

**To: Deputy Leader and Members of the Resources Board  
(Councillors Moore, Morson, N Dirveiks, Ferro,  
Forwood, Fowler, Hayfield, Johnston, Lea, Payne,  
Smith, M Stanley, Y Stanley, Watkins 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](mailto:emmahumphreys@northwarks.gov.uk)  
or [amandatonks@northwarks.gov.uk](mailto: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**

**11 JULY 2011**

The Resources Board will meet in the Chamber at The Council House, South Street, Atherstone, Warwickshire on Monday, 11 July 2011 at 6.30 pm.

### **AGENDA**

- 1 Evacuation Procedure.**
- 2 Apologies for Absence / Members away on official Council business.**
- 3 Declarations of Personal or Prejudicial Interests.**  
(Any personal interests arising from the membership of Warwickshire County Council of Councillors Fowler, Hayfield and Lea, and membership of various Parish Councils of Councillors Moore (Baddesley), Morson and Winter (Dordon) and M Stanley and Y Stanley (Polesworth) are deemed to be declared at this meeting).

- 4 **Request for discussion of En Bloc items.**
- 5 **Minutes of the Resources Board held on 6 June 2011** (copy herewith) to be approved and signed by the Chairman.
- 6 **Presentation from Angela Coates Assistant Director (Housing) on the work of her Division.**

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

- 7 **Fillongley Churchyard Wall** – Report of the Assistant Director (Leisure and Community Development)

### **Summary**

The report advises the Board on the Council's obligation in respect of the maintenance of the churchyard at the Parish Church of St Mary and All Saints, Fillongley, and seeks approval for the funding of repairs to the churchyard wall.

The Contact Officer for this report is Alethea Wilson (719212)

- 8 **HRA Self Financing** – Report of the Deputy Chief Executive

This report identifies the financial implications for the Council's 30 year business plan of the Government's self-financing proposals for Housing.

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

- 9 **Investor in People Review** - Report of the Assistant Director (Finance and Human Resources)

This report recommends that the Council does not seek to retain the Investor in People award when it expires on the 31 March 2012.

The Contact Officer for this report is Janis McCulloch (719236).

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

- 10 **Annual Treasury Report for 2010/2011** – Report of the Deputy Chief Executive – REPORT TO FOLLOW

### **Summary**

This report shows the out-turn for 2010/11 and highlights any areas of significance.

The Contact Officer for this report is Jackie Marshall (719379).

- 11 **Progress Report on Human Resources Issues** – Report of the Assistant Director (Finance and Human Resources)

### **Summary**

This report advises Members of progress against the Human Resources Strategy Action Plan work being taken by the Human Resources team, the sickness levels for the period April 2010 to March 2011 and provides some further information on action taken in managing absence.

The Contact Officer for this report is Kerry Drakeley (719300).

- 12 **Budgetary Control Report 2011/12 - Period Ended 31 May 2011** – Report of the Assistant Director (Finance and Human Resources)

The report covers revenue expenditure and income for the period from 1 April 2011 to 31 May 2011. The 2011/12 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).

- 13 **Consolidated Budgetary Control Report 2011/2012 – Period ended 31 May 2011** – Report of the Assistant Director (Finance and Human Resources)

### **Summary**

This report covers total Council General Fund revenue expenditure and income for the period from 1 April 2011 to 31 May 2011.

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

- 14 **Housing Revenue Account Budgetary Control Report 2011/2012 – Period ended 31 May 2011** – Report of the Assistant Director (Finance and Human Resources)

**Summary**

This report covers total Housing Revenue Fund revenue expenditure and income for the period from 1 April to 31 May 2012.

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

- 15 **Capital Programme 2011/2012 Period Ending May 2011** - Report of the Assistant Director (Finance and Human Resources)

**Summary**

The report updates Members on the progress of the 2011/12 Capital Programme in terms of both expenditure and outcomes.

The Contact Officer for this report is Jon Illingworth (719489).

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

- 16 **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.**

- 17 **Affordable Housing Development Schemes** – Report of the Assistant Director (Housing)

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

- 18 **Land Sales** – Report of the Assistant Director (Streetscape)

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

19 **Land at Atherstone** – Report of the Assistant Chief Executive and Solicitor to the Council and Assistant Director (Streetscape) – REPORT TO FOLLOW

The Contact Officers for this report are Steve Maxey (719438) and Richard Dobbs (719440).

JERRY HUTCHINSON  
Chief Executive

# NORTH WARWICKSHIRE BOROUGH COUNCIL

## MINUTES OF THE RESOURCES BOARD

6 June 2011

Present: Councillor Moore in the Chair

Councillors N Dirveiks, Ferro, Forwood, Fowler, Hayfield, Johnston, Lea, Morson, M Stanley, Y Stanley, Watkins and Winter.

Apologies for absence were received from Councillors Payne and Smith.

Councillors Sweet, Phillips and Humphreys were also in attendance.

Councillor Moore thanked Councillor Smith for his contribution as Chairman of the Resources Board over the last eight years.

### 1 **Declarations of Personal or Prejudicial Interests**

Any personal interests arising from the membership of Warwickshire County Council of Councillors Fowler Hayfield and Lea, and membership of various Parish Councils of Councillors Moore (Baddesley), Morson and Winter (Dordon) and M Stanley and Y Stanley (Polesworth) were deemed to be declared at the meeting.

### 2 **Minutes**

The minutes of the meeting of the Board held on 28 March 2011, copies having previously been circulated, were approved as a correct record and signed by the Chairman.

### 3 **Progress Report on Achievement of Corporate Plan and Performance Indicator Targets April 2010 – March 2011**

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 2010 to March 2011.

#### **Resolved:**

**That the report be noted.**

#### **4 New Human Resource Policies**

The Assistant Director (Finance and Human Resources) advised Members of the background to the new policies on retirement, secondment and health and wellbeing and recommended the adoption of the policies by the Council.

**Resolved:**

- a That the Retirement Policy and Procedure be adopted;**
- b That the Secondment Policy and Procedure be adopted;  
and**
- c That the Health and Wellbeing Policy be adopted.**

#### **5 Treasury Management Revised Annual Investment Strategy**

The Deputy Chief Executive reported on a revised Annual Investment Strategy for 2011/12.

**Resolved:**

**That the revised Annual Investment Strategy for 2011/12 be approved.**

#### **6 Internal Audit – Performance for 2010/11**

The Deputy Chief Executive detailed the progress of the Council's Internal Audit function against the agreed plan of work for 2010/11.

**Resolved:**

**That the report be noted.**

#### **7 Members' Allowances Out-turn for 2010/11**

The Assistant Director (Finance and Human Resources) advised Members of the allowances paid for 2010/11 which the Council had a duty to publish under the Members' Allowance Scheme.

**Resolved:**

**That the report be noted subject to items requested being clarified.**

**8 Collection Progress for Sundry Debts 2010/11 and Prompt Payment of Creditor Invoices, LPI 8**

The Assistant Director (Finance and Human Resources) advised Members of the collection progress for Sundry Debts in 2010/11 and highlighted the performance of LPI 8, Prompt Payment of Creditor Invoices.

**Resolved:**

**That the report be noted.**

**9 Review of Existing Human Resource Policies**

The Assistant Director (Finance and Human Resources) reported on the review and updating of a number of existing policies.

**Resolved:**

- a That the revised Training and Development Policy be approved;**
- b That the revised Dignity at Work Policy be approved;**
- c That the revised Grievance Policy be approved; and**
- d That the revised Job Share Policy be approved.**

J Moore  
Chairman



**Report of the  
Assistant Director  
(Leisure and Community Development)**

**Fillongley Churchyard Wall**

**1 Summary**

- 1.1 The report advises the Board on the Council's obligation in respect of the maintenance of the churchyard at the Parish Church of St Mary and All Saints, Fillongley, and seeks approval for the funding of repairs to the churchyard wall.

**Recommendation to the Board**

- a That the Council's obligations in respect of the maintenance of the churchyard at Fillongley be noted; and**
- b That the proposed funding of the repair to the churchyard wall be approved.**

**2 Consultation**

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

- 2.1.1 The Portfolio and Shadow Portfolio Holders for Countryside and Heritage and Resources, together with relevant Ward Members, have had the opportunity to comment on the content of this report.
- 2.1.2 Councillor Hayfield has responded that he is happy with the content of the report.

**3 Fillongley Churchyard Wall**

- 3.1 Responsibility for maintenance of the churchyard at the Parish Church in Fillongley passed to the Borough Council in January 2003 when it was closed as a burial ground by the Home Office. Section 215 of the Local Government Act 1972 requires a Closed Churchyard to be maintained "by keeping it in decent order and its walls and fences in good repair." The Borough Council is liable for the costs of such maintenance.
- 3.2 It was brought to officers' attention in autumn 2009 that the condition of the churchyard wall was becoming of concern. The Authority's Buildings Inspector confirmed that, although not imminently dangerous, it was in poor repair and would need attention in the near future. A full structural survey was commissioned in summer 2010.

- 3.3 The structure is a retaining wall of random rubble construction in sandstone bonded with a lime mortar, approximately 1.5 metres high and 30 metres long. It is likely to have been built in its present form in late Georgian or Victorian times, although the stones may have formed a much older dry stone wall. It provides the boundary between the churchyard and the footpath to the main road through the village. The level of the churchyard is significantly higher than the footpath and there are graves in close proximity to the wall. The wall is badly weathered and, without remedial attention, stones are likely to fall onto the footpath, which could be a hazard to the public and could also result in remains becoming exposed.
- 3.4 The cost to completely take down and rebuild the wall would be prohibitive. The advice, therefore, is to renovate it by taking down perished stonework and reversing, re-bedding and / or replacing it as necessary. As much of the original stone as possible would be reused, but it is inevitable that new stone will also be required. A maximum length of 3 metres would be taken down at any time and renovation completed prior to moving to the next section.
- 3.5 Day rates for the works have been obtained as part of the contract to repair the wall of Old Bank House garden, which has been let through a formal tendering process. It is not possible to determine an exact price for the job as the precise extent of the works cannot be quantified until they take place. It is estimated, however, that the cost will be in the order of £500 / linear metre. Given an approximate measurement of 30 linear metres it is prudent to assume a cost of between £15,000 and £20,000 for the repairs alone.
- 3.6 It is intended that the work should be carried out during the school summer holiday to minimise disruption to traffic. It is the contractor's intention not to employ traffic management on the highway, but to "manage" pedestrian use of the footway instead. Officers feel it is unlikely that this will be feasible for the full length of the wall. The cost of traffic management could cost as much as the repairs, giving a possible total cost of between £30,000 and £40,000, although it is obviously hoped that this will not be the case.
- 3.7 The Authority has no option but to undertake the identified work, for which there is currently no budget provision. It is, therefore, proposed to establish a reserve of £25,000 from an underspend on the 2010/11 Parks, Playing Fields and Open Spaces budget to fund the works and to draw on the existing Grounds Maintenance and Green Space Reserve to cover any shortfall.
- 3.8 Clearly, any use of the existing Grounds Maintenance and Green Space reserve will adversely impact upon the Council's ability to deliver much needed improvements to its parks and open spaces in accordance with priorities set out in the adopted Green Space Strategy.

## **4 Report Implications**

### **4.1 Finance and Value for Money Implications**

4.1.1 There is currently no budget provision for the works required at Fillongley churchyard, other than for routine maintenance such as grass cutting. The likely cost of the repairs to the wall are set out in the report above. It is proposed to fund the works by establishing a reserve of £25,000 from the underspend on the 2010/11 Parks, Playing Fields and Open Spaces budget, supplemented, if necessary, from the existing Grounds Maintenance and Green Space reserve.

### **4.2 Safer Communities Implications**

4.2.1 Maintaining the wall in good repair will ensure that it does not become a hazard to the users of the public highway.

### **4.3 Legal and Human Rights Implications**

4.3.1 Section 215 of the Local Government Act 1972 obliges the Borough Council to maintain the Closed Churchyard "by keeping it in decent order and its walls and fences in good repair."

4.3.2 A faculty from the Diocesan Chancellor will be obtained to permit the works to take place. The faculty enables exemption from the need to obtain Listed Building Consent from the Local Planning Authority.

### **4.4 Environment and Sustainability Implications**

4.4.1 The repair of the wall will ensure not only that the structure is safe, but also that it continues to contribute to the built heritage of the village.

### **4.5 Risk Management Implications**

4.5.1 A risk assessment is attached to the report.

### **4.6 Equalities Implications**

4.6.1 There are no equalities implications arising from this report.

### **4.7 Links to Council's Priorities**

4.7.1 The proposed works will contribute to the Council's priorities to:

- Defend and improve our countryside and rural heritage
- Make best use of our resources

The Contact Officer for this report is Alethea Wilson (719212).

### Background Papers

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>
None			

Risk Ref	Risk: Title/Description	Consequence	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Gross Risk Rating	Responsible Officer	Proposed Control Procedures	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating
	<b>Collapse, or partial collapse, of the retaining wall at Fillongley Churchyard onto the public highway and possible exposure of remains</b>	Injury to the public Insurance claims Financial loss Court action Adverse publicity and impact on reputation	5	3	15	Landscape Manager	Carry out structural repairs in accordance with the consulting engineer's recommendations	2	3	6
Risk Ref	Options for additional / replacement control procedure						Cost Resources	Likelihood (5 = high, 1 = low)	Impact (5 = high, 1 = low)	Net Risk Rating

Completed By: Alethea Wilson

Date: 10<sup>th</sup> June 2011

**Agenda Item No 8**

**Resources Board**

**11 July 2011**

**Report of the  
Deputy Chief Executive**

**HRA Self Financing**

**1 Summary**

- 1.1 This report identifies the financial implications for the Council's 30 year business plan of the Government's self-financing proposals for Housing.

**Recommendation to the Board**

- a That the financial implications of self financing be noted; and**
- b That the Deputy Chief Executive works with the Council's Treasury Advisers to identify the most advantageous loans portfolio.**

**2 Introduction**

- 2.1 The Board at its March meeting considered a report regarding the Government's proposals for Housing self-financing. A copy of the report is attached at Appendix B. The report identified that officers were looking at the implications for the Council's 30 year business plan and this report identifies the results of this review.

...

**3 Self Financing Business Plan**

**3.1 Rents**

- 3.1.1 In calculating the debt to be taken on, the Government assumes the council will follow national social rent policy, which is to move to target rents at RPI + 0.5% plus a maximum of £2 per week and once target rents are achieved a limit of RPI + 0.5%. Housing benefit will effectively be capped at the national social rent policy limit with a rent set above requiring the HRA to meet any additional benefit costs – in practice this is the sanction against excessive rent increases. Our model, therefore, follows these assumptions and assumes an average inflation rate of 3% over the 30 year period of the plan.

## 3.2 Other Income

3.2.1 Relates mainly to garages, shops and service charges and assumes increases in line with current practice.

## 3.3 Management and Maintenance

3.3.1 Costs are based on current budgets and therefore assume existing service levels. A key variable here is the extent to which maintenance costs rise faster than inflation.

## 3.4 Capital Spending

3.4.1 This is the expenditure needed to maintain the Council's housing stock in a decent state and is based on our register of when components will need replacing. In addition, there is provision for disabled adaptations and works to shops and garages. Key variables here are the extent to which any unforeseen expenditure materialises and the extent to which costs may increase ahead of inflation.

## 3.5 Interest on Debt

3.5.1 The single biggest item of expenditure is the cost of servicing the loan. A small change in interest rates of say ¼% would add £160,000 to annual running costs. Fixed interest loans are typically more expensive than variable loans, but have the benefit of bringing certainty to financial planning. Variable loans are typically cheaper, but can be subject to fluctuations. It will be important to structure the loan portfolio to achieve a balance between keeping the cost of borrowing down with a level of certainty and also to marry loan maturity with cash surpluses that are generated. It is proposed that we discuss this matter with our Treasury Advisers.

3.5.2 We have modelled three scenarios, a best, middle and worst. The results are attached at Appendix A. The assumptions are as follows:

...

	<u>Best</u>	<u>Middle</u>	<u>Worst</u>
Interest on Debt	4.75%	5.25%	6%
Capital Spend	per budget	+7.5%	+15%
Inflation on Capital Spend	3%	4%	6.5%
Inflation on Maintenance	3%	3.5%	4%
Surplus used to Repay Debt	Yes	Yes	Yes

### **3.6 Best Scenario**

3.6.1 Over the 30 year period the Council would be able to finance its capital programme of £129 million. The Council's debt would be repaid by year 16 and further surpluses of £213 million would be generated.

### **3.7 Middle Scenario**

3.7.1 Over the 30 year period the Council would be able to finance its capital programme of £164 million. The Council's debt would be repaid by year 19 and further revenue surpluses of £140 million would be generated.

### **3.8 Worst Scenario**

3.8.1 Over the 30 year period the Council would be able to finance its capital programme of £228 million. £9.8 million of debt would be outstanding at year 30 which would be repaid by year 32 and thereafter a surplus would be generated.

## **4 Impact of Self-Financing on the Way We Operate**

4.1 The current arrangements for the HRA do not lend themselves to long term financial planning since changes to subsidy formulae can produce significant changes to the finances of the HRA. This uncertainty over future resources has worked against long term asset management. This can now be put right and long term asset management plans be prepared to ensure the stock is kept in a good condition.

4.2 Asset management will need to be planned and monitored to ensure it remains within the overall business plan, as there will be no funding available from the Government should unexpected issues arise.

4.3 The 30 year financial business plan will be a key document for managing the HRA and the Authority will need to plan and take decisions in the light of their impact on this plan.

4.4 Controlling cost will continue to be of importance. It will be critical to keep costs within the prevailing rate of inflation.

4.5 As mentioned earlier in the report, Treasury Management will be of key importance as small changes in interest rates can result in significant increased annual costs. It will be important to manage the loan portfolio within the interest rates assumed in the business plan and to repay debt in order to create the capacity for future spend.



- 4.6 As the model that calculates the overall debt that we take on assumes the council will follow national rent policy, it will be important that these rent increases are applied in full in the early years. It may be possible to review this as the business plan develops in future years. However, annual rental increases at ½% p.a. less than assumed in the business plan, would reduce income by £60 million over the 30 year period.

## **5 Report Implications**

### **5.1 Finance and Value for Money Implications**

- 5.1.1 These are given in the body of the report.

### **5.2 Environment and Sustainability Implications**

- 5.2.1 The report highlights a number of key issues and risks which will need to be assessed to ensure that the Council's housing stock remains in a sustainable position over the 30 years of the business plan. The provision of affordable housing is a significant contribution towards the achievement of the aims of the North Warwickshire Sustainable Community Strategy 2009 – 2026.

### **5.3 Risk Management Implications**

- 5.3.1 There are a number of risks which need to be considered when looking at Housing self-financing. A number of assumptions have been made in calculating the level of debt to be taken on by North Warwickshire and any differences will impact on the figures in the business plan. Different scenarios have been examined and shown in the body of the report, to enable Members to assess the potential impact on the plan. These have covered potential areas of change such as interest rates and additional capital spending pressures where variations could have a significant impact.
- 5.3.2 Any change in Government policy on housing rents would affect the business plan and could be material, depending on the level of change. Similarly a change to the Decency Standard would impact on the business plan. The expectation is that if this were to happen, the Government would re-open the debt calculations and adjust the debt settlement figure to reflect the new policy. It will be necessary to establish a clear policy of increasing rents in line with Government assumptions as long as there is a business justification.
- 5.3.3 There will be a need for both officers and Members to shift to a more business orientated approach, taking a long term view when considering any decisions on the housing stock. There is a risk that if decisions are taken which are not in line with the business plan, the HRA may become unviable. Any short term improvements will need to be fully assessed to ensure they don't jeopardise the long term position on the HRA.

5.3.4 Increased costs of borrowing could impact on the viability of the business plan. However, taking appropriate specialist advice from our Treasury Management consultants to ensure our debt profile has the optimum balance between fixed and variable and long and short term borrowing should enable this risk to be managed.

5.3.5 There is a risk that management and maintenance costs cannot be kept within the level of assumed inflation in the business plan. However, regular benchmarking, efficiency reviews and strict cost control will help mitigate this.

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

### **Background Papers**

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

£64,424 @NPV 6.5% Interest of 4.75%, £50,000 PA Garages and Shops and excludes new build Capital at cost and no additional inflation

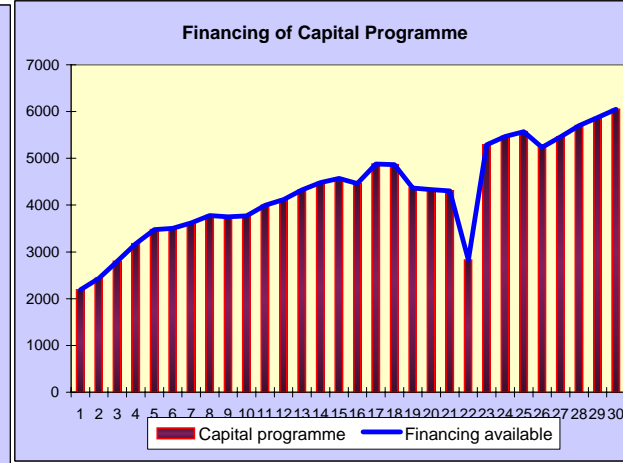
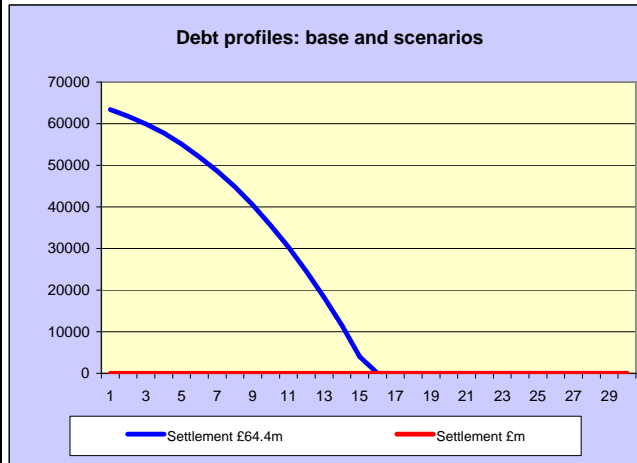
SELF FINANCING HRA MODELLING FEBRUARY 2011  
PRINT SUMMARY OF BUSINESS PLAN AND SCENARIOS

**NORTH WARWICKS**  
Date 1.7.11

Inflation sensitivities	
3.00%	RPI/rent inflation from 2012
3.00%	GDP/expenditure inflation from 2012
0.00%	Additional real Mgt cost inflation to year 10
0.00%	Additional real Maint cost inflation to year 30
0.00%	Additional real Cap cost inflation to year 30
Capital / debt sensitivities = current scenario ( M - S - S1 )	
0%	MRP annual %age
y	Additional set aside from revenue
<b>2012.13</b>	<b>YEAR OF SELF FINANCING</b>
Scenario schedules	
(1) Scenario: opening debt	
4	Review report - with uplift
64,424	Opening debt
(2) RTB receipts to the HRA	
P	Pooling (as per current system)
	RTB receipts included in Plan Set at Zero as
0.0%	Receipts used for General Fund purposes
(3) Future surplus sharing	
L	Local 100% retain surpluses
100%	%age surpluses retained locally
0%	%age surpluses paid over nationally
(4) Borrowing controls	
s	Self financed borrowing locally

Key outputs	£'000s
Debt adjustment	61,006
Opening debt	64,424
Closing debt	0
Peak debt	63,369
Year of peak debt	2
Closing HRA reserve	-207,561

Capital programme outputs	£'000s
Capital programme 30 years	128,669
Total financing 30 years	128,669
Shortfall	0
Total reserve at year 30	207,561



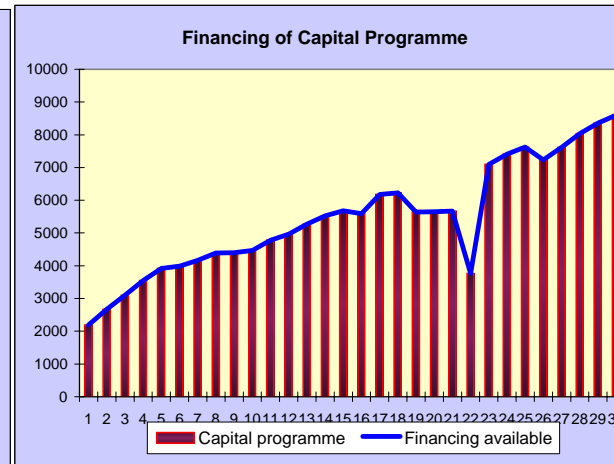
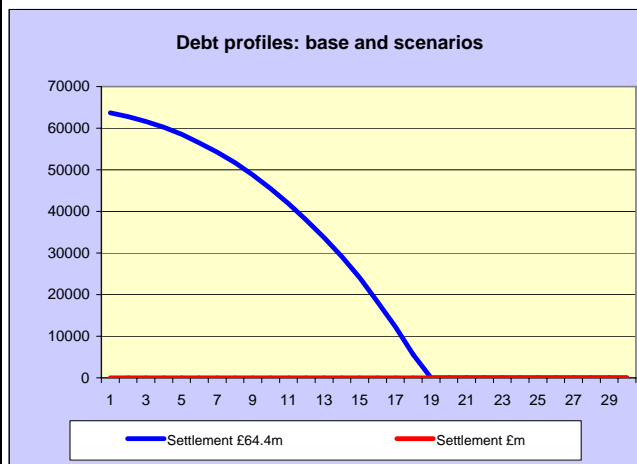
2012/13

30 year total	SELF FINANCING	1	2	3	4	5	6	7	8	9	10	11-15	16-20	21-25	26-30	31
	<b>HRA (OPERATING ACCOUNT)</b>															
-570,750	Rental income	-10,309	-10,934	-11,589	-12,277	-13,072	-13,504	-13,951	-14,413	-14,889	-15,382	-84,882	-99,866	-117,486	-138,196	-30,435
-19,045	Other income	-434	-440	-444	-476	-480	-485	-517	-522	-527	-559	-2,959	-3,349	-3,728	-4,125	-886
<b>-589,795</b>	<b>Gross income</b>	<b>-10,743</b>	<b>-11,374</b>	<b>-12,033</b>	<b>-12,753</b>	<b>-13,552</b>	<b>-13,989</b>	<b>-14,468</b>	<b>-14,935</b>	<b>-15,416</b>	<b>-15,941</b>	<b>-87,841</b>	<b>-103,215</b>	<b>-121,214</b>	<b>-142,321</b>	<b>-31,321</b>
74,144	Management (incl DME)	1,558	1,605	1,653	1,703	1,754	1,807	1,861	1,917	1,974	2,033	11,119	12,891	14,944	17,325	3,783
116,787	Maintenance	2,532	2,604	2,677	2,752	2,829	2,909	2,990	3,074	3,161	3,250	17,669	20,290	23,299	26,751	5,808
5,708	Voids	103	109	116	123	131	135	140	144	149	154	849	999	1,174	1,382	304
1,975	Bad debt provision	40	40	40	42	45	47	48	50	51	53	293	345	405	476	105
<b>196,639</b>	<b>Operating expenditure</b>	<b>4,233</b>	<b>4,358</b>	<b>4,486</b>	<b>4,620</b>	<b>4,759</b>	<b>4,898</b>	<b>5,039</b>	<b>5,185</b>	<b>5,335</b>	<b>5,490</b>	<b>29,930</b>	<b>34,525</b>	<b>39,822</b>	<b>45,934</b>	<b>10,000</b>
<b>-393,156</b>	<b>Net Cost of Services</b>	<b>-6,510</b>	<b>-7,016</b>	<b>-7,547</b>	<b>-8,133</b>	<b>-8,793</b>	<b>-9,091</b>	<b>-9,429</b>	<b>-9,750</b>	<b>-10,081</b>	<b>-10,451</b>	<b>-57,911</b>	<b>-68,690</b>	<b>-81,392</b>	<b>-96,387</b>	<b>-21,321</b>
30,494	Interest payments	3,064	3,002	2,920	2,795	2,680	2,544	2,389	2,218	2,025	1,806	4,956	95	0	0	0
22	PWLB Settlement fee	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-39,177	Interest received	-14	-28	-34	-34	-34	-35	-35	-35	-35	-36	-185	-2,537	-11,754	-24,381	-6,746
<b>-401,817</b>	<b>Net operating expenditure</b>	<b>-3,438</b>	<b>-4,042</b>	<b>-4,661</b>	<b>-5,372</b>	<b>-6,147</b>	<b>-6,582</b>	<b>-7,075</b>	<b>-7,567</b>	<b>-8,091</b>	<b>-8,681</b>	<b>-53,140</b>	<b>-71,132</b>	<b>-93,146</b>	<b>-120,768</b>	<b>-28,067</b>
64,424	Revenue set aside	1,055	1,572	1,852	2,190	2,659	3,071	3,444	3,783	4,327	4,897	31,583	3,992	0	0	0
128,669	Direct revenue financing (RCCO fund cap Prog)	2,192	2,436	2,802	3,174	3,477	3,501	3,622	3,777	3,751	3,771	21,496	22,899	23,453	28,318	6,230
<b>-208,724</b>	<b>In year (surplus)/deficit</b>	<b>-191</b>	<b>-34</b>	<b>-7</b>	<b>-8</b>	<b>-11</b>	<b>-10</b>	<b>-9</b>	<b>-7</b>	<b>-13</b>	<b>-13</b>	<b>-61</b>	<b>-44,241</b>	<b>-69,693</b>	<b>-92,450</b>	<b>-21,837</b>
	<b>HRA reserve b/fwd (-ve = Surplus)</b>	<b>-812</b>	<b>-1,003</b>	<b>-1,037</b>	<b>-1,044</b>	<b>-1,052</b>	<b>-1,063</b>	<b>-1,073</b>	<b>-1,082</b>	<b>-1,090</b>	<b>-1,103</b>	<b>-1,116</b>	<b>-1,177</b>	<b>-45,418</b>	<b>-115,111</b>	<b>-207,561</b>
	<b>HRA reserve c/fwd (-ve = Surplus)</b>	<b>-1,003</b>	<b>-1,037</b>	<b>-1,044</b>	<b>-1,052</b>	<b>-1,063</b>	<b>-1,073</b>	<b>-1,082</b>	<b>-1,090</b>	<b>-1,103</b>	<b>-1,116</b>	<b>-1,177</b>	<b>-45,418</b>	<b>-115,111</b>	<b>-207,561</b>	<b>-229,398</b>
	<b>CAPITAL PROGRAMME</b>															
<b>128,669</b>	<b>Expenditure (Cap spend with Inflation)</b>	<b>2,192</b>	<b>2,436</b>	<b>2,802</b>	<b>3,174</b>	<b>3,477</b>	<b>3,501</b>	<b>3,622</b>	<b>3,777</b>	<b>3,751</b>	<b>3,771</b>	<b>21,496</b>	<b>22,899</b>	<b>23,453</b>	<b>28,318</b>	<b>6,230</b>
0	Financed by...															
0	RTB receipts and other resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
128,669	Direct revenue financing	2,192	2,436	2,802	3,174	3,477	3,501	3,622	3,777	3,751	3,771	21,496	22,899	23,453	28,318	6,230
0	Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>128,669</b>	<b>Total financing</b>	<b>2,192</b>	<b>2,436</b>	<b>2,802</b>	<b>3,174</b>	<b>3,477</b>	<b>3,501</b>	<b>3,622</b>	<b>3,777</b>	<b>3,751</b>	<b>3,771</b>	<b>21,496</b>	<b>22,899</b>	<b>23,453</b>	<b>28,318</b>	<b>6,230</b>

Inflation sensitivities	
<b>3.00%</b>	RPI/rent inflation from 2012
<b>3.00%</b>	GDP/expenditure inflation from 2012
<b>0.00%</b>	Additional real Mgt cost inflation
to year	<b>10</b>
<b>0.50%</b>	Additional real Maint cost inflation
to year	<b>30</b>
<b>1.00%</b>	Additional real Cap cost inflation
to year	<b>30</b>
Capital / debt sensitivities	
<b>s</b>	= current scenario ( M - S - S1 )
<b>0%</b>	MRP annual %age
<b>y</b>	Additional set aside from revenue
<b>2012.13</b>	<b>YEAR OF SELF FINANCING</b>
Scenario schedules	
<b>(1) Scenario: opening debt</b>	
<b>4</b>	Review report - with uplift
<b>64,424</b>	Opening debt
<b>(2) RTB receipts to the HRA</b>	
<b>P</b>	Pooling (as per current system)
	RTB receipts included in Plan Set at Zero as
<b>0.0%</b>	Receipts used for General Fund purposes
<b>(3) Future surplus sharing</b>	
<b>L</b>	Local 100% retain surpluses
<b>100%</b>	%age surpluses retained locally
<b>0%</b>	%age surpluses paid over nationally
<b>(4) Borrowing controls</b>	
<b>s</b>	Self financed borrowing locally

Key outputs	£'000s
Debt adjustment	61,006
Opening debt	64,424
Closing debt	0
Peak debt	63,703
Year of peak debt	2
Closing HRA reserve	-132,176

Capital programme outputs	£'000s
Capital programme 30 years	163,749
Total financing 30 years	163,749
Shortfall	0
Total reserve at year 30	132,176



2012/13

30 year total	SELF FINANCING	1	2	3	4	5	6	7	8	9	10	11-15	16-20	21-25	26-30	31
	<b>HRA (OPERATING ACCOUNT)</b>															
-570,750	Rental income	-10,309	-10,934	-11,589	-12,277	-13,072	-13,504	-13,951	-14,413	-14,889	-15,382	-84,882	-99,866	-117,486	-138,196	-30,435
-19,045	Other income	-434	-440	-444	-476	-480	-485	-517	-522	-527	-559	-2,959	-3,349	-3,728	-4,125	-886
<b>-589,795</b>	<b>Gross income</b>	<b>-10,743</b>	<b>-11,374</b>	<b>-12,033</b>	<b>-12,753</b>	<b>-13,552</b>	<b>-13,989</b>	<b>-14,468</b>	<b>-14,935</b>	<b>-15,416</b>	<b>-15,941</b>	<b>-87,841</b>	<b>-103,215</b>	<b>-121,214</b>	<b>-142,321</b>	<b>-31,321</b>
74,144	Management (incl DME)	1,558	1,605	1,653	1,703	1,754	1,807	1,861	1,917	1,974	2,033	11,119	12,891	14,944	17,325	3,783
127,252	Maintenance	2,544	2,629	2,716	2,806	2,899	2,995	3,094	3,196	3,302	3,411	18,822	22,144	26,051	30,643	6,749
5,708	Voids	103	109	116	123	131	135	140	144	149	154	849	999	1,174	1,382	304
1,975	Bad debt provision	40	40	40	42	45	47	48	50	51	53	293	345	405	476	105
<b>207,104</b>	<b>Operating expenditure</b>	<b>4,245</b>	<b>4,383</b>	<b>4,525</b>	<b>4,674</b>	<b>4,829</b>	<b>4,984</b>	<b>5,143</b>	<b>5,307</b>	<b>5,476</b>	<b>5,651</b>	<b>31,083</b>	<b>36,379</b>	<b>42,574</b>	<b>49,826</b>	<b>10,941</b>
<b>-382,691</b>	<b>Net Cost of Services</b>	<b>-6,498</b>	<b>-6,991</b>	<b>-7,508</b>	<b>-8,079</b>	<b>-8,723</b>	<b>-9,005</b>	<b>-9,325</b>	<b>-9,628</b>	<b>-9,940</b>	<b>-10,290</b>	<b>-56,758</b>	<b>-66,836</b>	<b>-78,640</b>	<b>-92,495</b>	<b>-20,380</b>
41,997	Interest payments	3,392	3,348	3,292	3,198	3,117	3,019	2,906	2,781	2,639	2,473	9,307	2,525	0	0	0
22	PWLB Settlement fee	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-20,840	Interest received	-14	-27	-33	-33	-34	-34	-34	-34	-35	-35	-179	-268	-5,388	-14,692	-4,296
<b>-361,512</b>	<b>Net operating expenditure</b>	<b>-3,098</b>	<b>-3,670</b>	<b>-4,249</b>	<b>-4,914</b>	<b>-5,640</b>	<b>-6,020</b>	<b>-6,453</b>	<b>-6,881</b>	<b>-7,336</b>	<b>-7,852</b>	<b>-47,630</b>	<b>-64,579</b>	<b>-84,028</b>	<b>-107,187</b>	<b>-24,676</b>
64,424	Revenue set aside	721	972	1,143	1,362	1,708	2,024	2,280	2,489	2,927	3,376	21,364	24,060	0	0	0
163,749	Direct revenue financing (RCCO fund cap Prog)	2,192	2,670	3,101	3,547	3,923	3,988	4,166	4,387	4,398	4,464	26,223	29,286	31,558	39,846	8,864
<b>-133,339</b>	<b>In year (surplus)/deficit</b>	<b>-185</b>	<b>-28</b>	<b>-5</b>	<b>-5</b>	<b>-9</b>	<b>-8</b>	<b>-7</b>	<b>-5</b>	<b>-11</b>	<b>-12</b>	<b>-43</b>	<b>-11,233</b>	<b>-52,470</b>	<b>-67,341</b>	<b>-15,812</b>
	HRA reserve b/fwd (-ve = Surplus)	-812	-997	-1,025	-1,030	-1,035	-1,045	-1,053	-1,060	-1,065	-1,077	-1,089	-1,132	-12,365	-64,835	-132,176
	HRA reserve c/fwd (-ve = Surplus)	-997	-1,025	-1,030	-1,035	-1,045	-1,053	-1,060	-1,065	-1,077	-1,089	-1,132	-12,365	-64,835	-132,176	-147,988
	<b>CAPITAL PROGRAMME</b>															
<b>163,749</b>	<b>Expenditure (Cap spend with Inflation)</b>	<b>2,192</b>	<b>2,670</b>	<b>3,101</b>	<b>3,547</b>	<b>3,923</b>	<b>3,988</b>	<b>4,166</b>	<b>4,387</b>	<b>4,398</b>	<b>4,464</b>	<b>26,223</b>	<b>29,286</b>	<b>31,558</b>	<b>39,846</b>	<b>8,864</b>
0	Financed by...															
0	RTB receipts and other resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
163,749	Direct revenue financing	2,192	2,670	3,101	3,547	3,923	3,988	4,166	4,387	4,398	4,464	26,223	29,286	31,558	39,846	8,864
0	Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>163,749</b>	<b>Total financing</b>	<b>2,192</b>	<b>2,670</b>	<b>3,101</b>	<b>3,547</b>	<b>3,923</b>	<b>3,988</b>	<b>4,166</b>	<b>4,387</b>	<b>4,398</b>	<b>4,464</b>	<b>26,223</b>	<b>29,286</b>	<b>31,558</b>	<b>39,846</b>	<b>8,864</b>

SELF FINANCING HRA MODELLING FEBRUARY 2011  
PRINT SUMMARY OF BUSINESS PLAN AND SCENARIOS

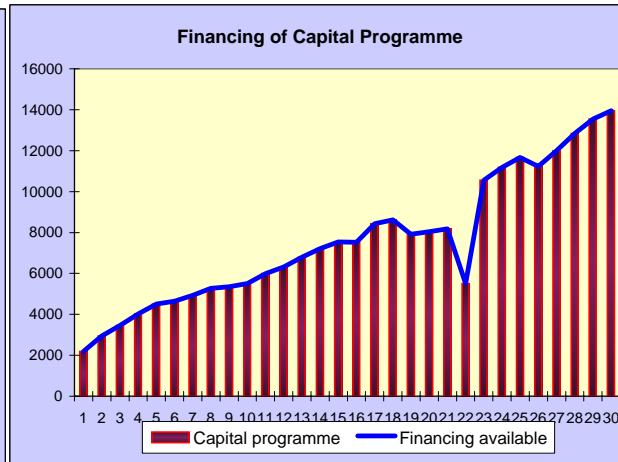
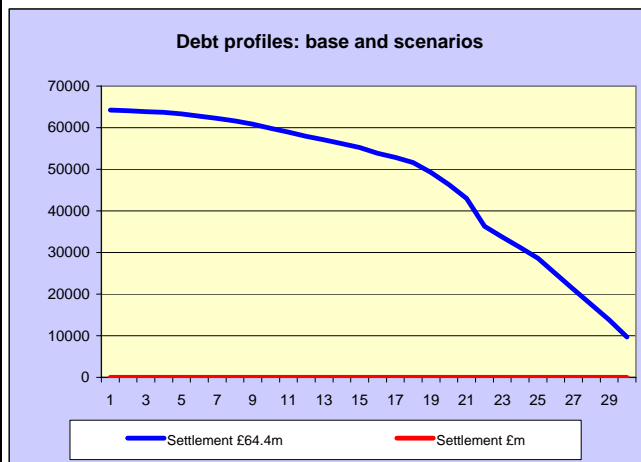
**NORTH WARWICKS**  
Date 1.7.11

£64,424 @NPV 6.5% Interest of 6%, £50,000 PA Garages and Shops and excludes new build  
Capital increase by 15%, 2.5% inflat on cap and 1% inflat on maint.

Inflation sensitivities	
3.00%	RPI/rent inflation from 2012
3.00%	GDP/expenditure inflation from 2012
0.00%	Additional real Mgt cost inflation to year 10
1.00%	Additional real Maint cost inflation to year 30
2.50%	Additional real Cap cost inflation to year 30
Capital / debt sensitivities = current scenario ( M - S - S1 )	
0%	MRP annual %age
y	Additional set aside from revenue
<b>2012/13</b>	<b>YEAR OF SELF FINANCING</b>
Scenario schedules	
(1) Scenario: opening debt	
4	Review report - with uplift
64,424	Opening debt
(2) RTB receipts to the HRA	
P	Pooling (as per current system)
	RTB receipts included in Plan Set at Zero as
0.0%	Receipts used for General Fund purposes
(3) Future surplus sharing	
L	Local 100% retain surpluses
100%	%age surpluses retained locally
0%	%age surpluses paid over nationally
(4) Borrowing controls	
s	Self financed borrowing locally

Key outputs	£'000s
Debt adjustment	61,006
Opening debt	64,424
Closing debt	9,711
Peak debt	64,199
Year of peak debt	2
Closing HRA reserve	-1,122

Capital programme outputs	£'000s
Capital programme 30 years	227,845
Total financing 30 years	227,845
Shortfall	0
Total reserve at year 30	1,122



2012/13

30 year total	SELF FINANCING	1	2	3	4	5	6	7	8	9	10	11-15	16-20	21-25	26-30	31
	<b>HRA (OPERATING ACCOUNT)</b>															
-570,750	Rental income	-10,309	-10,934	-11,589	-12,277	-13,072	-13,504	-13,951	-14,413	-14,889	-15,382	-84,882	-99,866	-117,486	-138,196	-30,435
-19,045	Other income	-434	-440	-444	-476	-480	-485	-517	-522	-527	-559	-2,959	-3,349	-3,728	-4,125	-886
<b>-589,795</b>	<b>Gross income</b>	<b>-10,743</b>	<b>-11,374</b>	<b>-12,033</b>	<b>-12,753</b>	<b>-13,552</b>	<b>-13,989</b>	<b>-14,468</b>	<b>-14,935</b>	<b>-15,416</b>	<b>-15,941</b>	<b>-87,841</b>	<b>-103,215</b>	<b>-121,214</b>	<b>-142,321</b>	<b>-31,321</b>
74,144	Management (incl DME)	1,558	1,605	1,653	1,703	1,754	1,807	1,861	1,917	1,974	2,033	11,119	12,891	14,944	17,325	3,783
138,828	Maintenance	2,557	2,654	2,755	2,860	2,969	3,082	3,200	3,322	3,448	3,579	20,046	24,159	29,115	35,082	7,836
5,708	Voids	103	109	116	123	131	135	140	144	149	154	849	999	1,174	1,382	304
1,975	Bad debt provision	40	40	40	42	45	47	48	50	51	53	293	345	405	476	105
<b>218,680</b>	<b>Operating expenditure</b>	<b>4,258</b>	<b>4,408</b>	<b>4,564</b>	<b>4,728</b>	<b>4,899</b>	<b>5,071</b>	<b>5,249</b>	<b>5,433</b>	<b>5,622</b>	<b>5,819</b>	<b>32,307</b>	<b>38,394</b>	<b>45,638</b>	<b>54,265</b>	<b>12,028</b>
<b>-371,115</b>	<b>Net Cost of Services</b>	<b>-6,485</b>	<b>-6,966</b>	<b>-7,469</b>	<b>-8,025</b>	<b>-8,653</b>	<b>-8,918</b>	<b>-9,219</b>	<b>-9,502</b>	<b>-9,794</b>	<b>-10,122</b>	<b>-55,534</b>	<b>-64,821</b>	<b>-75,576</b>	<b>-88,056</b>	<b>-19,293</b>
87,249	Interest payments	3,888	3,876	3,866	3,826	3,808	3,782	3,749	3,715	3,675	3,621	17,259	15,501	10,899	5,784	0
22	PWLB Settlement fee	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-998	Interest received	-14	-27	-33	-33	-33	-33	-33	-33	-33	-33	-165	-169	-180	-179	-36
<b>-284,842</b>	<b>Net operating expenditure</b>	<b>-2,589</b>	<b>-3,117</b>	<b>-3,636</b>	<b>-4,232</b>	<b>-4,878</b>	<b>-5,169</b>	<b>-5,503</b>	<b>-5,820</b>	<b>-6,152</b>	<b>-6,534</b>	<b>-38,440</b>	<b>-49,489</b>	<b>-64,857</b>	<b>-82,451</b>	<b>-19,329</b>
54,712	Revenue set aside	225	157	172	213	365	516	574	557	792	1,017	4,600	8,890	17,768	18,866	4,505
227,845	Direct revenue financing (RCCO fund cap Prog)	2,192	2,939	3,463	4,018	4,508	4,649	4,927	5,263	5,353	5,511	33,842	40,541	47,097	63,542	14,363
<b>-2,285</b>	<b>In year (surplus)/deficit</b>	<b>-172</b>	<b>-21</b>	<b>-1</b>	<b>-1</b>	<b>-5</b>	<b>-4</b>	<b>-2</b>	<b>0</b>	<b>-7</b>	<b>-6</b>	<b>2</b>	<b>-58</b>	<b>8</b>	<b>-43</b>	<b>-461</b>
	<b>HRA reserve b/fwd (-ve = Surplus)</b>	<b>-812</b>	<b>-984</b>	<b>-1,005</b>	<b>-1,005</b>	<b>-1,006</b>	<b>-1,011</b>	<b>-1,015</b>	<b>-1,018</b>	<b>-1,017</b>	<b>-1,024</b>	<b>-1,030</b>	<b>-1,028</b>	<b>-1,087</b>	<b>-1,078</b>	<b>-1,122</b>
	<b>HRA reserve c/fwd (-ve = Surplus)</b>	<b>-984</b>	<b>-1,005</b>	<b>-1,005</b>	<b>-1,006</b>	<b>-1,011</b>	<b>-1,015</b>	<b>-1,018</b>	<b>-1,017</b>	<b>-1,024</b>	<b>-1,030</b>	<b>-1,028</b>	<b>-1,087</b>	<b>-1,078</b>	<b>-1,122</b>	<b>-1,583</b>
	<b>CAPITAL PROGRAMME</b>															
227,845	Expenditure (Cap spend with Inflation)	2,192	2,939	3,463	4,018	4,508	4,649	4,927	5,263	5,353	5,511	33,842	40,541	47,097	63,542	14,363
0	Financed by...															
0	RTB receipts and other resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
227,845	Direct revenue financing	2,192	2,939	3,463	4,018	4,508	4,649	4,927	5,263	5,353	5,511	33,842	40,541	47,097	63,542	14,363
0	Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>227,845</b>	<b>Total financing</b>	<b>2,192</b>	<b>2,939</b>	<b>3,463</b>	<b>4,018</b>	<b>4,508</b>	<b>4,649</b>	<b>4,927</b>	<b>5,263</b>	<b>5,353</b>	<b>5,511</b>	<b>33,842</b>	<b>40,541</b>	<b>47,097</b>	<b>63,542</b>	<b>14,363</b>

**Agenda Item No 6**

**Resources Board**

**28 March 2011**

**Report of the  
Deputy Chief Executive**

**Housing Self Financing**

**1 Summary**

- 1.1 Communities and Local Government (CLG) have now issued their proposals for the reform of council housing finance. This report highlights changes from the original proposals and implications for the Council.

<p><b>Recommendation to the Board</b></p> <p><b>a That the proposals be noted;</b></p> <p><b>b CLG be informed of any potential demolitions; and</b></p> <p><b>c Representations be made to CIPFA and CLG about the potential impact on the General Fund.</b></p>
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**2 Introduction**

- 2.1 The Government has issued its proposals for the reform of Council housing finance from 1 April 2012. The reforms are based on the consultation proposals issued by the previous Government in 2010 and a copy of a previous report to the Executive Board is attached for information.

- 2.2 The key issue in the Government's proposal is the valuation of the business. The valuation is based on the assumed income and expenditure of an authority's housing account over the next 30 years, which is then discounted to give a value at today's prices. This is then compared to the amount of debt that the authority is having funded through the subsidy system.

- 2.3 If the valuation is lower than the debt, the Government will pay the difference to the Council. If the valuation is higher than the debt, the Council must pay the difference to the Government.

### 3 Factors Taken into Account to Arrive at the Valuation

3.1 Although the proposals follow the same principles as outlined in the earlier consultation paper, there are a number of changes to assumptions and other factors, which will affect either the valuation or the Council's business plan and these are set out below:

- Rents will converge with formula rent by 2015-16, followed by rent increases in line with RPI + 0.5% pa. However, the limit on individual rent rises of RPI + 0.5% + £2 each year will stay and this will prevent some rents converging with formula rents by 2015-16. CLG indicate they will reduce the assumed income in the valuation to take account of this.
- This Council's management and maintenance allowances will be increased by 16%; the original proposal was 12.7%. This increase is due to two factors:
  - 100% of the cost of repair works will be funded, compared with 95% in the original proposal
  - Additional funding for disabled adaptations to council housing stock has been provided at £60 per dwelling per year
- Additional provision has been made within the settlement for the treasury management overhead for managing the additional debt.
- Where authorities have firm plans to demolish homes within the next few years, the valuation will exclude any assumed income or cost from those homes after the scheduled demolition date. CLG are to be informed by 31 March 2011 of any proposals.
- Payment to Government of 75% of the net receipts from Right to Buy sales will continue for at least the spending review period. Under the original proposals, authorities were to be allowed to keep these receipts.
- The discount rate used to convert 30 year cashflows to a valuation, is 6.5%. Under the previous proposals an additional option of 7% was used to create headroom for new housebuilding. This option is no longer available.
- The Government propose to limit the borrowing for council housing in each local authority in order to manage the Public Sector Borrowing Requirement. The limit for most authorities will be set at the level of their self financing valuation. In addition, for authorities like this Council, who have participated in new build schemes partly financed by prudential borrowing, this level of borrowing will be added to the self financing valuation in order to calculate the borrowing limit.

- The Government intends to reserve the power to re-open the settlement where there is a change in one of the factors taken into account in calculating the valuation. This is to protect both the Government and local authorities from being locked into a deal that, because of changes to policy affecting a landlord's income or cost, no longer reflects a fair valuation. Such factors could be a change to national rental policy or changes to environmental standards affecting council housing.
- The Government do not intend to issue any new guidance on the Housing Revenue Account ring fence. They expect local authorities to take their own decisions based on the principles "who benefits pays".

#### 4 **Accounting and Regulatory Framework**

- 4.1 CIPFA are developing guidance on an accounting framework for council housing under self financing.
- 4.2 The guidance proposes a new method for charging depreciation to the housing account and a proposed method for separating housing debt from other local authority borrowing.

#### 5 **Timetable**

- ... 5.1 A timetable has been set out for the process attached at Appendix B

#### 6 **Report Implications**

##### 6.1 **Finance and Value for Money Implications**

6.1.1 The self financing valuation for North Warwickshire is £64.4m, assumed existing debt is £3.4m, this requiring a payment to Government on 1 April 2012 of £61.0m. This compares to a payment of £57.8m under the original proposals.

6.1.2 The final figure, which will not be known until January 2012, is likely to be different to this, due to:

- Surpluses on the HRA increasing during the next 12 months and thus increasing the valuation
- Redevelopment proposals at Mancetter and Lister Road, Atherstone, may result in a reduction of properties.

... 6.1.3 The CLG have provided a model of what our housing account would look like under the new arrangements and this is attached at Appendix C. This indicates that the debt could be paid off within 21 years and then surpluses would be generated. However, this is based on notional figures for management, maintenance and capital expenditure. Officers are working on



producing a position based on actual expenditure needs and this will be reported to the next Board.

- 6.1.4 An area of concern is that taking on new housing debt could result in an increase in the principal element of debt repayment costs falling on the General Fund. The increase could be significant. Representations are being made to CIPFA and CLG about this issue.

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

### **Background Papers**

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

**Agenda Item No 10**

**Executive Board**

**28 June 2010**

**Report of the  
Director of Resources**

**Housing Finance Reform**

**1 Summary**

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

**Recommendation to the Council**

**To approve the proposed response to the CLG**

**2 Consultation**

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

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

**3 Introduction**

**3.1 Housing Revenue Account**

**3.1.1 The Current System**

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

- 3.1.3 All authorities with a housing stock are part of a national HRA subsidy system.

This is a system through which the Government determines the amount Local Authorities need to spend on their council housing and whether any subsidy is required to support this. The Government makes notional calculations of how much income and expenditure each authority should have, if assumed spending is greater than assumed income, then the Government pays the Authority subsidy. Where is it less, the Authority pays the surplus to the Government. In North Warwickshire's case, this amounts to £3,331,970 in 2010/11 and is anticipated to rise to £3.6 million in 2011/12 and £4.0 million in 2012/13 and will continue to rise each year.

### 3.2 The current system has a number of problems:

- The fairness of the system depends on the accuracy of the assumptions made about spending needs in over 200 Councils. It is difficult to manage this information nationally.
- Over time, the balance of deficit and surplus Authorities has changed. The system is now roughly in balance nationally, but three quarters of Councils pay notional surpluses into the system, with only a quarter receiving subsidy.
- The requirement for many Authorities to contribute from their rent income back to Central Government for redistribution to other areas is particularly unpopular – especially now it is projected that the national system as a whole will begin to move into surplus.
- The annual nature of the process, and the volatility this brings, militates against longer term planning by Councils. Currently, there are annual changes in allowances, rents and borrowing allocations at short notice.
- Pursuit of fairness within the system has led to increasing complexity and less transparency, with lots of subtle adjustments to reflect local circumstances. This has made the system hard to understand and its outcomes sometimes unpredictable. The assumptions it makes about rent levels are also highly complex.
- Local responsibility and accountability is weak and the system adds a great deal of operational detail into what should be a strategic relationship between Council landlords and Central Government.

### 3.3 The Vision for the Proposals

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

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

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

- Councils will have a predictable income stream, rents, which they can use to maintain their stock.
- All Authorities will be given at least 10% more to spend under the proposed scheme than the existing scheme to enable Authorities to maintain their stock in good condition.
- The government will provide sufficient funding to enable Authorities to deliver a new build programme.
- Authorities will have long term certainty about their income and wider financial position.

### 3.4 The Proposals

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

- Authorities will either pay a one-off capital sum to Government or have their borrowing reduced by a fixed amount in order to exit the current subsidy system. In effect, 30 years of future subsidy payments are being commuted to a lump sum.
- Two discount rates are being used to calculate the lump sum, 6.5% and 7%, the intention being that surpluses generated from taking on a lower level of borrowing would be used to finance new build.
- There will be a cap on an Authority's total housing borrowing, based on the settlement debt level.
- Authorities will have flexibility on how surpluses in the HRA are used. It will be for Authorities to decide between the levels of investment in major repairs and repayment of debt.
- Authorities will be able to keep all their housing receipts provided that 75% of those receipts are used for affordable housing and regeneration projects. The remaining 25% may be used for any capital purpose.
- The consultation paper provides further guidance on whether services should be paid for through the HRA or General Fund.

### 3.5 The Proposed Settlement for North Warwickshire

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

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

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

	%
Management & Maintenance	2.6
Major Repairs Allowance	<u>36.4</u>
Overall Increase	12.7*

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

3.5.4 The following debt settlement is proposed:

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

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

### 3.6 Implications for the Council

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

- The CLG model, which calculates the level of debt to be taken on, has been checked for accuracy.
- The investment needs of the Council's stock have been assessed for the next 30 years.
- A 30 year financial model has been produced, incorporating all potential income and expenditure needs of the stock, to assess whether the level of debt to be taken on is sustainable.
- A forecast of the existing system over 30 years was produced.

- A sensitivity analysis has been undertaken to assess the impact of changes in interest rates, inflation and investment needs on the financial model.
- Implications for the General Fund have been assessed.
- The potential for any new build programme has been assessed.

### 3.7 Impact on the HRA

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

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

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

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

\*\*\* 3.7.2 The assumptions used are set out below, with the results shown at Appendix B:

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

### 3.8 Best Scenario

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

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

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

### 3.9 Middle Scenario

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

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

### 3.10 Worst Scenario

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

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

### 3.11 The Existing System

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

3.11.2 However the picture is quite different when we look at the Council's ability to maintain its stock at the Decent Homes Standard. The Council currently receives support through the subsidy system to finance £400,000 of its capital programme from borrowing. If this were to continue even with the best option, the Council will have a shortfall on its capital spending requirements in year 11. The middle option would leave the Council with a shortfall in year 7, with the worst case scenario leaving a shortfall in year 6.

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

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

### 3.12 Potential for New Build

3.12.1 The DCLG offer includes a lower level of debt payment and asks Authorities to indicate the size of new supply of housing they could deliver at this lower valuation. In our case, the reduction is £2.8 million, and based on current new build estimates would equate to 25 properties should no social housing

grant (SHG) be available, rising to 50 properties should 50% SHG be obtainable. The timing of when the resources to finance the build would be available differs depending on which of the 3 scenarios prevailed, ranging from years 1-3 in the best case to years 4-8 in the worst case.

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

### **3.13 Potential Implications for the General Fund**

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

- Taking on new debt.
- Amendments to the ring fence.
- Reductions in Government capital grants.

### **3.14 Taking on New Debt**

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

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

### **3.15 The HRA Ring-Fence**

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

3.15.2 The first relates to some of the Council's shops. All shops accounted for within the HRA have been reviewed, to establish whether they are still an integral part of a council housing estate. Although some provide a facility for the wider public to use, they are part of a multi tenanted building. As such it is felt appropriate to retain these shops within the HRA, as it is of benefit to current tenants to maintain the premises to the same standard as the rest of



the building. The main use of some other shops is still considered to be made by council tenants, so these would also be retained within the HRA. However there are shops in Mancetter, Shuttington and Atherstone which are clearly open to the community generally, and without particular council estates in their vicinity. It would be more appropriate to account for these in the General Fund.

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

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

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

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

### 3.16 Government Capital Grants

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

3.16.2 It is unclear what projects this could affect. Current indications are that Social Housing Grant would be the affected area, however until further information is available, this cannot be confirmed. If there were a reduction in grants towards private sector housing and disabled facility grants, this would have a significant impact for the Council, as these are funded from the General Fund, which has limited resources. Extending the definition of affordable housing and regeneration to include private sector housing and disabled facility grants would overcome this concern, as the 75% of receipts retained for use towards affordable housing could then be used to supplement the shortfall.

### 3.17 Other Issues

### **3.17.1 Property Numbers**

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

### **3.18 Borrowing Limits**

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

### **3.19.1 Impact on the Organisation**

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

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

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

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

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

### **3.20 Conclusion**

3.20.1 There are significant benefits for the HRA in implementing the self financing model proposed in the consultation document. One of the major benefits is the ability to maintain the housing stock at the Decency standard. Under the existing subsidy system, the Council will be unable to continue to meet the Decent Homes Standard after 5 - 11 years, depending on the economic circumstances.

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

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

### **3.21 Response to Consultation**

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

## **4 Report Implications**

### **4.1 Finance and Value for Money Implications**

4.1.1 These are given in the body of the report.

### **4.2 Risk Management Implications**

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

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

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

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

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

### **Background Papers**

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

## 7. The implementation timetable

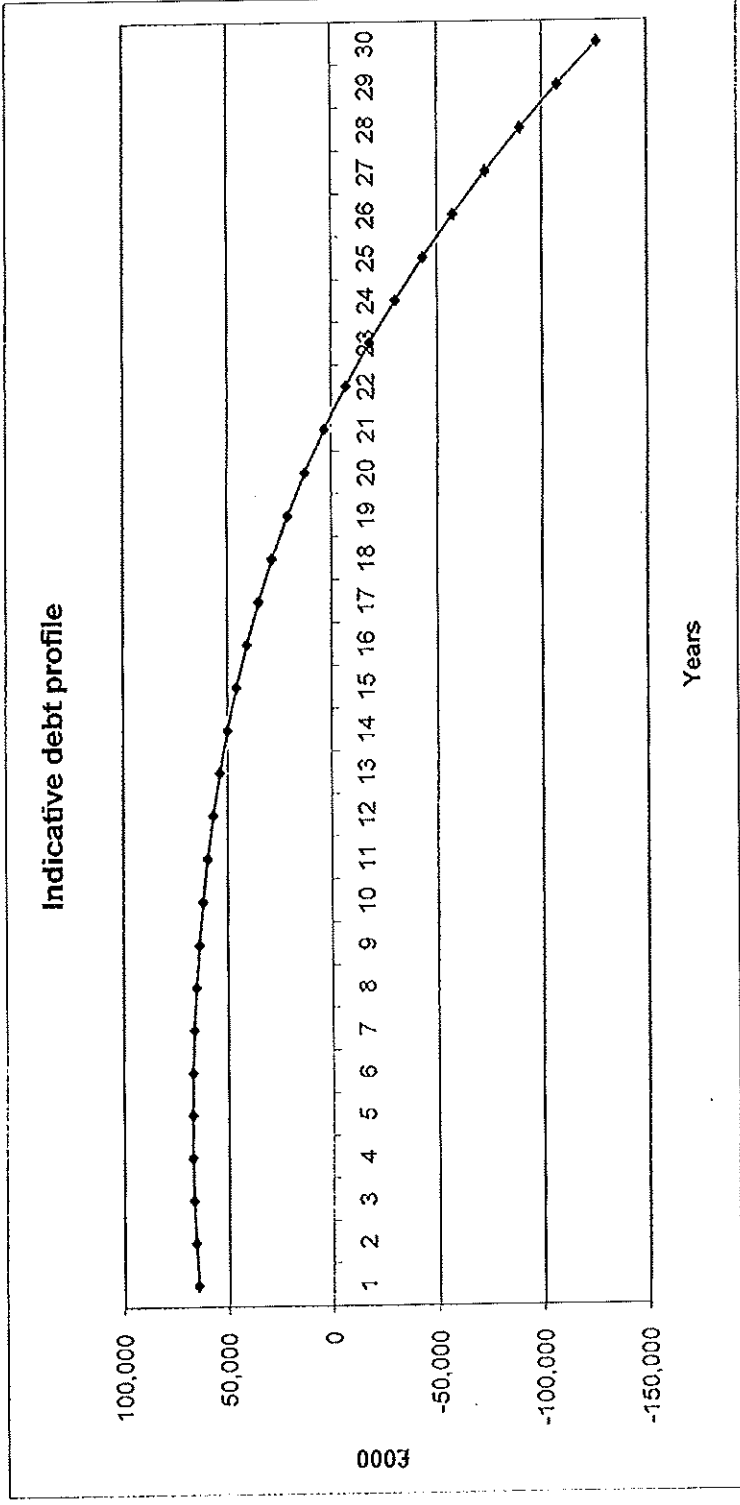
This chapter sets out a timetable for the implementation of self-financing in April 2012. It is indicative at this stage and some dates are liable to change. We will keep in touch with local authorities over significant changes to the timetable.

7.1 The proposed timetable is as follows:

Date	Activity or deadline
March 2011	Stakeholder events with local authorities  Local authorities planning to submit evidence on demolitions are advised to contact DCLG
June 2011	Forms sent out to collect data on stock
August 2011	Data for self-financing provided to DCLG
August 2011 onwards	Data verified
Nov 2011 onwards	Consultation on self-financing determinations
Dec 2011 onwards	DCLG and PWLB issue joint letter to each local authority setting out arrangements for loans and debt redemption
Jan 2012	Final self-financing determinations published  Local authorities asked to tell Public Works Loan Board how much they wish to borrow
April 2012	Series of transactions between DCLG and local authorities enable the start of self-financing
March 2013	Cut-off for final payments to end the subsidy system

North Warwick

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Rental income	10,209	10,861	11,536	12,234	12,745	13,511	14,122	14,647	15,192	15,757	16,341	16,947	17,575	18,225
Mgt & Maintenance	-4,205	-4,344	-4,486	-4,630	-4,779	-4,933	-5,091	-5,255	-5,423	-5,597	-5,775	-5,960	-6,150	-6,345
MRA including DFA funding	-2,615	-2,702	-2,790	-2,891	-2,974	-3,070	-3,169	-3,272	-3,377	-3,486	-3,598	-3,713	-3,833	-3,955
ALMO SCE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ORE & historic premia	-23	-20	-18	-16	-15	-13	-12	-11	0	0	0	0	0	0
<b>TOTAL</b>	<b>3,366</b>	<b>3,795</b>	<b>4,242</b>	<b>4,707</b>	<b>4,977</b>	<b>5,494</b>	<b>5,849</b>	<b>6,110</b>	<b>6,392</b>	<b>6,674</b>	<b>6,968</b>	<b>7,274</b>	<b>7,593</b>	<b>7,924</b>
Loan brought forward (£000)	64,424	65,640	66,515	67,006	67,071	66,873	66,146	65,017	63,549	61,699	59,440	56,730	53,526	49,780
Interest (£000)	4,510	4,595	4,656	4,690	4,695	4,681	4,630	4,551	4,448	4,319	4,161	3,971	3,747	3,485
Debt management (£000)	72	75	78	81	84	87	89	92	94	96	98	99	100	101
Loan carried forward (£000)	65,640	66,515	67,006	67,071	66,873	66,146	65,017	63,549	61,699	59,440	56,730	53,526	49,780	45,442



	2025	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
18,898	19,596	20,318	21,066	21,841	22,643	23,474	24,334	25,225	26,146	27,101	28,088	29,110	30,168	31,263	32,396	
-5,547	-6,755	-6,969	-7,190	-7,417	-7,651	-7,893	-8,141	-8,397	-8,660	-8,932	-9,211	-9,499	-9,795	-10,100	-10,414	
-4,082	-4,212	-4,347	-4,486	-4,628	-4,776	-4,927	-5,084	-5,245	-5,411	-5,582	-5,758	-5,939	-6,126	-6,318	-6,516	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8,269	8,628	9,002	9,391	9,796	10,216	10,654	11,109	11,583	12,075	12,587	13,119	13,672	14,247	14,845	15,465	
45,442	40,454	34,758	28,288	20,975	12,741	3,506	-6,819	-18,118	-30,340	-43,540	-57,777	-73,112	-89,610	-107,339	-126,372	
3,181	2,832	2,433	1,980	1,468	892	245	-273	-725	-1,214	-1,742	-2,311	-2,924	-3,584	-4,294	-5,055	
101	101	99	97	94	89	84	83	86	89	92	95	99	102	106	109	
40,454	34,758	28,288	20,975	12,741	3,506	-6,819	-18,118	-30,340	-43,540	-57,777	-73,112	-89,610	-107,339	-126,372	-146,783	

## **Agenda Item No 9**

### **Resources Board**

**11 July 2011**

#### **Report of the Assistant Director Finance and HR**

#### **Investor in People Review**

### **1 Summary**

- 1.1 This report recommends that the Council does not seek to retain the Investor in People award when it expires on the 31 March 2012

#### **Recommendation to the Board**

**That the Council does not seek a further assessment of the Investor in People Award.**

### **2 Consultation**

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

- 2.1.1 The Portfolio holder and Shadow Portfolio holder have been informally consulted.

### **3 Background**

- 3.1 The Council first received the Investor in People award in 1997 and has retained this, following assessments every three years.

- 3.2 The Investor in People award has progressed since its inception and in 2009 there was the option to have specific topics in the extended framework assessed beyond the basic level 1. The Council opted to have additional assessment at level 2/3 on topics 1 and 6, which were Business Strategy and Valuing People. In all of the sixteen areas of the chosen topics, the Council met level 2 and in some areas met level 3. Overall the Council met level 2 in their selected topics.

- 3.3 The assessor provided a continuous improvement action plan as part of the report to the Council. The Chief Executive developed a plan on the specific actions to be taken to meet the improvements required in the report. All of the actions have been implemented successfully.

- 3.4 On the 1 February 2011 a maintenance review was carried out by the Investor in People assessor. The report to the Council was very positive and stated:

- The key principles of the national standard are part of the culture within North Warwickshire Borough Council.



- There are also indications that a great number of the organisational strategies and practices would satisfy several criteria within the extended framework and potentially reach a level that would be recognised at silver or gold levels.
- There are also strong indications that the organisation would be successful in achieving the Health and Wellbeing Good Practice Award.

3.5 The costs of re-assessment are:

- For the basic level 1 standard £3, 575, plus travel expenses.
- For the full framework ie gold award an additional £5,200, plus travel expenses.
- The Health and Wellbeing Good Practice Award although not yet confirmed potentially will be £3,575, plus travel expenses. If done at the same time as other assessment(s), there is the potential to reduce this sum to approximately £1,800.

#### **4. Conclusions**

4.1 Whilst the liP standard has been very useful to NWBC, the assessments indicate that a lot of learning is already embedded within the organisation. For example, the 'golden thread' approach has been used to ensure that actions identified in the Community Strategy feed down through the Corporate Plan, Service Plans and then into individual appraisals. Appraisals are then used to ensure training is targeted, to enable council priorities to be met. Greater emphasis has been put on communication with staff, and there are regular newsletters and weekly emails to ensure staff are aware of activity being undertaken by the Council. Given that much of the standard is embedded, a further assessment to retain the award and/or increase it to Gold and/or include Health and Wellbeing would give only limited added benefits and therefore would not achieve value for money in the current climate.

4.2 Consideration has been given to what action should be taken instead. The Investors in People standards are a published document, so provided the Council uses these to continue producing improvement plans, then the standard will remain embedded in the Council's culture. The Council could also undertake an internal assessment against the standard.

#### **5 Report Implications**

##### **5.1 Finance and Value for Money Implications**

5.1.1 These are included in the body of the report

##### **5.2 Links to Council's Priorities**

5.2.1 Council's priority relating to the effective use of resources.

The Contact Officer for this report is Janis McCulloch (719236).

**Background Papers**

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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

## **Agenda Item No 11**

### **Resources Board**

**11 July 2011**

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

#### **Progress Report on Human Resources Issues**

### **1 Summary**

- 1.1 This report advises Members of progress against the Human Resources Strategy Action Plan, work being done by the Human Resources team, the sickness levels for the period of April 2010 to March 2011 and provides some further information on action taken in managing absence.

#### **Recommendation to the Board**

**That the report be noted.**

### **2 Consultation**

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

- 2.1.1 The Portfolio holder and Shadow Portfolio holder have been informally consulted.

### **3 Introduction**

- 3.1 This report provides an update on the Human Resources (HR) Strategy Action Plan and under Health and Absence Management gives the position on sickness for the whole year of 2010/11.

### **4 Recruitment, Retention and Selection**

- 4.1 The Flexible Working Policy was implemented from the start of January 2010 and appears to be working successfully. The Policy is being reviewed by a team of employees from the Improving the Way We Work group and is being led by the Assistant Director (Finance and HR). Managers and unions are also being asked for their comments. The results from the Staff Survey conducted at the end of 2010 will also assist with the review of the Policy. Any amendments to the Policy will be made in consultation with the trade unions and will be reported to Board when completed.

- 4.2 The recruitment application form was further revised as a result of the Equality Act 2010 which came into force on 1 October 2010. The 9 protected characteristics were included in the Recruitment Monitoring form. The revised recruitment application form has been fully implemented in both hard copy and web formats.
- 4.3 There were a number of starters and leavers between April 2010 and March 2011. There were 44 leavers, including 6 employees who retired, 1 redundancy, 7 end of contracts and 2 dismissals. There were 27 starters. This equates to a labour turnover of 12.6% for the whole year.
- 4.4 The Council has continued with the strategy of reviewing all posts that become vacant. Those posts that need to be filled are recruited to internally where possible.

## **5 Pay and Benefits**

- 5.1 In 2009/10, the HR Manager started to undertake an Equal Pay Audit in partnership with the trade unions. This has not yet been completed due to other issues on policies and changes to legislation being addressed. This will now be extended to include gender, ethnicity and disability in readiness for equality reporting under the Equality Act 2010.
- 5.2 It was decided nationally that there would be no cost of living pay increase for 2010/11. The HR manager attends annual Local Government Employer (LGE) briefings and will also attend any LGE pay briefing sessions held in the forthcoming year.

## **6 Learning, Training and Development**

- 6.1 In the 2010/11 training year, a section of Principal Officers received a 360-degree appraisal using the competencies which were reviewed, amended and rolled out to the Extended Management Team in the previous training year. The HR Manager reviewed the process and used feedback from the Extended Management Team to make some minor amendments. The revised 360-degree appraisal was rolled out to a section of Principal Officers in October 2010 with the HR department managing the process and producing the analysis in house.
- 6.2 The learning and development arm of the Staffordshire Plus Project has continued to meet to share information, learning and training. The HR Manager is part of this group. Working in collaboration with the other Local Authorities in the group, the Council has continued to benefit from cost effective or free training. Eleven employees went through a management qualification with Newcastle under Lyme Council in 2010/11. Feedback received shows that the employees and their managers have found that the course has been beneficial to their roles. They are hoping to be able to get funding to run these again and it is planned to take up some places later in 2011.

- 6.3 Appraisals were completed and managers have provided their training needs to HR to enable the Training and Development Plan for 2011/12 to be produced. This is agreed by Management Team before training plans for Divisions and individuals are distributed.
- 6.4 During the 2010/11 training year, the Council planned and ran in house courses, including Health and Safety courses (e.g. Risk Assessment, Fire Awareness and First Aid), Investigation Skills, Child Protection and a Corporate Induction programme. In addition, the Council has been able to use central government funding for courses such as Numeracy, Literacy and NVQs.
- 6.5 The Council has signed the West Midlands public services skills challenge skills pledge. It is a commitment to raising the minimum level of skills and competencies of our employees to improve the organisation's performance. The HR section is running basic skills and NVQ courses in early 2011 to raise the minimum skills level across the Council. We have 9 employees signed up for numeracy skills and 2 employees signed up to Level 2 IT User Skills NVQ.
- 6.6 The Council has the opportunity to partner with Staffordshire County Council's E Learning programme. The E learning programme is effective for some areas of training and is cost effective as an employee can be trained in various topics for approx £7 per head. The business case for the partnering opportunity is currently being explored.

## **7 Safety Management**

- 7.1 The basic Occupational Health and Safety Level 2 course has continued to run as a rolling program, with the aim of having all employees qualified to this standard. The government funding available for the course has been removed, therefore the HR section found an alternative provider to maintain the programme. 24 employees completed this course during the 2010/11 training year.
- 7.2 Christine Wynne (HR Support Officer) started to undertake the NEBOSH qualification in September 2010 and successfully passed in March 2011. This has enabled her to begin to provide support for managers in completing risk assessments and providing health and safety advice, where needed. Claire Barnes (HR Support Officer) is also NEBOSH qualified and provides health and safety advice and assistance to managers.
- 7.3 The HR Manager attends the Warwickshire Emotional Health in the Workplace Group and the West Midlands Health and Wellbeing group. The benefits of attending these groups include, advice on the Council's Stress Policy, free Stress Awareness training and assistance in developing an NWBC Wellbeing Policy. The Council's Wellbeing Policy has been written and went to Resources Board and Full Council in June 2011.

- 7.4 The Council was successful in their bid with partners to secure funding for a Health and Wellbeing programme. This was launched in June 2010 and completed in March 2011. The programme was targeted to those who might receive the most benefit and where possible, activities/provisions of the programme were offered to all staff. The HR Section will review the programme and will assess lessons learned to implement a programme legacy.
- 7.5 The Council participated in the European Health and Safety Week (14 – 18 February 2011) to raise awareness, focus on risk assessments and tidy up work areas.
- 7.6 The section has begun work on customising the HARRIET Health and Safety Assessment system and the system pilot has begun in Streetscape. The system will be rolled out to all Divisions in 2011/12.

## **8 Health and Absence Management**

### **8.1 Summary of Sickness Absence 2010/11 April 2010 – March 2011**

8.1.1 The number of recorded days sick for the period April 2010 to March 2011 was 3,385.31 days, equating to 9.62 days per full time employee (FTE). For the same period last year the number of recorded days sickness was 3,703.69 days with a FTE of 10.50 days per employee. Appendix A shows these figures by Division for both years, and also shows the split between long and short-term sickness.

8.1.2 The variations between the two years show that this year there has been an overall decrease of 318.38 days in sickness in 2010/11. This has produced a decrease of 0.88 days, from 10.5 to 9.62 days per FTE.

8.1.3 Short-term sickness in 2010/11 has decreased by 0.81 days per FTE, compared with the short-term sickness in 2009/10. Short-term sickness absence reports are sent to Assistant Directors on a monthly basis. HR also meet with the Assistant Directors on a bi-monthly basis to provide advice and to discuss what action they have taken within their Divisions. The aim of these reports and meetings is to increase managers' awareness of sickness absence within their Divisions, which should aid proactive and consistent management of absence issues and will contribute to a reduction in the short-term absence figures.

8.1.4 Long-term sickness in 2010/11 has decreased by 0.07 days per FTE, compared with the long term sickness in 2009/10. The long-term sickness absence is being managed either by getting staff back to work or them exiting the organisation either on ill-health retirement or by resignation. Those with significant long-term absence equates to 14 employees having lost a total of 899.98 days. Two of these employees have now left the Authority and twelve have successfully returned to work.

- • • 8.1.5 Appendix B shows the reasons for the number of days lost per FTE. The main reasons for absence relate to: Operation/Post Op, Muscular, Stress and Back.
- 8.1.6 The Government's new fit note, a statement of fitness for work, was implemented on the 1 April 2010. Replacing the sick note with a fit note focuses on what people can do and has the aim of improving communication between employers, employees and doctors. The greatest impact expected from its implementation is that fewer employees will be off work when they possibly could do some work or their entire job with some support. The HR Manager briefed all managers and supervisors on its use and visited team meetings to make staff aware of the changes. The fit note has helped the Council to have informed discussions with employees about taking steps to return to work earlier than they might otherwise have done. The HR department has developed a pro forma for the return to work discussions and will look to monitor the number of cases this helps in enabling the employee to return to work early.

## 8.2 **Ill Health Monitored Under the Attendance Management Policy**

- 8.2.1 Under the Attendance Management Policy where ill health is having a detrimental effect on an individual's ability to perform their job, or where the trigger points have been exceeded under the policy, then managers will seek to manage these cases in a pro-active way. The Attendance Management Policy sets out the procedures to be used, starting with management reviews to Case Management stages 1, 2 and working through, if necessary, to the end of the process at stage 3.
- 8.2.2 There are a number of cases currently being dealt with under the Attendance Management Policy, and the current status of these cases are as follows:
  - 3 employees are due to start management reviews
  - 6 employees are having management reviews
  - 1 employee is due to move to Stage 1
  - 4 employees are at Stage 1
  - 2 employees are at Stage 2
- 8.2.3 The Attendance Management Policy is currently being reviewed. It is out for consultation with the trade unions and will be reported to Resources Board when completed.

## 9 **Human Resource Management Systems**

- 9.1 During 2010/11 the HR team had two new appointments due to resignations of staff moving to other posts within the Authority. The new appointments required considerable time from the HR Officer to ensure that they were inducted and trained into the roles. The team is now working well and each of the team members are embedded into their role, working with minimum supervision.

- 9.2 The HR Manager has a work plan to review all policies and, where appropriate, take revised policies to Resources Board. Some policies were brought forward due to changes to legislation, for example Dignity at Work Policy, Grievance Policy and Retirement Policy. Briefings for managers/supervisors and unions have been held for the policies that have been approved over the past twelve months.
- 9.3 The HR Manager and the HR Officer are involved in providing advice to Managers on policies, procedures, employment law and best practice.
- 9.4 The HR department is currently working with Information Services to scan and move all employee's personnel files, which are currently in paper format, to the electronic TRIM System. The project will involve a considerable amount of work for the HR team and is expected to take up to 2 years to complete fully.

## **10 Organisational Development**

- 10.1 The Council retained its IIP recognition following re-assessment in March 2009. The action plan produced following the assessment was monitored by the Improving the Way We Work employee group. The HR manager has met with the IIP assessor and he attended management team to provide feedback on the completed actions and to discuss options for the future. The decision to be reassessed for IIP status in April 2012 is the subject of a separate report to Resources Board.
- 10.2 The HR Officer and the Assistant Director participate in the Improving the Way We Work employee group that the Chief Executive has set up in order to improve the way we work and to look at areas for development and improvement with the Council.
- 10.3 It is good practice for organisations to have a workforce development plan in place. Divisions now produce workforce development plans as part of their annual Divisional Service Plans. The HR manager reviews the strategic corporate Workforce Plan document annually and updates if necessary.

## **11 Employee Relations**

- 11.1 The HR team provides advice and support to managers on all HR issues. The HR Manager and the HR Officer provide support to managers and lead, where appropriate, on investigations, disciplinary, grievance, and capability relating to performance or attendance. There have been 9 investigations during 2010/11.
- 11.2 The HR Manager and HR Officer also provide considerable support in the preparation for Appeals and Employment Tribunals. The Council had 2 cases that went to appeal and 1 case was lodged with the Employment Tribunal but later withdrawn.



11.3 In July 2008, the Council participated in The Times Best Councils Survey. It had been agreed to participate in this survey every 3 years as a benchmarking tool. In 2009/10, the HR Officer reviewed the current staff survey and included additional questions from the Best Councils Survey in order to be able to produce accurate comparison between the two surveys. The Staff Survey 2010 has been completed and the HR department have analysed the results and reported to management team. Management Team have decided not to participate in The Times Best Councils Survey in 2011, due to the additional costs associated. The Council will conduct its own Staff Survey in 2011.

## **12 Equality and Diversity**

12.1 The Policy team are continuing to co-ordinate all staff and member training in awareness and understanding of their individual responsibility and ensure that the Council's policies are equality impact assessed. Further training was carried out during 2010/11.

12.2 The HR Manager is a member of the Equality Forum which has been established to oversee Equality and Diversity actions and promote good practice across the Council.

12.3 The Equality Act 2010 has a number of HR implications. The HR Manager trained all managers and supervisors in the changes. Following the training all HR policies will be reviewed to bring in line with the Act, and work on some policies has already begun.

## **13 Report Implications**

### **13.1 Finance and Value for Money Implications**

13.1.1 These will depend on whether additional resources are used to cover periods of absence. Most short-term absence is absorbed within sections. However, if sickness is long term, and the service could potentially fail as a result of staff shortages, then there would be additional costs to maintain services, either through buying in extra resources or acting up arrangements.

### **13.2 Human Resources Implications**

13.2.1 As detailed in the report.

### **13.3 Portfolio Holder, Shadow Portfolio Holder and Ward Members Consultation**

13.3.1 The Portfolio Holder and Shadow Portfolio Holder have been updated.

### **13.4 Risk Management Implications**

13.4.1 Low staffing levels and the labour intensive casework has resulted in the section having to prioritise the service provisions.

### 13.5 Environment and Sustainability Implications

13.5.1 The work with the Local Employment Partnership and the Skillspledge will directly contribute towards the proposed priorities of the North Warwickshire Sustainable Communities Strategy 2009 – 2026 of Raising aspirations, education attainment and skills.

### 13.6 Links to Council's Priorities

13.6.1 Improvement in sickness absence is one of the objectives within the Human Resources Strategy.

The Contact Officer for this report is Kerry Drakeley (719300).

### 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

**ALL SICKNESS**

	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Division	FTE per Division	FTE per Division	Days Lost by FTE	Days Lost by FTE	Sickness per FTE	Sickness per FTE
Assistant Chief Exec	35.87	33.98	369.46	73.78	10.30	2.17
Corporate Services	32.44	30.18	178.85	198.49	5.51	6.58
Streetscape	61.12	64.50	777.62	734.26	12.72	11.38
Leisure & Community Development	61.34	59.33	445.90	524.09	7.27	8.83
Community Services	41.11	41.24	418.22	332.43	10.17	8.06
Finance & HR	16.85	18.85	246.68	112.11	14.64	5.95
Housing	95.98	96.31	1177.81	1385.65	12.27	14.39
Internal Audit	1.98	2.48	34.15	6.50	17.25	2.62
Chief Exec	6.00	5.00	55.00	18.00	9.17	3.60
<b>Total</b>	<b>352.69</b>	<b>351.87</b>	<b>3,703.69</b>	<b>3,385.31</b>	<b>10.50</b>	<b>9.62</b>

**SHORT TERM SICKNESS**

	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Division	FTE per Division	FTE per Division	Days Lost by FTE	Days Lost by FTE	Sickness per FTE	Sickness per FTE
Assistant Chief Exec	35.87	33.98	156.57	33.78	4.36	0.99
Corporate Services	32.44	30.18	178.85	139.49	5.51	4.62
Streetscape	61.12	64.50	375.62	355.18	6.15	5.51
Leisure & Community Development	61.34	59.33	349.90	304.25	5.70	5.13
Community Services	41.11	41.24	191.68	205.97	4.66	4.99
Finance & HR	16.85	18.85	21.68	26.11	1.29	1.39
Housing	95.98	96.31	590.00	536.85	6.15	5.57
Internal Audit	1.98	2.48	34.15	6.50	17.25	2.62
Chief Exec	6.00	5.00	18.00	18.00	3.00	3.60
<b>Total</b>	<b>352.69</b>	<b>351.87</b>	<b>1916.45</b>	<b>1626.13</b>	<b>5.43</b>	<b>4.62</b>

**LONG TERM SICKNESS**

	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Division	FTE per Division	FTE per Division	Days Lost by FTE	Days Lost by FTE	Sickness per FTE	Sickness per FTE
Assistant Chief Exec	35.87	33.98	212.89	40.00	5.94	1.18
Corporate Services	32.44	30.18	0.00	59.00	0.00	1.95
Streetscape	61.12	64.50	402.00	379.08	6.58	5.88
Leisure & Community Development	61.34	59.33	96.00	219.84	1.57	3.71
Community Services	41.11	41.24	226.54	126.46	5.51	3.07
Finance & HR	16.85	18.85	225.00	86.00	13.35	4.56
Housing	95.98	96.31	587.81	848.80	6.12	8.81
Internal Audit	1.98	2.48	0.00	0.00	0.00	0.00
Chief Exec	6.00	5.00	37.00	0.00	6.17	0.00
<b>Total</b>	<b>352.69</b>	<b>351.87</b>	<b>1,787.24</b>	<b>1,759.18</b>	<b>5.07</b>	<b>5.00</b>

**Reasons for Sickness**

**APPENDIX B**

Division	Anxiety / Dep	Back	Cancer	Chest	Cold	ENT / Eye	Flu	Geni-Urin	Heart	Hypert en	Musc	Neuro	Op & Post Op	Preg	Stom	Stress	Not known	Total
<b>Assistant Chief Exec</b>	1.00	40.00		1.50	9.43	4.00	4.04				3.00	4.81			5.00	1.00		73.78
<b>Corporate Services</b>		5.00	2.00	12.49	6.00	6.00	16.00	1.00		42.00	12.00	2.00	67.00		27.00			198.49
<b>Streetscape</b>		83.24		26.73	41.41	11.00	13.00	91.00		5.00	137.22	25.70	178.38		81.58	11.00	29.00	734.26
<b>Leisure &amp; Community Development</b>	1.00	13.91		31.44	25.88	48.53	29.58	6.79			125.50	35.81	131.38	1.00	30.12	37.19	5.95	524.09
<b>Community Services</b>	71.54	1.00		24.65	11.11	59.54	56.14	0.81			4.50	20.00	40.00	13.00	21.87	8.27		332.43
<b>Finance &amp; HR</b>					7.00	9.03	1.35				35.00	53.03			6.70			112.11
<b>Housing</b>	8.00	176.65		75.64	53.00	20.99	111.00	3.00	7.00	1.00	194.50	14.57	224.00	57.00	107.30	324.00	8.00	1,385.65
<b>Internal Audit</b>							2.00								4.50			6.50
<b>Chief Exec</b>					9.00	2.00	3.00								4.00			18.00
	81.54	319.80	2.00	172.45	162.83	161.09	236.11	102.60	7.00	48.00	511.72	155.92	640.76	71.00	288.07	381.46	42.95	3,385.31

<u>Sickness Code</u>	<u>Description</u>
Anxiety/ Depression	Anxiety, Depression
Back	Back & Neck problems
Cancer	Cancer related
Chest	Chest & Respiratory: to include Chest infections
Cold	Cold symptoms
ENT/Eye	Eye, Ear, Nose & Mouth/Dental : to include sinusitis
Flu	Flu symptoms
Genito-Urinary	Genito Urinary: to include menstrual problems
Heart	Heart Blood pressure& circulation
Hypertension	High Blood Pressure
Muscular	Other musculoskeletal problems
Neurological	Neurological; to include headaches and migraine
Operation & Post Op	Operation, Post Op
Pregnancy	Pregnancy related
Stomach	Stomach, Liver, Kidney & Digestion; to include gastro-enteritis
Stress	Stress, Mental health & fatigue
Unknown	No reason known for absence

## **Agenda Item No 12**

### **Resources Board**

**11 July 2011**

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

#### **Budgetary Control Report 2011/12 Period Ended 31 May 2011**

### **1 Summary**

- 1.1 The report covers revenue expenditure and income for the period from 1 April 2011 to 31 May 2011. The 2011/12 budget and the actual position for the period, compared with the estimate at that date, are given, together with an estimate of the out-turn position for services reporting to this Board.

#### **Recommendation to the Board**

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

### **2 Consultation**

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

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

### **3 Report**

#### **3.1 Introduction**

- 3.1.1 Under the Best Value Accounting Code of Practice (BVACOP), services should be charged with the total cost of providing the service, which not only includes costs and income directly incurred, but also support costs relating to such areas as finance, office accommodation, telephone costs and IT services.
- 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 Board as at 31 May 2011 is £670,221, compared with a profiled budgetary position of £715,404; an under-spend of £45,183 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 are a number of underspends that make up the total underspend of £9,485 and these include training, telephones, corporate subscriptions, vehicle hire (Mayoral car), members allowances and other member expenses.

### **4.3 Elections Expenses**

4.3.1 The current over-spend relates to the purchase of polling booths and ballot boxes and is to be funded through a combination of reserves and contributions from future elections.

### **4.4 Council Tax Collection**

4.4.1 The Council has received funding from the County Council and the Police Authority to assist in carrying out a single person discount review. These monies will be used to carry out this review.

### **4.5 Unallocated Central Support Services**

4.5.1 The budgets for training and recruitment are held centrally and transferred to services as expenditure is incurred. There are currently underspends on both training £13,673 and recruitment £5,663.

### **4.6 Carlyon Road Industrial Estate**

4.6.1 A company that occupied a building on land owned by the Council has recently gone into liquidation and the Council has become liable for the NDR for this site of £3,721. In addition the rental income is under budget by £2,153.

### **4.7 Customer Contact**

4.7.1 The contribution that we receive from the County Council has been reduced by £9,270.

#### 4.8 Rent Rebates

4.8.1 The current position includes additional administration grant received and increased recovery of overpayments.

### 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 May 2011, is £197,099, compared with a profiled budgetary position of £245,856; an under-spend of £48,757 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 2011/12 assumed that there would be salary vacancy savings 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 Policy Support, Transport and Streetscape, Facilities Management, Landscape Management, Community Support, Revenues and Benefits and Transport. A summary of the position contributing to the central vacancy factor (General Fund only) is shown below:

	£
Current agency staff variance	5,380
Current salaries underspend	(32,520)
<b>TOTAL</b>	<b>(27,140)</b>

In addition to the vacancies, provision for the £250 pay award for staff earning below £21,000 included in the budget has not been needed, giving a current underspend of £5,030.

5.2.3 Other significant variances include under-spends on Non Domestic Rates and utility bills on Council Offices, staff cars, postage and tyres. There are no significant over-spends at the moment.

## 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.

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## 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:

- A change in rental income at industrial estates through changes to vacancy levels and the added effect of the obligation for the Council to pay the Non Domestic Rates of these units was identified as a risk. Income is currently just below budgeted levels although it should be noted that the budget assumed a high number of vacant units, especially at Innage Park.
- The costs of managing absence, for example occupational health costs and cover by agency staff. These are currently running below the profiled budget provision.
- Increasing costs of maintaining mechanical equipment within the Council offices and other properties. As core mechanical elements of the building, such as the lift or the automatic entrance doors, continue to age, the likelihood of breakdown increases. At the moment expenditure is at a level at or below budget in most areas.
- The negotiated pay award being in excess of that included in the budgets. The budgets included an additional £250 for all staff earning up to £21,000. It has since been confirmed that this does not apply to Local Government staff and the current position is that there will be no pay award in the current year.
- Potential increases in vehicle fuel and utilities such as gas and electricity. Currently the increase built into budgets for vehicle fuel covers rises to date in this year but as costs continue to rise there may be pressures in this area. All other utility costs appear to be in line with budgets.
- Increase in contracts that are based on RPI (4.7% in November 2010 and currently 5.0%), to date no significant increases have been seen although many contracts are still to be increased.
- The increase in numbers of claimants for benefits could increase the council's costs. Whilst most of the costs are covered by subsidy (approximately 98%), the council would still have to find the balance.



- Additional resources that may be required to support externally funded projects such as North Warwickshire LEADER. No additional resources have yet been required but there are pressures on the day-to-day activities of those staff involved in supporting these projects.

## 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 2011/12 is £3,727,580 as detailed in the table below: -

	<b>£</b>
Approved budget 2011/2012	3,739,800
Projected salary under spends in excess of vacancy factor	(13,810)
Non payment of £250 pay award	(30,000)
Reduction in WCC contribution towards Customer Contact	9,270
Non Domestic Rates relating to Carlyon Road	22,320
<b>Expected Out-turn 2011/12</b>	<b>3,727,580</b>

## 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 2011/2012 financial year is £419,380. This is expected to reduce by £12,220, 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

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>

**North Warwickshire Borough Council**  
**RESOURCES BOARD (REMAINING)**  
**Budgetary Control Report 2011/12 as at 31 May 2011**

Description	Original Budget 2011/2012	Profiled Budget to May 2011	Actual to end May 2011	Variance to Date	Comments
Democratic Process	737,370	132,780	123,294	(9,485)	Paragraph 4.2
Election Expenses	79,530	54,867	64,628	9,762	Paragraph 4.3
Registration of Electors	46,620	5,710	4,967	(743)	
Non Domestic Rates	37,490	23,703	22,485	(1,218)	
Council Tax Collection	218,330	52,310	40,800	(11,510)	Paragraph 4.4
Investors in People	12,190	1,710	1,710	(0)	
Finance Miscellaneous	630	100	(18)	(118)	
Compensation and Pension Increases	112,090	6,927	6,881	(46)	
Assisted Car Purchases	(130)	(22)	-	22	
Minor Works	2,100	350	-	(350)	
Electricity at Work	21,970	8,094	8,094	(0)	
Efficiencies and Value for Money	53,490	8,525	8,525	(0)	
Finance Unused Land	420	70	70	-	
Corporate and Democratic Core	766,810	104,718	104,561	(157)	
Unallocated Central Support Services	139,380	15,037	(3,992)	(19,029)	Paragraph 4.5
Coleshill Shops and Flats	(66,840)	(13,930)	(13,967)	(37)	
The Arcade	10,770	(5,356)	(5,768)	(413)	
The Pavilions, Holly Lane	(58,160)	(15,304)	(15,269)	35	
Carlyon Road Industrial Estate	(111,390)	(19,746)	(13,888)	5,858	Paragraph 4.6
Innage Park Industrial Estate	109,080	50,655	47,481	(3,174)	
Polesworth Workspace Units	(3,980)	(3,285)	(3,109)	176	
The Bear and Ragged Staff	(12,080)	(2,190)	(2,224)	(34)	
Football Stadium	360	60	60	-	
Homeless Persons	69,180	18,528	17,093	(1,435)	
Public Conveniences	99,840	18,258	18,314	56	
Customer Contact	140,410	898	7,440	6,542	Paragraph 4.7
Rent Allowances	115,070	13,313	12,142	(1,170)	
Rent Rebates	58,990	10,798	1,545	(9,253)	Paragraph 4.8
Concessionary Fares	34,280	5,557	5,301	(256)	
Non Domestic Rates Discretionary Relief	24,830	3,845	337	(3,508)	
Council Tax Benefits	120,810	(22,300)	(25,537)	(3,237)	
Car Parks	62,680	33,748	32,526	(1,223)	
Business Improvement District	1,560	260	262	2	
Environmental Sustainability	8,710	1,452	1,450	(2)	
Private Sector Housing Assistance	258,350	12,293	12,550	257	
CCTV	112,330	21,811	21,637	(174)	
Community Support	532,560	60,542	59,222	(1,319)	
North Warwickshire LEADER (External)	45,350	7,558	7,558	-	
Branching Out Bus (External)	16,140	7,094	7,094	-	
North Arden Heritage Trail (External)	1,220	115,967	115,967	-	
<b>TOTALS</b>	<b>3,798,360</b>	<b>715,404</b>	<b>670,221</b>	<b>(45,183)</b>	

**North Warwickshire Borough Council**  
**RESOURCES BOARD (RECHARGED)**  
**Budgetary Control Report 2011/12 as at 31 May 2011**

<b>Description</b>	<b>Original Budget 2011/2012</b>	<b>Profiled Budget to May 2011</b>	<b>Actual to end May 2011</b>	<b>Variance to Date</b>	<b>Comments</b>
Building Maintenance Fund	-	-	-	-	
Council Offices	(80)	76,937	67,260	(9,677)	Paragraph 5.2
Central Telephones	-	2,272	2,173	(99)	
Recruitment	-	2,188	76	(2,112)	
Printing and Copying	(60)	2,199	1,714	(485)	
Training	-	-	110	110	
Depot and Stores	(20)	15,607	16,930	1,323	
Postal Services	-	(2,945)	540	3,485	
Chief Executive Directorate	(560)	(987)	(1,819)	(832)	
Assistant Chief Executive	(3,340)	(1,455)	(12,887)	(11,432)	Paragraph 5.2
Directorate of Community Services	(2,300)	(11,598)	(19,888)	(8,290)	Paragraph 5.2
Directorate of Resources	(7,930)	745	(21,525)	(22,270)	Paragraph 5.2
Corporate Services	520	171,239	167,003	(4,236)	Paragraph 5.2
Transport	560	4,987	(2,588)	(7,575)	Paragraph 5.2
<b>TOTALS</b>	<b>(13,210)</b>	<b>259,189</b>	<b>197,099</b>	<b>(62,090)</b>	
Central Vacancy Factor	(80,000)	(13,333)	-	13,333	Paragraph 5.2
<b>TOTALS</b>	<b>(93,210)</b>	<b>245,856</b>	<b>197,099</b>	<b>(48,757)</b>	

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

	Budgeted performance	Profiled Budgeted performance	Actual performance to Date
<b>Registration of Electors</b>			
Cost per elector for the Electoral Register	£0.93	£0.11	£0.10
<b>Non Domestic Rates</b>			
% of NDR Collection Rate	98.90%	19.78%	21.19%
Cost per NDR Property	£17.28	£10.92	£10.23
<b>Council Tax Collection</b>			
% of Council Tax Collection Tax	98.50%	19.70%	20.50%
Cost per Household	£8.12	£1.94	£1.52
<b>Coleshill Shops and Flats</b>			
Occupancy Rate	100.00%	100.00%	100.00%
Annual Income per Shop	(£8,954)	(£2,059)	(£2,058)
<b>The Arcade</b>			
Occupancy Rate	42.86%	42.86%	50.00%
Annual Income per Unit	(£1,166)	(£922)	(£942)
<b>The Pavilions</b>			
Occupancy Rate	87.50%	87.50%	87.50%
Annual Income per Unit	(£9,069)	(£3,319)	(£3,321)
<b>Carlyon Road Industrial Estate</b>			
Occupancy Rate	87.50%	87.50%	81.25%
Annual Income per Unit	(£7,566)	(£1,532)	(£1,400)
<b>Innage Park Industrial Estate</b>			
Occupancy Rate	44.19%	44.19%	48.84%
Annual Income per Unit	(£2,280)	(£689)	(£698)
<b>Polesworth Workspaces</b>			
Occupancy Rate	100.00%	100.00%	100.00%
Annual Income per Unit	(£1,518)	(£670)	(£651)
<b>Rent Allowances</b>			
Rent Allowances per Claimant	£4,352	£660.60	£717.87
Cost of Administration per Claimant	£65.75	£7.61	£7.08
<b>Rent Rebates</b>			
Rent Rebates per Claimant	£3,405	£575.98	£556.87
Cost of Administration per Claimant	£31.89	£5.84	£0.92
<b>Council Tax Benefits</b>			
Council Tax Benefits per Claimant	£906.24	£885.93	£874.60
Cost of Administration per Claimant	£22.79	-£4.21	-£4.83

## Agenda Item No 13

### Resources Board

11 July 2011

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

**Consolidated Budgetary Control  
Report 2011/12 - Period Ended  
31 May 2011**

#### 1 Summary

- 1.1 The report covers total Council General Fund revenue expenditure and income for the period from 1 April 2011 to 31 May 2011.

#### **Recommendation to the Board**

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

#### 2 Consultation

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

- 2.1.1 Both Councillor Forwood and Councillor Lea have been consulted regarding this report. Any comments received will be reported verbally to the Board.

#### 3 Board Report

##### 3.1 Overall Position

- 3.1.1 The actual level of Board expenditure for the period to 31 May 2011 is £1,975,837 compared with a profiled budgetary position of £2,095,539; an under-spend of £119,702 for the period. Appendix A provides an analysis of Board expenditure and the overall position for the Council for this period.

- 3.1.2 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 May totals £1,828,148, compared with a profiled position of £1,955,767, resulting in an under-spend for the period of £127,619.

...

3.1.3 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 **Licensing Committee** – Income from Temporary Events Notices is currently behind budget although this income is seasonal so the situation may improve as the year progresses.

4.2 **Planning and Development Board** - Income on Development Control is behind target by £6,200. This is partially offset by an under spend of £2,450 on the same budget against bought in professional services.

4.3 **Community and Environment Board** – Within Recycling there is an underspend of £6,850, in part due to a credit of £8,500 from WCC for an improvement in the amount of recycling undertaken from 2009/10 to 2010/11. Expenditure on DSO budgets is underspent by £15,290 due to a fall in vehicle maintenance costs following the recent purchase of a new vehicle. Expenditure on Parks and Playing Fields is down by £2,600 due to the vacant Tree Management post.

#### 5 **Resources Board**

5.1 **Recharged to Services** - There are a number of posts that have become vacant since the budget was set and are now unfilled. There is also an underspend as the provision for a small pay award for lower paid staff has not been needed. Other significant variances include under-spends on Non Domestic Rates, staff cars, postage, and utility bills.

5.2 **Remaining** - Within Democratic Services there are underspends on Member training, allowances and other expenses. Additional income has been received within Council Tax Collection to assist in carrying out additional work. Training and Recruitment are both under-spent at the moment, in part due to vacant posts and the policy of freezing posts where possible.

5.3 Set against these underspends, Elections Expenses has an overspend arising from the purchase of new polling equipment, although these costs will be recovered through income from future elections. An additional overspend has arisen at Carlyon Road Industrial Estate where the Council has become liable for a large NDR bill at a recently vacated property. Finally, income from the County Council towards Customer Contact has reduced.

5.4 **Investment Income** - There has been a higher return of investment interest than expected to date due to higher levels of investments held.

## 6 Risks to the Budget

6.1 In setting the budget in February 2011, a number of key risks to the overall budgetary position of the Council are highlighted 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, whilst reducing demand in income generating areas, such as planning and leisure service. There have been some reductions in income from leisure facilities, trade refuse and planning already.
- 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.
- Any significant loss of the Council's workforce will impact on the services provided by the Council. Additional costs may be incurred where these are statutory functions.
- Recent analysis has highlighted the above inflationary increases in a number of cost areas faced by the Council, which are not matched by the increases in revenue the Council can generate. There is a risk that this mismatch will continue. RPI has increased from 4.7% when the budgets were put together to 5.0% in June 2011.
- 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.
- Until the likely grant settlements for 2013/14 and 2014/15 are known there is a risk that the assumptions made on external funding could prove incorrect.

## 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 this Board for 2011/12 is £10,102,950 as detailed in the table below: -

	£
Approved budget 2011/2012	10,127,570
Non Domestic Rates relating to Carlyon Road	22,320
Reduction in WCC contribution towards Customer Contact	9,270
Additional savings from 0.50% reduction in pension rate	(12,400)
Projected salary underspends in excess of vacancy factor	(13,810)
Non payment of £250 pay award	(30,000)
<b>Expected Out-turn 2011/12</b>	<b>10,102,950</b>

- 7.2 The figures provided above are based on information available at this time of the year and are the best available estimates for this Board, and may change as the financial year progresses. Members will be updated in future reports of any changes to the forecast out turn.

## 8 Report Implications

### 8.1 Finance and Value for Money Implications

- 8.1.1 The Council's budgeted contribution from General Fund balances for the 2011/2012 financial year is £419,380. As can be seen above, a reduction in net expenditure of around £24,620 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).

### 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**

**Consolidated Budgetary Position for the Period 31 May 2011**

<b>Board</b>	<b>2011/12 Original Budget</b>	<b>Expected Spending May</b>	<b>Actual Spending May</b>	<b>Variance</b>
Executive	558,510	71,424	69,559	(1,865)
Planning and Development	564,800	84,998	88,279	3,281
Licensing Committee	28,010	5,714	8,829	3,115
Community and Environment	5,399,250	972,143	941,850	(30,293)
Resources (including staff vacancies)	3,457,110	961,260	867,320	(93,940)
<b>Net Board Expenditure</b>	<b>10,007,680</b>	<b>2,095,539</b>	<b>1,975,837</b>	<b>(119,702)</b>
Contingencies	119,890	-	-	-
<b>Net Board Expenditure</b>	<b>10,127,570</b>	<b>2,095,539</b>	<b>1,975,837</b>	<b>(119,702)</b>
Investment Income	(100,000)	(16,712)	(24,629)	(7,917)
RCCO	130,000	21,667	21,667	-
Use of Balances	(419,380)	-	-	-
Financing Adjustment	(913,530)	(144,725)	(144,725)	-
<b>Net Expenditure</b>	<b>8,824,660</b>	<b>1,955,767</b>	<b>1,828,148</b>	<b>(127,619)</b>

**Agenda Item No 14**

**Resources Board**

**11 July 2011**

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

**Housing Revenue Account  
Budgetary Control Report 2011/2012  
Period Ended 31 May 2011**

**1 Summary**

- 1.1 The report covers total Housing Revenue Account revenue expenditure and income for the period from 1 April to 31 May 2011.

**Recommendation to the Board**

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

**2 Consultation**

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

- 2.1.1 Portfolio Holders and Shadow Portfolio Holders for Resources and Housing have been consulted regarding this report. Any comments received will be reported verbally to the Board.

**3 Report**

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

**4 Overall Position**

- 4.1 The Housing Revenue Account 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 May 2011 is a surplus of £321,161, compared with a forecast surplus position for the period of £307,166. 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 a favourable variance of £13,995 on 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.

...

## 5 **Supervision and Management – General**

- 5.1 There has been lower spending on legal action and court costs to date of £3,334. In addition there is a saving on recruitment of £1,606 and on tenancy and estate issues of £1,762.

## 6 **Dwelling rental income**

- 6.1 Rental income is higher than expected due to a lower level of voids than was included in the budget. The actual rate is 0.47% against a budgeted rate of 1%. One council house sale was included in the budget at this point, however two have been sold to date.

## 7 **Housing Direct Works**

- 7.1 As at the end of May there is a surplus on Housing Direct Works of £15,641, compared with a forecast surplus position of £8,191. The account balance fluctuates throughout the year depending on workloads and invoice payments. It is expected that the surplus will be achieved by the end of the financial year. Appendix B to this report provides the profiled and actual expenditure of Housing Direct Works in more detail.

- 7.2 The under-spend on employee costs reflects the slightly lower usage of agency staffing. The decrease in supplies and services has occurred due to lower usage and cost of materials of £22,750 and a lower use of Sub Contractors of £48,120 to date. Income is behind the profile as a lower number of jobs have been completed than expected in the period.

## 8 **Housing Repairs Fund**

- 8.1 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.

- 8.2 The balance on the Fund at the start of the year amounted to £111,473. The balance can be used to cover timing issues between years. In 2011/12 the contribution to the fund is £2,477,680. 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. The position on the fund at the end of May is shown in Appendix C. The spend on the fund fluctuates during the year due to the timing of works, including the current surplus from Housing Direct Works.

## 9 **Risks to the Budget**

- 9.1 The key risks to the budgetary position of the Housing Revenue Account in 2011/12 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.

## 10 Estimated Out-turn

- 10.1 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 2011/12 is £193,240 surplus, the same as the Approved budget.
- 10.2 The estimated out-turn for the Repairs Fund remains the same as that included in the original budget.

## 11 Report Implications

### 11.1 Finance and Value for Money Implications

- 11.1.1 The Council is currently forecasting a contribution to the Housing Revenue Fund balance for the 2011/12 financial year of £193,240. Income and expenditure will continue to be closely managed and any issues that arise will be reported to this Board for comment.

### 11.2 Environment and Sustainability Implications

- 11.2.1 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

**HOUSING REVENUE ACCOUNT**  
**Budgetary Control Report as at 31 May 2011**

	Original Budget 2011/2012	Expected Spend 2011/2012	Actual Spend 2011/2012	Variance	Comments
<b>EXPENDITURE</b>					
Repairs and Maintenance	2,477,680	412,947	412,947	-	
Supervision and Management - General	1,122,580	168,370	162,324	(6,046)	Section 5.1
Supervision and Management - Special Services	391,680	63,126	61,069	(2,057)	
Provision for Bad Debts	20,960	3,493	3,493	-	
Transfer to CLG	3,753,740	375,374	375,374	-	
Capital Financing	314,330	52,388	52,388	-	
Depreciation and Impairment	1,986,320	331,053	331,053	-	
<b>Total Expenditure</b>	10,067,290	1,406,752	1,398,649	(8,103)	
<b>INCOME</b>					
Gross Rent Income from Dwellings	(9,709,770)	(1,618,295)	(1,626,547)	(8,252)	Section 6.1
Gross Rent Income from Non-Dwellings	(309,700)	(61,663)	(62,115)	(452)	
Charges for Services and Facilities	(91,630)	(9,055)	(6,243)	2,812	
<b>Total Income</b>	(10,111,100)	(1,689,013)	(1,694,905)	(5,892)	
<b>NET COST OF SERVICES</b>	<b>(43,810)</b>	<b>(282,261)</b>	<b>(296,256)</b>	<b>(13,995)</b>	
Amortised Premiums and Discounts	29,040	4,840	4,840	-	
Investment Income - Mortgages	(350)	(58)	(58)	-	
- Other	(11,100)	(1,850)	(1,850)	-	
<b>NET OPERATING EXPENDITURE</b>	<b>(26,220)</b>	<b>(279,329)</b>	<b>(293,324)</b>	<b>(13,995)</b>	
Revenue Contributions to Capital	122,000	20,333	20,333	-	
Transfer to/(from) Pensions Reserve	(67,700)	(11,283)	(11,283)	-	
Transfer to/(from) Major Repairs Reserve	(221,320)	(36,887)	(36,887)	-	
<b>TOTAL (SURPLUS)/DEFICIT FOR THE YEAR</b>	<b>(193,240)</b>	<b>(307,166)</b>	<b>(321,161)</b>	<b>(13,995)</b>	

**APPENDIX B**

**HOUSING REVENUE ACCOUNT**  
**HOUSING DIRECT WORKS**  
**Budgetary Control Report as at 31 May 2011**

	<b>Original Budget 2011/2012</b>	<b>Expected Spend 2011/2012</b>	<b>Actual Spend 2011/2012</b>	<b>Variance</b>
<b>EXPENDITURE</b>				
Employee Costs	848,000	147,018	144,185	(2,833)
Supplies and Services	878,200	158,245	86,357	(71,888)
Transport	84,550	14,233	13,082	(1,151)
<b>Gross Expenditure</b>	<b>1,810,750</b>	<b>319,496</b>	<b>243,624</b>	<b>(75,872)</b>
<b>Total Income</b>	<b>(2,164,350)</b>	<b>(390,785)</b>	<b>(322,363)</b>	<b>68,422</b>
<b>Net Controllable Expenditure</b>	<b>(353,600)</b>	<b>(71,289)</b>	<b>(78,739)</b>	<b>(7,450)</b>
Central Support	296,210	53,482	53,482	-
Capital Charges	53,260	9,616	9,616	-
<b>NET EXPENDITURE</b>	<b>(4,130)</b>	<b>(8,191)</b>	<b>(15,641)</b>	<b>(7,450)</b>

## Appendix C

### HOUSING REPAIRS FUND (to end of May 2011)

	£
<b>Balance at 1 April 2011</b>	<b>111,473</b>
Contribution 2011/12 (to May 2011)	411,965
Expected Use of Fund (to May 2011)	(381,495)
<b>Balance at 31 May 2011</b>	<b>141,943</b>

**Agenda Item No 15**

**Resources Board**

**11 July 2011**

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

**Capital Programme 2011/12  
Period Ending May 2011**

**1 Summary**

- 1.1 The report updates Members on the progress of the 2011/12 Capital Programme in terms of both expenditure and outcomes.

**Recommendation to the Board**

**That the Board notes the progress made against the 2011/12 Capital Programme.**

**2 Consultation**

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

- 2.1.1 Councillors Forwood and Lea have been informally consulted and any response will be verbally updated at the meeting.

**3 Introduction**

- 3.1 The Executive Board approved the Council's Capital Programme of £2,788,110 for 2011/12 in February 2011.

- 3.2 At the Executive Board on 27 June, it was agreed to carry forward £1,331,564 of unspent 2010/11 budgets. This gives a total approved capital programme for 2011/12 of £4,119,674.

**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 then feeds through to the budget profiling exercise, which identified that there are a number of capital schemes which were not due to have started by the end of May. The table below indicates the breakdown:



	£
Schemes not due to have started before end of May 2011	1,634,340
Schemes due to have started before end of May 2011	2,485,334
<b>TOTAL</b>	<b>4,119,674</b>

## 5 Schemes Not Yet Started in May

5.1 The total value of the projects not yet started is £1,634,340 (39.67% of the 2011/12 Capital Programme). The particular schemes are shown in Appendix A.

## 6 Housing Schemes

6.1 The Housing DSO will continue to carry out electrical improvements in the housing stock on void properties and as the work is required. Although no work has started yet it is anticipated this will shortly begin.

6.2 At this early stage in the year, although a programme of works has been established for housing related projects, the remaining schemes shown in Appendix A are still at the pre-tender stage.

## 7 General Fund Schemes

7.1 In the General Fund, some invoices are expected later in the year such as the Warwickshire Direct Partnership and the Home Improvement Agency. Some projects are scheduled to start shortly, such as the electrical works to the council owned buildings.

7.2 However, some new projects will not get underway until further reviews are undertaken. This is the case with the new telephone system, leisure booking system, switch gear projects and the Arcade improvements. Future reports will provide updates on these schemes.

## 8 Schemes already started in May 2011

8.1 Those schemes that were planned to start by the end of May 2011 total £2,485,334 (60.33% of the 2011/12 Capital programme) and are shown in Appendix B. The expenditure expected to date was £429,103, but actual spend or committed expenditure was £325,111; an under spend of £103,992.

8.2 There are two projects in housing which are close to completion, the replacement of Drayton Court Windows and also the roof at the Church Hill flats. Spend on heating is currently low as the contract for the work is still at the pre-tender stage. The spend that has taken place on heating systems relates to work that has been completed on void properties before being re-let.

8.3 Spend on private sector Disabled Facility Grants is currently £23,020. However there are 11 cases and approximately £60,571 still to be processed after the work has been approved.

8.4 Similarly, there are 19 cases, around £37,000 of invoices relating to the Decent Home Scheme that have yet to be processed

## 9 Report Implications

### 9.1 Finance and Value for Money Implications

9.1.1 Of the total capital programme, schemes to the value of £1,634,340 were not started by October 2011. Of the remaining £2,485,334 capital programme, £429,103 was profiled to be spent and £325,111 has actually been spent or committed, leaving an under spend of £103,992 to date.

9.1.2 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.

### 9.2 Safer Communities Implications

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

### 9.3 Environment and Sustainability Implications

9.3.1 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.

### 9.4 Risk Management

9.4.1 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.

### 9.5 Equalities Implications

9.5.1 The Council is required to ensure that as far as it is reasonably practicable, it has taken appropriate steps to ensure compliance with the provisions of the DDA. Failure to do so could result in limiting access to services provided from our buildings and facilities by disabled people and the potential for legal challenges being taken against the Council.

The Contact Officer for this report is Jon Illingworth (719489).

## 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 Schemes not yet started by the end of May 2011

<b>Expenditure Proposals</b>	<b>2011/12 Original Budget</b>	<b>2010-11 slippage</b>	<b>2011-12 Approved Budget</b>
<b>HRA Assets</b>			
Kitchens/ Bathrooms	153,000		153,000
Cavity Wall	304,000		304,000
Electrics	146,000		146,000
Garage Refurbishments	8,000		8,000
Picadilly	70,000		70,000
Loft Installation	75,000		75,000
Chimney Stacks	25,500		25,500
Coleshill Shops		20,000	20,000
<b>HRA TOTAL</b>	<b>781,500</b>	<b>20,000</b>	<b>801,500</b>
<b>GENERAL FUND Assets</b>			
Disability Discrimination Act (DDA)	150,000	201,245	351,245
Electrical Work to Council Premises	15,000		15,000
Warwickshire Direct Partnership	10,350		10,350
ICT Infrastructure Development	20,000		20,000
Back UP and Disaster Recovery	30,000		30,000
Home Safety Check Scheme	7,500		7,500
Home Improvement Agency	11,600		11,600
Capital Life Lines	18,000		18,000
Improve Arcade		193,000	193,000
EDRMS		6,145	6,145
Leisure Booking System		50,000	50,000
New Telephone System		65,000	65,000
New Switch Gear		55,000	55,000
<b>Total</b>	<b>1,043,950</b>	<b>590,390</b>	<b>1,634,340</b>

**Capital Schemes started by the end of May 2011**

<b>Expenditure Proposals</b>	<b>2011/12 Original Budget</b>	<b>2010-11 slippage/ Commitments</b>	<b>2011-12 Approved Budget</b>	<b>Profiled Budget</b>	<b>Committed as at end May 2011</b>	<b>Actuals as at end May 2011</b>	<b>TOTAL as at end May 2011</b>	<b>Variance to profiled budget</b>
<b>HRA Assets</b>								
Flat Entrance Doors & Windows	235,400		235,400	39,233		44,240	44,240	5,007
Heating	500,100		500,100	6,700		6,624	6,624	(76)
Housing Staffing	170,000		170,000	21,642		21,642	21,642	-
Disabled Facility Adaptations (C/H)	175,000		175,000	29,167		1,167	1,167	(28,000)
Community Centres	46,000		46,000	7,667		868	868	(6,799)
Roofing	40,500	61,490	101,990	33,997		33,660	33,660	(337)
Asbestos	70,000		70,000	11,667			-	(11,667)
New Build Housing Project	-	289,619	289,619	97,576	581	96,995	97,576	-
<b>HRA TOTAL</b>	<b>1,237,000</b>	<b>351,109</b>	<b>1,588,109</b>	<b>247,648</b>	<b>581</b>	<b>205,196</b>	<b>205,777</b>	<b>(41,871)</b>
<b>GENERAL FUND Assets</b>								
Renewal of Play Areas	-		0	-	102,530	(82,713)	19,817	19,817
Council Office Electrical Installation	30,000	22,005	52,005	-	315	(270)	45	45
Other Council Electrical Installations		6,490	6,490					-
Leisure Equipment	20,000		20,000	3,333	202	563	765	(2,568)
Borough Care System Replacement	-	50,000	50,000	50,000	45,243	2,473	47,716	(2,284)
Operating Systems Upgrade	-		0	-	3,628	-	3,628	3,628
ICT hardware & software purchase	45,000		45,000	7,500	-	5,988	5,988	(1,512)
Capital Salaries-management	30,000		30,000	5,000		5,000	5,000	-
Temporary DHS Project Officer	24,660	0	24,660	4,110		5,636	5,636	1,526
Disabled Facilities Grants-Private Sector	300,000	143,800	443,800	73,967		23,020	23,020	(50,947)
Decent Homes/Fuel Poverty (Private Sector)	57,500	167,770	225,270	37,545		7,719	7,719	(29,826)
<b>Total</b>	<b>1,744,160</b>	<b>741,174</b>	<b>2,485,334</b>	<b>429,103</b>	<b>152,499</b>	<b>172,612</b>	<b>325,111</b>	<b>(103,992)</b>

**Agenda Item No 16**

**Resources Board**

**11 July 2011**

**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 17**

**Affordable Housing Development Schemes** – Report of the Assistant Director (Housing)

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

**Agenda Item No 18**

**Land Sales** – Report of the Assistant Director (Streetscape)

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

**Agenda Item No 19**

**Land at Atherstone** – Report of the Assistant Chief Executive and Solicitor to the Council and Assistant Director (Streetscape)

Paragraph 3 – by reason of the need to consider the legal implications.

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