than 6 months | £1,500,000 |
| A- | 6 to 12 months | £ 750,000 |
| A- | Less than 6 months | £1,250,000 |
| Nationalised/Part-Nationalised | 12 months and over | £1,750,000 |
| Nationalised/Part-Nationalised | Less than 12 Months | £2,250,000 |

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through the use of its TM advisers' creditworthiness service.

The maximum period for investment with subsidiaries of counterparties which do not have credit ratings in their own right, but do have unconditional guarantees from a parent is the same as the parent.

Sole reliance will not be placed on the use of external services. In addition, the Council will use market data and market information on government support for banks and the credit rating of that government support.

If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum credit criteria, its further use as a new investment will be withdrawn immediately.

Agenda Item No 10

Resources Board

2 September 2013

**Report of the Assistant Director
(Finance and Human Resources)**

**Capital Programme 2013/14
Quarter 1 Update**

1 Summary

- 1.1 The report updates Members on the progress of the 2013/14 Capital Programme in terms of expenditure.

Recommendation to the Board

That progress made against the 2013/14 Capital Programme is noted.

2 Consultation

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

3 Introduction

- 3.1 The Executive Board approved the Council's Capital Programme of £7,016,520 for 2013/14 in February 2013.
- 3.2 At the Executive Board on 18 June, it was agreed to carry forward £3,786,128 of unspent 2012/13 budget. This gives a total approved capital programme for 2013/14 of £10,802,648 (Appendix A).

4 Budget Profiling

- 4.1 To ensure that the Capital Programme projects are completed in a manageable time frame, a schedule of works is arranged by each budget holder and each of the schemes are timetabled for completion throughout the year, this schedule is monitored on a monthly basis and discussed with Budget Holders.

5 Housing Schemes

- 5.1 The original budget for 2013/14 is £3,735,710, and there is an agreed carry forward of £1,294,868 which provides a total Housing Capital budget of £5,030,578 (Appendix A).

- 5.2 There has been a total of £291,908 spent or committed on the housing capital program during the first quarter of 2013/14, this is compared to a profiled budget of £307,451.
- 5.3 There are currently 8 (44%) schemes that are yet to show any activity in 2013/14, out of a total of 18 schemes. Contracts have now either been issued or are in the process of being finalised for the remaining schemes.

6 General Fund Schemes

- 6.1 The original budget for 2013/14 was £3,280,810 and there is an agreed carry forward of £2,491,260 which provides a total General Fund Capital budget of £5,772,070 (Appendix A)
- 6.2 There has been a total of £1,526,372 spent and committed against the general fund capital projects for 2013/14, against a profiled budget of £1,254,062.
- 6.3 The Council Office refurbishment has now commenced. A number of schemes such as the server virtualisation, switch gear replacement and the new telephone system will form part of this project, pooling budgets to achieve a balanced budget position
- 6.4 At Resources Board on 2 April 2012 Members agreed in principle to the disposal of the Arcade. The £193,000 project for refurbishment works will only take place if delays in the transfer mean that the work becomes essential.
- 6.5 Contracts have been agreed and placed for the work on the Polesworth and Dordon recreation ground improvements. It has been possible to expand the content of both of these projects, as additional funding has been secured from the Leaders Programme, the Local Nature Reserve Project and the use of reserves.

7 Report Implications

7.1 Finance and Value for Money Implications

- 7.1.2 The schemes will contribute to various outcomes which will increase the services provided by the Council, from providing decent Council homes, assisting in carrying out adaptations to resident's houses to helping to fund efficient heating systems to promote carbon reduction and encouraging fitness and wellbeing.

7.2 Safer Communities Implications

- 7.2.1 The Home Safety Check Scheme provides a service with Age Concern to help elderly residents be safe within their homes.

7.3 Environment and Sustainability Implications

7.3.1 Expenditure incurred as part of the Council's Capital Programme enables the Council to continue to improve and deliver a range of services to the people of North Warwickshire. The implementation of the capital programme will lead to improvements in the quality of life for the communities of North Warwickshire.

7.4 Risk Management Implications

7.4.1 Failure to make reasonable adjustments to ensure our buildings and facilities are accessible could expose the Council to potential litigation and risks damage to its reputation.

7.5 Equality Implications

7.5.1 The Council is required to ensure it meets the requirements of the Equality Act 2010. The Act brings together all previous equality legislation and includes a public sector duty (the equality duty) replacing separate duties relating to race, disability and gender equality. The capital programme includes some provision for improving accessibility as previously required under the Disability Discrimination Act. The DDA defines discrimination in a number of ways and outlines four specific types of discrimination: direct discrimination, failure to make reasonable adjustments, disability-related discrimination and victimisation.

7.5.2 Failure to make reasonable adjustments could result in limiting access to services provided from our buildings and facilities by disabled people and the potential for legal challenges being taken against the Council.

The Contact Officer for this report is Carl Ford (719379).

Background Papers

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

| Background Paper | Author | Nature of Background Paper | Date |
|------------------|--------|----------------------------|------|
| | | | |

Capital Expenditure 2013/14

APPENDIX A

| Assistant Director | Cost Centre Description | Original Budget 2013/14 | Budget Slippage from 2012/13 | Total 2013/14 Approved Budget | Profiled Budget | Total Actuals Year To Date | Total Actuals v Profiled Budget |
|--------------------|---------------------------------------|-------------------------|------------------------------|-------------------------------|------------------|----------------------------|---------------------------------|
| Angela Coates | Asbestos | 302,320 | 67,172 | 369,492 | 0 | 0 | 0 |
| Angela Coates | Disabled Facility Adaptation CH | 191,100 | | 191,100 | 47,775 | 30,637 | (17,138) |
| Angela Coates | Windows | 0 | 230,478 | 230,478 | 0 | 8,228 | 8,228 |
| Angela Coates | Kitchens | 589,680 | | 589,680 | 45,000 | 43,089 | (1,911) |
| Angela Coates | Cavity Wall Insulation | 414,960 | 312,115 | 727,075 | 0 | 270 | 270 |
| Angela Coates | Roofing | 188,700 | | 188,700 | 4,000 | 3,479 | (521) |
| Angela Coates | Garages | 24,020 | | 24,020 | 0 | 0 | 0 |
| Angela Coates | Heating | 336,650 | 432,173 | 768,823 | 120,000 | 118,901 | (1,099) |
| Angela Coates | Electrics | 93,590 | | 93,590 | 23,398 | 19,247 | (4,150) |
| Angela Coates | External Works | 42,150 | 27,446 | 69,596 | 0 | 3,370 | 3,370 |
| Angela Coates | Piccadilly Development | 180,000 | 70,000 | 250,000 | 0 | 0 | 0 |
| Angela Coates | Structural Work | 16,380 | 15,000 | 31,380 | 0 | 0 | 0 |
| Angela Coates | Loft Insulation | 54,600 | 107,546 | 162,146 | 0 | 0 | 0 |
| Angela Coates | UPVC Entrance Screens | 0 | 7,358 | 7,358 | 7,358 | 7,358 | (0) |
| Angela Coates | Unadopted Roads | 21,840 | 20,000 | 41,840 | 0 | 0 | 0 |
| Angela Coates | New Build Housing Project | 1,026,760 | | 1,026,760 | 20,000 | 17,408 | (2,592) |
| Angela Coates | Chimney Stacks | 27,850 | 5,580 | 33,430 | 0 | 0 | 0 |
| Angela Coates | Fencing | 65,520 | | 65,520 | 0 | 0 | 0 |
| Angela Coates | Hsg Staffing | 159,590 | | 159,590 | 39,921 | 39,921 | 0 |
| | Total Housing Capital | 3,735,710 | 1,294,868 | 5,030,578 | 307,451 | 291,908 | (15,544) |
| Richard Dobbs | Disabled Discrimination Adaptations | 0 | 351,250 | 351,250 | 0 | 0 | 0 |
| Richard Dobbs | Electrical Work to Council Premises | 15,000 | 36,490 | 51,490 | 0 | 0 | 0 |
| Simon Powell | Enhancement to Parks and Playing Fie | 120,000 | | 120,000 | 0 | 0 | 0 |
| Richard Dobbs | Council Offices Electrics | 0 | 52,010 | 52,010 | 0 | 629 | 629 |
| Simon Powell | General Leisure Equipment | 20,000 | | 20,000 | 5,000 | 12,304 | 7,304 |
| Richard Dobbs | Ath Accommo Project | 905,180 | 966,287 | 1,871,467 | 50,000 | 32,738 | (17,262) |
| Simon Powell | Improvements to Arcade | 0 | 193,000 | 193,000 | 0 | 0 | 0 |
| Simon Powell | Borough Care | 0 | 2,500 | 2,500 | 0 | 0 | 0 |
| Simon Powell | Coleshill Leisure Centre | 0 | 12,732 | 12,732 | 0 | 1,375 | 1,375 |
| Simon Powell | Piccadilly Sports Field | 0 | 45,000 | 45,000 | 0 | 12,661 | 12,661 |
| Simon Powell | Polesworth Abbey Green Park | 212,480 | | 212,480 | 212,480 | 328,470 | 115,990 |
| Simon Powell | Dordon Long Street Recreation Ground | 170,390 | | 170,390 | 170,390 | 293,825 | 123,435 |
| Simon Powell | Dordon Kitwood Ave Recreation Ground | 36,680 | | 36,680 | 0 | 0 | 0 |
| Simon Powell | Baddesley Ensor Environment Improv'ts | 38,320 | | 38,320 | 0 | 0 | 0 |
| Richard Dobbs | Recycling Containers | 520,000 | | 520,000 | 520,000 | 568,425 | 48,425 |
| Richard Dobbs | Bear & Ragged Staff | 120,000 | | 120,000 | 0 | 0 | 0 |
| Richard Dobbs | Lower House Farm | 150,000 | | 150,000 | 0 | 0 | 0 |
| Simon Powell | Bretts Hall Recreation Ground | 30,000 | | 30,000 | 0 | 0 | 0 |
| Linda Bird | Computer Software | 40,000 | 16,741 | 56,741 | 0 | 0 | 0 |
| Linda Bird | Infrastructure Improvements | 20,000 | | 20,000 | 5,000 | 2,609 | (2,391) |
| Linda Bird | Warwickshire Direct Partnership | 10,710 | 10,350 | 21,060 | 0 | 0 | 0 |
| Linda Bird | IT Replace Leisure booking system | 0 | 50,000 | 50,000 | 0 | 0 | 0 |
| Linda Bird | New telephone system | 0 | 65,000 | 65,000 | 0 | 0 | 0 |
| Linda Bird | New Switch Gear System | 0 | 40,000 | 40,000 | 40,000 | 55,299 | 15,299 |
| Linda Bird | Server Virtualisation | 0 | 95,175 | 95,175 | 95,175 | 84,272 | (10,903) |
| Linda Bird | Customer Relationship Manager | 40,000 | | 40,000 | 40,000 | 40,600 | 600 |
| Angela Coates | Life Lines | 18,000 | | 18,000 | 0 | 1,060 | 1,060 |
| Steve Maxey | Mobile CCTV | 21,950 | 3,009 | 24,959 | 21,950 | 17,370 | (4,580) |
| Richard Dobbs | Transport | 415,840 | 172,130 | 587,970 | 0 | 0 | 0 |
| Sue Garner | Car Loan Scheme | 0 | | 0 | 0 | 12,000 | 12,000 |
| Angela Coates | Home Safety Check Scheme | 0 | | 0 | 0 | 7,140 | 7,140 |
| Angela Coates | Disabled Facilities (expenditure) | 300,000 | 241,445 | 541,445 | 75,000 | 48,309 | (26,691) |
| Angela Coates | DHS Assistance | 57,500 | 138,141 | 195,641 | 14,375 | 2,594 | (11,781) |
| ALL | Capital Salaries | 18,760 | | 18,760 | 4,692 | 4,692 | (0) |
| | Total General Fund | 3,280,810 | 2,491,260 | 5,772,070 | 1,254,062 | 1,526,372 | 272,310 |
| | Total Expenditure | 7,016,520 | 3,786,128 | 10,802,648 | 1,561,513 | 1,818,280 | 256,767 |

Agenda Item No 11

Resources Board

2 September 2013

Report of the Assistant Director (Finance and Human Resources)

Budgetary Control Report 2013/14 Period Ended 31 July 2013

1 Summary

- 1.1 The report covers revenue expenditure and income for the period from 1 April 2013 to 31 July 2013. The 2013/14 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.

2 Consultation

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

3 Report

3.1 Introduction

- 3.1.1 Under the Service Reporting Code of Practice (SeRCOP), services should be charged with the total cost of providing the service, which not only includes costs and income directly incurred, but also support costs relating to such areas as finance, office accommodation, telephone costs and IT services.

- 3.1.2 Therefore, to comply with this requirement, the budgets reporting to this Board fall into two categories – services where the costs incurred are recharged to other services and Boards, and those services where costs remain within Resources Boards – and are reported separately within this report.

4 Services Remaining Within Resources Board

4.1 Overall Position

- 4.1.1 The total expenditure for those services that remain within Resources as at 31 July 2013, is £881,820, compared with a profiled budgetary position of £1,072,479; an under-spend of £190,659 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. Where possible, the year-to-date budget figures have 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:

4.2 Democratic Process

- 4.2.1 There has been a reduction in one of the corporate subscriptions paid and an under spend to date on Members allowances and Mayoral spending. Some of the under spend is expected to disappear as the year progresses.

4.3 Council Tax Collection

- 4.3.1 There is an under spend on Council Tax Collection as a result of increased legal fee income relating to the collection of unpaid Council Tax.

4.4 Finance Miscellaneous

- 4.4.1 We have received income of £20,000 for the first tranche of the Transformation Projects funding, £67,473 for New Burdens Funding for Benefit reforms and Assets of Community value and an additional £14,229 for New Homes Bonus. In addition a £6,000 refund of the deposit on a franking machine has been returned from Neopost. None of these were budgeted for. The additional grant funding will be earmarked for the specific purposes they were received for, so will not increase General Fund balances.

4.5 Unallocated Central Support Services

- 4.5.1 There is an under spend on Corporate and Non Corporate Training, which is held as unallocated until actual training has been undertaken by employees.

4.6 Carlyon Road Industrial Estate

- 4.6.1 There is an under spend relating to NDR costs for a unit which is being used to host a NWBC run Skate Park which is being met from the Skate Park budget within Community and Environment Board. There is also additional income from Ground and Property Rent as a result of a previously vacant premise being let.

4.7 Innage Park Industrial Estate

- 4.7.1 There is an under spend on Non Domestic Rates as previously vacant units have now been let, also generating additional rental income above the profiled budget.

4.8 Polesworth Workspace Units

- 4.8.1 Property Rental Income has fallen below the profiled position as a result of two units at the site becoming vacant.

4.9 Rent Allowances

- 4.9.1 The over spend relates to a lower than expected Recovery of Housing Benefit overpayments.

4.10 Rent Rebates

4.10.1 There is an under spend on Rent Rebates as the Recovery of Housing Rent Rebates Benefit overpayments has risen beyond the profiled levels.

4.11 Car Parks

4.11.1 There is an underspend relating to car park maintenance as we have yet to undertake any maintenance this year. Further, there has been additional income generated through issuing more Parking Penalties and contributions from Network Rail for the temporary use of Water Orton Car Park

5 Services Recharged to Other Directorates and Services

5.1 Overall Position

5.1.1 Net expenditure for those services that are recharged to other Directorates and Services, as at 31 July 2013, is £106,511, compared with a profiled budgetary position of £208,122; an under spend of £101,611 for the period. Appendix B to the report gives the profiled and actual positions for the period for each service, together with the variance. Where possible, the year-to-date budget figures have 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.

5.2 Directorate Budgets

5.2.1 The Council's budget requirement for 2013/14 assumed that there would be a salary vacancy saving in the year of £80,000 and this was included as a central amount. The central vacancy factor has been added into the budget columns shown in Appendix B, to enable easier comparison with the actual position. Current vacancy levels within the Directorates mean that we are ahead of the target at the current time, taking into account the use of temporary and agency staff to cover key duties and any recruitment costs resulting from these vacancies, and excluding vacancies that relate to the Housing Revenue Account.

5.2.2 The areas with vacancies are the Management Team Support Unit, Assistant Chief Executives Division, Housing Maintenance, Development Control, Community Support, Partnership & Development and Financial Services. Some of these vacancies have now been filled although most remain unfilled. The table below relates to the General Fund only.

| | £ |
|------------------------------------|-----------------|
| Current agency staff variance | 41,610 |
| Current professional fees variance | 36,980 |
| Current salaries underspend | (103,320) |
| TOTAL | (24,730) |

5.2.3 Other significant variances include under-spends relating to training, travel, and utility bills. Set against this are a number of small overspends on supplies and services expenditure.

6 Performance Indicators

6.1 In addition to the financial information provided to this Board, when the budgets were set in February, performance indicators were included as a means of putting the financial position into context. These are shown at Appendix C.

7 Risks to the Budget

7.1 A number of key risks to the budgetary position of the Council from services under the control of this Board were identified when the budget was set in February.

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

- Increases in vacancies at industrial estates and shops that will impact on the level of rental income the Council receives and the amount of NDR that the Council is liable to pay.
- A higher level of maintenance on property assets and car parks, over and above that budgeted for.
- An increase in the level of Local Authority error made in processing benefit payments could lead to a loss of subsidy
- A significant increase in workload due to an increase in benefit claimants and non payment of Council Tax and/or Non Domestic Rates
- The effect of planned Government changes in how benefits services are delivered and the structure of benefit payments.
- A fall in the level of recovery of Housing Benefit overpayments (greater than that expected) would impact on the level of expenditure borne by the Council.
- Further reductions in benefit administration grant levels
- Contracts based on RPI (which was running at 3.1% in July 2013)
- Loss of County Council funding for Customer Contact staffing (£18,900 per annum in 2012/13)
- Pay awards from 2013/14 being in excess of the budget provision made
- Further changes to the employee taxation system (National Insurance)
- One off unexpected maintenance costs of Council assets such as IT equipment and council buildings
- Additional and unforeseen expenditure that might be incurred during the accommodation project
- Higher than anticipated rises in utility costs (electricity, gas, water)
- Changes in legislation that effect service delivery and/or software requirements
- Above inflation increases in vehicle fuel costs
- Increased insurance costs, especially those relating to vehicles

8 Estimated Out-turn

- 8.1 Members have requested that Budgetary Control Reports provide details on the likely out-turn position for each of the services reporting to this Board. The anticipated out-turn for this Board for 2013/14 is £2,858,210 as detailed in the table below: -

| | £ |
|---|------------------|
| Approved budget 2013/2014 | 3,039,810 |
| Lower pay award than anticipated | (80,000) |
| Increase In the vacancy factor | (50,000) |
| Additional rental income at Innage Park Industrial Estate and Carlyon Road (assuming current occupancy continues) | (37,250) |
| Savings on Democratic Process – corporate subscriptions | (4,560) |
| Additional Parking Penalties income | (5,000) |
| Savings on NDR at Carlyon Road Industrial Estate | (4,350) |
| Expected Out-turn 2013/14 | 2,858,650 |

9 Report Implications

9.1 Finance and Value for Money Implications

- 9.1.1 The Council's budgeted contribution from General Fund balances for the 2013/2014 financial year is £458,470. This is expected to decrease by £181,160, as shown above. Income and Expenditure will continue to be closely managed and any issues that arise will be reported to this Board at future meetings.

9.2 Environment and Sustainability Implications

- 9.2.1 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
RESOURCES BOARD (REMAINING)
Budgetary Control Report 2013/14 as at 31 July 2013

| Description | Original Budget 2013/2014 | Profiled Budget to July 2013 | Actual to end July 2013 | Variance to Date | Comments |
|---|---------------------------|------------------------------|-------------------------|------------------|--------------|
| Democratic Process | 671,160 | 228,396 | 215,121 | (13,275) | Comment 4.2 |
| Election Expenses | 24,010 | 7,884 | 7,891 | 7 | |
| Registration of Electors | 44,360 | 11,909 | 9,889 | (2,020) | |
| Non Domestic Rates | 37,080 | 47,713 | 47,862 | 149 | |
| Council Tax Collection | 180,810 | 66,865 | 56,748 | (10,117) | Comment 4.3 |
| Investors in People | 8,350 | 2,138 | 2,138 | - | |
| Finance Miscellaneous | (382,730) | (127,587) | (236,979) | (109,392) | Comment 4.4 |
| Compensation and Pension Increases | 119,180 | 27,225 | 25,965 | (1,260) | |
| Assisted Car Purchases | (130) | - | - | - | |
| Electricity at Work | 22,550 | 13,343 | 9,946 | (3,397) | |
| Efficiencies and Value for Money | 31,490 | 9,698 | 9,698 | - | |
| Finance Unused Land | 160 | 53 | 1,448 | 1,395 | |
| Corporate and Democratic Core | 676,580 | 77,931 | 80,553 | 2,622 | |
| Unallocated Central Support Services | 153,980 | 58,302 | 45,227 | (13,075) | Comment 4.5 |
| Coleshill Shops and Flats | (63,790) | (21,947) | (22,378) | (431) | |
| The Arcade | 12,770 | 201 | (1,491) | (1,692) | |
| The Pavilions, Holly Lane | (77,160) | (33,472) | (33,472) | - | |
| Carlyon Road Industrial Estate | (94,580) | (40,835) | (52,237) | (11,402) | Comment 4.6 |
| Innage Park Industrial Estate | 57,640 | 41,130 | 25,895 | (15,235) | Comment 4.7 |
| Polesworth Workspace Units | (5,460) | (4,155) | (658) | 3,497 | |
| The Bear and Ragged Staff | (12,490) | (4,493) | (4,495) | (2) | |
| Football Stadium | - | - | (3) | (3) | |
| Homeless Persons | 122,870 | 40,432 | 40,432 | - | |
| Public Conveniences | 116,730 | 73,169 | 73,304 | 135 | |
| Customer Contact | 139,540 | 32,690 | 32,140 | (550) | |
| Rent Allowances | 170,000 | (4,621) | 9,813 | 14,434 | Comment 4.8 |
| Rent Rebates | 63,480 | 30,967 | 6,184 | (24,783) | Comment 4.9 |
| Concessionary Fares | 31,790 | 13,682 | 9,332 | (4,350) | |
| Non Domestic Rates Discretionary Relief | 1,920 | 640 | 640 | - | |
| Council Tax Benefits | 179,270 | 57,229 | 60,837 | 3,608 | |
| Car Parks | 57,330 | 36,126 | 31,854 | (4,272) | Comment 4.10 |
| Business Improvement District | - | - | - | - | |
| Environmental Sustainability | 8,690 | 2,895 | 2,895 | - | |
| Broadband Delivery UK | 50,000 | 4,410 | 4,410 | - | |
| Animal Control | 80,340 | 20,103 | 20,574 | 471 | |
| Abandoned Vehicles | 9,770 | 3,162 | 3,096 | (66) | |
| Private Sector Housing Assistance | 203,130 | 27,530 | 27,385 | (145) | |
| CCTV | 115,370 | 34,309 | 32,238 | (2,071) | |
| Community Support | 556,270 | 173,530 | 174,091 | 561 | Comment 4.11 |
| North Warwickshire LEADER (External) | 39,810 | 165,927 | 165,927 | - | |
| TOTALS | 3,350,090 | 1,072,479 | 881,820 | (190,659) | |

**North Warwickshire Borough Council
RESOURCES BOARD (RECHARGED)
Budgetary Control Report 2013/14 as at 31 July 2013**

| Description | Original Budget 2013/2014 | Profiled Budget to July 2013 | Actual to end July 2013 | Variance to Date | Comments |
|-----------------------------------|----------------------------------|-------------------------------------|--------------------------------|-------------------------|-----------------|
| Building Maintenance Fund | - | - | - | - | |
| Council Offices | 10 | 53,123 | 62,785 | 9,662 | |
| Central Telephones | - | 1,424 | 790 | (634) | |
| Recruitment | - | - | - | - | |
| Printing and Copying | - | 1,180 | 1,402 | 222 | |
| Training | - | 329 | 1,233 | 904 | |
| Depot and Stores | - | 11,862 | 10,342 | (1,520) | |
| Postal Services | - | 1 | 158 | 157 | |
| Chief Executive Directorate | 350 | 1,960 | (10,488) | (12,448) | Comment 5.2.2-3 |
| Assistant Chief Executive | 3,010 | 8,335 | (21,494) | (29,829) | Comment 5.2.2-3 |
| Directorate of Community Services | 1,710 | 5,968 | (21,726) | (27,694) | Comment 5.2.2-3 |
| Deputy Chief Executive | 6,840 | 12,597 | (72,687) | (85,284) | Comment 5.2.2-3 |
| Corporate Services | 1,140 | 153,890 | 150,624 | (3,266) | Comment 5.2.2-3 |
| Transport | 10 | (15,877) | 5,572 | 21,449 | |
| TOTALS | 13,070 | 234,792 | 106,511 | (128,281) | |
| Central Vacancy Factor | (80,000) | (26,670) | - | 26,670 | Comment 5.2.2 |
| TOTALS | (66,930) | 208,122 | 106,511 | (101,611) | |

Key performance Indicators (KPIs) for budgets reporting to the Resources Board

| | Budgeted performance | Profiled Budgeted performance | Actual performance to Date |
|---|-------------------------|-------------------------------------|----------------------------------|
| Registration of Electors | | | |
| Cost per elector for the Electoral Register | £0.89 | £0.24 | £0.20 |
| Non Domestic Rates | | | |
| % of NDR Collection Rate | 99.30% | 40.10% | 40.84% |
| Cost per NDR Property | £16.78 | £21.69 | £21.76 |
| Council Tax Collection | | | |
| % of Council Tax Collection Tax | 98.00% | 39.50% | 39.45% |
| Cost per Household | £6.70 | £2.48 | £2.10 |
| Coleshill Shops and Flats | | | |
| Occupancy Rate | 100.00% | 100.00% | 100.00% |
| Annual Income per Shop | (£10,036) | (£3,402) | (£3,402) |
| The Arcade | | | |
| Occupancy Rate | 73.00% | 50.00% | 57.14% |
| Annual Income per Unit | (£1,710) | (£1,052) | (£1,071) |
| The Pavilions | | | |
| Occupancy Rate | 100.00% | 100.00% | 100.00% |
| Annual Income per Unit | (£10,606) | (£4,446) | (£4,446) |
| Carlyon Road Industrial Estate | | | |
| Occupancy Rate | 75.00% | 81.25% | 87.50% |
| Annual Income per Unit | (£10,329) | (£3,728) | (£3,952) |
| Innage Park Industrial Estate | | | |
| Occupancy Rate | 51.00% | 60.47% | 67.44% |
| Annual Income per Unit | (£3,751) | (£1,326) | (£1,396) |
| Polesworth Workspaces | | | |
| Occupancy Rate | 100.00% | 100.00% | 75.00% |
| Annual Income per Unit | (£1,488) | (£744) | (£744) |
| Rent Allowances | | | |
| Rent Allowances per Claimant | £4,815 | £1,558.01 | £1,577.58 |
| Cost of Administration per Claimant | £100.00 | £59.06 | £62.50 |
| Rent Rebates | | | |
| Rent Rebates per Claimant | £3,851 | £1,436.58 | £1,372.77 |
| Cost of Administration per Claimant | £38.00 | £40.90 | £41.02 |

Agenda Item No 12

Resources Board

2 September 2013

Report of the Assistant Director (Finance and Human Resources)

Consolidated Budgetary Control Report 2013/14 - Period Ended 31 July 2013

1 Summary

- 1.1 The report covers total Council General Fund revenue expenditure and income for the period from 1 April 2013 to 31 July 2013.

Recommendation to the Board

That the report be noted.

2 Consultation

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

3 Overall Position

- 3.1 The actual level of Board expenditure for the period to 31 July 2013 is £2,902,621 compared with a profiled budgetary position of £3,257,161, an under spend of £354,540. Of this, £109,390 relates to additional external funding received (see comment 5.2) leaving a genuine underspend of £245,150. Appendix A provides an analysis of Board expenditure and the overall position for the Council for this period.

...

- 3.2 As well as expenditure directly attributable to services, and included in the Board totals, there are a number of other amounts that need to be taken into account that provide the total net expenditure for the Council. This includes investment income, external interest payments and adjustments to reverse capital charges included within Board expenditure, from out of Council expenditure. Taking these amounts into account, net expenditure for the Council to the end of July totals £2,653,653, compared with a profiled position of £2,991,928. This reduces the general under-spend for the period to £338,275.

- 3.3 Where possible, the budget profile figures have 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:

4 Board Expenditure

4.1 **Planning and Development Board** - Income on Planning Control is ahead of target by £53,510 as a result of an increase in the number of planning applications being submitted and the receipt of several larger applications.

5 **Resources Board**

5.1 **Recharged to Services** - There are a number of posts that have become vacant since the budget was set although a small number have now been filled. Other significant variances include under spends due to reduced utility costs, travel and training expenditure. Set against these there are small overspends on Supplies and Services.

5.2 **Remaining** - Within Democratic Process there is a reduction in corporate subscriptions and under spends on Members allowances and mayoral spending. We have received additional New Burdens funding, the first tranche of the Transformation Project funding, additional New Homes Bonus and the return of the deposit for an old franking machine. At Innage Park and Carlyon Road, a number of units that were vacant have now been let thereby reducing the NDR the authority is liable for and increasing rental income. Further, there has been a higher than expected recovery in Housing Rent Rebates Benefit overpayments and there has been an increase in parking penalty fee income. The additional grant funding received will be earmarked for the specific purposes it was received for.

5.3 **Investment Income** - There has been a lower return of investment interest than expected to date due to lower interest rates on investments held.

6 **Risks to the Budget**

6.1 In setting the budget in February 2013, a number of key risks to the overall budgetary position of the Council were highlighted and these are shown below: -

- Changes in the financial markets and the expected cash flow of the Authority, which affect the investment income the Council can obtain.
- Further deterioration in the economic position, which could lead to additional demand for Council services in areas such as benefits and homelessness.
- A large proportion of revenue costs relate to the Councils workforce. Pay awards are negotiated nationally, and any variance from the increase assumed would impact on the financial position. In addition, a vacancy factor for staff turnover is included within the overall estimates. Should vacancies be less than expected then additional costs will be borne by the Authority. The current level of vacancies is in excess of that budgeted.
- Transport fuel and utilities prices have seen significant fluctuations over recent times, and this is still a possibility. However, the Authority has renegotiated many of the electricity and gas contracts and this has helped in eliminating some of the uncertainty. The increases built into budgets to cover expected rises in vehicle fuel are currently sufficient.

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. The anticipated out-turn for the Authority for 2013/14 is £9,004,240 as detailed in the table below: -

| | £ |
|--|------------------|
| Approved budget 2013/2014 | 9,360,400 |
| Additional Planning Application Fee income | (175,000) |
| Lower pay award than anticipated | (80,000) |
| Increase In the vacancy factor | (50,000) |
| Additional rental income at Innage Park Industrial Estate and Carlyon Road | (37,250) |
| Savings on Democratic Process – corporate subscriptions | (4,560) |
| Additional Parking Penalties income | (5,000) |
| Savings on NDR at Carlyon Road Industrial Estate | (4,350) |
| Expected Out-turn 2013/14 | 9,004,240 |

- 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, but 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 from General Fund balances for the 2013/2014 financial year is £458,470. As can be seen above, a decrease in net expenditure of around £356,160 is expected to date. The position will continue to be monitored closely and reported to Members at a future meeting of this Board.

- 8.1.2 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).

North Warwickshire Borough Council

Consolidated Budgetary Position for the Period 31 July 2013

| Board | 2013/14 Original Budget | Expected Position July | Actual Position July | Variance |
|---------------------------------------|-------------------------------|------------------------------|----------------------------|------------------|
| Executive | 619,070 | 214,289 | 214,848 | 559 |
| Planning and Development | 568,230 | 162,027 | 111,102 | (50,925) |
| Licensing Committee | 11,190 | 9,611 | 9,579 | (32) |
| Community and Environment | 5,099,860 | 1,590,633 | 1,578,761 | (11,872) |
| Resources (including staff vacancies) | 3,039,810 | 1,280,601 | 988,331 | (292,270) |
| Net Board Expenditure | 9,338,160 | 3,257,161 | 2,902,621 | (354,540) |
| Other Contingencies | 22,240 | - | - | - |
| Net Board Expenditure | 9,360,400 | 3,257,161 | 2,902,621 | (354,540) |
| Investment Income | (150,000) | (50,959) | (34,361) | 16,598 |
| RCCO | 119,000 | 39,667 | 39,667 | - |
| Use of Balances | (458,400) | - | - | - |
| Financing Adjustment | (744,490) | (253,940) | (254,273) | (333) |
| Net Expenditure | 8,126,510 | 2,991,928 | 2,653,653 | (338,275) |

Agenda Item No 13

Resources Board

2 September 2013

**Report of the Assistant Director
(Finance and Human Resources)**

**Housing Revenue Account
Budgetary Control Report 2013/2014
Period Ended 31 July 2013**

1 Summary

- 1.1 The report covers total Housing Revenue Account revenue expenditure and income for the period from 1 April to 31 July 2013.

Recommendation to the Board

That the report be noted.

2 Consultation

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

3 Report

- 3.1 Under the Service Reporting Code of Practice (SeRCOP), services should be charged with the total cost of providing the service, which not only includes costs and income directly incurred, but also support costs relating to such areas as finance, office accommodation, telephone costs and IT services and Member costs.

4 Overall Position

- 4.1 The Housing Revenue Account (HRA) includes all costs and income relating to the letting and management of the Council's housing stock, and this has to be kept separate from General Fund expenditure. The actual position for the HRA for the period ended 31 July 2013 is a surplus of £1,449,110, compared with a forecast surplus position for the period of £1,535,043. Where possible, the forecast position has been profiled to reflect seasonal variations in expenditure and income, in order to give a better comparison with actual figures. The actual position is an unfavourable variance of £85,933 against the forecast position. Appendix A to this report provides details of the profiled and actual position for expenditure and income incurred by the HRA, and an explanation of significant variations are given in more detail below.

...

- 4.2 There is an under spend on Supervision and Management Special relating to utility costs and window cleaning at flats and communal centres. The window

cleaning company we were using went bankrupt in April 2013, therefore we are currently in the process of appointing a new contractor.

4.3 There is an under spend to date on capital expenditure relating to the disabled facilities adaptations budgets.

4.4 There has been a lower level of dwellings rental income to date due to higher than expected sales of 11 dwellings against a budget of 4 and a higher level of void properties.

5 **Housing Repairs Fund**

5.1 The Housing Repairs Fund covers expenditure on all repairs and maintenance, both day to day and programmed whether carried out by Housing Direct Works or external contractors. This includes any surplus or deficit on the operation of Housing Direct Works.

5.2 The balance on the Fund at the start of the year amounted to £59,815. The balance can be used to cover timing issues between years. In 2013/14 the contribution to the fund is £2,653,080. Any over-spend in the repairs fund would impact on the use of Housing Revenue Account balances if it exceeded the balance on the fund and the contribution in the year.

... 5.3 The position on the fund at the end of July is shown in Appendix B. A lower level of work relating to capital and Facilities Management has been carried out by Housing Direct Works, so additional costs have been charged to the Housing Repairs Fund for housing work. It shows that if spend continues at current levels, there will be a significant shortfall on the fund at year end.

6 **Housing Direct Works**

... 6.1 There is an over spend on employee costs reflecting the use of agency staffing on day to day repairs and voids. There is a decrease to date in supplies and services due to lower usage and cost of materials, scaffolding and skip hire. Appendix C to this report provides the profiled and actual expenditure of Housing Direct Works in more detail.

6.2 Within Housing Direct works from March through to May 2013 we had an increase in the numbers of void properties compared to expected levels. This has required additional resource to be deployed to undertake the repair requirements to bring them back up to a lettable standard.

7 **Risks to the Budget**

7.1 The key risks to the budgetary position of the Housing Revenue Account in 2012/13 include:

- Rising tenant expectations, following extensive improvement works may increase the demand for repairs, which will need to be continuously monitored;

- Any reduction in the performance of Housing Direct Works will put pressure on the Council to use external contractors and therefore will impact on the level of expenditure.

8 Estimated Out-turn

- 8.1 Members have requested that Budgetary Control Reports provide details on the likely out-turn position for the Council. The anticipated out turn for the HRA for 2013/14 is £232,550 surplus.
- 8.2 The estimated out-turn for the Repairs Fund remains the same as that included in the original budget.

9 Report Implications

9.1 Finance and Value for Money Implications

- 9.1.1 The Council is currently forecasting a contribution to the Housing Revenue Fund balance for the 2013/14 financial year of £232,550. Income and expenditure will continue to be closely managed and any issues that arise will be reported to this Board for comment.

9.2 Environment and Sustainability Implications

- 9.2.1 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).

| | Original Budget 2013/2014 | Expected Spend to July 2013/2014 | Actual Spend to July 2013/2014 | Variance | Comments |
|---|---------------------------------|---|---|---------------|-------------|
| EXPENDITURE | | | | | |
| Repairs and Maintenance | 2,653,080 | 860,716 | 948,418 | 87,702 | Comment 5 |
| Supervision and Management - General | 1,144,830 | 366,806 | 370,996 | 4,190 | |
| Supervision and Management - Special Services | 458,880 | 151,315 | 139,400 | (11,915) | Comment 4.2 |
| Provision for Bad Debts | 100,000 | 33,333 | 33,333 | - | |
| Interest on Loans | 1,640,300 | 546,767 | 546,767 | - | |
| Revenue Set Aside (debt Repayment) | 1,250,000 | 416,667 | 416,667 | - | |
| PWLB Settlement Fee | - | - | - | - | |
| Contribution to Contingency Reserve | 308,900 | 102,967 | 102,967 | - | |
| Contribution to New Build Reserve Reserve | 3,240 | 1,080 | 1,080 | - | |
| Capital Expenditure - New Build | 1,000,000 | 20,000 | 17,408 | (2,592) | |
| Capital Expenditure | 2,735,710 | 287,451 | 274,500 | (12,951) | Comment 4.3 |
| Total Expenditure | 11,294,940 | 2,787,101 | 2,851,535 | 64,434 | |
| INCOME | | | | | |
| Gross Rent Income from Dwellings | (11,117,310) | (4,168,991) | (4,144,438) | 24,553 | Comment 4.4 |
| Gross Rent Income from Non-Dwellings | (317,660) | (123,878) | (127,094) | (3,216) | |
| Charges for Services and Facilities | (78,390) | (24,565) | (24,403) | 162 | |
| Total Income | (11,513,360) | (4,317,434) | (4,295,935) | 21,499 | |
| NET COST OF SERVICES | (218,420) | (1,530,333) | (1,444,400) | 85,933 | |
| Amortised Premiums and Discounts | 28,950 | 9,650 | 9,650 | - | |
| Investment Income - Mortgages | (50) | (17) | (17) | - | |
| - Other | (43,030) | (14,343) | (14,343) | - | |
| TOTAL (SURPLUS)/DEFICIT FOR THE YEAR | (232,550) | (1,535,043) | (1,449,110) | 85,933 | |

Appendix B

HOUSING REPAIRS FUND (to end of July 2013)

| | £ |
|--|-----------------|
| Balance available at 1 April 2013 | 59,815 |
| Contribution 2013/14 (to July 2013) | 860,716 |
| Expected Use of Fund (to July 2013) | (948,418) |
| Deficit on the Fund at 31 July 2013 | (27,887) |

APPENDIX C

HOUSING REVENUE ACCOUNT
HOUSING DIRECT WORKS
Budgetary Control Report as at 31 July 2013

| | Original Budget 2013/2014 | Expected Spend 2013/2014 | Actual Spend 2013/2014 | Variance |
|---|--|---|---------------------------------------|-----------------|
| EXPENDITURE | | | | |
| Employee Costs | 853,190 | 282,405 | 286,601 | 4,196 |
| Supplies and Services | 644,880 | 214,910 | 205,412 | (9,498) |
| Transport | 104,360 | 32,473 | 33,103 | 630 |
| Gross controllable Expenditure | 1,602,430 | 529,788 | 525,116 | (4,672) |
| Central Support | 292,940 | 38,300 | 38,300 | - |
| Capital Charges | 49,040 | 16,347 | 16,347 | - |
| Housing Direct Works Expenditure | 1,944,410 | 584,435 | 579,763 | (4,672) |

Agenda Item No 14

Resources Board

2 September 2013

Report of the Chief Executive and the Deputy Chief Executive

Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April - June 2013

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 Resources Board for April to June 2013.

Recommendation to the Board

That Members consider the performance achieved and highlight any areas for further investigation.

2 Consultation

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

3 Background

- 3.1 This report shows the first quarter position with the achievement of the Corporate Plan and Performance Indicator targets for 2013/14. This is the first report showing the progress achieved so far during 2013/14.

4 Progress achieved during 2013/14

- 4.1 Attached at Appendices A and B are reports outlining the progress achieved for all the Corporate Plan targets and the performance with our local performance indicators during April to June 2013/14 for the Resources Board.

- 4.2 Members will recall the use of a traffic light indicator for the monitoring of the performance achieved.

Red – target not achieved (shown as a red triangle)

Amber – target currently behind schedule and requires remedial action to be achieved (shown as an amber circle)

Green – target currently on schedule to be achieved (shown as a green star)

5 Performance Indicators

- 5.1 The current performance indicators have been reviewed by each division and Management Team for monitoring for the 2013/14 year.

6 Overall Performance

- 6.1 The Corporate Plan performance report shows that 100% of the Corporate Plan targets and 73.68% of the performance indicator targets are currently on schedule to be achieved. The report shows that individual targets that have been classified as red, amber or green. Individual comments from the relevant division have been included where appropriate. The table below shows the following status in terms of the traffic light indicator status:

Corporate Plan

| Status | Number | Percentage |
|--------|--------|------------|
| Green | 7 | 100% |
| Amber | 0 | 0% |
| Red | 0 | 0% |
| Total | 7 | 100% |

Performance Indicators

| Status | Number | Percentage |
|--------|--------|------------|
| Green | 14 | 73.68% |
| Amber | 3 | 15.53% |
| Red | 2 | 10.53% |
| Total | 19 | 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 There are community safety performance indicators which are reported to Executive Board.

8.2 Legal and Human Rights Implications

8.2.1 The national indicators were specified by the Secretary of State for Communities and Local Government. They have now been ended and replaced by a single list of data returns to Central Government from April 2011.

8.3 Environment and Sustainability Implications

8.3.1 Improvements in the performance and quality of services will contribute to improving the quality of life within the community. There are a number of actions and indicators which contribute towards the priorities of the sustainable community strategy including customer access strategy, outreach services, financial inclusion, health and well being services and decent and affordable housing.

8.4 Risk Management Implications

8.4.1 Effective performance monitoring will enable the Council to minimise associated risks with the failure to achieve targets and deliver services at the required performance level.

8.5 Equality Implications

8.5.1 There are a number of equality related actions and indicators highlighted in the report including developing outreach services, financial inclusion, decent and affordable housing, adaptations for people with disabilities and fuel poverty.

8.6 Links to Council's Priorities

8.6.1 There are a number of targets and performance indicators contributing towards the priorities of access to services, improving housing in the borough, tackling health inequalities, achieving a balanced budget and developing our workforce.













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 |















NWCP Resources 13/14

| | Action | Priority | Reporting Officer | Update | Status | Direction |
|-------------------|--|-------------------------------|-------------------|---|---|---|
| NWCP 039 | To implement the actions in the Procurement and Commissioning Strategy, progress will be reported by March 2014 | Public Services & Council Tax | Bird, Linda | Delivery of the actions to support the Procurement and Commissioning Strategy are on target. |  Green |  |
| NWCP 040 | To continue to contribute to the effective provision of services through implementing the actions and projects which help deliver the ICT Strategy, progress will be reported by March 2014 | Public Services & Council Tax | Bird, Linda | Tasks associated with delivering the ICT Strategy are on target. |  Green |  |
| NWCP 041 | To implement the Housing Revenue Account Business Plan and maintain a 30 year forecast reporting annually in February | Public Services & Council Tax | Garner, Sue | Progress on the HRA is monitored throughout the year, to enable the Business Plan to be updated in February. |  Green |  |
| NWCP 043 | To undertake work in line with the Human Resources Strategy, including a) Monitoring/managing sickness absence; b) Ensuring compliance with employment legislation and report by March 2014 | Local Employment | Garner, Sue | Sickness absence is monitored on an ongoing basis. Policies are updated in line with legislation and to reflect new requirements. |  Green |  |
| NWCP 050 11/12(1) | To implement the building maintenance programme for key Council buildings community buildings, shops and industrial units, including seeking ways to reduce, where possible, our carbon footprint and report by March 2014 | Public Services & Council Tax | Dobbs, Richard | Pre-planned and reactive maintenance continues to be carried out at the Council's Municipal Buildings. The major works at the Council House has commenced and incorporates a number of energy saving measures which will improve sustainability and reduce our carbon footprint. The planned replacement of Coleshill Sports Hall will be constructed to meet the current high standards of energy performance. |  Green |  |
| NWCP 082 | To work to improve broadband access for the people and businesses of North Warwickshire through the work of the Council and specifically the Coventry, Solihull and Warwickshire BDUK Project | Access to Services | Bird, Linda | CSW BDUK Project team have awarded the contract to BT. A local public information event is being held on 9th July. |  Green |  |

| | | | | | | |
|----------|--|---------|-------------------|---|--|---|
| NWCP 084 | To implement the work of the Task and Finish Group established to review the Borough Care Service and deliver any actions agreed by the Resources Board as part of the review in accordance with the project timetable | Housing | Coates, Angela | The Task and Finish Group first met on 24th May and has agreed terms of reference and a project plan. |  Green |  |
|----------|--|---------|-------------------|---|--|---|

NWPI Resources 13/14

| Ref | Description | Section | Priority | Year End Target | Performance | Traffic Light | Direction of Travel | Comments |
|------------|---|-----------------------|-------------------------------|-----------------|-------------|---|---|--|
| NWLPI 052 | The % of invoices for commercial goods and services which were paid by the authority within 30 days of such invoiced being received by the Authority (former BV8) | Financial Accountancy | Public Services & Council Tax | 98 | 98.75 |  Green |  | |
| NWLPI 054 | The proportion of working days / shifts lost to sickness absence (former BV12) | Human Resources | Public Services & Council Tax | 8 | 2.24 |  Green |  | |
| NWLPI 055 | Voluntary leavers as a % of staff in post (former BV13) | Human Resources | Public Services & Council Tax | 10 | 3.84 |  Green |  | |
| NWLPI 57 | Percentage of calls answered through the Central Control system within 60 seconds. (TSA national standard 96.5%): | Community Support | Housing | 99 | 99.5 |  Green |  | |
| NWLPI 135 | Percentage of response repairs completed right first time | Housing Maintenance | Housing | 90 | 87.6 |  Amber |  | Issues on gas repairs improving |
| NWLPI 068 | Gas certificates completed | Housing Maintenance | Housing | 100 | 99.82 |  Amber |  | 3 properties outstanding one cases awaiting court two nsp served. |
| @NW: NI156 | Number of households living in temporary accommodation (snapshot at end of each quarter) | Housing Management | Housing | 3 | 3 |  Green |  | |
| NWLPI 136 | Number of tenants with more than 7 weeks rent arrears | Housing Management | Housing | 2.8 | 3.92 |  Red |  | |
| NWLPI 070 | Average time taken to re-let local authority housing (former BV212) | Housing Management | Housing | 21 | 37.31 |  Red |  | We have had an increase in vacant properties over our expected average. Some have needed major works. The increase in numbers caused a backlog which has required additional resource. |
| NWLPI 039 | The percentage availability of corporate systems available to users Monday to Friday 8.00 am to 5.30 pm : | Computer Services | Public Services & Council Tax | 99.7 | 100 |  Green |  | |
| NWLPI 040 | The percentage of initial response to helpdesk calls within four hours of a call being placed : | Computer Services | Public Services & Council Tax | 95 | 98 |  Green |  | |
| NWLPI 041 | Percentage of Service Desk Calls resolved in target (total of IS3 to IS6) | Computer Services | Public Services & Council Tax | 95 | 98 |  Green |  | |

| Ref | Description | Section | Priority | Year End Target | Performance | Traffic Light | Direction of Travel | Comments |
|------------|--|---------------------|-------------------------------|-----------------|-------------|---|---|----------|
| NWLPI 096 | The Percentage of Calls answered in 20 seconds in the contact centre | Revenues & Benefits | Public Services & Council Tax | 75 | 85 |  Green |  | |
| NWLPI 100 | Housing Benefit Security: : The number of prosecutions and sanctions, per 1,000 caseload (former BV76d) | Revenues & Benefits | Public Services & Council Tax | 5 | 5 |  Green |  | |
| @NW: NI181 | The average time taken in calendar days to process all new claims and change events in Housing Benefit and Council Tax Benefit | Revenues & Benefits | Public Services & Council Tax | 12 | 9.06 |  Green |  | |
| NWLPI 106 | The percentage of non-domestic rates due for the financial year which were received by the authority (former BV10) | Revenues & Benefits | Public Services & Council Tax | 31 | 31.69 |  Green |  | |
| NWLPI 107 | Proportion of Council Tax collected (former BV9) | Revenues & Benefits | Public Services & Council Tax | 30 | 29.95 |  Amber |  | |
| NWLPI 160 | Percentage calls resolved at first point of contact in the Contact Centre | Revenues & Benefits | Public Services & Council Tax | 84 | 84 |  Green |  | |
| NWLPI 161 | Percentage of abandoned calls in the Contact Centre | Revenues & Benefits | Public Services & Council Tax | 4 | 3 |  Green |  | |

Agenda Item No 15

Resources Board

2 September 2013

Report of the Assistant Director (Housing)

Borough Care Service Review

1 Summary

- 1.1 This report provides the Board with an update on the progress of the review of the Borough Care service.

Recommendation to the Board

That the report be noted.

2 Consultation

- 2.1 An advanced copy of this report has been sent to the Chairman of the Housing Sub-Committee (Councillor Winter) and the Opposition Spokesperson (Councillor Johnston) for comment. Any comments received will be reported verbally at the meeting.

3 Background

- 3.1 The Council's Borough Care service was established just over 20 years ago. It is a discretionary service. The aim was to replace the Council's resident warden sheltered schemes with a service which could be accessed by any older person in the community over the age of 62 regardless of tenure. This modernisation to meet the broader needs of the population was ground breaking at the time.
- 3.2 As part of the Council's corporate priorities the Housing Division has been tasked with undertaking a review of the service to ensure it is still fit for purpose. At its meeting in June 2012 the Resources Board agreed to set up a cross party Task and Finish Group to lead the review.

4 Current Position

- 4.1 An issues paper has been considered by the political groups. Each has appointed Councillors to the Task and Finish Group. The Councillors on the Task and Finish Group are Councillor Moore (Chair), Councillor Winter (Vice Chair), Councillor Pickard, Councillor Phillips, Councillor Hayfield, Councillor Fox, Councillor Smith and Councillor Johnston. Councillor Fox has subsequently become an Independent Member.

4.2 The first meeting of the Task and Finish Group was held on 24 May 2013. At that meeting terms of reference were agreed. At the Task and Finish Group held on 30 July a project plan was agreed. The terms of reference are attached at Appendix 1 and the project plan is attached at Appendix 2 for information.

...

5 Report Implications

5.1 Finance and Value for Money Implications

5.1.1 The Council has a net revenue budget provision of £543,530 for Borough Care and £110,060 for CCTV. This is predominantly salaries. In addition there is a capital budget provision of £18k to purchase replacement lifeline equipment.

5.1.2 The service benefits from a number of income streams:

- CCTV - £32,560
- Contract with Nuneaton and Bedworth Borough Council – £21,480
- Charging vulnerable people under the age of 62 - £2,000
- Provision of County Council's Telecare Service - £8,500

5.1.3 In order to add much needed capacity to support the tasks the Review Group will need to undertake, the Special Sub-Group has agreed to provide for some specialist consultancy. Budget has been made available for this through an allocated reserve for the Borough Care Service. Only part of the £35K available will be used for this project.

5.2 Links to Council's Priorities

5.2.1 The Council has a corporate objective to undertake a review of the Borough Care service and implement an agreed improvement action plan.

The Contact Officer for this report is Angela Coates (719369).

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 |
|---------------------|--------|----------------------------|------|
| | | | |

Borough Care Review Task and Finish Group

Terms of Reference

The Borough Care Review Task and Finish Group will meet every two months, will have broad ranging confidential discussions about current and future service provision and will report formally to the Resources Board.

The services considered by the Group will be Borough Care, sheltered schemes and the Older Persons Support Service.

The Group has agreed the following activity and timescales.

1 Activity:

- Consider current service provision, challenges and context.
- Fact find and explore different service models. This will include finding out about technology available, what customers want from the service and considering how other providers deliver their services.
- Agree principles for future service delivery and possible options.
- Consider modelling information for different service options.
- Recommend options for future service delivery to the Resources Board.

2 Timescales:

- To undertake to complete fact finding within 6 months
- To agree options for future service delivery within 8 months
- To make recommendations to the Resources Board within 12 months

3 Reporting

Information and progress reports will be provided to the Resources Board

Aim: Enable the Borough Care Review Task and Finish Group to make an informed decision about which models is preferred in North Warwickshire and make recommendations to the Council

| Objective | Tasks | Timescales | Key Meetings |
|---|---|------------|---|
| | | | Present Terms of Reference & Project Plan to Resources Board on 3 September |
| What are the drivers for change, and how others are responding? What does this suggest is needed in North Warwickshire? | <ul style="list-style-type: none"> • Establish relevant national, county and local outcomes and priorities for older people – for example in relation to health and wellbeing as described in Warwickshire’s Health and Well Being Strategy • Strategic and commissioning ambitions of County Council & Clinical Commissioning Group [initial perspective] • Review existing evidence of needs of older people in North Warwickshire (with reference to Joint Strategic Needs Assessment & population statistics and others sources) • Seek out a range of service models used by other organisations (research to include but not limited to lifeline & sheltered scheme services) [at this stage this will be sufficient to provide a taster to members] • Facilitated discussion with Task and Finish Group to explore: <ul style="list-style-type: none"> ○ What this suggests the future of services in NW should look like? ○ Are any of the models | | Task & Finish Group Beginning of October 2013 |

| Objective | Tasks | Timescales | Key Meetings |
|---|--|--|---|
| | <p>highlighted of interest to members, and why?</p> <ul style="list-style-type: none"> ○ Where are we now – what is the distance to travel? ○ We'll be talking to customers and their families; what do you want to know? | | |
| Evaluating Current Service Position | <ul style="list-style-type: none"> ● Collate & analyse service costs, demand and capacity & qualitative feedback ● Speak to customers in a focus group (include talking to family members supporting customers) ● Benchmark against similar services | | Focus Groups with customers early October |
| Consider Current Service Position in National & Local Context | <ul style="list-style-type: none"> ● Comparison of current service position in light of strategic and commissioning ambitions of County Council & the NHS – including approach to personalisation, care closer to home & the integration agenda ● Facilitated discussion with Task and Finish Group. Bearing in mind how the service currently performs against meeting needs and contributing to other objectives: <ul style="list-style-type: none"> ○ What would the Group wish to be achieving with a North Works service for older people? (Principles and values) ○ Where do you think your priorities should lie? (this and above will inform criteria for service models) | Present information to Task and Finish Group during October 2013 | Task & Finish Group End October 2013 |

| Objective | Tasks | Timescales | Key Meetings |
|---------------------------------|---|---|--|
| Exploring Service Model Options | <ul style="list-style-type: none"> • Seek out a range of service models used by other organisations (research to include but not limited to lifeline & sheltered scheme services) & arrange site visits as appropriate • Research types of assistive technology and how it is being used by other organisations • Identify how other organisations are working in collaboration or integrating with health and social care services • Research how different service models & types of service have been implemented to understand what was required and the risks associated with change • Understand other similar service provision in Warwickshire & gaps in provision which could present opportunities (including considerations of working with Nuneaton and Bedworth Borough Council) • Facilitate discussions with other organisations about the potential for joint working • Facilitated discussion with Task and Finish Group to: <ul style="list-style-type: none"> ○ Hear from site visits ○ Get clarity over service principles & desired outcomes (to inform next stage of evaluation) ○ Agree which options are worth | Present information to Task and Finish Group by end of November | <p>Workshop to explore service model options mid November</p> <p>Task & Finish Group – end November 2013</p> |

| Objective | Tasks | Timescales | Key Meetings |
|--|--|--|--|
| | evaluating? ○ Answer any remaining questions? | | |
| Evaluation of service models in North Warwickshire context | <ul style="list-style-type: none"> • Evaluate how service models and types of provision might work in North Warwickshire (bearing in mind needs, desired outcomes, initial service principles and opportunities to integrate and align provision) • Facilitated discussion with Task and Finish Group to: <ul style="list-style-type: none"> ○ Get clarity over service principles & desired outcomes (to inform next stage of evaluation) ○ Get direction for the modelling exercise | Present & discuss service options with Task and Finish Groups by end of February 2014 | Task and Finish Group February 2014 |
| Service Modelling and Recommendations | <ul style="list-style-type: none"> • Develop a number of options for service models that would be appropriate for North Warwickshire in terms of cost, quality and outcomes • Evaluate the options against the service principles and objectives set by the Task and Finish Group and other relevant criteria • Identify the main activities that are needed to mitigate the risk and provide some indications of the costs that would be associated with remodelling • Consult with staff and Unions as appropriate • Provide a report on different service options to the Task and Finish Group | Present and discuss service options with Task and Finish Group in March 2014 Agree report on recommended model (or choice of models) by June 2014 | Task and Finish Groups from March to June 2014 |

| Objective | Tasks | Timescales | Key Meetings |
|---------------------------|--|------------|-----------------------------------|
| Report to Resources Board | Provide a report on the service options explored by the Task and Finish Group and the recommended model as well as identifying how any changes to the service could be managed | | Resources Board By September 2014 |

Agenda Item No 16

Resources Board

2 September 2013

Report of the Deputy Chief Executive

Internal Audit – Performance for 2012-13

1 Summary

- 1.1 The report allows the Board to monitor the progress of the Council's Internal Audit function against the agreed plan of work for the year.

Recommendation to the Board

That the report be noted.

2 Introduction

- 2.1 The CIPFA Code of Practice on Internal Audit in Local Government defines standards of best practice for internal audit. The Code requires that Members both approve the Internal Audit Section's strategic work plan and receive periodic reports on performance against plan. This report summarises performance with reference to the Annual Plan for April 2012 to March 2013.

3 Summary of Work Completed

- ... 3.1 Appendix A summarises progress on the s151 audit plan for the period, identifying audits completed and indicating the extent of progress on those audits still outstanding, whilst Appendix B provides definition of the level of assurance given. The appendix shows that the 90% performance target of audits completed was achieved.
- ... 3.2 The Head of Audit can express a satisfactory opinion on the overall adequacy and effectiveness of the Council's control environment based on the work undertaken by the audit team during the year, work undertaken by the IT Auditors and from the acceptance of assurance from the Council's external auditors.
- 3.3 All of the required financial audits for review by the external auditors were completed by the 31 March deadline. The external auditors have confirmed that they have been able to place full reliance on the work they reviewed carried out by the internal team.
- 3.4 Audit reports submitted to Board for the first, second and third quarters of the year detail individual audits completed to that time. This report text refers only to those completed during the final quarter.

Internal Audit can place a high level of assurance on the following final reviews:

Main Accounting – No recommendations
Payroll – No recommendations
Benefits – No recommendations
Capital Expenditure – No recommendations
Council Tax – No recommendations
NDR – No recommendations
Cash and Banking – No recommendations
Creditors – No recommendations
Debtors – No recommendations
Housing Rents – No recommendations

Only material recommendations are included in reports, lower risk matters that may have been identified during audits are recorded and communicated through departmental memorandum, with identified actions and implementation dates monitored through the existing follow up of recommendations proven audit process.

- 3.5 The Internal Audit Section has undertaken a range of work recorded under contingency audits. These are reviews carried out either resulting from departmental requests, external audit suggestions or where Internal Audit have responsibility for service activity- this relates to counter fraud activity and monitoring of reporting information from the National Fraud Initiative.
- 3.6 The performance standards set by the Audit Commission require that Internal Audit completes at least 90% of planned work in the year unless there are good reasons otherwise. In calculating that statistic, planned work deferred at client request is ignored if such deferrals have appropriate justification. All client requests for deferrals have been based on sound, service based justifications.
- 3.7 IT Audit work is achieved through a contractual arrangement secured across all councils within Warwickshire. In 2012-13 reviews completed covered PCI-DSS, Web Site Management, Academy and Physical & Logical Security that achieved good levels of assurance.

4 Report Implications

4.1 Risk Management Implications

- 4.1.1 Failure to provide an effective Internal Audit Service may adversely affect the level of internal control operating within the Council and will attract criticism from external assessors, such as the Audit Commission and the External Auditor.

4.2 Links to Council's Priorities

- 4.2.1 The audit programme agreed and delivered is aligned to both the priorities of the Council and the requirements of external assessors.

The Contact Officer for this report is Barbara Haswell (719416)

Audits Completed last quarter 2012-13

| Audit | Quarter Due | Status | Assurance Level * | Tot No. of Recs | High Priority | Medium Priority | Low Priority | H/M Recs not Agreed (attach) |
|---------------------|-------------|--------------|-------------------|-----------------|---------------|-----------------|--------------|------------------------------|
| Main Accounting | 4 | Final | H | 0 | | | | |
| Creditors | 4 | Final | H | 0 | | | | |
| Housing Rents | 4 | Final | H | 0 | | | | |
| Payroll | 4 | Final | H | 0 | | | | |
| Housing Benefits | 4 | Final | H | 0 | | | | |
| Capital | 4 | Final | H | 0 | | | | |
| Council Tax | 4 | Final | H | 0 | | | | |
| Cash & banking | 4 | Final | H | 0 | | | | |
| NDR | 4 | Final | H | 0 | | | | |
| Sundry Debtors | 4 | Final | H | 0 | | | | |
| Treasury Management | Qtr 1 13/14 | Not reviewed | by external | audit so | moved to | quarter 1 | 2013-14 | |
| Budgets | Qtr 1 13/14 | Not reviewed | by external | audit so | moved to | quarter 1 | 2013-14 | |

Reasons for not providing a high assurance level on final reports

Not applicable.

Reports reflect material recommendations only. Any lower risk issues have been addressed through audit memorandums.

Progress Against Audit Plan

| Audit | Status | Due | Audit | Status | Due |
|---------------------------------------|--------|-----|---------------------|--------|-----|
| Insurances | Final | | Risk Management | Final | |
| Housing Management | Final | | Comms&Telephony | Final | |
| Leisure Centres | Final | | Grant Claims | Final | |
| Compliance with Policies & Strategies | Final | | Democratic Services | Final | |

| Audit | Status | Due | Audit | Status | Due |
|--|----------------------------------|------------|----------------------------------|----------------------------------|------------|
| Emergency Planning & Business Continuity | Final | | Official Conduct Stocks & Stores | Final | |
| Amenity Cleaning | Final | | Trade Refuse & Cesspools Asset | Final | |
| Development Control & Enforcement | Final | | Management Contact | Final | |
| Environmental Health Enforcement | Final | | Centre Housing Repairs | Final | |
| Performance Indicators & Management | Final | | | | |
| Facilities Management | Final | | | | |
| Procurement | Final | | Choice Based Lettings | Moved to 13/14- manager request | |
| Domestic Refuse | Moved for planned system changes | | Grnds Mntce | Moved for planned system changes | |

**Progress Against Audit Plan
IT Based Audits**

Final reports issued on PCI-DSS, Web Site Management, Academy and Physical & Logical Security. All with good levels of assurance.

| Performance of Audit 2012-13 | | |
|------------------------------|--|---------------------|
| No. | Indicator | Suggested Frequency |
| 1 | Performance reports to Resources Board | Quarterly |
| 2 | 90% of Audit Plan delivered | Annual |
| 3 | Number of audits where time taken to complete the work is more than 10% longer than planned. | Quarterly |
| 4 | Number of audits completed by set deadline | Quarterly |
| 5 | Final report issued within 4 weeks of completion of fieldwork | Quarterly |
| 6 | 90% of recommendations accepted by management | Annual |
| 7 | Number of recommendations implemented by the target date | Annual |
| 8 | Details from CIPFA benchmarking exercise | Annual |
| 9 | Questionnaire: Feedback obtained from report recipients is good (average 4 out of 5) | Quarterly |
| 10 | % of sickness levels within Audit is below 5% | Quarterly |
| 11 | Training for unqualified staff represents at least 5% of their available time. | Annual |
| 12 | Reliance on Internal Audit work by external agencies | Annual |
| 13 | Compliance with CIPFA Code of Audit Practice | Annual |

Performance for 2012-13

September 2012, November 2012, March 2013, September 2013.
 90% of revised plan completed. 2 audits moved to 13/14 due to planned system improvement; 1 moved at manager request due to national changes; 2 KFS audits completed early 13/14 as not required by PWC.
 9 of 31. All due to additional work being undertaken.
 28 out of 31. 2 delayed due to audit time on contingency audits and 1 due to service officers delay.
 16 of 31. 1 due to service officer delay and 1 to delay in provision of back up documentation.
 100% accepted
 100%
 Not undertaken this year- once every 3 years considered appropriate due to cost.
 Good in those returned. Questionnaire format revised for 13/14.
 1.4% exceeded target and below council average.
 Actual figure of 6.75 % achieved.
 2013 review of work undertaken in 2012-13 by external auditors complimentary and reliance has been placed on completed work
 Confirmed by self assessment-report to Board Sep 2013

2012-13 Internal Audit report recommendations Not Agreed

| Audit | Recommendation | Management Response |
|--------------|-----------------------|----------------------------|
|--------------|-----------------------|----------------------------|

| | | |
|------|--|--|
| None | | |
|------|--|--|

Assurance level definitions:

| Overall Audit Opinion | |
|------------------------------|---|
| High | <p>Controls are in place and operating satisfactorily.</p> <p>Reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively.</p> |
| Medium | <p>There are some control weaknesses but most key controls are in place and operating effectively.</p> <p>Some assurance can be given that the system, process or activity should achieve its objectives safely and effectively.</p> |
| Low | <p>Controls are in place but operating poorly or controls are inadequate, failing or not present to satisfaction.</p> <p>Only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively.</p> |

Recommendation Priority Levels definitions:

| | |
|--------|---|
| High | Action is agreed for implementation within one month of the report date |
| Medium | Action is agreed for implementation within three months of the report date |
| Low | Action is agreed for implementation within twelve months of the report date |

Agenda Item No 17

Resources Board

2 September 2013

Report of the Deputy Chief Executive

Internal Audit – Performance for First Quarter 2013-14

1 Summary

- 1.1 The report allows the Board to monitor the progress of the Council's Internal Audit function against the agreed plan of work for the year.

Recommendation to the Board

That the report be noted.

2 Introduction

- 2.1 The CIPFA Code of Practice on Internal Audit in Local Government defines standards of best practice for internal audit. The Code requires that Members both approve the Internal Audit Section's strategic work plan and receive periodic reports on performance against plan. This report summarises performance for April 2013 to June 2013.

3 Summary of Work Completed

- 3.1 Appendix A to the report summarises progress on the s151 audit plan for the period, identifying audits completed and indicating the extent of progress on those audits still outstanding. The 90% performance target of planned work in quarter one of 2013-14 was achieved with 92% completion of the current years planned audits. Appendix B provides definition for the levels of assurance applied which have been improved for 2013-14 and ensuing years.

- 3.2 Internal Audit can place a high level of assurance on the following final reviews that refer to 2012-13 but were performed in 2013-14 ;
Treasury Management and Budgetary Control.

A substantial level of assurance can be placed on the following 2013-14 audits;

Corporate Governance, Petty Cash, Dog and Pest Control, Abandoned Vehicles, Grounds Maintenance, Community Planning and Corporate Plan.

An adequate level of assurance can be placed on Stocks and Stores and Agency Staffing – Streetscape.

Audits of Fees and Charges and Energy Management continue into quarter 2.

- 3.3 The Internal Audit Section has undertaken an increased amount of work recorded under contingency audits. These are reviews carried out either resulting from departmental requests, external audit suggestions, counter

fraud activity and monitoring of reporting information from the National Fraud Initiative.

- 3.4 The performance standards set by the Audit Commission require that Internal Audit complete at least 90% of planned work in the year unless there are good reasons otherwise. In calculating that statistic, planned work deferred at client request is ignored if such deferrals have appropriate justification. All client requests for deferrals have been based on sound, service based justifications.

4 **Report Implications**

4.1 **Risk Management Implications**

- 4.1.1 Failure to provide an effective Internal Audit Service may adversely affect the level of internal control operating within the Council and will attract criticism from external assessors such as the Audit Commission and the External Auditor.

4.2 **Links to Council's Priorities**

- 4.2.1 The audit programme agreed and delivered is aligned to both the priorities of the Council and the requirements of external assessors.

The Contact Officer for this report is Barbara Haswell (719416).

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 |
|----------------------------|---------------|-----------------------------------|-------------|
| | | | |

Audits Completed first quarter 2013-14

| Audit | Quarter Due | Status | Assurance Level | Tot No. of Recs | High Priority | Medium Priority | Low Priority | H/M Recs not Agreed(see att) |
|-------------------------------------|--------------------|---------------|------------------------|------------------------|----------------------|------------------------|---------------------|-------------------------------------|
| Treasury Management 2012-13 | 1 | Final | High | 1 | | 1 | | |
| Budgetary Control 2012-13 | 1 | Final | High | 0 | | | | |
| Audit | Quarter Due | Status | Assurance Level | Tot No. of Recs | Priority 1 | Priority 2 | | |
| Corporate Governance | 1 | Final | Substantial | 0 | | | | |
| Energy Management | 1 | Moved | | | | | | |
| Review of Fees and Charges | 1 | Ongoing | | | | | | |
| Petty Cash | 1 | Completed | Substantial | 0 | | | | |
| Stocks and Stores | 1 | Draft | Adequate | TBA | | | | |
| Dog and Pest Control | 1 | Final | Substantial | 0 | | | | |
| Abandoned Vehicles | 1 | Final | Substantial | 0 | | | | |
| Grounds Maintenance | 1 | Final | Substantial | 4 | 1 | 3 | | |
| Agency Staffing-Streetscape | 1 | Final | Adequate | 5 | 3 | 2 | | |
| Community Planning & Corporate Plan | 1 | Final | Substantial | 0 | | | | |

Reasons for not providing a substantial assurance level on final reports

Agency staffing work within Streetscape revealed a number of required improvements to secure an acceptable level of internal control. Stocks and stores control within housing direct works continues to present room for improvement to ensure accuracy and completeness.

Progress Against Audit Plan

| Audit | Status | Due | Audit | Status | Due |
|-----------------------------|---------------|------------|---------------------|---------------|------------|
| Corporate Governance | Completed | | Petty Cash | Completed | |
| Energy Management | Moved | Qtr 2 | Stocks and Stores | Completed | |
| Review of Fees and Charges | Ongoing | Qtr 2 | Abandoned Vehicles | Completed | |
| Agency Staffing-Streetscape | Completed | | Grounds Maintenance | Completed | |

Dog and Pest
Control

Completed

Community Planning & Corporate Plan

Completed

| Performance of Audit 2013-14 for Quarterly Indicators | | | Performance for 2013-14 |
|---|--|---------------------|---|
| No. | Indicator | Suggested Frequency | |
| 1 | Performance reports to Resources Board | Quarterly | September 2013 |
| 3 | Number of audits where time taken to complete the work is more than 10% longer than planned. | Quarterly | 2 from 12- extra work undertaken |
| 4 | Number of audits completed by set deadline | Quarterly | 10 from 12 - 84% additional work undertaken. |
| 5 | Final report issued within 4 weeks of completion of fieldwork | Quarterly | 8 from 10 scheduled and completed. 2 slightly delayed due to settling of final actions between auditor and officer. |
| 9 | Questionnaire:Feedback obtained from report recipients is good (average 4 out of 5) | Quarterly | Good in those returned. |
| 10 | % of sickness levels within Audit is below 5% | Quarterly | 0.00% |

2013-14 Internal Audit report recommendations Not Agreed

| Audit | Recommendation | Management Response |
|--------------|-----------------------|----------------------------|
|--------------|-----------------------|----------------------------|

| | | |
|------|--|--|
| None | | |
|------|--|--|

Assurance level definitions:

| <i>Overall Audit Opinion</i> | |
|-------------------------------------|---|
| High | <p>Controls are in place and operating satisfactorily.</p> <p>Reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively.</p> |
| Medium | <p>There are some control weaknesses but most key controls are in place and operating effectively.</p> <p>Some assurance can be given that the system, process or activity should achieve its objectives safely and effectively.</p> |
| Low | <p>Controls are in place but operating poorly or controls are inadequate, failing or not present to satisfaction.</p> <p>Only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively.</p> |

Recommendation Priority Levels definitions:

| | |
|--------|---|
| High | Action is agreed for implementation within one month of the report date |
| Medium | Action is agreed for implementation within three months of the report date |
| Low | Action is agreed for implementation within twelve months of the report date |

NORTH WARWICKSHIRE BOROUGH COUNCIL

**MINUTES OF THE
HOUSING SUB-COMMITTEE**

8 July 2013

Present: Councillor Winter in the Chair

Councillors Davis, Lewis, Moore, Phillips and Smith

Apologies for absence were received from Councillors N Dirveiks (substitute Councillor Phillips), Fox and Johnston (substitute Councillor Smith).

Councillor Lea was also in attendance.

1 Disclosable Pecuniary and Non-Pecuniary Interests

None were declared at the meeting.

2 Minutes of the Housing Sub-Committee held on 22 April 2013

The minutes of the meeting of the Sub-Committee held on 22 April 2013, copies having previously been circulated, were approved as a correct record and signed by the Chairman.

3 Progress Report on Achievement of Corporate Plan Targets – April – March 2013

The Chief Executive and the Deputy Chief Executive informed Members of the progress with the achievement of the Corporate Plan targets relevant to the Housing Sub-Committee for April 2012 to March 2013.

Resolved:

That the progress with the achievement of the Corporate Plan targets relevant to the Housing Sub-Committee for April 2012 to March 2013 be noted.

4 Empty Homes Update

The Assistant Director (Housing) summarised the impacts of measures to reduce the numbers of long term empty dwellings in the Borough.

Resolved:

That the report be noted.

5 Update on the Local Investment Plan

The Assistant Director (Housing) set out the update on the Local Investment Plan in regards to affordable housing within North Warwickshire.

Resolved:

That the report be noted.

6 Impact of Welfare Benefit Reforms on Council Tenants – Under Occupation Charge

The Assistant Director (Housing) provided information about the implications of the Government's welfare reforms with regard to the under occupation charge and Council tenants.

Resolved:

That the implications of the Government's Welfare Reform Act under occupation charge for the Council's tenants be noted.

7 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.

8 Energy Company Obligations and Improvement Works to Council Properties

The Assistant Director (Housing) provided information about the provision of energy efficiency measures in the Council's own stock and made a proposal about how the Council could attract energy Company Obligation funding to support its improvement schemes.

Resolved:

That the Housing Division attract Energy Company Obligation funding for relevant improvement schemes on a scheme by scheme basis as part of its usual tender arrangements

**John Winter
Chairman**

Agenda Item No 19

Resources Board

2 September 2013

**Report of the
Chief Executive**

Exclusion of the Public and Press

Recommendation to the Board

That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.

Agenda Item No 20

Irrecoverable Local Taxation Debts – Report of the Assistant Chief Executive (Community Services)

Paragraph 1 - by reason of the report containing information relating to an individual.

Agenda Item No 21

Housing Matters – Assistant Director (Housing)

Paragraph 3 – by reason of the report containing financial details of an organisation.

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