

# Corporate Services Overview and Scrutiny Committee

**25 November 2014**

## Agenda

The Corporate Services Overview and Scrutiny Committee will meet in **CR2, Shire Hall, Warwick** on, **Tuesday 25 November 2014** at **10 a.m.**

The agenda will be:

### 1. General

#### (1) Apologies

#### (2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

Members are required to register their disclosable pecuniary interests within 28 days of their election of appointment to the Council. A member attending a meeting where a matter arises in which s/he has a disclosable pecuniary interest must (unless s/he has a dispensation):

- Declare the interest if s/he has not already registered it
- Not participate in any discussion or vote
- Must leave the meeting room until the matter has been dealt with (Standing Order 42).
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests must still be declared in accordance with the new Code of Conduct. These should be declared at the commencement of the meeting.

#### (3) Minutes of the meeting of the Corporate Services Overview and Scrutiny Committee held on 7 May 2014

## **2. Public Question Time**

Up to 30 minutes of the meeting is available for members of the public to ask questions on any matters relevant to the business of the Overview and Scrutiny Committee. Questioners may ask two questions and can speak for up to three minutes each. To be sure of receiving an answer to an appropriate question, please contact Sally Baxter 5 working days before the meeting. Otherwise, please arrive at least 15 minutes before the start of the meeting and ensure that Council representatives are aware of the matter on which you wish to speak.

## **3. Questions to the Portfolio Holders**

Up to 30 minutes of the meeting is available for the Committee to put questions to the Leader and Portfolio Holders on any matters relevant to the remit of the Overview and Scrutiny Committee.

## **4. 2014/15 One Organisational Plan – Progress Report**

To consider the areas of the One Organisational Plan relevant to the remit of the Committee and progress on the delivery of the plan.

## **5. Treasury Management Mid-Year Report 2014/15**

To consider the Actual results on Warwickshire County Council cash investments from April to September 2014.

## **6. Warwickshire County Council Property Protocol**

To consider the protocol of the guidance provided on how any freehold or leasehold property, that is no longer required by the Council, prior to its ultimate disposal.

## **7. Work Programme 2014/15**

To consider the Committee's proposed Work Programme and future area of scrutiny activity.

## **8. Urgent Matters**

At the discretion of the Chair, items may be raised which are considered urgent (please notify Democratic Services in advance of the meeting).

## 9. Dates of Next Meeting

The next meeting of the Corporate Service Overview and Scrutiny Committee has been scheduled for 11 February 2015, commencing at 10:00am in CR2.

Jim Graham  
Chief Executive  
Shire Hall  
Warwick

### **Corporate Services Overview and Scrutiny Committee Membership**

**Councillors:** John Appleton (Vice-Chair), Nicola Davies, Neil Dirveiks, Peter Fowler, Phillip Morris-Jones, Keith Kondakor, Keith Lloyd, Chris Saint, June Tandy (Chair) and Alan Webb.

#### **Portfolio Holders:-**

Councillor Izzi Seccombe – Leader of the Council

Councillor Alan Cockburn – Deputy Leader

Councillor Kam Kaur– Customers

For queries regarding this agenda, please contact:

Sally Baxter, Democratic Services Officer

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**Minutes of the meeting of the  
Corporate Services Overview and Scrutiny Committee  
held on 4 September 2014**

**Present**

**Members:** Councillor John Appleton (Vice Chair)  
Councillor Nicola Davies  
Councillor Neil Dirveiks  
Councillor Keith Lloyd  
Councillor Phillip Morris-Jones  
Councillor Keith Kondakor  
Councillor Chris Saint  
Councillor June Tandy (Chair)  
Councillor Alan Webb

**Other Councillors:**

Councillor Alan Cockburn, Deputy Leader of  
Warwickshire County Council  
Councillor Kam Kaur, Cabinet Portfolio Holder for  
Customers, Warwickshire County Council  
Councillor Jeff Clarke, Cabinet Portfolio Holder for  
Environment, Warwickshire County Council.

**Officers:** Sally Baxter, Democratic Services Officer  
John Betts, Head of Finance  
Kushal Birla, Head of Customer Service  
David Carter, Strategic Director, Resources Group  
Tricia Morrison, Acting Head of Service Improvement and  
Change Management  
Jenny Butlin-Moran, Safeguarding Social Care – Service  
Manager  
Karen Smith, Customer Relations Manager  
Steve Smith, Head of Property  
Geoff Taylor, Estate and Smallholdings Service Manager  
Jenny Wood, Head of Social Care and Support.

**1. General**

**(1) Apologies**

Councillors Peter Fowler and Izzi Seccombe.

**(2) Members' Disclosures of Pecuniary and Non-Pecuniary  
Interest**

None.

**Minutes of the meeting of the  
Corporate Services Overview and Scrutiny Committee  
held on 4 September 2014**

**(3) Minutes of the meeting of the Corporate Services Overview  
and Scrutiny Committee held on 7 May 2014**

The Committee agreed that the minutes of the meeting held on 7 May 2014 be signed by the Chair as a true and accurate record.

Information regarding the disposal of WCC HEP's was forwarded to Councillor Phillip Morris-Jones as requested but he asked that information be presented to all Councillors before a decision was taken at the next Cabinet meeting scheduled for 18 September 2014. In light of the timescales, a suitable mode of information sharing would be looked into.

It was clarified that a briefing note was emailed to members of the committee regarding additional expenditure on Council office buildings. Further information would be requested from the Property Rationalisation Service.

Maps had recently been distributed in relation to BDUK to assist Councillors when informing individuals but Councillor John Appleton raised concern that the maps were illegible. Councillor Kam Kaur assured the committee that large scale maps would be provided on request.

**2. Public Question Time**

There were no public questions received or presented at the meeting.

**3. Questions to Cabinet and Portfolio Holders**

Members considered the Forward Plan of decisions by Cabinet and the Portfolio Holders.

In response to a question regarding the future for libraries in Warwickshire, Councillor Kam Kaur confirmed that there were not any immediate plans that affected the service however this did not mean that the service would not be reviewed in the future.

The importance of member engagement early in the decision making process was emphasised with Councillor Kam Kaur assuring that full consultation would be sought in light of any future changes to services.

In response to a question, Councillor Alan Cockburn confirmed that the Coventry and Warwickshire LEP (CWLEP) had appointed a Managing Director of the Coventry and Warwickshire Growth Hub following a recruitment process and interview conducted by CWLEP. Councillor

**Minutes of the meeting of the  
Corporate Services Overview and Scrutiny Committee  
held on 4 September 2014**

Izzi Seccombe had requested that the appointment be reviewed after 6 months and Warwickshire County Council (WCC) would be involved in the review process.

CWLEP had secured funding for the KNUCKLE Project however, there bid for funding cycle infrastructure was unsuccessful. It was disappointing and it was suggested that bids usually outweighed availability and could be contributed towards the unsuccessful bid.

Members were reminded that items to be considered at Cabinet would receive full consideration and information was available via reports going to Cabinet. PRP2 Storage Rationalisation would be considered at Cabinet on 18 September 2014.

Information was requested by the committee regarding the process undertaken when approving grant schemes. Following discussion it was agreed that information regarding the Rural Growth Network in terms of the eligibility criteria for applicants, would be circulated to the committee.

Information would be provided to interested Members with regard to the Jaguar Land Rover Fen End Testing Track.

**4. Year End 2013/14 Organisational Health Report**

The committee considered the information contained in the report for the Year End 2013/14 Organisational Health Report.

It was noted that the Organisational Health Report had been superceded by the One Organisational Plan (OOP) and as such, information would be reported in a different format.

A discussion ensued with regard to services underspend with the committee noting that this was considered at Cabinet in July. Further consideration had been undertaken at Corporate Board who identified a system to support managers budget monitoring and management. This would include more regularised scrutiny and monitoring to ensure that services were budgeting accordingly.

The committee raised concerns regarding the service areas that had underspent and suggested that further work be undertaken to ensure that the services were providing all necessary services within their areas. It was agreed that a cross committee chair and spokes meeting would be arranged by the committees' chairman, to take a fact finding approach with regard to service underspend. Councillor Alan Cockburn and John Betts would also be invited to attend.

**Minutes of the meeting of the  
Corporate Services Overview and Scrutiny Committee  
held on 4 September 2014**

Following discussion and questioning from the Committee, the following points were noted:

- 1) A further £8 million had been awarded to complete the KNUCKLE Project. Information as to the expected date of completion for KNUCKLE would be circulated to Members.
- 2) It was noted that the three services overspent in 2013/14 provided the most vital services for some of the most vulnerable people in the community and agreed with the use of general reserves to rectify the position.
- 3) It was noted that a report would be considered at Cabinet with regard to corporate borrowing and municipal bonds, to attract a lower interest rate for borrowing in relation to the capital programme.
- 4) It was suggested that a wider scoring table be applied when scoring risk to ensure that greater differentia is reported.
- 5) Net red risks and their reporting was considered to be misleading. The current form and wording gave the impression that the service was unable to react when in reality, it was the services inability to take risks. The form and content on how risks would be reported in the future would be reconsidered.

Resolved:

That the Corporate Services Overview and Scrutiny Committee:

- 1) Notes the Year End 2013/14 Organisational Health Report and;
- 2) The Chairman will arrange a meeting with all Overview and Scrutiny Committee Chairman, Vice Chairman and Spokes, to discuss service under spend.

**5. County Farms and Smallholdings Strategy 2010 - 2025 Review**

A historical overview of the strategy was provided including the Council decision taken in 2010 with regard to the management and future direction of the Estate.

The committee was asked to consider the existing strategy in light of the estate profiles and comment upon the strategy. Four strategic options were detailed in Appendix 4.

The Chairman thanked the Estates and Smallholdings Team for organising the site visits undertaken by members of the committee. It had provided a useful insight into how some of the smallholdings operated and the achievements and challenges of the team and tenants.

The committee discussed the importance of encouraging the rural economy by providing opportunities to younger generations and



**Minutes of the meeting of the  
Corporate Services Overview and Scrutiny Committee  
held on 4 September 2014**

diversification of business opportunities. The current strategy was considered to work well with the committee seeing first hand, the opportunities available for tenants especially developing new enterprises in under developed rural communities.

Further opportunities were identified such as small scale renewables which allowed bio diversity but also other uses creating new opportunities for the rural economy.

Concerns were expressed with regard to capital sums and caution was advised as to not over engineer smallholdings and estates. It was suggested that capital receipts be utilised to regenerate smallholdings to make them more viable and attractive for younger generations of tenants.

The amalgamation of estates could also present problem for younger generations entering the agricultural horticulture and rural enterprises because a larger estate required experience and skills to manage.

Financial consideration of the estate and smallholdings would need to be considered in depth. Considerable investment had taken place and would be helpful to have an analysis of the returns.

Councillor Alan Cockburn noted the concerns raised with regard to amalgamation and assured the committee that the strategy is moving away from Life time tenancies towards fixed business tenancies to provide opportunities for younger generations.

Investment had been used to renovate some of the houses on the estates to bring them in line with housing standards. The rental income from smallholdings had increased by 30%.

Following discussion and questioning from the Committee, the following points were noted:

- 1) The current strategy was working well to develop smallholdings and help rural communities' economy by providing new opportunities and sustainability.
- 2) The committee supported an approach which retained the status quo whilst exploring estate enhancement opportunities. However, it was acknowledged that opportunities would be limited in light of budget pressures.
- 3) An in depth financial analysis would be provided to the committee, when completed.

**Minutes of the meeting of the  
Corporate Services Overview and Scrutiny Committee  
held on 4 September 2014**

Resolved:

That the Corporate Services Overview and Scrutiny Committee support a strategy for County Farms and Smallholdings which retains the status quo but incorporates estate enhancement , in terms of investment, to support the rural economy .

**6. Social Care Complaints Handling: Improvement Plan**

Kushal Birla, Head of Customer Service, introduced the report which was in response to Members' concerns raised at Cabinet about why the plan adopted by the Council to address the timeliness of responses to social care complaints, do not appear to have met the targets.

The committee was referred to the report which explained the measures taken to address the issue of timeliness and cross service working to manage risk. A number of measures are collectively being analysed and the committee were assured that the service was working towards meeting the targets.

It was noted that complainants had reported that they felt staff were not attentive however, it was encouraging to see the amount of work being undertaken with regard to customer service and experience. The committee understood the importance of keeping an ongoing dialogue with customers to manage expectations and to help staff manage difficult complaints. Jenny Wood, Head of Social Care and Support, agreed that this may have been the case for some complainants where they had not been informed of the steps being taken to address their concerns but public perception may also be a factor. The service receives a larger volume of compliments than complaints.

Following discussion it was acknowledged that this issue was relevant in a wider context across the authority therefore it was important that measures were taken to manage expectations of the public and enforce the importance of keeping service users informed of action being taken to address their concerns.

Consideration was given to the existing targets and benchmarking exercise that had been undertaken. Due to deteriorating performance, questions were raised as to the accuracy of the targets set and whether benchmarking with other authorities would add any value to the process and, whether the authority had the right staff and measures in place.

It was acknowledged that with the implementation of the Care Act 2014, timescales may require revision and it was difficult to benchmark in an area such as Adult Social Care but despite this, it was useful to

**Minutes of the meeting of the  
Corporate Services Overview and Scrutiny Committee  
held on 4 September 2014**

see what other authorities were adopting to address issues and whether they were comparable with those faced by WCC.

It was suggested that the focus should be on improving services' performance year on year as opposed to looking at authorities and benchmarking. In response to a question from the committee, it was reported that other systems were used for the reporting of complaints involving safeguarding children therefore assurance was given that high risk and social care issues were addressed and a robust assessment process was in place.

Early resolution was encouraged and WCC operated a system whereby service users could report and resolve issues before they are recorded as complaints. This helped manage the complaint to reduce the possibility of concerns becoming complex however this strategy was not reflected in the report.

Karen Smith, Customer Relations Manager, explained the process of monitoring progress of resolving complaints within the set targets. She explained that due to the complex nature of some of the complaints, especially with children's services, targets were unachievable. Adult Social Care did not have set timescales. Instead, decisions were made on a case by case basis with the complainant. It was noted that this approach may change to mirror the corporate complaints timescales.

The measurement of timeliness was discussed and explained. The report included the 10 working days target and the 100 day's time point which led the committee to raise concerns about whether complaints were picked up and resolved within the two time points. If this did not happen, cases would remain unresolved longer than necessary.

Reducing targets would not help the organisation get to the root cause of complaints. Instead, a framework based on experience would help the authority manage expectations. A training programme had been designed to equip staff with the skills to deal effectively with customers' expectations and complaints.

Councillor Kam Kaur informed the committee that a lot of work had been undertaken with regard to the customer journey which was not reflected in the report customer satisfaction and ways to manage dissatisfaction, would be considered when introducing new policies and procedures. She suggested that customer complaints may increase in the future because of the introduction of the Care Act 2014 and the impact of the Children's Act 1996 regulations.

Following discussion and questions from the committee, the following points were noted:

**Minutes of the meeting of the  
Corporate Services Overview and Scrutiny Committee  
held on 4 September 2014**

- 1) Better dialogue between the services and service users was required to build a constructive relationship.
- 2) It was encouraging that where a complaint was upheld, lessons were learned by using a customer champions' network and reporting quarterly to the leadership team.
- 3) It was important to try and improve year on year and have a grading system that captured the different complexities of a complaint.

Resolved:

That the Corporate Services Overview and Scrutiny Committee notes the improvement actions taken in the last financial year and plans underway to improve performance in this financial year.

## **7. Work Programme**

The committee considered the work programme. Members were invited to identify potential topics which could be fed into chair and spokes meetings. Other topics would be identified at the chair and spokes meeting to be held on the rising of the committee meeting.

Ideas identified at the Overview and Scrutiny Event held on 30 July 2014 would be considered and brought to a future meeting if the committee.

The Corporate Services Overview and Scrutiny Committee agreed:

- 1) The proposed Work Programme 2014/15 and;
- 2) The proposed Action Plan and;
- 3) Topics identified at the Overview and Scrutiny Event would be considered by the Chair and spokes and reported at a future meeting of the committee.

## **8. Urgent Matters**

There were no urgent matters raised for discussion.

## **9. Date of Next Meeting**

The Corporate Services Overview and Scrutiny Committee noted that the date of the next meeting had been scheduled for 25 November 2014 at 10 a.m in CR2, Shire Hall.

**Minutes of the meeting of the  
Corporate Services Overview and Scrutiny Committee  
held on 4 September 2014**

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Chair



## Corporate Services Overview and Scrutiny Committee

**25 November 2014**

### Questions to Cabinet and Portfolio Holders

#### Recommendation

That the Corporate Services Overview and Scrutiny Committee consider the forthcoming Cabinet and Portfolio Holder decisions relevant to its remit, asking any relevant questions and considering areas for further scrutiny, where appropriate.

#### 1.0 Cabinet and Portfolio Holder Decisions

- 2.1 The decisions relevant to the remit of the Committee are listed below. Members are encouraged to seek updates on decisions and identify topics for pre-decision scrutiny. The responsible Portfolio Holders will be in attendance at the meeting to answer any questions from the Committee.
- 2.2 The list was last updated from the Forward Plan on 17 November 2014.  
(\* Key decision)

Decision	Description	Date due	Cabinet / PfH
The Pound Lane Learning Centre - Addition to Capital Programme	Addition to the capital programme of £350,000 to create a learning centre at the old Pound Lane facility. This will release space in existing buildings and permanently release a currently leased asset. Leading to a significant revenue saving and provide both services with a dedicated facility	21 November 2014	Deputy Leader
2014-18 One Organisation Plan - Financial Refresh	Report from Corporate Board on the financial refresh of the 2014-18 One Organisation Plan that will form the basis of the 2015/16 budget that will be approved by Council in February 2015.	11 December 2014	Cabinet
Globe House, Alcester	Proposal for the relocation of Alcester Library in to Globe House	11 December 2014	Cabinet

*(Exempt) Potential sale of WCC Asset at Campion School, Leamington Spa	This report details proposals to sell a strip of land at Campion School, Leamington Spa.	27 January 2014	Cabinet
Old Shire Hall and Courts	Proposals for the commercial use of Old Shire Hall and Courts complex	27 January 2014	Cabinet
*Education and Learning Capital Programme	Report detailing proposed changes to the Education and Learning Capital Programme	27 January 2014	Cabinet
(Exempt) Declare surplus and dispose of Atherstone Centre, Atherstone	Declare surplus and dispose of Atherstone Centre, Atherston	27 January 2014	Cabinet
*One Organisational Plan Qtr 3 (April - Dec'14) Progress Report	Provide progress on the delivery of the One Organisational Plan as at the end of Qtr 3 (April - December 2014)	27 January 2014	Cabinet
2015/16 Financial Refresh of the One Organisation Plan - An Update	To provide elected members with the latest information that they will need to take into account when agreeing the detailed 2015/16 budget	27 January 2014	Cabinet

	Name	Contact details
<b>Report Author</b>	Sally Baxter	<a href="mailto:sallybaxter@warwickshire.gov.uk">sallybaxter@warwickshire.gov.uk</a>
<b>Head of Service</b>	Sarah Duxbury	<a href="mailto:sarahduxbury@warwickshire.gov.uk">sarahduxbury@warwickshire.gov.uk</a>
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# **Corporate Services Overview and Scrutiny Committee**

**25 November 2014**

## **One Organisational Plan Quarter 1 (April – June) Report and Mid- Year Progress Report:**

**April – September 2014**

### **Recommendation**

That the Corporate Services Overview and Scrutiny Committee considers the report and appendices relevant to its remit, asking questions in relation to its content and making recommendations as considered appropriate.

### **1. Introduction**

- 1.1. The One Organisational Plan Quarter 1 Report (April – June) was considered by Cabinet on 18<sup>th</sup> September. The Mid-Year Progress Report for April – September 2014 (Quarter 1) was considered by Cabinet on 13<sup>th</sup> November 2014.
- 1.2. Full copies of both reports to Cabinet are attached to this report.
- 1.3. The following Business Unit Background Information relevant to the remit of this Committee previously presented in each of the Group Rooms in support of the Cabinet report, is also attached and covers the following services and areas:
  - Customer Service & Access (Appendix G)
  - Finance (Appendix H)
  - HR & Organisational Development (Appendix I)
  - Information Assets (Appendix J)
  - Law & Governance (Appendix K)
  - Physical Assets (Appendix L)
  - Service Improvement & Change Management (Appendix M)

### **2. Background Papers**

- 2.1 Report and Appendices, and supporting Business Background Information relevant to the remit of this Committee, which went to Cabinet on the 18<sup>th</sup> September 2014 and 13<sup>th</sup> November 2014.

	<b>Name</b>	<b>Contact Information</b>
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Portfolio Holder	Cllr Kam Kaur	<a href="mailto:CllrKaur@warwickshire.gov.uk">CllrKaur@warwickshire.gov.uk</a>

# Cabinet

18 September 2014

## One Organisational Plan Quarterly Progress Report April – June 2014

### Recommendations

Cabinet are recommended to:

- a) Approve the transfer of £2.963 million from 2014/15 budgets to business unit reserves to support the delivery services in future years, as outlined in paragraph 4.2.1.
- b) Approve the use of £1.548 million of reserves to support plans for the delivery of services in 2014/15, as outlined in paragraph 4.2.3
- c) Approve the revised capital payments totals and the revised financing of the 2014/15 capital programme as detailed in the Table in paragraph 4.3.4.

### 1. Background

- 1.1. In February 2014, Full Council agreed a policy led One Organisational Plan for 2014-18. The plan articulates the Council's Core Purpose and key strategic outcomes for its customers and residents of Warwickshire that it is seeking to achieve by 2018.
- 1.2. Successful delivery of the outcomes framework over the next 4 years will require both effective performance reporting and performance management. A common suite of performance dashboards has been produced to ensure consistency of style and ease of understanding when reporting progress.
- 1.3. Cabinet have agreed that the progress against the One Organisational Plan and the delivery of the savings will be reported on a quarterly basis followed by Overview & Scrutiny.

### 2. New One Organisational Plan Quarterly Progress Report

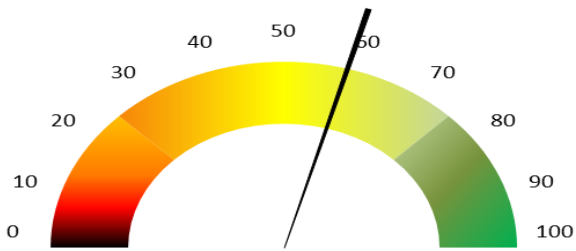
- 2.1. Building on from the One Organisational Health report, the new quarterly progress report will continue to bring together performance, finance, risk and customer insight information collectively and consistently but will be presented in a much more useable way.

- 2.2. This change in approach should enable Members to understand the interdependencies across these areas of activities thus providing a fuller picture of the impact of their political decisions on the delivery of the One Organisational Plan Outcomes and the £92 million savings.
- 2.3. The quarterly progress report at **Appendix A** contains the following sections:
- One Organisational Plan –a pictorial quarterly update on progress on delivering the One Organisational Plan Outcomes & Organisational Health Outcomes
  - Savings –a quarterly update on progress on delivering the savings and implementation arrangements for 2014 / 15
  - Finance – a quarterly update on the delivery and management of revenue and capital budgets
  - Risk – a quarterly update on progress on the management of risks across the organisation
  - Significant projects – a 6 monthly update (Qtr 2 & Year End) on progress on the delivery of significant programmes and projects
- 2.4. This new succinct report has a primary focus of reporting by exception and will highlight specific areas that require a political decision within the main body of the report.
- 2.5. The detailed information that supports both the One Organisational Plan Outcome Frameworks and the financial information will be available in due course through the management dashboards which will enable Members to access further supporting information when ever needed. However, in the interim, this information will continue to be made available in each of the Group Rooms.

### **3. Progress on the Overall Delivery of the One Organisational Plan**

- 3.1. Overall, we are forecasting that at the end of the first quarter, we are on track to deliver the Outcomes as set out in the One Organisational Plan.
- 3.2. Whilst, forecast performance for Quarter 1 is positive, there is currently one area to highlight that could potentially remain below target. This is the outcome “Our Communities & Individuals are safe from harm and are able to remain independent for longer”.
- 3.3. The specific key business outcomes that are not on target at the end of Quarter 1 that sit underneath the outcome “Our Communities & Individuals are safe from harm and are able to remain independent for longer” are as follows:
- Maintained low levels of deaths and injuries caused by fire and on the roads
  - Customers, families & Communities are able to help themselves and each other

- 3.4. These key business outcomes will be closely managed to ensure that any areas of concern are resolved as the year progresses.

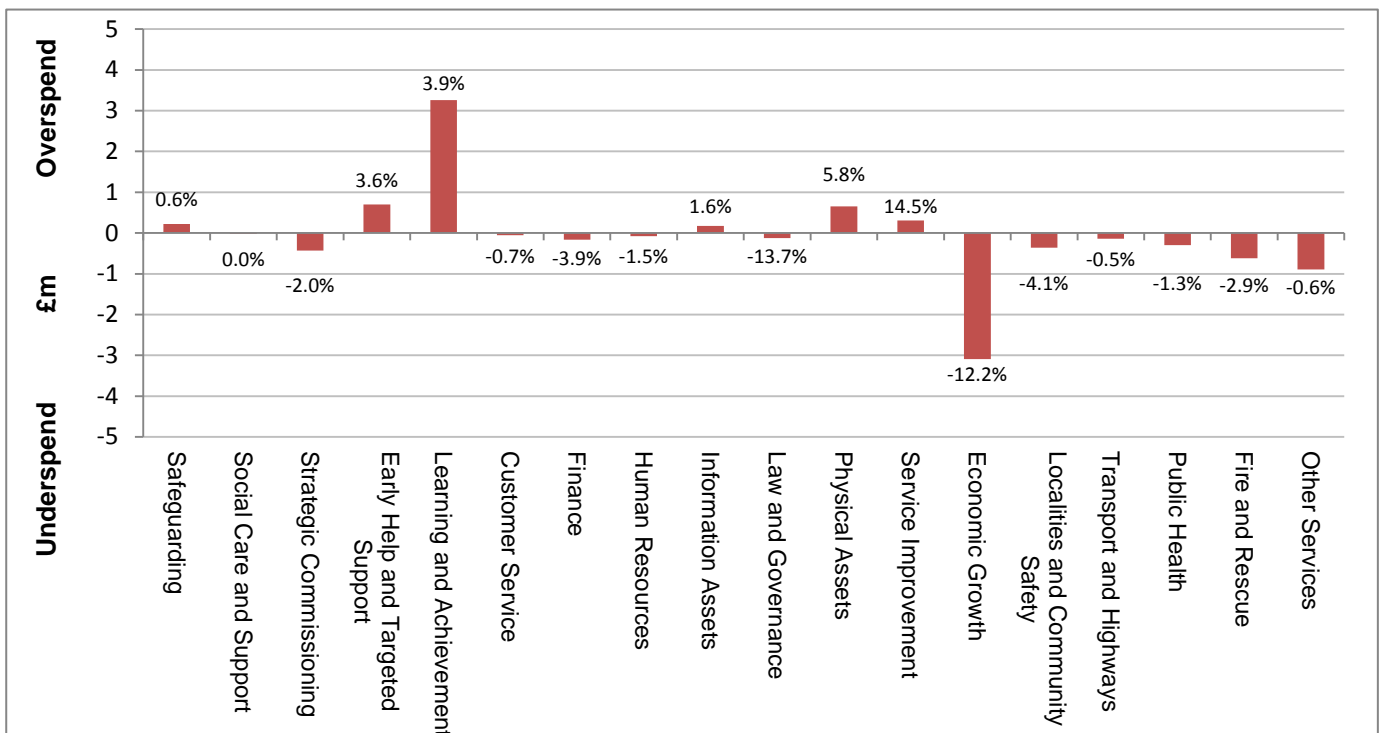


Cabinet are also advised that the One Organisational Plan Outcomes are supported by a total of 134 Key Business Outcomes, of which, we are able to report that 59% are forecasting to be achieved by the end of 2014/15 as highlighted in the chart on the left.

## 4. Financial Commentary

### 4.1. Revenue Budget

- 4.1.1. The approved controllable revenue budget for 2014/15 is £229.429 million. Against this, at quarter 1, an underspend of £0.970 million, or -0.4%, is forecast.
- 4.1.2. In discussions following the reported underspend at the end of 2013/14, it was agreed that the tolerance for underspends would be reduced from -5% to -2%. The forecast underspend of -0.4% at a corporate level is within this revised tolerance level.
- 4.1.3. However, at individual business unit level most business units are now outside of these revised tolerance levels, as is shown in the chart below. To supplement these revised tolerance levels monthly forecasting reports are considered by Group Leadership Teams and forecasting is a standing item on all Corporate Board agendas to allow issues of concern to be escalated quickly. Any issues raised through this process will be reported to Members are part of these quarterly reports.



4.1.4. At Quarter 1 six business units are forecasting that they will overspend and a further six are forecasting underspends greater than the revised -2% tolerance agreed in the 2014-18 Plan. The main reasons and the proposed management action to rectify the position is set out below. The analysis is split between those business units overspending and those underspending. The size of the variation (in cash terms) is also included to allow Members to reflect on the materiality of the issues raised:

### **Overspends**

- Safeguarding – There is a forecast net overspend of £0.222 million due to the numbers of foster care placements and the cost of special guardianship orders and adoption/residential orders being greater than can be accommodated within the contingency held for demand-led pressures. This points towards there being an on-going structural overspend which will primarily be addressed through the transformation projects that make up the business units savings plan, but these are unlikely to correct the financial position in 2014/15.
- Early Help and Targeted Support – The forecast overspend of £0.700 million is as a result of continued slippage in the delivery of, and transition costs (consultation, notice and transition costs etc.) in relation to, both the IDS and Children Centres savings 2011-13 plan. These costs can only partially be covered by the business unit's contingency for demand-led pressures and the overall financial position is unlikely to be fully corrected by the end of 2014/15.
- Learning and Achievement – The forecast overspend of £3.261 million primarily relates to services funded from the Dedicated Schools Grant. In particular out-of-county placements is forecasting to overspend by £4.115 million and SEN transport by £0.756 million. These demand-led pressures can only partially be covered by the business unit's contingency for such eventualities. Both areas are undergoing fundamental services reviews at present but these are unlikely to deliver a turnaround sufficient to rectify the budget position in 2014/15 and SEN transport also has a large savings target from next year as well.
- Information Assets – The forecast overspend of £0.172 million is as a result of providing IT support for Resources Group transformation projects. The forecast overspend will, subject to Cabinet's approval, be funded from a drawdown from the Resources Group transformation reserve, which will rectify the position going forward.
- Physical Assets – The forecast overspend of £0.650 million is planned spending that will be met, subject to Cabinet's approval, from a drawdown from the business unit's reserves already set aside to meet the one-off costs of property rationalisation.
- Service Improvement and Change Management – The forecast overspend of £0.310 million relates to spending on transformation projects and will, subject to Cabinet's approval, be funding from a drawdown from the Resources Group transformation reserve.

### **Underspends**

- Strategic Commissioning – The majority of the £0.433 million underspend is mainly due to the funding set aside for the implementation of the new

care system not expected to be fully utilised in 2014/15. Instead the unused funding will be needed to complete the implementation in 2015/16.

- Economic Growth – Of the £3.088 million underspend, £2.292 million relates to a re-profiling, over the 2014-18 period, the money allocated in the budget for skills delivery and the Rural Growth Network grant funding. The business unit is proposing to put the money into specific reserves now to enable this delivery to happen in a planned way.
- Localities and Community Safety – The forecast underspend of £0.360 million relates to Priority Families reward funding received from DCLG which will, subject to Members confirmation, be transferred to reserves to support phase 2 of the programme.
- Finance – the underspend of £0.167 million is mainly as a result of maintaining on-going vacancies that will contribute towards future savings targets.
- Law and Governance – The £0.124 million underspend has arisen because of additional income generated from external customers.
- Fire and Rescue – The majority of the £0.619 million underspend relates to the Fire Control project. The Service made a decision to draw upon all of the grant reserves in 2014/15. However, it is likely the project will continue into 2015/16 so any unspent grant will need to be carried forward and be transferred to the specific reserve for this purpose as the year progresses.

4.1.5. When considering these forecasts alongside the progress reported in Appendix A on the delivery of savings, overall the authority is facing an increase in financial risk from children's services. These business units do not have the reserves to offset the demand-led spending pressures and delays in the delivery of savings. Unless a significant turnaround in the financial position is achieved over the next few months Members will need to take the decisions necessary to put these services on a sustainable financial footing in future years.

## **4.2. Reserves**

4.2.1. In light of the revenue position reported above, business units are seeking Members' approval to put £2.963 million into reserves to support the delivery of services in future years. The specific proposals Members are asked to approve are:

- £0.317 million to a new Carbon Reduction Commitment Scheme reserve, to reflect the fact that Warwickshire has been moved to a later phase of the scheme, but may need to provide funding if we are required to enter the scheme at a later date.
- £0.060 million to cover future expenditure on the Ecology and Archaeology Information and Advice service.
- £0.058 million to establish an infrastructure reserve in Economic Growth Business Unit.
- £0.103 million to cover the re-profiling of expenditure over future years of the Going for Growth Apprenticeship hub.

- £0.400 million from re-profiling the Skills Delivery Programme over the next four years.
- £1.775 million Rural Growth Network Grant which has been received in advance of the years when it will be spent.
- £0.250 million for future expenditure on HS2 Phase 2.

4.2.2. Business Units are also seeking approval to drawdown £1.548 million from reserves to support the delivery of their plans in the current financial year:

- £0.713 million from the Insurance Fund money approved by Cabinet on 8 May 2014 as part of the insurance settlement for Bath Place. This money will be used for one-off costs relating to the Property Rationalisation Programme.
- £0.012 million towards increased security at the Frank Whittle Business Centre following a break in.
- £0.823 million from the Resources Group Transformation fund to support the WES team and to support key change projects including the IT and business re-design costs.

4.2.3. At 1 April 2014 the authority held reserves of £108.431 million. The proposed use of reserves outlined above, combined with the effect of the forecast outturn would increase the level of reserves to £110.816 million. Of this funding about half is held for specific purposes and cannot be used to support the budget more generally. Financially this continues to place us in a strong position as we face the challenge of delivering the 2014-18 Plan.

4.2.4. However, one emerging area of concern is the level of the DSG reserve for the local authority's spending on DSG funded services. At the end of 2013/14 the reserve had £1.195 million in hand. The net forecast overspend on DSG funded services of £3.410 million is greater than can be accommodated from the reserve. If this is not resolved, making good the overall financial position of centrally managed DSG services will need to form part of members' deliberations on the 2015/16 budget.

### **4.3. Capital Programme**

4.3.1. The total approved level of capital payments is £100.972 million in 2014/15, with a further £101.825 million of payments over the medium term. In addition to this there will be a request from Transport and Highways for a further £6.895m expenditure towards the Kenilworth Station Project put to full Council for their approval on the 25 September 2014. The figures below are inclusive of the £6,895m.

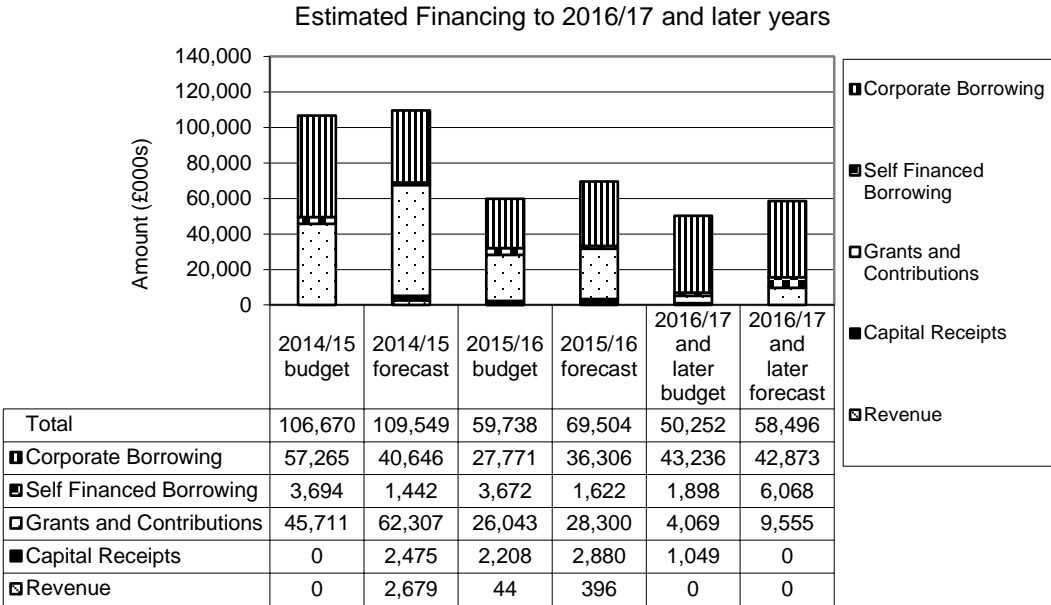
4.3.2. Managers forecasts indicate that £1.081 million of the spend planned for 2014/15 is now expected to slip into future years. But overall the total spend across the programme remains on target, subject to Members approving the allocation of grant funding to deliver the Kenilworth station project at their meeting later this month.



4.3.3. The main reasons for the £1.081 million slippage compared to the approved budget are:

- **Fire and Rescue** – There has been slippage of £0.267 million from 2014/15 into future years on the Warwickshire Fire Control Provision project. This due to the fact that the project partner (Northamptonshire Fire & Rescue) is currently undertaking a review of their control provision and this has delayed the project.
- **Learning and Achievement** – The programme has been advanced by £0.720 million from future years back into 2014/15. This is due to a requirement by the EfA to spend the Targeted Basic Need funding by September 2015 and a re-profiling of the spend to ensure that this deadline is met.
- **Physical Assets** – There has been slippage of £1.111 million from 2014/15 into future years on the Renewable Energy Projects. This is in recognition of the fact that projects which it had been hoped to begin in 2014/15 are unlikely to begin until at least towards the tail end of the financial year.
- **Economic Growth** – There has been slippage of £0.389m from 2014/15 into future years on the Lower House Farm Waste Recycling Centre project. This is due to a design problem which has delayed progress.

4.3.4. As well as approving the revised spending in the capital programme, the County Council must also ensure it has sufficient funding available to meet its capital payments in each financial year. The chart below shows how the planned and forecast capital expenditure is to be financed. These figures include the remaining growth fund allocation of £34.745m.



- 4.3.5. The overall level of borrowing remains within the envelope approved in February. Therefore there is no impact on the Medium Term Financial Plan.
- 4.3.6. Financial Regulations require Cabinet to approve changes to schemes where the figures have a variance of more than 10% or are greater than £25,000 on any individual scheme. These schemes are included in all tables and figures within this report and are identified in the background documentation, with reasons for the variations provided. All of these changes are fully funded and do not require any additional use of corporate capital resources.

## **5. Background Papers**

- 5.1. The detailed background information supporting this report is available on the Council's website. Hard copies of the information have also been placed in the Group rooms.

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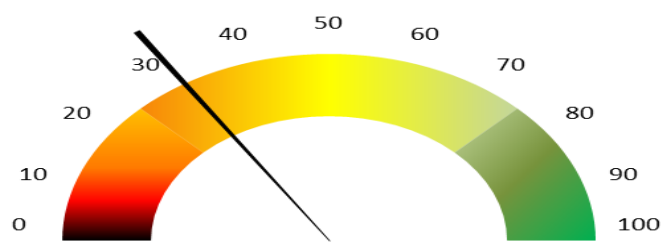
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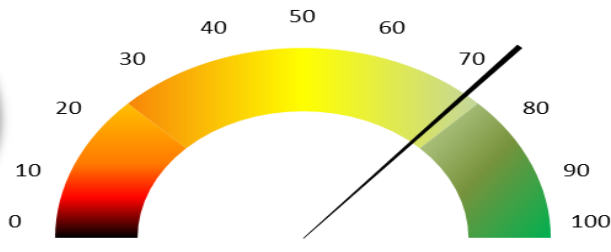
# One Organisational Plan Quarterly Progress Report: Delivery of One Organisational Plan Outcomes

Quarter 1 April – June 2014



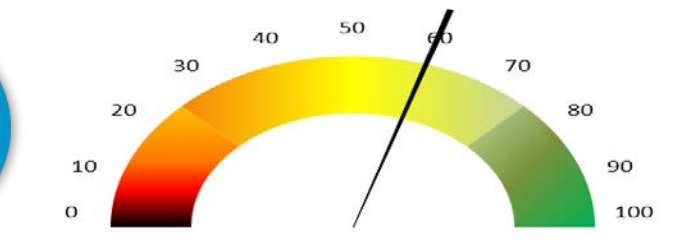
Our communities & individuals are safe from harm & are able to remain independent for longer

- Our vulnerable individuals are safe, protected from harm & independent for longer
- Our children live in safe and supportive families
- Our communities & individuals are encouraged to help themselves & feel safe & secure
- Our voluntary sector provide a strong offer of targeted support
- Our Councillors are strong community leaders (Information not yet available)



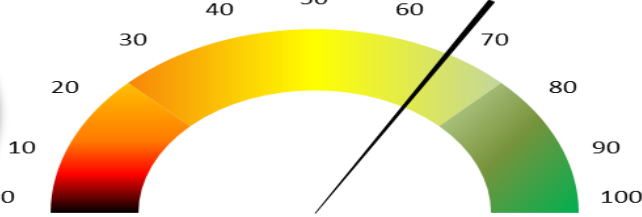
The health & well being of all in Warwickshire is protected

- Improved health & wellbeing for everyone
- Our residents have choice & exercise maximum control over their health & social care regardless of where they live
- Our residents are happy & have good levels of mental & physical health
- Young people understand the choice available to lead healthy lives
- Our residents enjoy an enhanced quality of life



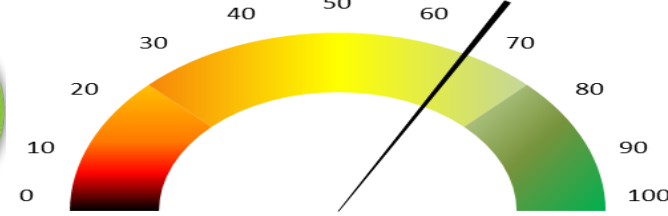
Our Economy is vibrant; residents have access to jobs, training & skills development

- Warwickshire is the business centre of choice for the region
- Our economy provides quality jobs and unlocks entrepreneurship
- Our young people are supported to meet their needs & aspirations
- Our residents learn throughout their lives, are skilled & ready for employment & fulfil their potential



Warwickshire's communities are supported by excellent communications & transport infrastructure

- Our planning infrastructure delivers strategic solutions for partners & ourselves
- Our integrated sustainable transport networks are fit for the future & meet the needs of residents and businesses
- The digital divide in Warwickshire is addressed and opportunities from new technologies are maximised



Resources & services are targeted effectively & efficiently whether delivered by the local authority, commissioned or delivered in partnership

- The council's budget remains balanced & resources are managed effectively
- High quality needs based public services are deployed effectively & efficiently no matter how they are provided
- Customers access information through multiple channels and demand for council services is effectively managed
- Our staff are highly skilled and supported
- Risk & change is managed effectively

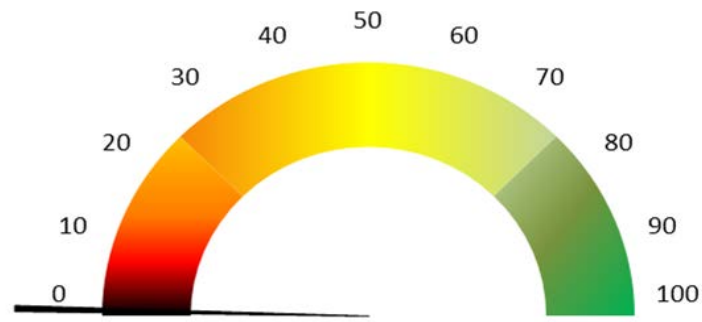


**Delivery of the One Organisational Plan: Forecast at the end of Qtr 1 for 2014/15**

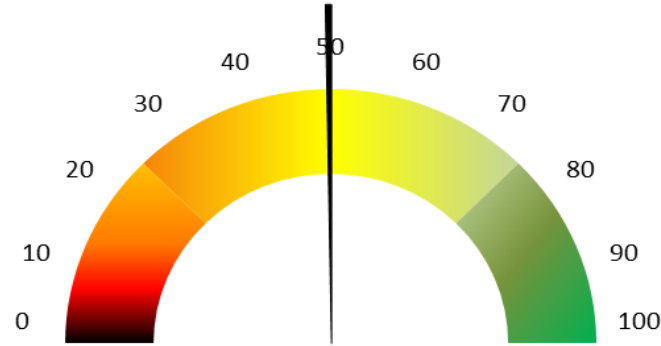
- Key**
- Outcomes are not on target and are outside the tolerance set
  - Outcomes are not on target but within the agreed tolerance set
  - Outcomes are being achieved
  - Year end forecast information not currently available and will be reported in year

# One Organisational Plan Quarterly Progress Report: Delivery of Organisational Health Outcomes

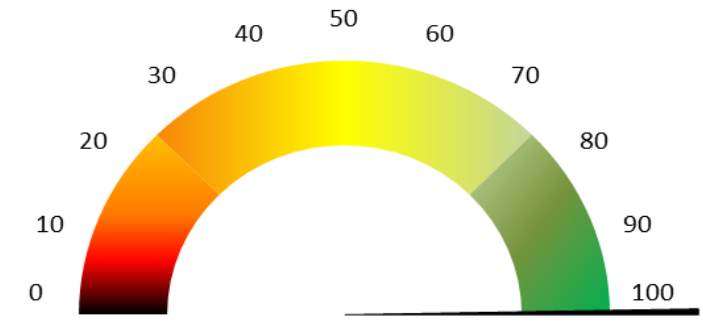
Quarter 1 April – June 2014



Customers



Resources



Risk & Change

Customers expectations are managed and they are satisfied with the services they receive

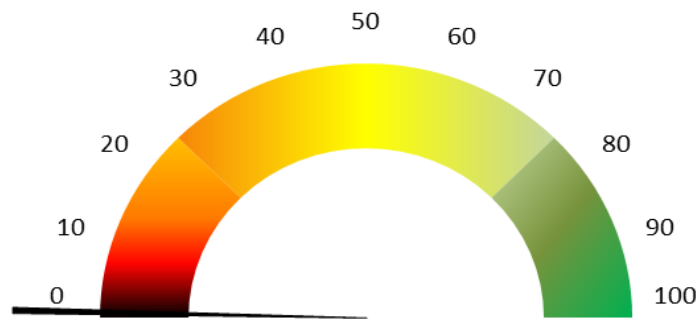
Services are delivered within the agreed budgets\* excludes other services

The Council adopts a commissioning approach to service delivery

Decision makers have access to the information they need to make effective decisions

Savings are delivered to plan

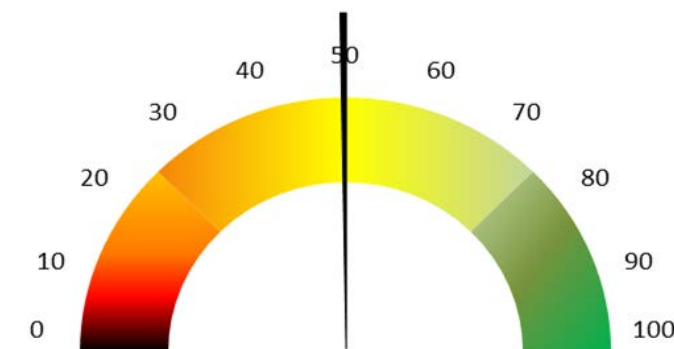
The Council operates within the law



Staff

Staff are satisfied with the Council as an employer

Staff have access to resources and information which allow them to do their job



Delivery of the One Organisational Health Outcomes: Forecast at the end of Qtr 1 for 2014/15

**Key**

- Outcomes are not on target and are outside the tolerance set
- Outcomes are not on target but within the agreed tolerance set
- Outcomes are being achieved
- Year end forecast information not currently available and will be reported in year

\*These Outcomes will be reported in Qtr 2 once the Staff Survey Results have been analysed

One Organisational Plan: Use of Financial Resources: Quarter 1 April - June 2014  
Savings Plan Position by Business Unit

Service	2014/15 Target	2014/15 Actual to Date	2014/15 Forecast	Comments	Implementation Status
Early Help & Targeted Support	1,048	425	678	Shortfall wholly on one project - the further development of the reablement and supporting independence service. In addition there continue to be delays in delivering the 2011-13 savings in targeted youth support. The service has insufficient reserves to cover this shortfall.	Amber
Safeguarding	896	267	391	Project plans for the delivery of the savings proposals for reducing the number of looked after children and the reduction in court ordered contact are only now being developed. The service has no reserves to cover the forecast shortfall in 2014/15.	Amber
Social Care & Support	8,748	1,583	8,264	Shortfall due to delays in projects starting and some project plans only now being developed. This is in addition to continuing problems delivering the 2011-13 savings in learning disability services. The service has sufficient reserves to cover the shortfall.	Amber
Strategic Commissioning	1,646	986	1,313	Transport cost savings are dependent on a new mobility strategy being developed, there are short term costs of the review of supporting people contracts and a double counting of savings means alternative proposals are being developed. The service has sufficient reserves to cover the shortfall.	Amber
<b>Total People Group</b>	<b>12,338</b>	<b>3,261</b>	<b>10,646</b>	<b>The planning needed to develop and successfully implement the number of proposals in the plan means there remains a significant financial risk, especially when combined with the continued shortfalls in delivering the 2011-13 savings.</b>	<b>Amber</b>
Economic Growth	725	725	725		Green
Learning & Achievement	250	1,175	1,250	Early delivery of savings from restructuring will provide some cover for the continued delays in the delivery of the 2011-13 savings in relation to reconfiguring services for vulnerable children (learning difficulties and disabilities).	Green
Localities & Communities	240	240	240	Changes in staff structure within Community Safety & Substance Misuse and delays in formulating delivery arrangements for Heritage & Culture Warwickshire. Savings have been delivered for 2014/15 and are currently forecast to be on track for future years.	Green
Public Health	0	0	0	The savings proposals for public health are in years 3 and 4 of the 2014-18 Plan.	White
Transport	1,174	1,074	1,074	Still awaiting information to determine whether plans to reduce the amount paid out in highways claims have been successful. The service has sufficient reserves to cover any shortfall.	Amber
<b>Total Communities Group</b>	<b>2,389</b>	<b>3,214</b>	<b>3,289</b>	<b>Minor shortfalls, offset in aggregate by Learning and Achievement delivering some savings ahead of schedule, will be covered by underspends during the year or the use of reserves. There is no material financial risk to the authority.</b>	<b>Amber</b>

**Key**  
If a business unit's savings are forecast to be fully delivered in year it is shown as Green.  
If over two thirds of the savings are forecast to be delivered in year it is shown as Amber.  
If less than two thirds of the savings are forecast to be delivered it is shown as Red.

Service	2014/15 Target	2014/15 Actual to Date	2014/15 Forecast	Comments	Implementation Status
Customer Service	420	420	420		Green
Finance	251	241	241	Restructuring completed later than planned which will result in a marginal shortfall in 2014/15. This will be covered by underspends elsewhere across the service.	Green
Human Resources & Organisational Development	296	152	296		Green
Information Assets	559	559	559		Green
Law & Governance	19	4	19		Green
Physical Assets	406	166	406	Balance of saving not yet delivered is dependent on the Cabinet decision on the sale of the former residential care homes that is elsewhere on today's agenda.	Amber
Service Improvement & Change Management	247	247	247		Green
<b>Total Resources Group</b>	<b>2,198</b>	<b>1,789</b>	<b>2,188</b>	<b>Minor shortfall will be covered by underspends during the year or the use of reserves. There is no material financial risk to the authority.</b>	<b>Amber</b>
Fire & Rescue	505	326	505	There has been 6 months slippage in the delivery of the joint project with Northamptonshire Fire and Rescue Service, but the Service is already operating with reduced crewing levels in Fire Control. Saving has been delivered in 2014/15.	Amber
Other Services	1,050	1,050	1,050		Green
<b>Total Whole Authority</b>	<b>18,480</b>	<b>9,640</b>	<b>17,678</b>	<b>£0.8 million slippage in the forecast delivery of savings at Q1 is good progress. Financial risk from the delivery of savings is only in the People Group.</b>	<b>Amber</b>



One Organisational Plan: Use of Financial Resources: Quarter 1 April - June 2014  
Revenue Position by Business Unit

Service	2014/15 Budget £'000	2014/15 Forecast £'000	Revenue Variance # £'000	Retained Reserves £'000	Financial Standing £'000
Early Help & Targeted Support	19,587	20,287	700	(305)	(455)
Safeguarding	38,013	38,235	222	0	222
Social Care & Support	111,564	111,539	(25)	(6,925)	(6,950)
Strategic Commissioning	21,566	21,133	(433)	(3,912)	(4,318)
<b>Total People Group</b>	<b>190,730</b>	<b>191,194</b>	<b>464</b>	<b>(11,142)</b>	<b>(11,501)</b>
Economic Growth	25,346	22,258	(3,088)	(1,437)	(4,525)
Learning & Achievement	84,573	87,834	3,261	0	(236)
Localities & Communities	8,800	8,440	(360)	(2,332)	(2,692)
Public Health	22,243	21,943	(300)	(1,746)	(2,046)
Transport	28,270	28,130	(140)	(2,393)	(2,533)
<b>Total Communities Group</b>	<b>169,232</b>	<b>168,605</b>	<b>(627)</b>	<b>(7,908)</b>	<b>(12,032)</b>

Service	2014/15 Budget £'000	2014/15 Forecast £'000	Revenue Variance £'000	Retained Reserves £'000	Financial Standing £'000
Customer Service	8,561	8,505	(56)	(663)	(719)
Finance	4,241	4,074	(167)	0	(167)
Human Resources & Organisational Development	5,290	5,211	(79)	(633)	(712)
Information Assets	10,823	10,995	172	(1,253)	(1,081)
Law & Governance	907	783	(124)	0	(124)
Physical Assets	11,166	11,816	650	(1,614)	(964)
Service Improvement and Change Management	2,144	2,454	310	0	310
<b>Total Resources Group</b>	<b>43,132</b>	<b>43,838</b>	<b>706</b>	<b>(7,140)*</b>	<b>(6,434)</b>
Fire & Rescue	21,158	20,539	(619)	(966)	(1,585)
Other Services	(194,823)	(195,717)	(894)	(3,044)	(3,938)
<b>Total Whole Authority</b>	<b>229,429</b>	<b>228,459</b>	<b>(970)</b>	<b>(30,200)</b>	<b>(31,170)</b>

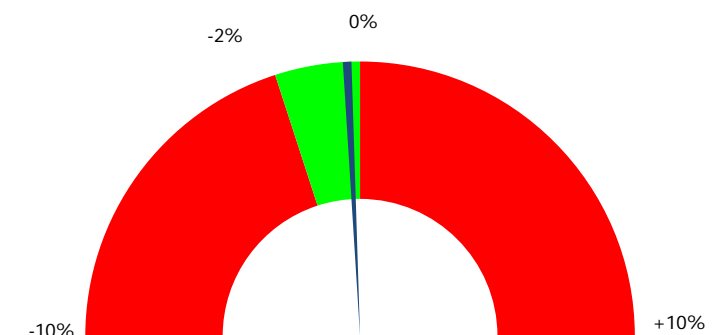
**Notes**

All positive revenue variances (i.e. overspends) are shown as Red. Also if a negative revenue variance represents an underspending of more than 2%, which is outside of the corporate tolerance, then it is also shown as Red. All other underspends are shown as Green.

Financial Standing is the level of reserves a business unit is forecast to have at the end of the financial year. Any overdrawn position is shown as Red.

- \* Resources Group has retained reserves which are held at the Group level and are drawn down by services periodically to fund new initiatives and invest to save schemes. This is why the total is different to the sum of the individual business unit positions.
- # If an element of a business units variance relates to DSG funded services this is excluded from the calculation of financial standing. This affects Strategic Commissioning (£27,000 of their underspend), Early Help (£60,000 of their underspend) and Learning and Achievement (£3,497,000 overspend, with a £236,000 underspend on core funded services).

Revenue Variance for the Whole Authority

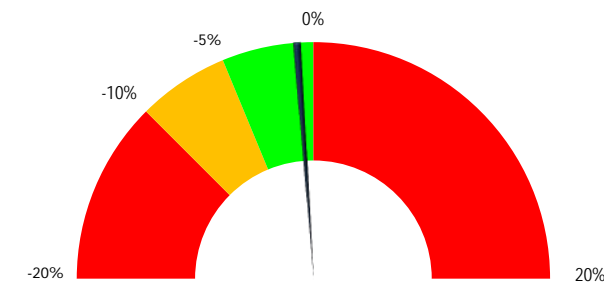


One Organisational Plan: Use of Financial Resources: Quarter 1 April - June 2014  
Capital Position by Business Unit

Service	All Current and Future Years Approved Budget £'000	New Approved Funding / Schemes £'000	All Current and Future Years Forecast £'000	Slippage from 2014/15 into Future Years	Comments
Customer Service	3,771	14	3,785	0	The new funds are from a revenue contribution to the capital investment in library modernisation.
Early Help & Targeted Support	1,176	0	1,176	0	
Economic Growth	1,818	0	1,818	(389)	Slippage is due to the discovery of a design fault at the Lower House Farm waste treatment and transfer facility which has delayed progress.
Fire & Rescue	14,378	(160)	14,218	(267)	The reduction in the size of the overall programme is as a result of a reassessment of the capital/revenue split of the replacement fire control project. The slippage is due to Northamptonshire FRS reviewing their future provision of control services impacting on the delivery of the joint project.
Information Assets	9,557	7,290	16,847	0	The increase in the programme, funded by £3.6m from capital growth fund and £3.7m matched funding from BDUK, was approved by Council in July
Learning & Achievement	36,678	7,015	43,693	720	All new schemes and funding approved via Portfolio Holders, Cabinet or Council. The in-year overspend is due to bringing projects forward in order to meet the grant conditions imposed by the Education Funding Agency.

Service	All Current and Future Years Approved Budget £'000	New Approved Funding / Schemes £'000	All Current and Future Years Forecast £'000	Slippage from 2014/15 into Future Years	Comments
Localities & Communities	689	0	689	0	
Physical Assets	44,246	1,632	45,878	(1,111)	Sources of additional financing are the universal free school meals grant, schools' devolved money and revenue contributions. Slippage is primarily due to the projects to reduce energy use or support renewable energy are now unlikely to begin until the tail end of the financial year.
Safeguarding	253	0	253	0	
Social Care & Support	72	0	72	0	
Strategic Commissioning	2,750	0	2,750	(52)	
Transport	62,918	1,810	71,624	18	The increase in the overall programme is as a result of new funding being received from external sources. The forecast includes spend on Kenilworth Station, funded from additional resources of £6,895,000, to be put to full Council for approval on 25 September. £18,000 spend brought forward from future years.

Slippage from 2014/15 into Future Years - Total



Key

For all current and future years forecast are slippage from 2014/15 into future years the following tolerances have been used:

- 0% to 5% underspend/slippage is shown as Green
- 5% to 10% underspend/slippage is shown as Amber
- over 10% underspend/slippage is shown as Red
- any overspend is shown as Red

# One Organisational Plan Quarterly Progress Report: Management of Risk Quarter 1 2014/15

## Corporate Strategic Risks

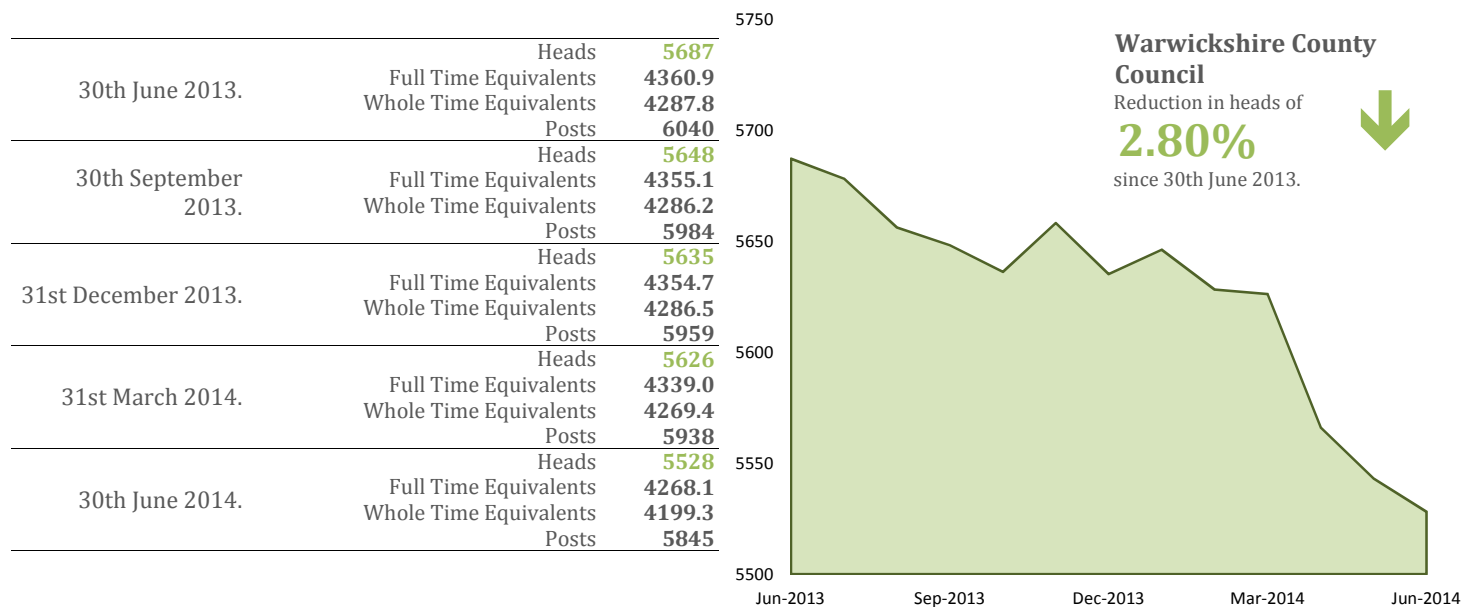
Risk Description	Gross Risk Level	Net Risk Level
Government policies, new legislation and sustained austerity measures present immediate challenges and further significant savings over the medium term.	16 (R)	8(A)
Continuing pressure on Adult Social Services resources.	16 (R)	9 (A)
Safeguarding children and vulnerable adults in our community – inability to take action to avoid abuse, injury or death.	16 (R)	12 (R)
Loss or corruption of personal or protected data held by the Council.	12(R)	9(A)
C&W LEP and City Deal arrangements fail to achieve optimum funding levels and economic benefits.	12 (R)	9(A)
Future delivery of Warwickshire Fire and Rescue Service.	12 (R)	9(A)
Delivery of Business Continuity Plans and procedures.	12 (R)	9(A)
Inability to meet statutory requirements to drive improvement across all schools in the County	9 (A)	9 (A)
Inability to manage or influence the impact of HS2 on Warwickshire.	16(R)	9(A)

## Net Red Risks extracted from the Business Unit Risk Register

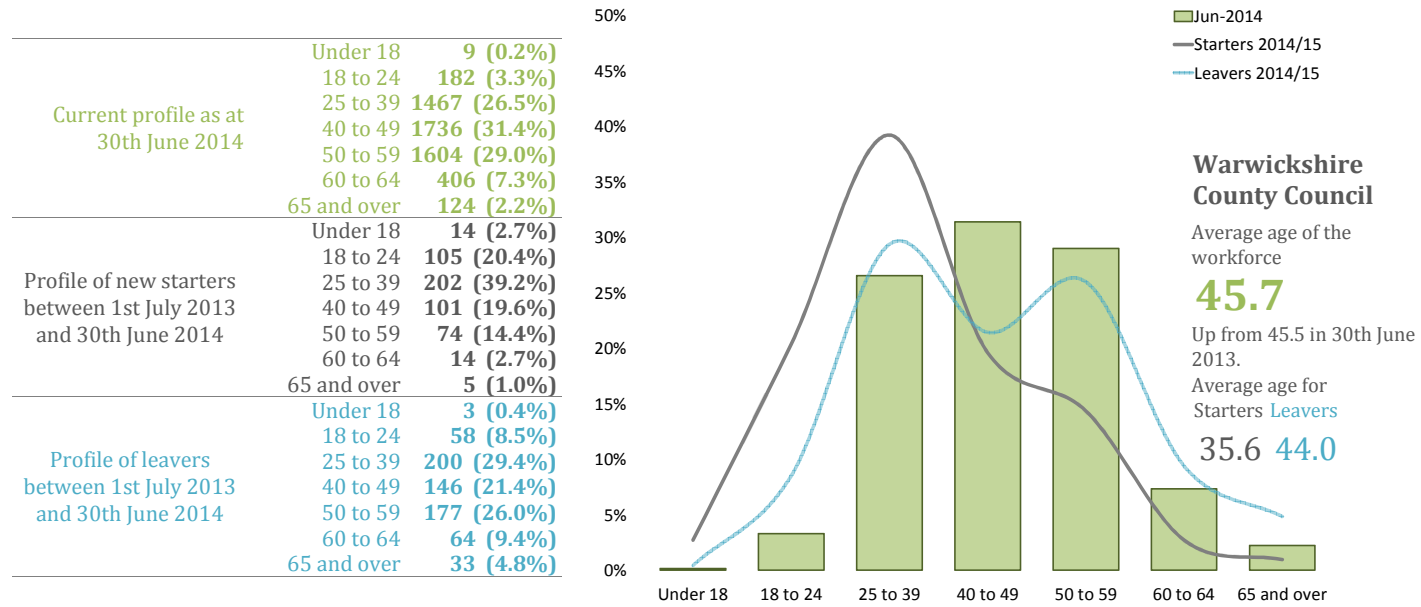
Business Unit	Risk Title	Risk Owner	Net Risk Level	Comments / Further actions being taken
Fire and Rescue	Industrial action by operational firefighters, service control staff or support staff.	Jim Onions (Assistant Chief Fire Officer)	12 (R)	The industrial action has escalated over the last few weeks. In the foreseeable future there is no sign of a resolve to the dispute and therefore preparedness is being planned for potential escalation. Action short of strike action is currently in place with no termination date - therefore normal daily planning for appliance crewing is being disrupted.
Safeguarding	Children and Young people and vulnerable adults suffer injury or death	Sue Ross (Interim Head of Service)	12 (R)	The risk of this type of incident happening will always remain regardless of any controls in place which are under constant review Continue to implement all recommendations arising from the Serious Case Review.



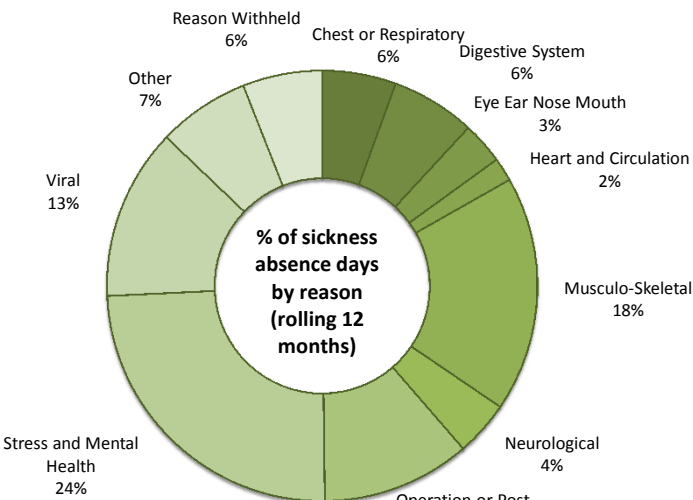
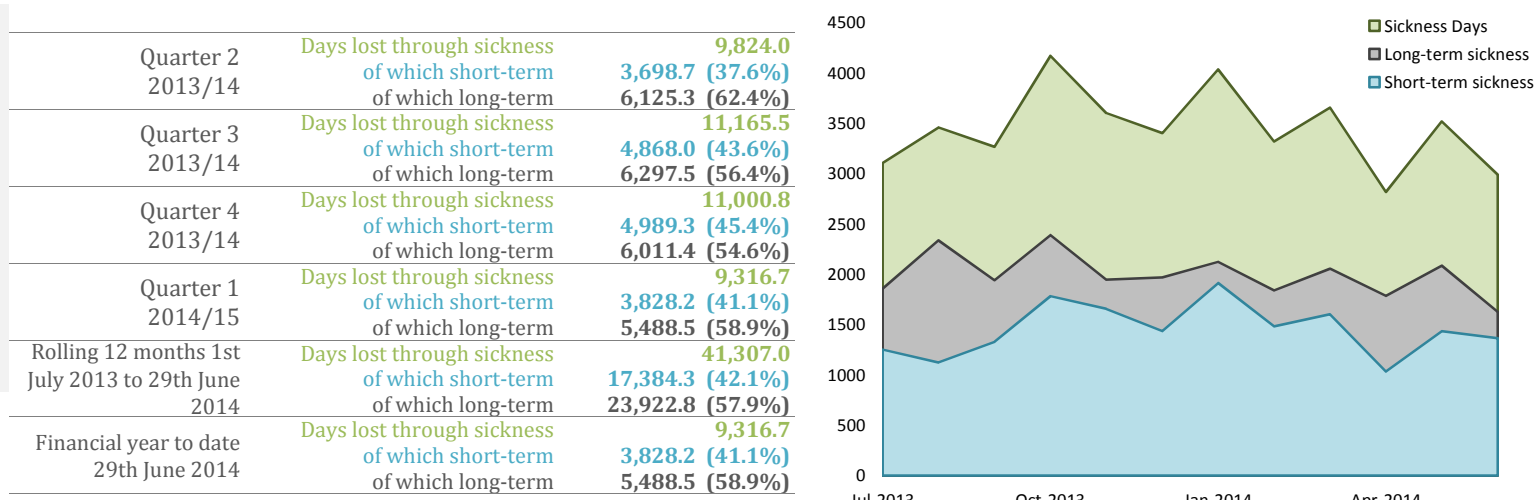
## Number of employees



## Age profile (heads)



## Sickness absence days



**Warwickshire County Council**  
Sickness headline statistics  
12 months ending June 2014: **9.53** days sickness per FTE  
Financial year to date 2014/15: **2.18** days sickness per FTE  
which equates to **4.21%** of time lost due to sickness

- Top 5 reasons for absence (days lost)**
- Stress and Mental Health** 10,097.9 days (24.4%)
  - Musculo-Skeletal** 7,314.3 days (17.7%)
  - Viral** 5,315.0 days (12.9%)
  - Operation or Post Operative** 4,611.7 days (11.2%)
  - Other** 2,851.4 days (6.9%)

## Comments

**Headcount** continues to decline. Last quarter saw a further reduction of 98 posts representing 1.74%.

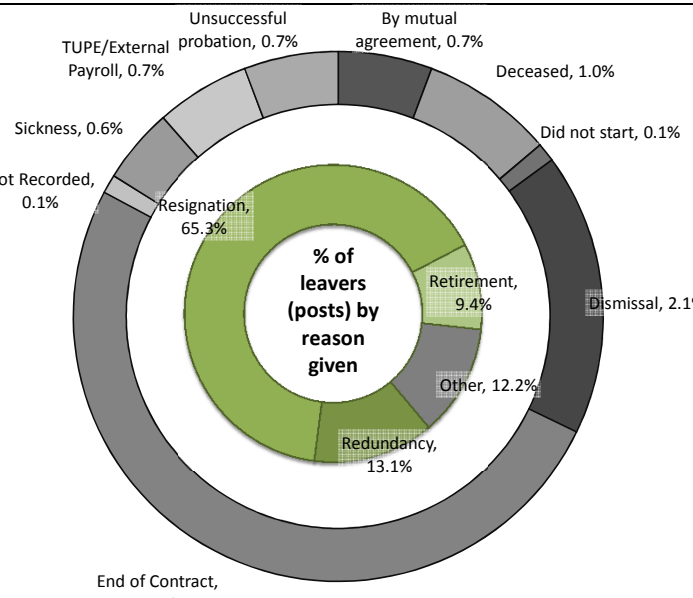
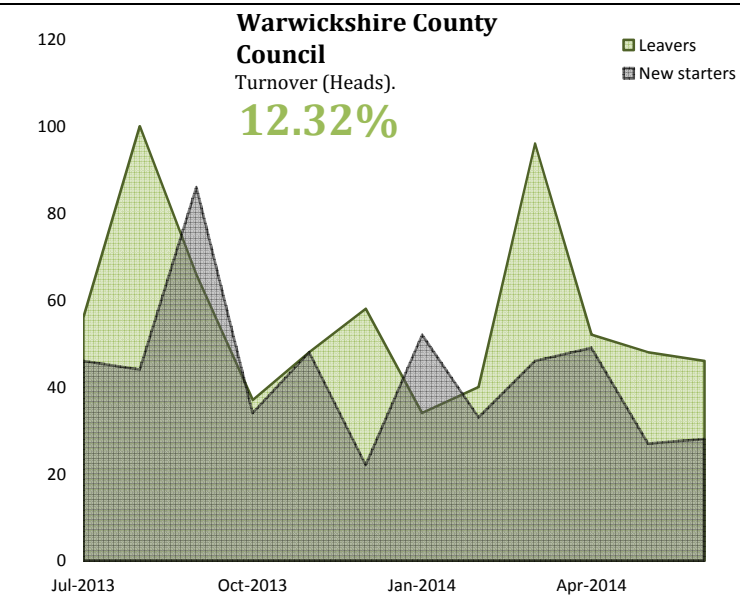
**Absence** management remains a priority. The last financial year saw a reduction in absence by 1.14 days per fte.

**Age profile** remains high. Efforts to increase the younger representation continue with the Apprenticeship programme now supporting 39 Apprentices.

**Turnover** is high with a large majority of staff leaving within 5 years of service. A review of the Exit Interview process is being undertaken to gain a greater understanding of our leaver profile.

## Turnover of workforce 1st July 2013 to 30th June 2014.

Category	Heads	Full Time Equivalents	Posts
New Starters	515	378.5	522.0
<b>Leavers (% turnover)</b>	<b>681 (12.3%)</b>	<b>488.1 (11.4%)</b>	<b>715 (12.2%)</b>
Number of posts by the reasons for leaving (% of leavers)			
By mutual agreement	5 (0.7%)		
Deceased	7 (1.0%)		
Did not start	1 (0.1%)		
Dismissal	15 (2.1%)		
End of Contract	44 (6.2%)		
Not Recorded	1 (0.1%)		
Redundancy	94 (13.2%)		
Resignation	467 (65.8%)		
Retirement	67 (9.4%)		
Sickness	4 (0.6%)		
TUPE/External Payroll	5 (0.7%)		
Unsuccessful probation	5 (0.7%)		



**Customer Services - Kushal Birla**  
**Strategic Director - David Carter**  
**Portfolio Holder - Councillor Kaur (Customers)**

## 2014/15 Revenue Budget

Service	Agreed Budget	Agreed Changes	Latest Budget	Forecast Outturn	Variation Over/ (Under)	Reason for Variation and Management Action
	£'000	£'000	£'000	£'000	£'000	
Marketing & Communications	391	0	391	406	15	
Customer Contact	2,743	(258)	2,485	2,527	42	The Warwickshire Local Welfare Scheme will be underspent by £137k. The Customer Service Centre Supporting People budget will be overspent by £180k for interim staffing and project development work to manage the current workload and the redesign work. This will be funded by the Other Customer Services budget underspend.
Customer Relations	220	0	220	220	0	
Face to Face	3,836	247	4,083	4,024	(59)	
Other Customer Services	949	(82)	867	455	(412)	This underspend is supporting significant projects including the Digital by Default, Adult Social Care and Customer Relationship Management System integration projects. This includes funding the overspend in relation to CSC Supporting People Service.
Business Development	263	364	627	842	215	The overspend is in relation to development projects which are being funded by the Other Customer Service budget, see above.
Traded Services - Educational	0	0	0	1	1	
Traded Services - Non Educational	(112)	0	(112)	30	142	Under achievement of income target in Print Services. The Service is reviewing its service offer and looking at alternative sources of income.
<b>Net Service Spending</b>	<b>8,290</b>	<b>271</b>	<b>8,561</b>	<b>8,505</b>	<b>(56)</b>	

## 2014/15 Reserves Position

Reserve	Opening Balance 01.04.14	Movement in Year	Effect of Outturn	Closing Balance 31.03.15	Request for (Use of)/ Transfer to Reserves	Reason for Request
	£'000	£'000	£'000	£'000	£'000	
Savings	0		(81)	(81)		
Warwickshire Local Welfare Scheme	663		137	800		
<b>Total</b>	<b>663</b>	<b>0</b>	<b>56</b>	<b>719</b>	<b>0</b>	

## 2014/15 to 2017/18 Capital Programme

Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
10155000	Improve Customer Experience in Council Buildings and DDA Works 2009/10	48	150	303	0	501	48	150	303	0	501	0	0	
10624000	Libraries Radio Frequency Identification	894	(7)	0	0	887	894	(7)	0	0	887	0	0	
10631000	Library Modernisation Linked To Best Value	331	0	0	0	331	331	14	0	0	345	14	14	Additional work proposed, to be financed via a revenue contribution.
10645000	One-Stop Shops Expansion Programme 2009/10	0	180	90	0	270	0	180	90	0	270	0	0	
11040000	Improving the Customer Experience/One Front Door Improvements	41	250	600	2,105	2,996	41	250	600	2,105	2,996	0	0	
11293000	Community Information Hubs	0	100	0	0	100	0	100	0	0	100	0	0	
		<b>1,314</b>	<b>673</b>	<b>993</b>	<b>2,105</b>	<b>5,084</b>	<b>1,314</b>	<b>687</b>	<b>993</b>	<b>2,105</b>	<b>5,099</b>	<b>14</b>	<b>15</b>	

## 2013/14 to 2014/15 Savings Plan (Savings that slipped into 2014/15)

Reference	Savings Proposal Title	2013/14		2014/15			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
	Savings delivered in 2011/12 and 2012/13	824	788	824	788	788	
CW-CL-01 and 12	Customer Relations	50	50	50	50	50	
CW-CC-02	Library Services reconfiguration	471	471	621	471	621	
CW-CC-03	Integrated Model for Communications	93	129	93	129	129	
	<b>Total</b>	<b>1,438</b>	<b>1,438</b>	<b>1,588</b>	<b>1,438</b>	<b>1,588</b>	
	<b>Target</b>		<b>1,438</b>		<b>1,588</b>	<b>1,588</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>		<b>150</b>	<b>0</b>	

## 2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/CS-A	Reduction in the budget for the Local Welfare Scheme	150	150	150	150	150	150	
OOP/CS-B	Applying additional income targets to the Registration Service.	150	150	150	205	150	205	
OOP/CS-C	Reduction in the Customer Service Improvement & Development programme.	40	40	40	80	40	80	
OOP/CS-D	Reduction in the Customer Services Projects.	70	70	70	120	70	120	
OOP/CS-E	Stop the Going the Extra Mile (GEM) Programme (Staff Recognition Scheme)	10	10	10	10	10	10	
	<b>Total</b>	<b>420</b>	<b>420</b>	<b>420</b>	<b>565</b>	<b>420</b>	<b>565</b>	
	<b>Target</b>		<b>420</b>	<b>420</b>		<b>565</b>	<b>565</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>	<b>0</b>		<b>145</b>	<b>0</b>	

## Performance Information April 2014 to June 2014

Measure	2014/15 Target	Year End Forecast 31/03/2015	Year End Alert	Q1 2014/15	Comments
Agreed financial savings are met	£460K	£460K		£460K	
Digital by default programme is delivered on time and to budget by December 2015	achieved	achieved		on target	
Standards for complaint handling are met	60% Childrens 80% All other	miss target		30% Adults 11% Childrens 53% General	<b>Adults:</b> Close monitoring is taking place with relevant Heads of Service. Monthly reporting to HoS, quarterly reporting to People Group GLT. We are confident that legacy complaints are now under control, and this figure should improve over the coming year. <b>Children:</b> This is an area for concern. Dialogue is taking place with the Head of Service to identify root causes. Head of Professional Practice and Governance alerted and actively engaged. Monthly reporting to HoS, quarterly reporting to People Group GLT. <b>General:</b> There has been underreporting and failure to monitor timescale compliance issues in one service area. This should now be resolved as the issues have been raised at Head of Service level, new Champions have been identified, and a system for monitoring activity is being put into place.
Maintain CSE accreditation to ensure effective management of customer expectations	retained	retained		on target	

**Finance - John Betts**  
**Strategic Director - David Carter**  
**Portfolio Holders - Councillor Cockburn ( Deputy Leader and Finance)**

**2014/15 Revenue Budget**

Service	Agreed Budget	Agreed Changes	Latest Budget	Forecast Outturn	Variation Over/ (Under)	Reason for Variation and Management Action
	£'000	£'000	£'000	£'000	£'000	
Head of Service	123	100	223	233	10	The majority of variations held at Service Manager level are relatively minor and are mainly the result of maintaining ongoing vacancies that will contribute towards future years savings targets (particularly in Procurement). The difference between the Education and Non Education trading position is due primarily to a revised apportionment of Human Resources Management System costs between client categories, that better reflects actual usage. In aggregate the trading income remains as originally budgeted.
Corporate Finance and Advice	665	0	665	644	(21)	
Treasury, Exchequer, Finance Systems, Pensions	409	0	409	393	(16)	
Communities Group and Fire & Rescue Local Finance, Procurement	840	33	873	797	(76)	
People Group Local Finance, Financial Benefits & Advice	1,854	0	1,854	1,790	(64)	
Resources Local Finance, Schools Strategy & Support, Payroll	641	0	641	658	17	
Traded Services - Education	(118)	0	(118)	(232)	(114)	
Traded Services - Non Education	(306)	0	(306)	(209)	97	
<b>Net Service Spending</b>	<b>4,108</b>	<b>133</b>	<b>4,241</b>	<b>4,074</b>	<b>(167)</b>	





**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14	Movement in Year	Effect of Outturn	Closing Balance 31.03.15	Request for (Use of)/ Transfer to Reserves	Reason for Request
	£'000	£'000	£'000	£'000	£'000	
Savings	0	0	167	167	0	It is anticipated that any underspends will be the subject of a carry forward request to invest in delivering ongoing savings as part of the One Organisation Plan (for example, in accelerating the use of Agresso [the Council's financial system] to assist in revenue and capital planning and monitoring as well as financial project management).
<b>Total</b>	<b>0</b>	<b>0</b>	<b>167</b>	<b>167</b>	<b>0</b>	

**2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)**

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/FIN-A	The reduction of financial advice and support to Managers and Members	211	201	201	211	201	211	Redundancy made later than planned, so will not be a full year effect in 2014/15 (but will be thereafter). One-off shortfall to be met from underspend elsewhere in the Business Unit.
OOP/FIN-B	Charge district councils for payroll services previously delivered free	40	40	40	40	40	40	
OOP/FIN-C	Better use of financial systems to generate efficiencies, maximise income and minimise transaction costs	0	0	0	250	0	0	Propose putting back from 2015/16 to 2016/17 to better respond to the Care Act and to maximise efficiencies from Agresso
OOP/FIN-D	Improvements in procurement, treasury management, debt management and redemption and cash flow / reserves to reduce cost	0	0	0	0	0	250	Propose bringing a proportion (£250k) forward from 2016/17 offset FIN-C above.
	<b>Total</b>	<b>251</b>	<b>241</b>	<b>241</b>	<b>501</b>	<b>241</b>	<b>501</b>	
	<b>Target</b>		<b>251</b>	<b>251</b>		<b>501</b>	<b>501</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>10</b>	<b>10</b>		<b>260</b>	<b>0</b>	

## Performance Information April 2014 to June 2014

Measure	2014/15 Target	Year End Forecast 31/03/2015	Year End Alert	Q1 2014/15	Comments
Agreed financial savings are met	£250k	£250k		on target	
Corporate revenue and capital spending plans and treasury management strategy are produced and published on time	achieved	achieved		on target	
External audit opinion and final accounts approved on time	unqualified opinion	on target		not yet known	This is an annual measure, but the audit process is going smoothly
The capital programme is delivered on time and to budget (Education and corporate programmes)	-	-	-	-	Target and forecast to be reported from Quarter 2.
Number of times financial implications in reports are subsequently formally challenged	0	0		0	No formal challenges received for Quarter 1.

**Human Resources and Organisational Development - Sue Evans**  
**Strategic Director - David Carter**  
**Portfolio Holder - Councillor Kaur (Customers)**

**2014/15 Revenue Budget**

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Employee Relationships	1,530	0	1,530	1,497	(33)	Post held vacant in Health & Safety for future year One Organisational Plan saving.
Human Resources Service Centre	1,349	0	1,349	1,227	(122)	HR Service centre budget split between corporate and traded services is under review at this time. The HR Service centre balances overall between Corporate and Traded.
Business Partners and Learning & Organisational Development	1,987	28	2,015	1,963	(52)	Post held vacant for future One Organisational Plan saving, and reduced demand for training.
Human Resources Head of Service	154	414	568	573	5	
Traded Services - Education	(72)	0	(72)	(96)	(24)	HR Service centre budget split between corporate and traded services is under review at this time. The HR Service centre balances overall between Corporate and Traded.
Traded Services - Non Education	(100)	0	(100)	47	147	HR Service centre budget split between corporate and traded services is under review at this time. The HR Service centre balances overall between Corporate and Traded.
<b>Net Service Spending</b>	<b>4,848</b>	<b>442</b>	<b>5,290</b>	<b>5,211</b>	<b>(79)</b>	

**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Savings	0	0	79	79	0	
Growing for Growth Apprenticeship Scheme	633	0	0	633	0	
<b>Total</b>	<b>633</b>	<b>0</b>	<b>79</b>	<b>712</b>	<b>0</b>	

**2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)**

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/HR-A	Review of processes and reduction in the administration of pay and pensions	61	30	61	61	30	61	
OOP/HR-B	Reduce the demand for HR professional support in line with reduction in size of the council and associated staff reductions. Proposed reduction in demand will be delivered through development and implementation of competency framework for managers to manage staff performance more effectively, more use of e-learning and self directed learning.	30	15	30	30	15	30	
OOP/HR-C	Cessation of the staff survey scheme and introduction of alternative means of gathering staff feedback.	12	12	12	12	12	12	Staff Survey has been re-instated by Corporate Board - the survey has been run using internal resource and the on costs have been absorbed within HR&OD and SICM. Direct costs will be recharged to services
OOP/HR-D	Reduction in the Learning & Development Budget to support the social care and general workforce. Savings to be achieved by increased e-learning, self directed learning, managing demand.	63	40	63	120	40	120	

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/HR-E	Reduction and changes in provision of HR policies in line with legislative frameworks which support the Council's business objectives and allow managers to manage their staff and risks more effectively with the need for limited HR support.	10	4	10	10	4	10	
OOP/HR-F	Reduction in the provision of advice and support to all managers on the full range of HR policies and there implementation at operational level and associated reduction in posts	40	15	40	40	15	40	
OOP/HR-G	Reduction in administrative support and more effective management of outputs as a result of changes to both the production of written health and safety policies and standards, and advice and guidance documentation to managers and employees to discharge their own moral and statutory health and safety responsibilities.	10	6	10	10	6	10	
OOP/HR-H	Reduction in the provision of face to face HR transactional support and procedural advice to schools and other local authorities through the use of on-line forms and more self service to schools. Alternative models for delivery of the service as well as increasing the traded services offer to schools.	70	30	70	70	30	70	
OOP/HR-I	Scaling back the management of employment records through the introduction of electronic records and manager self service and associated staff reductions	0	0	0	43	0	43	
OOP/HR-J	Scaling back the production of HR data reporting through the use of improved electronic systems including digital by default.	0	0	0	43	0	43	
OOP/HR-K	Manage demand down for the service in line with the staffing reductions across the Council by embedding the processes and systems to manage the pay and allowances framework as well as reducing the demand for support in the operation of the framework and processes.	0	0	0	61	0	61	
OOP/HR-L	Reduction in the provision of frameworks, policies and pay strategies to maintained schools to meet employer responsibilities as the number of maintained schools decline.	0	0	0	61	0	61	
<b>Total</b>		<b>296</b>	<b>152</b>	<b>296</b>	<b>561</b>	<b>152</b>	<b>561</b>	
<b>Target</b>			<b>296</b>	<b>296</b>		<b>561</b>	<b>561</b>	
<b>Remaining Shortfall/(Over Achievement)</b>			<b>144</b>	<b>0</b>		<b>409</b>	<b>0</b>	

Performance Information April 2014 to June 2014

Measure	2014/15 Target	Year End Forecast 31/03/2015	Year End Alert	Q1 2014/15	Comments
Agreed financial savings are met	£295k	£295k		on target	
Leadership and Management development offer is clear and attendance is maintained	-	-	-	-	Target and forecast to be reported from Quarter 2
Commercial skills development is available and attendance maintained	-	-	-	-	Target and forecast to be reported from Quarter 2

**Information Assets - Tonino Ciuffini**  
**Strategic Director - David Carter**  
**Portfolio Holder - Councillor Kaur (Customers)**

**2014/15 Revenue Budget**

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Head of Service	822		822	822	0	
Members Support	34		34	34	0	
Strategy and Programme & Innovation	871	15	886	886	0	
Corporate ICT Development	1,465		1,465	1,465	0	
Customer and Supplier Services	2,007	80	2,087	2,087	0	
Production Services	2,675		2,675	2,668	(7)	
Systems Design & Architecture	1,289	(15)	1,274	1,457	183	The report seeks approval to draw down £186k from the Resources Group Transformation Reserve to fund key project activities in 2014/15 that have led to the overspend.
Network Services	1,240	30	1,270	1,270	0	
Information Management	296	14	310	305	(5)	
Traded Services - Education	8		8	9	1	
Traded Services - Non Education	(8)		(8)	(8)	0	
<b>Net Service Spending</b>	<b>10,699</b>	<b>124</b>	<b>10,823</b>	<b>10,995</b>	<b>172</b>	

**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Information Assets usage of Schools PFI Project	200	0	0	200		
WAN Investment	625	0	0	625		
Going for Growth (BDUK)	428	0	0	428		
Service savings	0	0	14	14		
Resources Transformation Reserve	0	0	(186)	(186)		
<b>Total</b>	<b>1,253</b>	<b>0</b>	<b>(172)</b>	<b>1,081</b>	<b>0</b>	

**2014/15 to 2017/18 Capital Programme**

Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
10363000	Property Systems Development	157	43	0	0	200	157	43	0	0	200	0	0	
11121000	Development of Rural Broadband	335	4,301	5,213	0	9,850	335	4,301	7,663	4,840	17,140	0	7,290	The increase in capital expenditure relates to the application to support the expansion of superfast broadband coverage across Warwickshire. The total increase equates to £7.3m. This is made up of £3.6m from the Capital Growth Fund and £3.7m BDUK match funding, as agreed at Council on the 1st July 2014.
		<b>493</b>	<b>4,344</b>	<b>5,213</b>	<b>0</b>	<b>10,050</b>	<b>493</b>	<b>4,344</b>	<b>7,663</b>	<b>4,840</b>	<b>17,340</b>	<b>0</b>	<b>7,290</b>	





2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/IA-A	Reduction in the expenditure on specification, building or procurement, implementation, support and enhancement of information systems for WCC and partners.	100	100	100	217	130	217	
OOP/IA-B	A reduction in the costs associated with the maintenance of the availability of the core ICT infrastructure equipment and services that deliver our ICT systems and access to systems, including some 24x7 availability, when required by services.	300	300	300	379	300	379	
OOP/IA-C	Reduction in the scale and approach of the service that provides a single point of contact for IT support queries to assist staff and Elected Members with ICT problems	35	35	35	105	35	105	
OOP/IA-D	Reduction in the expenditure on designing, managing and implementing ICT programmes and projects that improve service delivery through the effective use of ICT and process redesign	108	108	108	215	108	215	
OOP/IA-E	Reducing the cost of developing, maintaining, and quality assuring the implementation of the ICT Strategy to ensure WCC gets maximum benefit from new ICT opportunities.	16	16	16	16	16	16	
OOP/IA-F	A reduction in the costs associated with the provision, support, maintenance and management of ICT communications links in the form of both Local Area Network (LAN) internal connections, Wide Area Network (WAN) and telephony for WCC between our buildings, and other organisations, including wider Internet access	0	0	0	100	0	100	
OOP/IA-G	Reducing the cost of the management, the technical development/build and deployment of personal computing devices that staff use	0	0	0	35	0	35	
<b>Total</b>		<b>559</b>	<b>559</b>	<b>559</b>	<b>1,067</b>	<b>589</b>	<b>1,067</b>	
<b>Target</b>			<b>559</b>	<b>559</b>		<b>1,067</b>	<b>1,067</b>	
<b>Remaining Shortfall/(Over Achievement)</b>			<b>0</b>	<b>0</b>		<b>478</b>	<b>0</b>	

Performance Information April 2014 to June 2014

Measure	2014/15 Target	Year End Forecast 31/03/2015	Year End Alert	Q1 2014/15	Comments
Agreed financial savings are met	£559k	£559k		£559k	
Digital by default programme is delivered on time and to budget by December 2015	achieved	achieved		Milestones within tolerance	Overall the project remains on target to be delivered to the overall plan. At the end of Qtr 1 of the 15 elements within the programme, 8 are green and 7 are amber.
Overall availability of ICT network	<14	<14		0	
The BDUK project is delivered on time and to budget	achieved	achieved	-	-	No milestones this quarter
Major IT development programmes are delivered/implemented on time and to budget	achieved	achieved		on target	

**Law and Governance - Sarah Duxbury**  
**Strategic Director - David Carter**  
**Portfolio Holder - Councillor Kaur (Customers)**

**2014/15 Revenue Budget**

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Democratic Services	485		485	467	(18)	Staffing vacancy now recruited to.
School Governor Services	82		82	82	0	
Insurance, Internal Audit and Risk Management	473	27	500	500	0	
Law and Governance Administration	0		0		0	
Legal Core	405	19	424	424	0	
Traded Services - Educational	(62)		(62)	(56)	6	
Traded Services - Non Educational	(522)		(522)	(634)	(112)	Reduction in staffing costs together with additional income generated from external custom.
<b>Net Service Spending</b>	<b>861</b>	<b>46</b>	<b>907</b>	<b>783</b>	<b>(124)</b>	




**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Savings	0		124	124		
<b>Total</b>	<b>0</b>	<b>0</b>	<b>124</b>	<b>124</b>	<b>0</b>	

**2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)**

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/LG-A	Reduce level of Internal Audit and Assurance Support	19	4	19	19	4	19	
OOP/LG-B	Reduce cost of the Civic Office (Chair of the Council)	0	0	0	35	0	35	
OOP/LG-C	Scale back the level of Corporate Risk Management support to the Council.	0	0	0	12	0	12	
OOP/LG-D	Increase External Income Potential through Legal Services	0	0	0	6	0	6	
OOP/LG-E	Reduce School Governance Support in light of changing relationship between Local Authority and Schools	0	0	0	0	0	0	
OOP/LG-F	Reduce Elected Member Support and Development	0	0	0	0	0	0	
OOP/LG-G	Increase income generation target for School Governor Development and Training	0	0	0	0	0	0	
	<b>Total</b>	<b>19</b>	<b>4</b>	<b>19</b>	<b>72</b>	<b>4</b>	<b>72</b>	
	<b>Target</b>		<b>19</b>	<b>19</b>		<b>72</b>	<b>72</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>15</b>	<b>0</b>		<b>68</b>	<b>0</b>	

## Performance Information April 2014 to June 2014

Measure	2014/15 Target	Year End Forecast 31/03/2015	Year End Alert	Q1 2014/15	Comments
Agreed financial savings are met	£19k	£19k		£4k	
Structure for Overview and Scrutiny Committees identified for debate	-	-	-	-	Measure not reported in Quarter 1
% customer satisfaction with Councillors as community leaders	-	-	-	-	Target and forecast to be reported from Quarter 2.
Annual Governance Statement approved by external auditors and Council on time	achieved	achieved		AGS Drafted	Draft AGS agreed by Audit and Standards Committee and evidence file produced to external auditors. Awaiting external auditor comments.
Agreed elements of the constitution are reviewed	achieved	achieved		achieved	

**Physical Assets - Steve Smith**  
**Strategic Director - David Carter**  
**Portfolio Holders - Councillor Cockburn ( Deputy Leader and Property)**

**2014/15 Revenue Budget**

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Physical Assets General	931	(38)	893	893	0	
Construction Services	2,182	8	2,190	1,825	(365)	This budget is no longer required in 2014/15 as Warwickshire has been moved to a later phase of the Carbon Reduction Commitment Scheme and it is proposed to temporarily transfer this money to a specific reserves until it is needed in future years.
Facilities Management	9,739	36	9,775	9,746	(29)	
Estates & Smallholdings	(150)	0	(150)	(167)	(17)	
Asset Strategy	270	0	270	270	0	
Programme Management & Special Projects	(830)	146	(684)	130	814	£713k of this variation represents one off revenue costs of Property Rationalisation (dilapidation obligations on vacating leased property and on going conversion works), that will be funded from the Property Rationalisation Programme specifically set up for this purpose.
Traded Services - Education	(945)	0	(945)	(764)	181	Trading income in catering is forecast to be £201k under recovered but is being managed and there are sufficient funds in the Catering Equalisation Reserve to meet the shortfall in 2014/15.
Traded Services - Non Education	(183)	0	(183)	(117)	66	
<b>Net Service Spending</b>	<b>11,014</b>	<b>152</b>	<b>11,166</b>	<b>11,816</b>	<b>650</b>	

**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Planning Reserve	500	0	0	500	0	
Catering Equalisation Account	401	0	(201)	200	0	
Property Rationalisation Programme (Bath Place)	0	713	(713)	0	713	To fund dilapidation obligations on vacating leased property and on going conversion works.
Carbon Reduction Commitment	0	0	317	317	(317)	This budget is no longer required in 2014/15 as Warwickshire has been moved to a later phase of the Carbon Reduction Commitment Scheme and it is proposed to temporarily transfer this money to a specific reserves until it is needed in future years.
Savings	0	0	(53)	(53)	0	
<b>Total</b>	<b>901</b>	<b>713</b>	<b>(650)</b>	<b>964</b>	<b>396</b>	

L Physical Assets

2014/15 to 2017/18 Capital Programme

Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
<b>Building &amp; Construction</b>														
10971000	Aylesford Flood Alleviation Scheme Contribution	714	211	0	0	925	714	211	0	0	925	0	0	
10972000	Planning Consent For Europa Way	331	34	0	0	365	331	94	0	0	425	60	60	Revenue Contribution of 60k to cover ongoing extra planning advice and consultation
11122000	Nuneaton Academy (Alderman Smith) -Redevelopment	9,866	13	0	0	9,879	9,866	13	0	0	9,879	0	0	
11131000	Wark St Johns House Museum - Repl Activity Space Bldg	60	1	0	0	61	60	1	0	0	61	0	0	
11134000	Wark Shire Hall - Refurb Of Old Shire Hall	0	750	0	0	750	0	150	600	0	750	(600)	0	
11318000	Universal Free School Meals Programme	0	0	0	0	0	0	1,156	0	0	1,156	1,156	1,156	Scheme agreed by Council Leader report 13/06/14. DfE grant of £1,025,172 plus £50,000 contribution moved from budgets (£25k 11145000 and £25k 11143000). Further £80,500 funding agreed as per Cabinet report 22 July 2014 from Learning & Achievement Grants.
<b>Property Rationalisation Programme</b>														
11041000	Rationalisation Of The Council's Property	442	201	0	0	643	442	206	0	0	648	5	5	
11041004	Warwick- Premises at Montague Road -relocation of County Museum Store	432	50	0	0	481	432	50	0	0	481	0	0	
11097000	S/Avon Elizabeth House - Altns Re:Prop Ratlnstn	93	5	0	0	98	93	0	0	0	93	(5)	(5)	
11190000	Warwick Shire Hall - refurbishment (Phase 2 onwards)	2,611	889	0	0	3,500	2,611	889	0	0	3,500	0	0	
11230000	Bedworth Kings House - PRP refurbishment for N & B Local Centre	603	43	0	0	647	603	43	0	0	647	0	0	
11231000	Nuneaton-Hilary Road Centre - PRP refurbishment for N & B Local Centre	326	348	0	0	674	326	353	0	0	679	5	5	
<b>Structural Maintenance</b>														
11029000	Non-Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance	1,985	0	0	0	1,985	1,985	2	0	0	1,987	2	2	
11033000	Non-Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2012/13	1,841	0	0	0	1,841	1,841	1	0	0	1,841	1	1	
11035000	Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2012/13	5,835	0	0	0	5,835	5,835	5	0	0	5,840	5	5	£5,000 transferred from 11145000
11036000	Non-Schools Capital Asbestos And Safe Water Remedial Works 2013/14	291	20	0	0	311	291	(1)	0	0	289	(22)	(22)	
11037000	Non-Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2013/14	2,035	500	0	0	2,535	2,035	473	0	0	2,508	(27)	(27)	
11038000	Schools Capital Asbestos And Safe Water Remedial Works 2013/14	1,237	55	0	0	1,292	1,237	55	0	0	1,292	0	0	
11039000	Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2013/14	5,876	102	0	0	5,978	5,876	202	0	0	6,078	100	100	100k Moved from 11145000 to cover extra cost of ongoing projects.
11142000	Non Schools Asb & Safe Water Remedials 2014/15	0	311	0	0	311	0	333	0	0	333	22	22	
11143000	Schools Asbestos & Safe Water Remedials 2014/15	0	1,291	0	0	1,291	0	1,266	0	0	1,266	(25)	(25)	
11144000	Non School - Planned Bldg, Mech & Elect Backlog 2014/15	0	2,522	0	0	2,522	0	2,649	0	0	2,649	127	127	£2,145 moved to 11029000 and £583 moved to 11033000. £27,000 moved from 11037000 and RCCO Contribution currently estimated at £80,000, PRP RCCO contribution of £23,000 project E1843

L Physical Assets

Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
11145000	Schools Planned Bldg, Mech & Elect Backlog 2014/15	0	5,565	0	0	5,565	0	5,803	0	0	5,803	238	238	£100,000 moved to 11039000 to cover extra cost of ongoing projects. £25,000 moved to contribution to UIFSM project 11318000. £5,108 moved to 11035000, £171 moved to 11031000. £1,460 moved to 1107400, £30,000 moved to Kingsway 11174000. Contributions from schools for Wembrook £97,000, Southam College £13,250, St Nicholas £25,000, Croft Junior £14,000. Thus making the total contribution from schools £149,250. In addition to this there will be an RCCO contribution currently estimated at £250,000.
11224000	Non-Schools Capital Asbestos And Safe Water Remedial Works 2015/16	0	0	311	0	311	0	0	311	0	311	0	0	
11225000	Schools Asbestos & Safe Water Remedials 2015/16	0	0	1,292	0	1,292	0	0	1,292	0	1,292	0	0	
11226000	Non School - Planned Bldg, Mech & Elect Backlog 2015/16	0	0	2,524	0	2,524	0	0	2,524	0	2,524	0	0	
11227000	Schools Planned Bldg, Mech & Elect Backlog 2015/16	0	0	2,569	0	2,569	0	0	2,569	0	2,569	0	0	
11283000	Non Schools Asb & Safe Water Remedials 2016/17	0	0	0	311	311	0	0	0	311	311	0	0	
11284000	Non Schools Asb & Safe Water Remedials 2017/18	0	0	0	311	311	0	0	0	311	311	0	0	
11285000	Non School - Planned Bldg, Mech & Elect Backlog 2016/17	0	0	0	2,524	2,524	0	0	0	2,524	2,524	0	0	
11286000	Non School - Planned Bldg, Mech & Elect Backlog 2017/18	0	0	0	2,524	2,524	0	0	0	2,524	2,524	0	0	
11287000	Schools Asbestos & Safe Water Remedials 2016/17	0	0	0	1,292	1,292	0	0	0	1,292	1,292	0	0	
11288000	Schools Asbestos & Safe Water Remedials 2017/18	0	0	0	1,292	1,292	0	0	0	1,292	1,292	0	0	
11289000	Schools Planned Bldg, Mech & Elect Backlog 2016/17	0	0	0	2,569	2,569	0	0	0	2,569	2,569	0	0	
11290000	Schools Planned Bldg, Mech & Elect Backlog 2017/18	0	0	0	2,569	2,569	0	0	0	2,569	2,569	0	0	
<b>Facilities</b>														
10592000	Small Scale Reactive / Minor Improvements County-Wide	151	138	0	0	289	151	115	23	0	289	(23)	0	
<b>Energy</b>														
10400000	Climate Change 2009/10	257	97	0	0	354	257	97	0	0	354	0	0	
10410000	Climate Change 2007/08	350	9	0	0	359	350	0	0	0	350	(9)	(9)	
11135000	Various Properties - Reducing Energy	0	1,044	1,200	0	2,244	0	100	400	1,744	2,244	(944)	0	Various energy projects which it was previously hoped would begin early in 2014/15 are now recognised as unlikely to begin until at least towards the tail end of the financial year.
11136000	Various Properties - Renewable Energy	75	1,677	1,750	1,898	5,400	75	500	500	4,324	5,400	(1,177)	(0)	Various energy projects which it was previously hoped would begin early in 2014/15 are now recognised as unlikely to begin until at least towards the tail end of the financial year.
11159000	Wark Saltisford Office Park - Pv Micro Genertn Syst	112	2	0	0	114	112	2	0	0	114	0	0	

L Physical Assets

Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
<b>Smallholdings</b>														
11139009	Lower Tysoe/Hopkins Farm, New Farm House - Pre Contract Consultants Costs / Enabling Works	10	240	0	0	250	10	340	0	0	350	100	100	100k moved from 11141000 to Cover Extra work needed on Building Foundations and Associated Work due to problems found by Topographic Survey. Funding from Capital Receipt as agreed in Cabinet Report dated 13th December 2012 item 15 sub section 5 now is expected to be received in financial year 2015/16
11140000	Rural Services Capital Maintenance 2013/14	254	10	0	0	264	254	11	0	0	265	1	1	
11141000	Rural Services Capital Maintenance 2014/15	0	814	0	0	814	0	713	0	0	713	(101)	(101)	100k moved to 11139009 to Cover Extra work needed on Building Foundations and Associated Work due to problems found by Topographic Survey.
11228000	Rural Services Capital Maintenance 2015/16	0	0	789	0	789	0	0	789	0	789	0	0	
11291000	Rural Services Capital Maintenance 2016/17	0	0	0	789	789	0	0	0	789	789	0	0	
11292000	Rural Services Capital Maintenance 2017/18	0	0	0	789	789	0	0	0	789	789	0	0	
		<b>35,786</b>	<b>16,943</b>	<b>10,435</b>	<b>16,868</b>	<b>80,032</b>	<b>35,786</b>	<b>15,832</b>	<b>9,008</b>	<b>21,038</b>	<b>81,664</b>	<b>(1,111)</b>	<b>1,632</b>	

2013/14 to 2014/15 Savings Plan (Savings that slipped into 2014/15)

Reference	Savings Proposal Title	2013/14		2014/15			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
	Savings delivered in 2011/12 and 2012/13	2,030	2,030	2,030	2,030	2,030	
EE-ER-03 and 04	Rural Services : Review of rents and income generation	5	5	5	5	5	
RE-PR-02 and 03	Rationalise existing accommodation - There are three aspects to this work - release, disposal and better utilisation - as well as the rationalisation of professional support	1,602	1,602	2,386	1,602	2,286	
<b>Total</b>		<b>3,637</b>	<b>3,637</b>	<b>4,421</b>	<b>3,637</b>	<b>4,321</b>	
Target			3,637		4,421	4,421	
Remaining Shortfall/(Over Achievement)			0		784	100	



## 2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/PA-A	Reduce feasibility budgets	68	68	68	68	68	68	
OOP/PA-B	Disposal of surplus properties (both urban sites and smallholdings)	210	0	210	250	0	250	£210k saving for 2014/15 is subject to Cabinet approval on 18th September 2014 for the disposal of care homes
OOP/PA-C	Introduce a charge to staff for the use of WCC owned car parking facilities in the central Warwick area covering Barrack Street Car park, Cape Road Car Park and Salford Car Park.	10	0	10	50	0	50	Scheme proposals are at the planning stage, but savings remain on track to be delivered.
OOP/PA-D	Reduce the cost of Corporate Contracts and Specifications for Cleaning Contracts	8	8	8	14	8	14	
OOP/PA-E	Develop a new 'Catering Traded Service to Schools' offer potentially combining services with Solihull and Coventry to reduce management overheads within the service.	15	0	15	47	0	47	Sub-regional proposals have been replaced by more deliverable internal efficiencies and reduction in costs
OOP/PA-F	Develop an increased take up of school meals within existing and new customer base, targeting increasing turnover in already established schools.	5	0	5	11	0	11	Universal Infant School Meals should deliver this additional income
OOP/PA-G	Redesigning of the planning function to ensure service efficiencies including the reduction of posts	60	60	60	60	60	60	
OOP/PA-H	Reduce the level of administrative support necessary to support construction and maintenance services with a view to reducing posts	15	15	15	35	15	35	
OOP/PA-I	Return responsibility for cleaning contracts back to schools and design services to help them manage their arrangements	15	15	15	45	15	45	
OOP/PA-K	Reduce staff numbers in the Estates and Smallholdings team commensurate with a reduction in the portfolio.	0	0	0	75	0	75	
OOP/PA-L	Deliver a 2 <sup>nd</sup> phase of Property Rationalisation known as PRP2 which will see a reduction in the number of Council buildings and their associated running costs	0	0	0	350	0	350	PRP2 programme in place for launch from April 2015.
OOP/PA-J	Reduce staff numbers in the Asset Strategy team commensurate with the reduction in the portfolio.	0	0	0	37	0	37	
	<b>Total</b>	<b>406</b>	<b>166</b>	<b>406</b>	<b>1,042</b>	<b>166</b>	<b>1,042</b>	
	<b>Target</b>		<b>406</b>	<b>406</b>		<b>1,042</b>	<b>1,042</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>240</b>	<b>0</b>		<b>876</b>	<b>0</b>	

## Performance Information April 2014 to June 2014

Measure	2014/15 Target	Year End Forecast 31/03/2015	Year End Alert	Q1 2014/15	Comments
Agreed financial savings are met	£406k	£406k	●	£166k	
The property rationalisation programme is delivered on time and within budget	£800K	£800K	★	£784K	
Digital mailroom is delivered on time and to budget	achieved	delayed	●	1 milestone missed	
The capital programme is delivered on time and to budget (EDU & CORP)	100%	100%	★	20% committed	20% budget committed - ongoing difficulty with programming non school maintenance works due to size of sensitive property list.

**Service Improvement and Change Management - Tricia Morrison (Acting)**  
**Strategic Director - David Carter**  
**Portfolio Holder - Councillor Kaur (Customers)**

**2014/15 Revenue Budget**

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Performance & Planning	768	45	813	722	(91)	Higher than anticipated one off income generated in year
Observatory	396	10	406	411	5	
Service Improvement and Change Management Admin	167	0	167	89	(78)	Partial year staff vacancies .
Development and Support	719	0	719	1,015	296	Expenditure on transformation projects which will be funded from the Resources Group transformation reserve.
Commercial Enterprise	45	0	45	219	174	Transformational activity in WES will be funded from the Resources Group transformation reserve.
Traded Services - Education	(6)	0	(6)	(2)	4	
<b>Net Service Spending</b>	<b>2,089</b>	<b>55</b>	<b>2,144</b>	<b>2,454</b>	<b>310</b>	


**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Savings	0	0	(310)	(310)		
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(310)</b>	<b>(310)</b>	<b>0</b>	

## 2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/SICM-A	Cessation of the Transformation through Strategic Commissioning Programme with arrangements to 'mainstream' activity associated with the programme within Services. This will include a reduction in posts.	247	247	247	247	247	247	
OOP/SICM-B	Cessation of the WCC support to the Sub-regional Programme Office with the potential closure of the Programme Office which will include a reduction in posts. There will be a need for a dialogue with Sub-regional partners regarding the impact of this decision.	0	0	0	68	0	68	
OOP/SICM-C	The business support function for Resources will be remodelled. This proposal will deliver savings in consumables as well as reduction in posts.	0	0	0	50	50	50	
OOP/SICM-D	The Corporate Consultation function is ceased. The Consultation framework and co-ordinating infrastructure will be maintained and 'mainstreamed' within the Observatory.	0	0	0	25	0	25	
OOP/SICM-E	Further savings from expenditure budgets across the service commensurate with changes across the Business Unit.	0	0	0	40	0	40	
OOP/SICM-F	Review of SICM Management Structure with a view to reduction in posts commensurate to the changes across the Business Unit.	0	0	0	60	0	60	
OOP/SICM-G	Increase income generation activities	0	0	0	40	0	40	
	<b>Total</b>	<b>247</b>	<b>247</b>	<b>247</b>	<b>530</b>	<b>297</b>	<b>530</b>	
	<b>Target</b>		<b>247</b>	<b>247</b>		<b>530</b>	<b>530</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>	<b>0</b>		<b>233</b>	<b>0</b>	

## Key Group Business Performance Information for SICM April 2014 to June 2014

Measure	2014/15 Target	Year End Forecast 31/03/2015	Year End Alert	Q1 2014/15	Comments
Agreed financial savings are met	£247k	£247k		£247k	

# Cabinet

13 November 2014

## One Organisational Plan Quarterly Progress Report April – September 2014











### Recommendations

Cabinet are recommended to:

- a) Note the detailed progress on the delivery of the One Organisational Plan as at the end of September 2014 as set out in Appendix A
- b) Note the overall progress on the delivery of the One Organisational Plan as summarised in section 1 – 3 of the covering report.
- c) Approve the transfer of £9.796 million from 2014/15 budgets to Business Unit reserves to support the delivery of services in future years, as outlined in paragraph 3.2.1.
- d) Approve the use of £1.785 million of reserves to support plans for the delivery of services in 2014/15, as outlined in paragraph 3.2.2.
- e) Approve the revised capital payments totals and the revised financing of the 2014/15 capital programme as detailed in the table in paragraph 3.3.4.
- f) Request that Corporate Board report back on proposals for how the position for those Business Units in deficit can be resolved both in the current and future years as part of the Quarter 3 One Organisational Plan Progress Report.

### 1. Progress on the Overall Delivery of the One Organisational Plan

1.1 The table below presents pictorially the overall progress on the delivery of the key elements that make up the One Organisational Plan and further detail in relation to these areas is set out in the appendix to this report.

OOP: Outcomes	Organisational Health	Revenue (Variance)	Savings
 Amber	 Amber	 Red	 Green
Capital Spend & Slippage in to future Years	Strategic Risks	Workforce	 <b>Overall Delivery</b>
  Green    Amber	 Amber	 Amber	 Amber

**2. Performance Commentary**

2.1. Overall, we are forecasting that at the end of the September, we are within tolerance (Amber) to deliver all of the high level Outcomes as set out in the One Organisational Plan.

2.2. Only under the Outcome, “Warwickshire's communities are supported by excellent communications & transport infrastructure” are we reporting an overall Red status for the supporting theme “Our planning infrastructure delivers strategic solutions for partners and ourselves”.

2.3. Supporting the delivery of the One Organisation Plan Outcomes, are specific key business outcomes and key business measures that contribute to the successful delivery of the One Organisational Plan. These are being closely managed to ensure that any areas of concern are resolved and brought to Members attention as required as the year progresses.

2.4. Overall, of the Key Business Outcomes that support the delivery of the Outcomes in the plan, 48% of all the supporting key business outcomes are forecasting that they will achieve the targets set (Green).



2.5. In Quarter 1 we reported that there was one area that could potentially remain below target and this was the outcome “Our Communities & Individuals are safe from harm and are able to remain independent for longer”. At the Mid Year point, this position has changed and themes under this category are all now forecasting to be delivered or are within tolerance.

2.6. The successful delivery of the One Organisational Plan, is dependent on the staff that work for WCC to deliver it, and whilst the overall delivery of the Plan remains on track, there are a number of specific workforce areas that are being looked at more closely to ensure that WCC has a fit for purpose workforce.

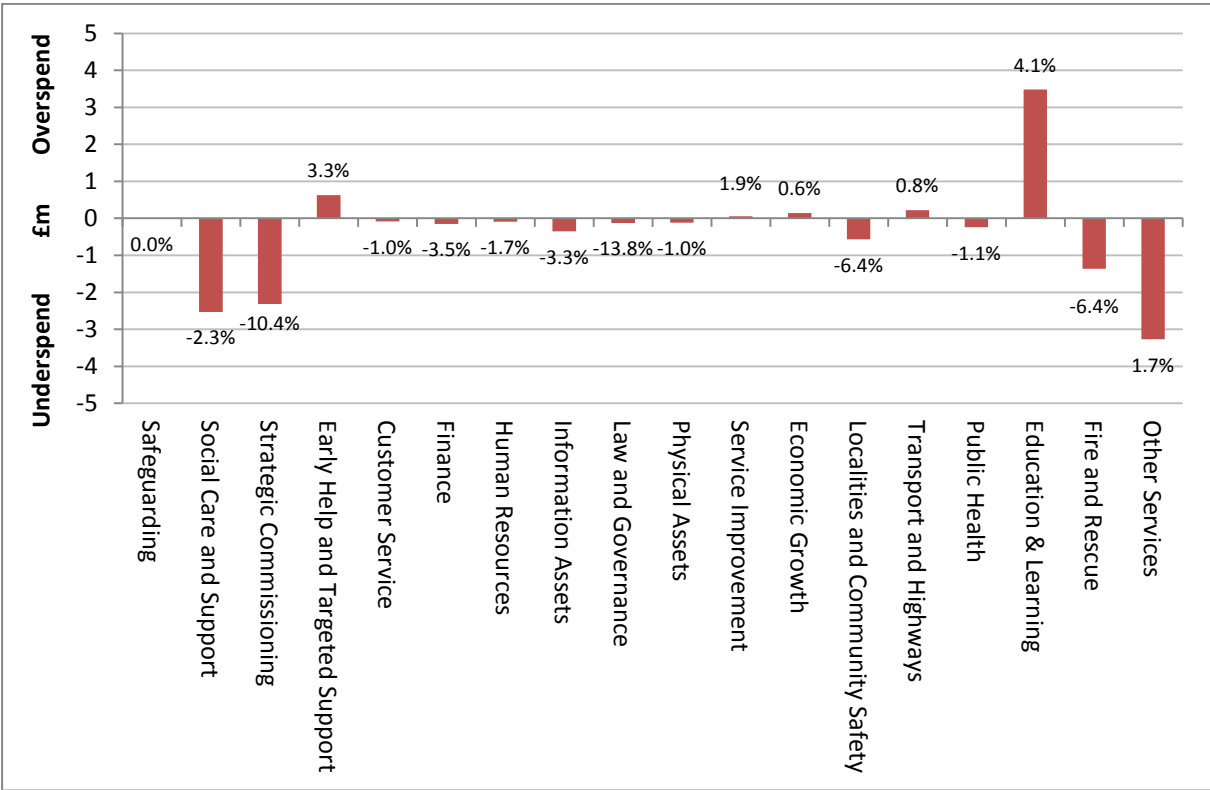
2.7. Since the beginning of the financial year there has been a reduction of 223 posts representing 4% of the workforce. However, what is becoming apparent is that of the remaining workforce, the age profile is relatively high. Efforts to increase the younger representation continues and positively, the apprenticeship programme now supports 41 Apprentices across the County Council.

2.8. At the mid year point, WCC continues to performance manage the number of significant risks to the organisation, and there is only one net red risk which is is “Safeguarding Children & Vulnerable Adults in our community and WCC inability to take action to avoid abuse, injury or death”. This risk has been set at a constant red risk level because of the nature of the risk.

### 3. Financial Commentary

#### 3.1. Revenue Budget

- 3.1.1. The approved controllable revenue budget for 2014/15 is £227.987 million. Against this, at Quarter 2, an underspend of £6.704 million or -2.9% is forecast. This contrasts to the underspend position of £0.970 million, or -0.4% against a budget of £229.429 million at Quarter 1.
- 3.1.2. The agreed tolerance for underspends is 2% which means the forecast falls outside of this tolerance. Some Business Units are requesting to transfer a proportion their underspends to reserves, which if approved by members, will bring the overall underspend below the 2% tolerance.
- 3.1.3. The following table shows the forecast position for each Business Unit and those which are outside of the agreed tolerance. To supplement the assessment of financial performance against these tolerance levels monthly forecasting reports are considered by Group Leadership Teams and forecasting is a standing item on all Corporate Board agendas to allow issues of concern to be escalated quickly. Any issues raised through this process will be reported to Members as part of these quarterly reports.



- 3.1.4. At Quarter 2 five Business Units are forecasting that they will overspend and a further seven are forecasting underspends greater than the revised -2% tolerance agreed in the 2014-18 Plan. The main reasons and the proposed management action to rectify the position is set out below. The analysis is split between those Business Units overspending and those underspending. The

size of the variation (in cash terms) is also included to allow Members to reflect on the materiality of the issues raised.

### **Overspends**

- Early Help and Targeted Support – The forecast overspend of £0.624 million is as a result of continued slippage in the delivery of, and transition costs (consultation, notice and transition costs etc.) in relation to, delivery of both the IDS and Children Centres savings. These costs can only partially be covered by the Business Unit's contingency for demand-led pressures and the overall financial position is unlikely to be fully corrected by the end of 2014/15. The Business Unit has insufficient reserves to cover this overspend and therefore an alternative source of funding will need to be identified.
- Service Improvement – The forecast overspend of £0.057 million relates to additional spending on transformation projects and will, subject to Cabinet's approval, be funded from a drawdown from the Resources Group transformation reserve.
- Economic Growth – The forecast overspend of 0.139 million relates to an overspend on the Rural Growth Network Project. The grant money for this pilot project is held in reserves and any shortfall in funding will be drawn down at Quarter 3 when there should be more certainty about the expected spend for the year.
- Transport and Highways – The forecast overspend of £0.222 million relates to additional spending on Road Safety and Traffic Projects which will be covered, subject to Cabinet's approval, from a drawdown from the Speed Awareness Workshop reserve.
- Education and Learning – The forecast overspend of £3.478 million. In particular out-of-county placements is forecasting to overspend by £5.357 million and SEN transport by £0.681 million. These demand-led pressures can only partially be covered by the Business Unit's contingency for such eventualities. Both areas are undergoing fundamental services reviews at present but these are unlikely to deliver a turnaround sufficient to rectify the budget position in 2014/15 and SEN transport also has a large savings target from next year as well. Neither the Business Unit reserves nor the DSG reserve for County Council responsibilities for schools and pupils have sufficient funds to cover this overspend and therefore an alternative source of funding will need to be identified.

### **Underspends**

- Social Care and Support – The underspend of £2.534 million is mainly due to delays in the implementation of the Care Act and will need to meet implementation costs in future years.
- Strategic Commissioning – The majority of the £2.317 million underspend is due to the funding set aside for the implementation of the new care system which is now not expected to be fully utilised in 2014/15. Instead the unused funding will be needed to complete the implementation in 2015/16 and, subject to Cabinet's approval, £1.685 million will be transferred to reserves to meet future year's expenditure to ensure the capacity is not lost.

- Localities and Community Safety – The forecast underspend of £0.567 million relates to Priority Families reward funding received from DCLG together with anticipated pressures on the Drug and Alcohol Action Team not materialising this financial year. Subject to Cabinet’s approval a number of this Business Unit’s forecast underspends will be transferred to reserves to support future pressures.
- Finance – The underspend of £0.148 million is mainly as a result of maintaining on-going vacancies that will contribute towards future savings targets. Subject to Cabinet approval it is proposed to transfer £0.095 million of this underspend to a Finance Training reserve in order to increase the proportion of finance staff who are professionally qualified and to offer training to other staff to help them meet their financial responsibilities.
- Information Assets – This underspend of £0.354 million is due to the re-phasing of spend on the BDUK project over future years which was agreed by Cabinet on 5 June 2014.
- Law and Governance – The £0.125 million underspend has arisen because of additional income generated from external customers.
- Fire and Rescue – The majority of the £1.364 million underspend relates to the Fire Control project. The Service made a decision to draw upon all of the grant reserves in 2014/15. However, it is likely the project will continue into 2015/16 and, subject to Cabinet’s approval, the underspend will be transferred to the specific reserve for this purpose.

3.1.5. Whilst overall the financial position of the authority remains healthy, when considering these forecasts alongside the progress reported in Appendix A on the delivery of savings, the authority is facing an increase in financial risk from children’s services, in particular the Education & Learning and Early Help & Targeted Support Business Units. These Business Units do not have sufficient reserves to cover the level of overspends being forecast or the delays in the delivery of savings by almost £3.8 million. There has been no material change to the financial position of these Business Units over the last quarter. Even with concerted management action it appears unlikely there will be a sufficient turnaround in the financial position to bring their balances back on an even keel. As a result Corporate Board are considering what action is needed to put these services on a sustainable financial footing in future years.

## **3.2. Reserves**

3.2.1. In light of the revenue position reported above, Business Units are seeking Members’ approval to put £9.796 million into reserves to support the delivery of services in future years. The specific proposals Members are asked to approve are:

- £2.044 million to support the implementation of the Care Act in future years from Social Care and Support.
- £1.310 million to meet the implementation of the Care Information System in future years costs.
- £0.375 million to meet uncertainty around funding for the Care Act requirements in future years from Strategic Commissioning.



- £0.095 million unspent grant on the Warwickshire Local Welfare Scheme.
- £0.095 million to fund finance staff attaining professional qualifications which span more than one year and to offer training to other staff to help them meet their financial responsibilities.
- £0.565 million for spending on the BDUK Project from now until 2017/18.
- £0.190 million to support the implementation of the One Organisational plan over years 2, 3 and 4 for Service Improvement & Change Management.
- £0.025 million into Communities accommodation reserve to ensure premises continue to meet minimum standards.
- £0.088 million of DEFRA grant relating to our Sustainable Urban Drainage Approval Body role which will now be spent in future years.
- £0.200 million which had previously been brought forward from last year to fund Drug and Alcohol initiatives which will now take place next year.
- £0.139 million unspent reward funding from DCLG which will be used to support Priority Families Phase 2.
- £0.078 which had previously been brought forward from last year but will now be spent in later years to support the Family Intervention Project.
- £0.093 million to fund future secure remand costs which has demand volatility.
- £0.581 million for transition costs and service expansion of the Family Nurse Partnership in 2015/16.
- £0.680 million of Special Educational Needs and Disabilities grant to support spending on qualifying activities over the current medium term financial plan.
- £0.075 million to the Fire Pensions Reserve due to less early ill health retirements and injury awards than expected.
- £0.788 million for the Fire Control Project spending in future years.
- £0.400 million to support the delivery of the Fire and Rescue Service savings targets in future years.
- £1.530 million in anticipation of interest rates rising next year allowing any increase in the of cost of borrowing not to impact on the integrity of the 2014-18 Plan.
- £0.247 million to support County Council elections in 2017.
- £0.198 million to Resources Group reserves which is the saving from repaying debt last year.

3.2.2. Business Units are also seeking approval to drawdown £1.785 million from reserves to support the delivery of their plans in the current financial year:

- £0.300 million to replace the Wide Area Network.
- £0.839 million from the Speed Awareness Workshop reserve which partners have agreed to cap at £0.920 million. Half of this money is due to be paid to Warwickshire Police.
- £0.341 million to support Public Health spending in 2014/15.
- £0.305 million from the Resources Group Transformation Fund to aid improvements to corporate systems and support.

- 3.2.3. At 1 July 2014 the authority held reserves of £108.540 million. The proposed drawdown of reserves outlined above, combined with the effect of the forecast outturn would increase the level of reserves to £113.459 million. Of this funding about half is held for specific purposes and cannot be used to support the budget more generally. Financially this continues to place us in a strong position as we face the challenge of delivering the 2014-18 Plan.
- 3.2.4. However, as already mentioned above, one emerging area of concern is the level of the DSG reserve for the local authority's spending on DSG funded services. At the end of 2013/14 the reserve had £1.395 million in hand. The net forecast overspend on DSG funded services of £4.487 million is greater than can be accommodated from the reserve. If this is not resolved, making good the overall financial position of centrally managed DSG services will need to form part of members' deliberations on the 2015/16 budget as well as how to resolve the in-year financial position.

### **3.3. Capital Programme**

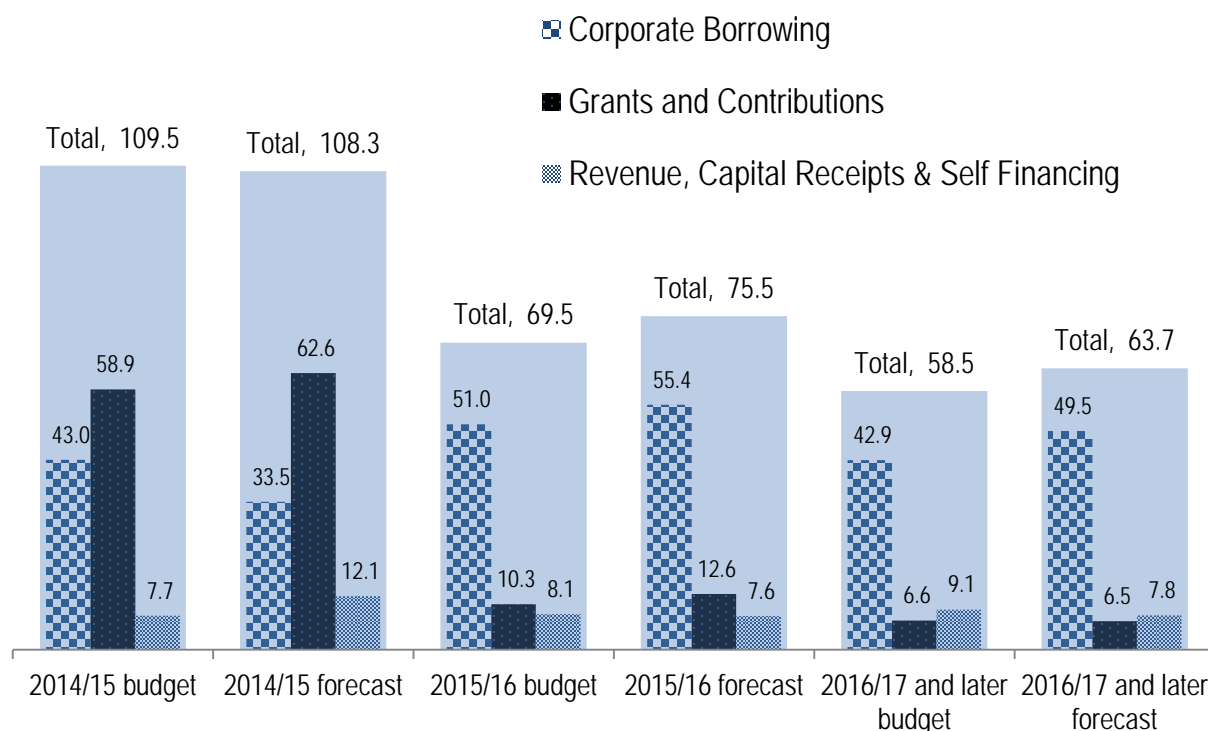
- 3.3.1. The total forecasted level of capital payments is £100.416 million in 2014/15, with a further £113.009 million of payments over the medium term. In addition, the remaining Capital Growth fund allocation is £7.876 million for 2014/15 with a further £26.169 million over the medium term. Of this £34,045 million, £3.202 million was approved at Council on 28<sup>th</sup> October 2014 for allocation to the Bermuda Connectivity Project within Transport and Highways. This allocation will be reflected within the Quarter 3 report.
- 3.3.2. Managers forecasts indicate that £8.782 million of the spend planned for 2014/15 is now expected to slip into future years. This brings the total slippage in the year to date to £9.863 million. But overall the total spend across the programme remains on target.
- 3.3.3. The main reasons for the £8.782 million slippage compared to the approved budget are:
- Fire and Rescue – There has been slippage of £6.407 million from 2014/15 into future years on the Leamington Spa Fire and Rescue Centre project. The options for this project are still being considered and as at Quarter 2 it is considered unlikely that any expenditure will take place in 2014/15.
  - Education and Learning – There has been slippage of £0.430 million from 2014/15 into future years across various school projects. For two basic need projects at Milverton and Welcombe Hills Schools, this has been due to problems meeting the terms of the grant following recent OfSTED reports. For the St Michaels School extension project, Sport England has made an objection to the proposed works resulting in the scheme being delayed until such time as the issue can be resolved.
  - Physical Assets – There has been slippage of £0.259 million from 2014/15 into future years on the Renewable Energy Projects as some schemes originally hoped to commence in 2014/15 will not now progress until 2015/16. There has also been slippage of £0.250 million on the

Tysoe/Hopkins farm project. This is due to a delay in gaining building regulations approval.

- Transport – There has been slippage of £1.343 million from 2014/15 into future years across various transport projects. £0.586 million is due to a delay in the receipt of developer funding. £0.700 million is due to awaiting Member agreement on how to spend the allocation for safer routes to schools. The balance of £0.057 million is made up of minor changes across various schemes.

3.3.4. As well as approving the revised spending in the capital programme, the County Council must also ensure it has sufficient funding available to meet its capital payments in each financial year. The chart below shows how the planned and forecast capital expenditure is to be financed. These figures include the remaining growth fund allocation of £34.045 million before the £3.202 million allocation approved by Council on 28<sup>th</sup> October 2014.

Estimated Financing to 2016/17 & Later Years (£m)



	<b>2014/15 Budget</b>	<b>2014/15 Forecast</b>	<b>2015/16 Budget</b>	<b>2015/16 Forecast</b>	<b>2016/17 and later Budget</b>	<b>2016/17 and later Forecast</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total</b>	<b>109,549</b>	<b>108,292</b>	<b>69,504</b>	<b>75,453</b>	<b>58,496</b>	<b>63,725</b>
Corporate Borrowing	42,980	33,543	51,042	55,363	42,873	49,504
Self Financed Borrowing	1,442	5,210	1,622	2,272	6,068	6,068
Grants and Contributions	58,892	62,629	10,300	12,551	6,555	6,497
Capital Receipts	3,556	3,395	6,144	4,896	3,000	1,656
Revenue Contribution	2,679	3,516	396	371	0	0

- 3.3.5. The overall level of borrowing remains within the envelope approved in February. Although the borrowing figures are above the £20 million limit this is due to slippage on schemes originally approved to take place in earlier years. Therefore there is no impact on the Medium Term Financial Plan.
- 3.3.6. Financial Regulations require Cabinet to approve changes to schemes where the figures have a variance of more than 10% or are greater than £25,000 on any individual scheme. These schemes are included in all tables and figures within this report and are identified in the background documentation, with reasons for the variations provided. All of these changes are fully funded and do not require any additional use of corporate capital resources.

## **4. Background Papers**

- 4.1. The detailed background information supporting this report is available on the Council's website. Hard copies of the information have also been placed in the Group rooms.

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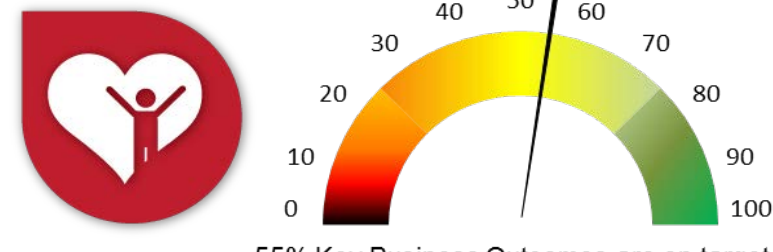
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# One Organisational Plan Quarterly Progress Report: Delivery of One Organisational Plan Outcomes Mid Year April–Sept 2014



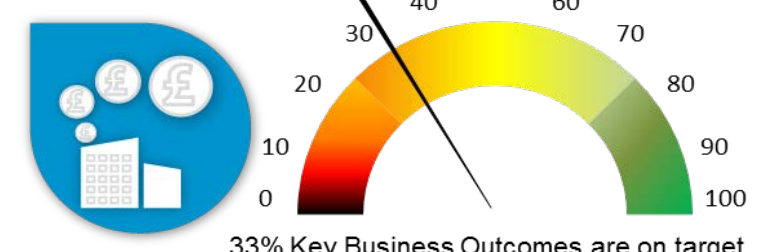
Our communities & individuals are safe from harm & are able to remain independent for longer

- Our vulnerable individuals are safe, protected from harm & independent for longer
- Our children live in safe and supportive families
- Our communities & individuals are encouraged to help themselves & feel safe & secure
- Our voluntary sector provide a strong offer of targeted support
- Our Councillors are strong community leaders (Information not yet available)



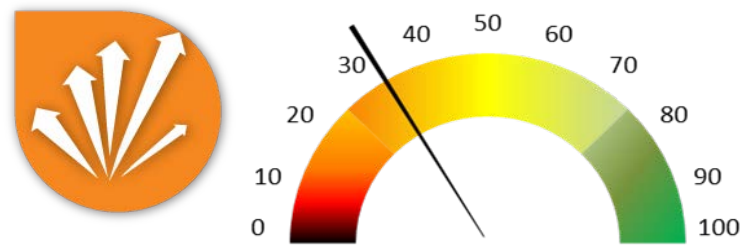
The health & well being of all in Warwickshire is protected

- Improved health & wellbeing for everyone
- Our residents have choice & exercise maximum control over their health & social care regardless of where they live
- Our residents are happy & have good levels of mental & physical health
- Young people understand the choice available to lead healthy lives
- Our residents enjoy an enhanced quality of life



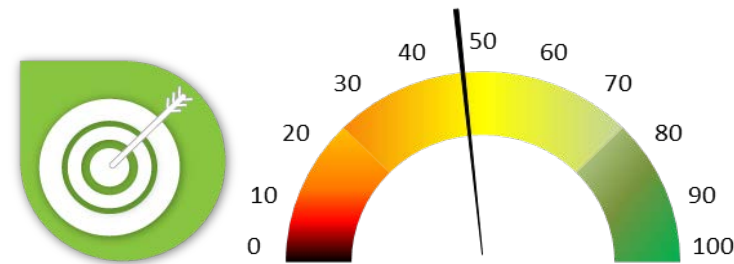
Our Economy is vibrant; residents have access to jobs, training & skills development

- Warwickshire is the business centre of choice for the region
- Our economy provides quality jobs and unlocks entrepreneurship
- Our young people are supported to meet their needs & aspirations
- Our residents learn throughout their lives, are skilled & ready for employment & fulfil their potential



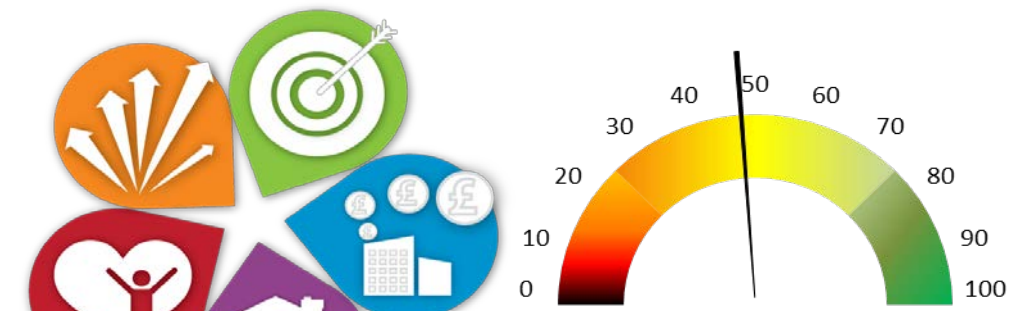
Warwickshire's communities are supported by excellent communications & transport infrastructure

- Our planning infrastructure delivers strategic solutions for partners & ourselves
- Our integrated sustainable transport networks are fit for the future & meet the needs of residents and businesses
- The digital divide in Warwickshire is addressed and opportunities from new technologies are maximised



Resources & services are targeted effectively & efficiently whether delivered by the local authority, commissioned or delivered in partnership

- The council's budget remains balanced & resources are managed effectively
- High quality needs based public services are deployed effectively & efficiently no matter how they are provided
- Customers access information through multiple channels and demand for council services is effectively managed
- Our staff are highly skilled and supported
- Risk & change is managed effectively



Overall, 48% Key Business Outcomes are on target

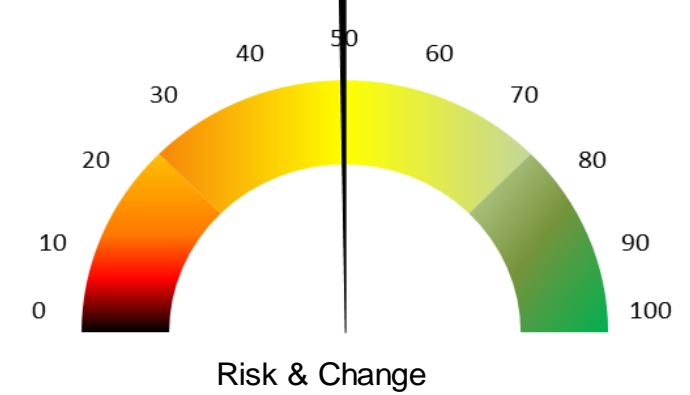
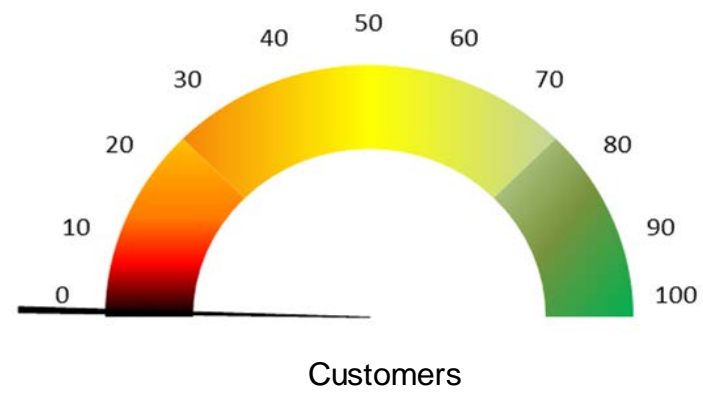
**Delivery of the One Organisational Plan: Forecast at the Mid Year point for 2014/15**

- Key
- Outcomes are not on target and are outside the tolerance set
  - Outcomes whilst not on target are within the agreed tolerance set
  - Outcomes are being achieved
  - Year end forecast information not currently available and will be reported in year

Speedo Charts indicate the overall performance of all the key business outcomes that support the delivery of the OOP Outcomes. The further the dial is in the Green, the more key business outcomes are being delivered

# One Organisational Plan Quarterly Progress Report: Delivery of Organisational Health Outcomes

Mid Year April – Sept 2014



Customers expectations are managed and they are satisfied with the services they receive

Services are delivered within the agreed budgets\* excludes other services

The Council adopts a commissioning approach to service delivery

Decision makers have access to the information they need to make effective decisions

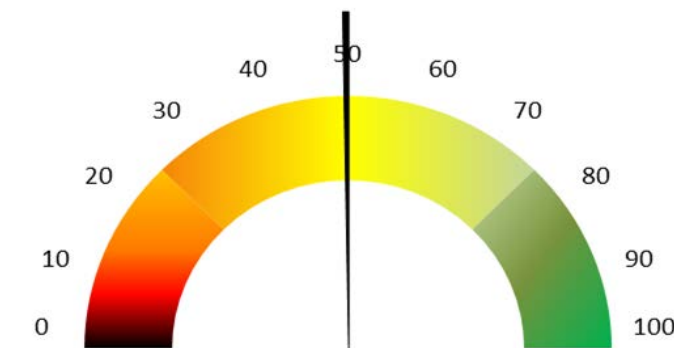
Savings are delivered to plan

The Council operates within the law



Staff are satisfied with the Council as an employer

Staff have access to resources and information which allow them to do their job



Delivery of the One Organisational Health Outcomes: Forecast at the end of Mid Year for 2014/15

- Key**
- Outcomes are not on target and are outside the tolerance set
  - Outcomes are not on target but within the agreed tolerance set
  - Outcomes are being achieved
  - Year end forecast information not currently available and will be reported in year

Speedo Charts indicate the overall performance of all the key business outcomes that support the delivery of the OOP Outcomes. The further the dial is in the Green, the more key business outcomes are being delivered



One Organisational Plan: Use of Financial Resources: Quarter 2 July - September 2014  
Savings Plan Position by Business Unit

Service	2014/15 Target	2014/15 Actual to Date	2014/15 Forecast	Comments	Implementation Status
Early Help & Targeted Support	1,017	422	929	The relatively minor shortfall in the delivery of savings is due to a number of small individual projects not yet commencing. The service has insufficient reserves to offset the shortfall, even on a temporary basis.	Yellow
Safeguarding	896	306	864	There is a shortfall in the level of savings planned from reducing the number of Looked After Children. This is almost fully offset by the restructure of the Leaving Care and Asylum Teams delivering more than planned, leaving a small shortfall.	Yellow
Social Care & Support	8,648	1,564	8,672	A shortfall in the delivery of savings from reablement is being more than offset by increased savings from increasing the range of reasonable cost services, for example, assistive technologies. There are a number of other minor variations which the Business Unit has sufficient reserves to manage.	Red
Strategic Commissioning	1,646	1,068	1,318	The shortfall in reducing the cost of adult transport provision will extend into next year with savings only deliverable over the medium term. The other major shortfall is caused by a double counting identified during implementation. Alternative savings are being developed and the service has sufficient reserves to manage in the short term.	Yellow
<b>Total People Group</b>	<b>12,207</b>	<b>3,360</b>	<b>11,783</b>	The Group shortfall equates to 4% of the expected savings. Across the Group there are sufficient reserves to manage any timing delays but concerns remain where there are shortfalls on projects where targets increase further in 2015/16. These areas will be subject to enhanced scrutiny from Corporate Board as part of the 2015/16 refresh.	Yellow
Economic Growth	725	819	819		Green
Education & Learning	281	1,206	1,281	Early delivery of savings from restructuring will provide some cover for the continued delays in the delivery of the 2011-13 savings in relation to reconfiguring services for vulnerable children (learning difficulties and disabilities).	Yellow
Localities & Communities	240	240	240		Yellow
Public Health	0	0	0		Grey
Transport	1,174	1,074	1,074	Still awaiting information to determine whether plans to reduce the amount paid out in highways claims have been successful. The service has sufficient reserves to cover any shortfall.	Yellow
<b>Total Communities Group</b>	<b>2,420</b>	<b>3,339</b>	<b>3,414</b>		Yellow

Service	2014/15 Target	2014/15 Actual to Date	2014/15 Forecast	Comments	Implementation Status
Customer Service	420	420	420		Green
Finance	251	241	241	Restructuring completed later than planned which will result in a marginal shortfall in 2014/15. This will be covered by underspends elsewhere across the service.	Yellow
Human Resources & Organisational Development	296	152	296		Green
Information Assets	559	559	559		Yellow
Law & Governance	19	9	19		Green
Physical Assets	406	166	406		Green
Service Improvement & Change Management	247	247	247		Green
<b>Total Resources Group</b>	<b>2,198</b>	<b>1,794</b>	<b>2,188</b>		Yellow
Fire & Rescue	505	381	505		Green
Other Services	1,050	1,050	1,050		Grey
<b>Total Whole Authority</b>	<b>18,380</b>	<b>9,924</b>	<b>18,940</b>		Yellow

**Key**  
If a business unit's savings are forecast to be fully delivered in year it is shown as Green.  
If savings are forecast to be less than fully delivered it is shown as Red.

## One Organisational Plan: Use of Financial Resources: Quarter 2 July - September 2014 Revenue Position by Business Unit

Service	2014/15 Budget £'000	2014/15 Forecast £'000	Revenue Variance # £'000	Retained Reserves £'000	Financial Standing £'000
Early Help & Targeted Support	18,717	19,341	624	(305)	319
Safeguarding	39,004	38,987	(17)	0	(17)
Social Care & Support	111,124	108,590	(2,534)	(6,925)	(9,459)
Strategic Commissioning	22,266	19,949	(2,317)	(3,912)	(6,229)
<b>Total People Group</b>	<b>191,111</b>	<b>186,867</b>	<b>(4,244)</b>	<b>(11,142)</b>	<b>(15,386)</b>
Economic Growth	22,764	22,903	139	(4,015)	(3,876)
Education & Learning	84,155	87,633	3,478	0	3,478
Localities & Communities	8,799	8,232	(567)	(2,332)	(2,899)
Public Health	22,233	21,993	(240)	(1,746)	(1,986)
Transport	28,270	28,492	222	(2,393)	(2,171)
<b>Total Communities Group</b>	<b>166,221</b>	<b>169,253</b>	<b>3,032</b>	<b>(10,486)</b>	<b>(7,454)</b>

Service	2014/15 Budget £'000	2014/15 Forecast £'000	Revenue Variance £'000	Retained Reserves £'000	Financial Standing £'000
Customer Service	8,580	8,494	(86)	(663)	(749)
Finance	4,266	4,118	(148)	0	(148)
Human Resources & Organisational Development	5,290	5,201	(89)	(633)	(722)
Information Assets	10,871	10,517	(354)	(1,253)	(1,607)
Law & Governance	907	782	(125)	0	(125)
Physical Assets	11,527	11,412	(115)	(901)	(1,016)
Service Improvement and Change Management	2,967	3,024	57	0	57
<b>Total Resources Group</b>	<b>44,408</b>	<b>43,548</b>	<b>(860)</b>	<b>(6,119) *</b>	<b>(6,979)</b>
Fire & Rescue	21,158	19,794	(1,364)	(966)	(2,330)
Other Services	(194,911)	(198,179)	(3,268)	(3,361)	(6,629)
<b>Total Whole Authority</b>	<b>227,987</b>	<b>221,283</b>	<b>(6,704)</b>	<b>(32,074)</b>	<b>(38,778)</b>

### Notes

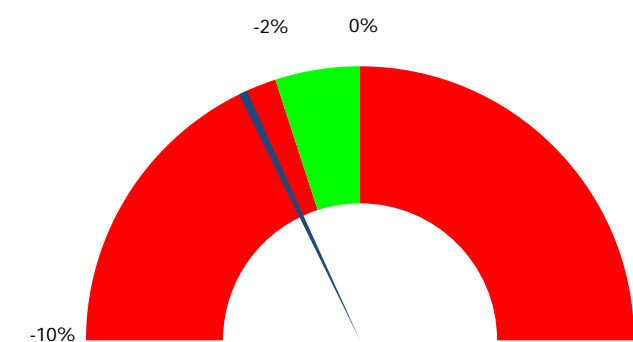
All positive revenue variances (i.e. overspends) are shown as Red. Also if a negative revenue variance represents an underspending of more than 2%, which is outside of the corporate tolerance, then it is also shown as Red. All other underspends are shown as Green.

Financial Standing is the level of reserves a business unit is forecast to have at the end of the financial year. Any overdrawn position is shown as Red.

\* Resources Group has retained reserves which are held at the Group level and are drawn down by services periodically to fund new initiatives and invest to save schemes. This is why the total is different to the sum of the individual business unit positions.

# If an element of a business units variance relates to DSG funded services this is excluded from the calculation of financial standing. This affects Strategic Commissioning (£27,000 of their underspend), and Education & Learning (£4,514,000 overspend, with a £1,036,000 underspend on core funded services).

Revenue Variance for the Whole Authority





One Organisational Plan: Use of Financial Resources: Quarter 2 July - September 2014  
Capital Position by Business Unit

Service	All Current and Future Years Approved Budget £'000	New Approved Funding / Schemes £'000	All Current and Future Years Forecast £'000	Slippage from 2014/15 into Future Years	Comments
Customer Service	3,785	0	3,785	0	
Early Help & Targeted Support	1,176	0	1,176	0	
Economic Growth	1,818	(388)	1,436	(50)	The split between capital and revenue and the timing of the spending has changed since the original application for Rural Growth Network funding was made.
Finance	0	200	200	0	New Scheme for the procurement of a share in a local finance company
Fire & Rescue	14,218	(199)	14,019	(6,407)	Slippage relates to the new fire headquarters project. The project continues to progress in line with the development and release of Fire & Rescues 'Shaping the Future' proposals. With the agreement for years 1 and 2 the Service is now turning its attention to years 3 and 4. Officers are now considering the wider impacts on property in the fire estate and will develop plans to meet the requirement of the response model.
Information Assets	16,847	114	16,961	0	

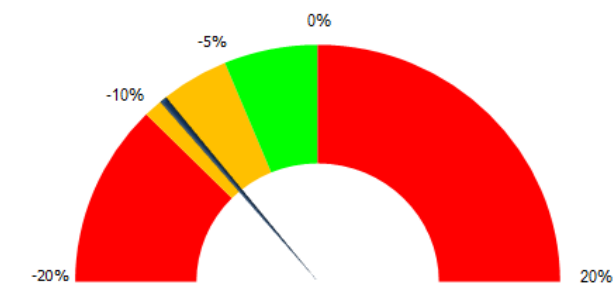
Service	All Current and Future Years Approved Budget £'000	New Approved Funding / Schemes £'000	All Current and Future Years Forecast £'000	Slippage from 2014/15 into Future Years	Comments
Education & Learning	42,443	71	42,515	(430)	
Localities & Communities	689	100	789	0	
Physical Assets	45,878	4,575	50,453	(509)	
Safeguarding	253	0	253	(19)	A £10k repayment of grant from a foster carer was made because grant conditions had not been met. Fewer requests for adaptations to foster carer properties were received than expected.
Social Care & Support	72	(1)	71	(1)	
Strategic Commissioning	2,749	0	2,749	(24)	
Transport	71,624	7,391	79,015	(1,343)	

Key

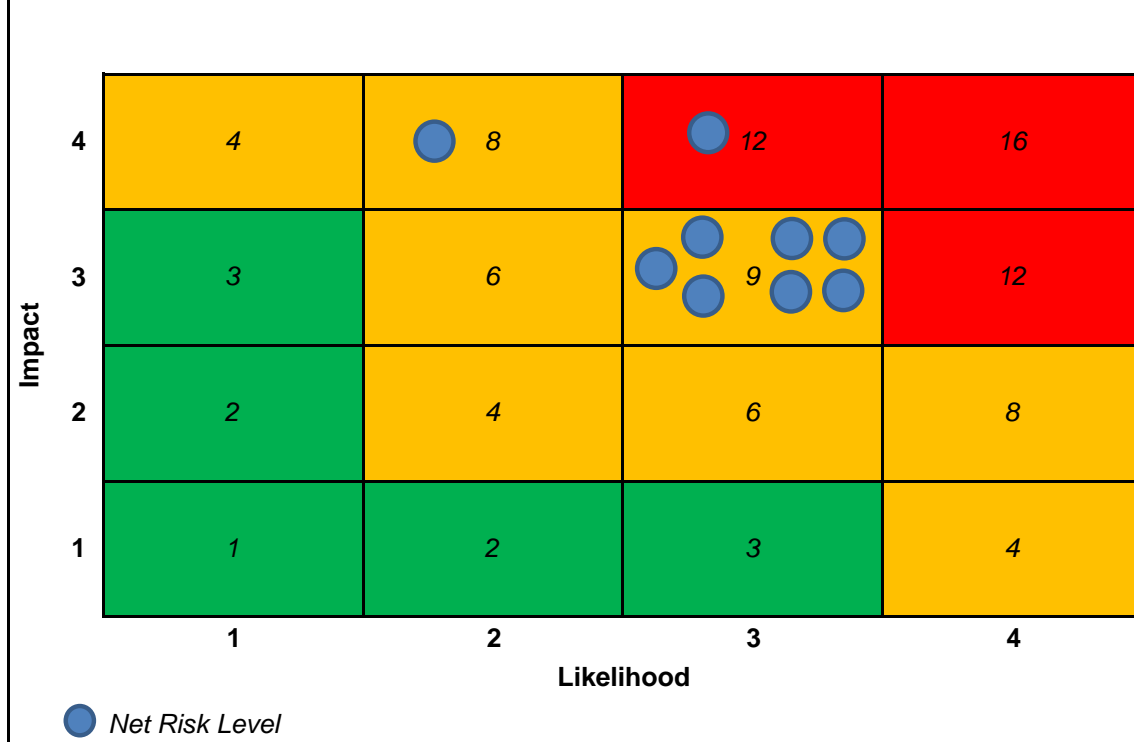
For all current and future years forecast are slippage from 2014/15 into future years the following tolerances have been used:

- 0% to 5% underspend/slippage is shown as Green
- 5% to 10% underspend/slippage is shown as Amber
- over 10% underspend/slippage is shown as Red
- any overspend is shown as Red

Slippage from 2014/15 into Future Years - Total



WCC Strategic Risks - Mid Year Performance Update 2014 - 15



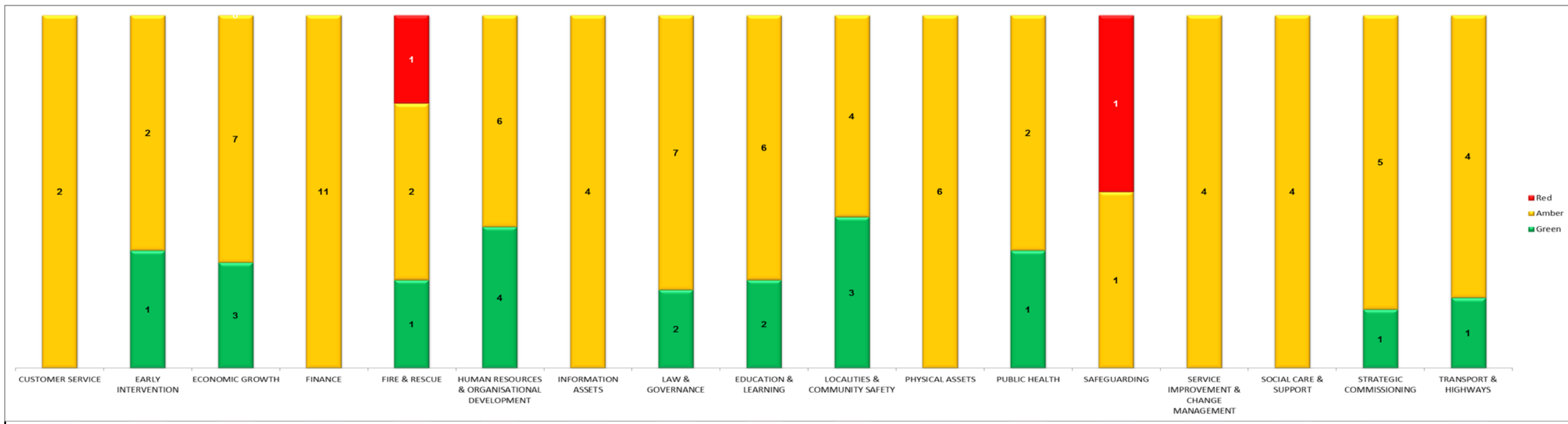
**Net Amber Risks**

- R001** Government policies, new legislation and sustained austerity measures present immediate challenges and further significant imposed savings over the medium term
- R002** Continuing pressure on Adult Social Services Resources
- R004** Loss or corruption of personal or protected data held by the Council
- R005** C&W LEP & City Deal arrangements fail to achieve optimum funding levels and economic benefits
- R006** Future delivery of Warwickshire Fire & Rescue Service
- R007** Development of Business Continuity Plans and procedures
- R008** Inability to meet statutory requirements to drive improvement across all schools in the County
- R009** Inability to manage or influence the impact of HS2 on Warwickshire

Gross Risk	Net Risk Level
16 (R)	8 (A)
16 (R)	9 (A)
12 (R)	9 (A)
12 (R)	9 (A)
12 (R)	9 (A)
12 (R)	9 (A)
9 (A)	9 (A)
16 (R)	9 (A)
16 (R)	12 (R)

**Net Red Risk**

- R003** Safeguarding Children & Vulnerable Adults in our community - inability to take action to avoid abuse, injury or death



**Commentary - Action to reduce the likelihood and Impact of Net Red Risks:**

**Safeguarding Children & Vulnerable Adults in our community - inability to take action to avoid abuse, injury or death. Risk Owner: Sue Ingram (Interim Head of Safeguarding)**

The risk of this type of incident happening will always remain regardless of any controls in place which are under constant review. Continue to implement all recommendations arising from the Serious Case Review. (Escalated to Strategic Risk Register from the Business Unit Risk Register)

**Industrial action by operational firefighters, service control staff or support staff. Risk Owner: Gary Phillips (Deputy Chief Fire Officer)**

The latest strike action is scheduled to begin at 19.00 on Friday 31st October 2014 and end at 18.00 on Tuesday 4th November. This will cause significant problems for the Service before, during and after the 96 hour period. Management and project staff that are currently engaged with the delivery of strategic transformation work have to be redirected into planning for and supporting operational response. Impacts include attendance to life-risk emergencies only and longer response times.

**Definitions taken from WCC Risk Management Strategy:**

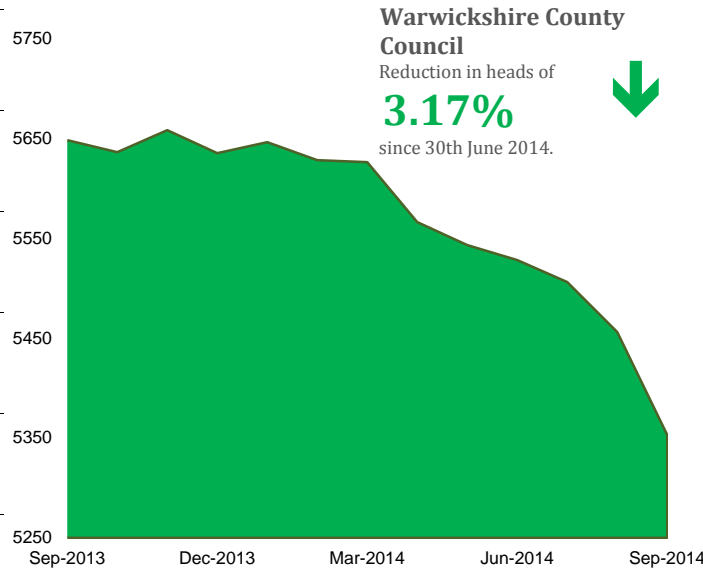
**Gross Risk Level** - Risk level on the basis that there is no action being taken to manage the identified risk and/or any existing actions are not operating effectively. In other words, the worst case scenario if the risk were to occur.

**Net Risk Level** - Risk level taking into consideration the effectiveness of the identified existing actions. In other words, the reality if the risk were to occur in the immediate future.



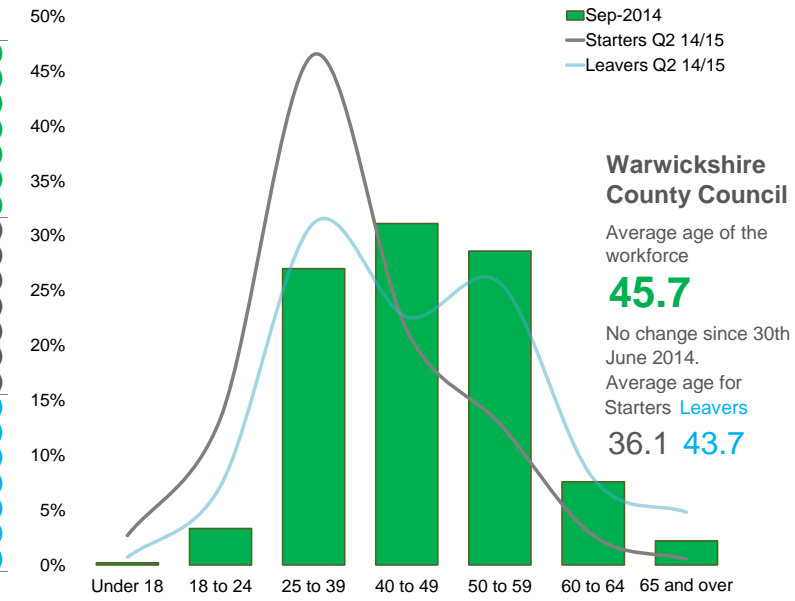
### Number of employees

Date	Heads	Full Time Equivalents	Whole Time Equivalents	Posts
30th September 2013.	5648	4355.1	4286.2	5984
31st December 2013.	5635	4354.7	4286.5	5959
31st March 2014.	5626	4339.0	4269.4	5938
30th June 2014.	5528	4268.1	4199.3	5845
30th September 2014.	5353	4145.0	4077.5	5643



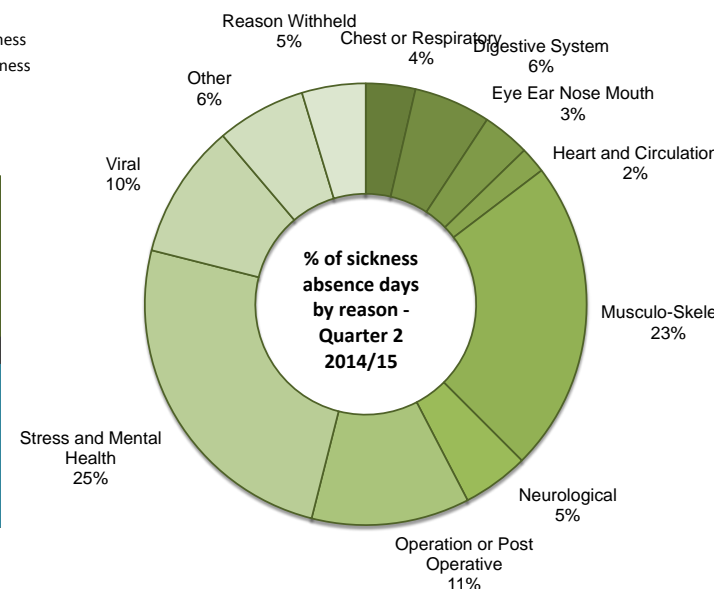
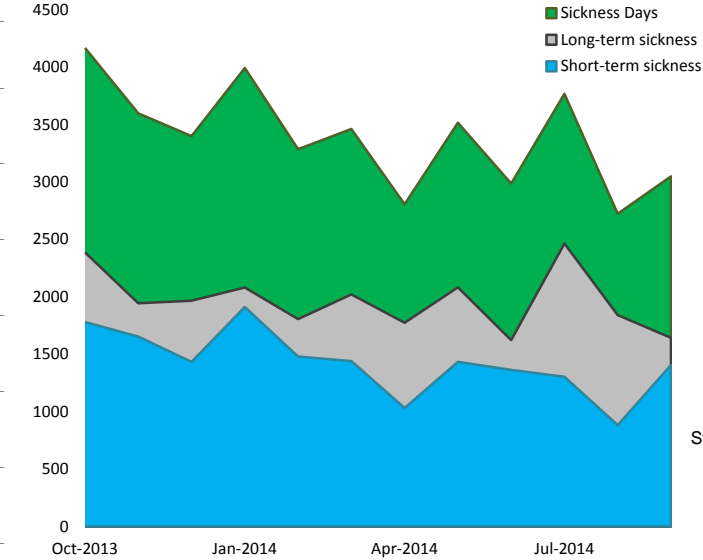
### Age profile (heads)

Age Group	Current profile as at 30th September 2014	Profile of new starters between 1st July 2014 and 31st August 2014	Profile of leavers between 1st July 2014 and 31st August 2014
Under 18	11 (0.2%)	2 (0.7%)	2 (0.7%)
18 to 24	177 (3.3%)	24 (13.4%)	18 (7.2%)
25 to 39	1446 (27.0%)	40 (46.5%)	77 (31.2%)
40 to 49	1666 (31.1%)	13 (21.4%)	54 (22.6%)
50 to 59	1531 (28.6%)	14 (12.8%)	74 (25.7%)
60 to 64	405 (7.6%)	2 (2.7%)	19 (7.9%)
65 and over	117 (2.2%)	1 (0.5%)	13 (4.8%)



### Sickness absence days

Period	Days lost through sickness of which short-term	Days lost through sickness of which long-term	Total
Quarter 2 2013/14	3,698.7 (37.6%)	6,125.3 (62.4%)	9,824.0
Quarter 3 2013/14	4,868.0 (43.6%)	6,297.5 (56.4%)	11,165.5
Quarter 4 2013/14	4,832.3 (45.0%)	5,908.5 (55.0%)	10,740.8
Quarter 1 2014/15	3,829.3 (41.1%)	5,479.3 (58.9%)	9,308.6
Quarter 2 2014/15	3,592.6 (37.7%)	5,948.1 (62.3%)	9,540.7
Rolling 12 months 30th September 2013 to 28th September	17,122.2 (42.0%)	23,633.4 (58.0%)	40,755.6
Financial year to date 28th September 2014	7,421.9 (39.4%)	11,427.4 (60.6%)	18,849.3



### Warwickshire County Council Sickness headline statistics

12 months ending September 2014  
**9.47** days sickness per FTE  
 which equates to **4.18%** of time lost due to sickness

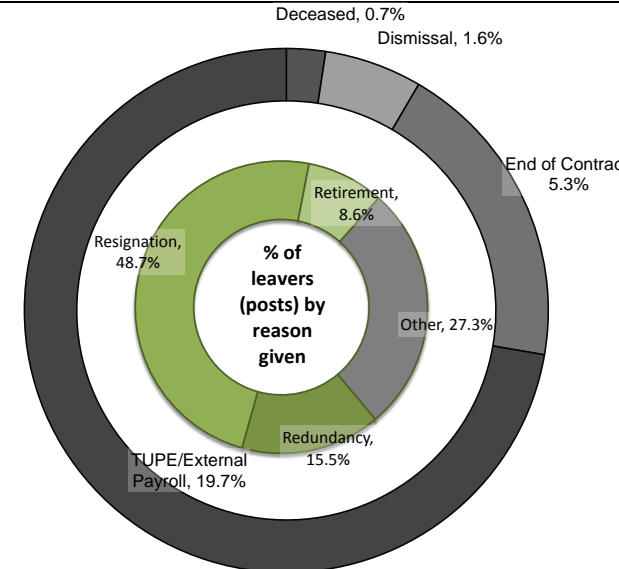
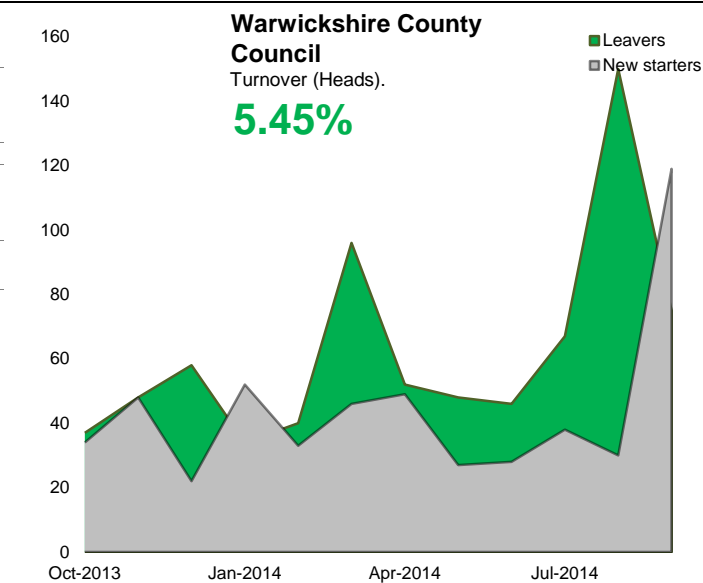
Financial year to date 2014/15  
**4.42**  
**1.95%**

### Top 5 reasons for absence (days lost)

- Stress and Mental Health** 9,941.7 days (24.4%)
- Musculo-Skeletal** 7,399.2 days (18.2%)
- Operation or Post Operative** 4,369.4 days (10.7%)
- Viral** 5,397.3 days (13.2%)
- Other** 2,808.9 days (6.9%)

### Turnover of workforce 1st July 2014 to 30th September 2014.

Category	Heads	Full Time Equivalents	Posts
New Starters	187	107.2	191.0
<b>Leavers (% turnover)</b>	292 (5.5%)	204.2 (4.9%)	304 (5.4%)
By mutual agreement	0 (0.0%)		
Deceased	2 (0.7%)		
Did not start	0 (0.0%)		
Dismissal	5 (1.6%)		
End of Contract	16 (5.3%)		
Not Recorded	0 (0.0%)		
Redundancy	47 (15.5%)		
Resignation	148 (48.7%)		
Retirement	26 (8.6%)		
Sickness	0 (0.0%)		
TUPE/External Payroll	60 (19.7%)		
Unsuccessful probation	0 (0.0%)		



### Comments

**Headcount** continues to decline, Q2 saw a further reduction of 168 posts. Since the beginning of the financial year there has been a reduction of 223 posts which represents 4 % of the workforce.

**Age profile** remains high. Efforts to increase the younger representation continue with the Apprenticeship programme now supporting 41 Apprentices across the County Council.

**Turnover** is steady with the significant majority leaving WCC within 5 years of service. A review of the Exit Interview process has been undertaken and the new process will provide valuable information to better understand our lever profile.

**Absence management** remains a priority. The last financial year saw a reduction in absence of 1.14 days per fte

**Customer Services - Kushal Birla**  
**Strategic Director - David Carter**  
**Portfolio Holder - Councillor Kaur (Customers)**

**2014/15 Revenue Budget**

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Marketing & Communications	391	19	410	376	(34)	Income higher than target
Customer Contact	2,485	60	2,545	2,536	(9)	The Warwickshire Local Welfare Scheme will be underspent by £97k. The Customer Service Centre Supporting People budget will be overspent by £214k
Customer Relations	220	0	220	227	7	
Face to Face (including Libraries and Registration Service)	4,083	0	4,083	4,059	(24)	This relates to extra income generated by the Registration Service
Other Customer Services	867	0	867	425	(442)	This underspend is supporting significant projects including the Digital by Default, Adult Social Care and Customer Relationship Management System integration projects. This includes funding the overspend in relation to CSC Supporting People Service.
Business Development	627	(60)	567	890	323	The overspend is in relation to development projects which are being funded by the Other Customer Service budget, see above.
Traded Services - Educational	0	0	0	1	1	
Traded Services - Non Educational	(112)	0	(112)	(20)	92	Under achievement of income target in Print Services. The Service is reviewing its service offer and looking at alternative sources of income.
<b>Net Service Spending</b>	<b>8,561</b>	<b>19</b>	<b>8,580</b>	<b>8,494</b>	<b>(86)</b>	

**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Savings	0		(11)	(11)		
Warwickshire Local Welfare Scheme	663		97	760	95	Any underspend relating on the Warwickshire Local Welfare Scheme is moved to reserves, in order to continue to support the most vulnerable people in our communities.
<b>Total</b>	<b>663</b>	<b>0</b>	<b>86</b>	<b>749</b>	<b>95</b>	

## 2013/14 to 2014/15 Savings Plan (Savings that slipped into 2014/15)

Reference	Savings Proposal Title	2013/14		2014/15			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
	Savings delivered in 2011/12 and 2012/13	824	788	824	788	788	
CW-CL-01 and 12	Customer Relations	50	50	50	50	50	
CW-CC-02	Library Services reconfiguration	471	471	621	621	621	
CW-CC-03	Integrated Model for Communications	93	129	93	129	129	
	<b>Total</b>	<b>1,438</b>	<b>1,438</b>	<b>1,588</b>	<b>1,588</b>	<b>1,588</b>	
	<b>Target</b>		<b>1,438</b>		<b>1,588</b>	<b>1,588</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>		<b>0</b>	<b>0</b>	

## 2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/CS-A	Reduction in the budget for the Local Welfare Scheme	150	150	150	150	150	150	
OOP/CS-B	Applying additional income targets to the Registration Service.	150	150	150	205	150	205	
OOP/CS-C	Reduction in the Customer Service Improvement & Development programme.	40	40	40	80	40	80	
OOP/CS-D	Reduction in the Customer Services Projects.	70	70	70	120	70	120	
OOP/CS-E	Stop the Going the Extra Mile (GEM) Programme (Staff Recognition Scheme)	10	10	10	10	10	10	
OOP-CS-F	Redesigning the Customer Relations Service which may include a reduction in staffing numbers				25		25	
OOP-CS-G	Exploring the potential for income generation through a more targeted communications approach and also include a reduction in staffing				60		60	
	<b>Total</b>	<b>420</b>	<b>420</b>	<b>420</b>	<b>650</b>	<b>420</b>	<b>650</b>	
	<b>Target</b>		<b>420</b>	<b>420</b>		<b>650</b>	<b>650</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>	<b>0</b>		<b>230</b>	<b>0</b>	

## 2014/15 to 2017/18 Capital Programme

Agresso Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
10155000	Improve Customer Experience in Council Buildings and DDA Works 2009/10	48	150	303	0	501	48	150	303	0	501	0	0	
10624000	Libraries Radio Frequency Identification	894	(7)	0	0	887	894	(7)	0	0	887	0	0	
10631000	Library Modernisation Linked To Best Value	331	14	0	0	345	331	0	0	0	331	(14)	(14)	
10645000	One-Stop Shops Expansion Programme 2009/10	0	180	90	0	270	0	180	90	0	270	0	0	
11040000	Improving the Customer Experience/One Front Door Improvements	41	250	600	2,105	2,996	41	250	600	2,105	2,996	0	0	
11293000	Community Information Hubs	0	100	0	0	100	0	100	0	0	100	0	0	
11332000	Purchase of new transit van reg no. YR14 ZSN	0	0	0	0	0	0	14	0	0	14	14	14	Purchase of new transit Van for library service as approved in Quarter 1.
		<b>1,314</b>	<b>687</b>	<b>993</b>	<b>2,105</b>	<b>5,099</b>	<b>1,314</b>	<b>687</b>	<b>993</b>	<b>2,105</b>	<b>5,099</b>	<b>0</b>	<b>0</b>	

## Q2 Performance Information: July to September 2014

Indicator	Aim	Cumulative Quarterly Total Q2 30/9/2014	Year End Forecast	Target 2014/15	R-A-G Alert - YE Forecast against target	Progress to date	Reparative Actions
Delivery of agreed financial savings as outlined in the One Organisation Plan within the timelines indicated (OOP).	High	on target	on target	Achieved			
Digital by default programme is delivered on time and to budget by December 2015	Plan	on target	on target	Achieved			
Sustaining Customer Service Excellence Standard	Plan	on target	on target	Retained			
Number of adult services complaints responded to within the agreed timeframe	High	20%	not on target	80%		A report on timescale compliance issues was presented to Corporate Overview and Scrutiny Committee 4/9/14. The proposed action plan to address concerns is now in place. Action is underway to establish if there is a better way to get quick responses from external providers, as a major element of the complaints traffic relates to these cases, and the delays relate to getting timely information from the providers.	Action plan is in place to address issues
Number of children's services complaints responded to within the agreed timeframe	High	13%	not on target	60%		A report on timescale compliance issues was presented to Corporate Overview and Scrutiny Committee 4/9/14. The proposed action plan to address concerns is now in place. The first element of this has been a thorough purge of all cases showing as open and active on the records which were very old, to determine whether they were still "live" or could be closed. This result reflects a concerted purge in September, which resulted in many older cases being closed.	Action plan in place to address issues
Number of general complaints responded to within the agreed timeframe	High	tbc		80%		Data has been received by all areas except Learning and Achievement so an accurate report is not possible. It has therefore been assumed that this will still be performing at 'red' level.	Action plan is in place to reduce issues



**Finance - John Betts**  
**Strategic Director - David Carter**  
**Portfolio Holders - Councillor Cockburn ( Deputy Leader and Finance)**

**2014/15 Revenue Budget**

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Head of Service	223		223	236	13	
Corporate Finance and Advice	665		665	621	(44)	The main reason for underspends remains the delay in recruiting to posts (a Chief Accountant post in Corporate Finance and vacancies in the People Group finance team). Some of this is being covered by temporary staff so that service standards can be maintained. Posts in Procurement are being held pending OOP savings to be delivered in 2016/17, but we plan to use some of this for one-off activity to improve procurement throughout the organisation (e.g. in undertaking additional analysis of spend). Additional income is being generated to meet investment targets in Treasury Management, but a lower than anticipated overhead charge means we may recover less from the Pension Fund, creating a real spending pressure for future years that will need to be absorbed by the Business Unit. There has been a minor reduction in schools income from subscriptions to Schools Finance, but increased income from non-schools customers in Payroll. The resources we are currently holding for improved training - both to create a qualified Finance workforce fit for the future and to deliver appropriate training for non-finance managers to create a financially literate organisation, will not all be spent this year and is the subject of a request to transfer to reserves (see below).
Treasury, Exchequer, Finance Systems, Pensions	409		409	518	109	
Communities Group and Fire & Rescue Local Finance, Procurement	873		873	702	(171)	
People Group Local Finance, Financial Benefits & Advice	1,854		1,854	1,790	(64)	
Resources Local Finance, Schools Strategy & Support, Payroll	641	25	666	689	23	
Traded Services - Education	(118)		(118)	(229)	(111)	
Traded Services - Non Education	(306)		(306)	(209)	97	
<b>Net Service Spending</b>	<b>4,241</b>	<b>25</b>	<b>4,266</b>	<b>4,118</b>	<b>(148)</b>	

**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of/ Transfer to Reserves £'000	Reason for Request
Savings	0	0	53	53	0	
Finance Training Reserve	0		95	95	95	The plan to train more finance staff for formal qualifications (to provide value added support to the organisation) takes more than one year - typically qualifications may take 3+ years of studying. So, it makes sense to create a reserve to cover spend that will be spread over more than one year. In addition, it is planned that a training offer of finance for non-finance managers to address the challenges of implementing the OOP should also occur over the next couple of years. There is no ongoing budget provision for this, but a time limited reserve would cover the costs.
<b>Total</b>	<b>0</b>	<b>0</b>	<b>148</b>	<b>148</b>	<b>95</b>	

## 2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/FIN-A	The reduction of financial advice and support to Managers and Members	211	201	201	211	201	221	Redundancy made later than planned, so will not be a full year effect in 2014/15 (but will be thereafter). One-off shortfall to be met from underspend elsewhere in the Business Unit.
OOP/FIN-B	Charge district councils for payroll services previously delivered free	40	40	40	40	40	30	This is not an issue for 2014/15, but Nuneaton & Bedworth have since transferred their payroll requirements to Coventry without giving the Service the opportunity to bid for this work, so this will impact on 2015/16, where compensating savings will need to be found and we will continue to try to expand the service to generate further income.
OOP/FIN-C	Better use of financial systems to generate efficiencies, maximise income and minimise transaction costs	0	0	0	250	0	0	Propose putting the original savings proposal back from 2015/16 to 2016/17, to better respond to the Care Act implementation (where there is considerable uncertainty regarding additional transactional activity) and to maximise efficiencies from Agresso (where we are still generating efficiencies, but need additional time to reconfigure processes)
OOP/FIN-D	Improvements in procurement, treasury management, debt management and redemption and cash flow / reserves to reduce cost	0	0	0	0	0	250	Proposal is to bring forward a proportion (£250k) of this savings proposal to offset FIN-C above, by more pro active management of cash with a broader range of institutions, whilst retaining liquidity and being prudent.
<b>Total</b>		<b>251</b>	<b>241</b>	<b>241</b>	<b>501</b>	<b>241</b>	<b>501</b>	
<b>Target</b>			<b>251</b>	<b>251</b>		<b>501</b>	<b>501</b>	
<b>Remaining Shortfall/(Over Achievement)</b>			<b>10</b>	<b>10</b>		<b>260</b>	<b>0</b>	

## 2014/15 to 2017/18 Capital Programme

Agresso Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
11334000	Share purchase in Local Capital Finance Company	0	0	0	0	0	0	200	0	0	200	200	200	Approved at Cabinet 18th September 2014
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>200</b>	<b>200</b>	

## Q2 Key Business Performance Information: July to September 2014

Indicator	Aim	Cumulative Quarterly Total Q2 30/9/2014	Year End Forecast	Target 2014/15	R-A-G Alert - YE Forecast against target	Progress to date	Reparative Actions
Deliver Finance Service within the set budget	Plan	£148k underspend	On target	Within Budget	Green	Forecast remains at an underspend - with key targets still being met.	
Corporate revenue and capital spending plans (including MTFP) are produced and published by due date	Plan	all deadline dates met as at 30th Sept	Achieved	Achieved	Green	2013/14 outturn report and Q1 monitoring report produced on time. This forms part of the Q2 report.	
External audit opinion and final accounts approved by Members by due date	Plan	Was published by due date.	Unqualified opinion	Unqualified Opinion	Green	The audit opinion was delivered by the due date (30 September) and the accounts were approved by Members. However, the accounts will now formally have to remain open until the auditor can take a decision on a request for a Public Interest Report.	
Treasury Management strategy produced that supports the MTFP	Plan	on track	on track	Produced by 31st March	Green	In accordance with the usual timetable, we aim to publish in March 2015	
Number of times financial implications in reports are subsequently formally challenged	Low	0	0	0	Green	No formal challenges received to date - but see note above relating to a possible Public Interest Report.	



**Human Resources and Organisational Development - Sue Evans**  
**Strategic Director - David Carter**  
**Portfolio Holder - Councillor Kaur (Customers)**

**2014/15 Revenue Budget**

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Employee Relationships	1,530	0	1,530	1,434	(96)	Vacancies held for One Organisational Plan savings for years 3-4.
Human Resources Service Centre	1,349	0	1,349	1,227	(122)	Increase in Human Resources Management System support costs and reassignment of costs to traded services. Restructure to deliver One Organisational Plan savings and additional savings to be held for years 3-4 savings. £45k added to cover additional costs of development and business change
Business Partners and Learning & Organisational Development	2,015	0	2,015	1,900	(115)	Early delivery of One Organisational Plan saving (to be held for 15-16).
Human Resources Head of Service	568	0	568	632	64	To cover redundancy costs outside of the One Organisational Plan.
Traded Services - Education	(72)	0	(72)	(12)	60	Correct alignment of manager costs.
Traded Services - Non Education	(100)	0	(100)	20	120	Increased use of Fixed Term Contracts for specific work and true costs now assigned in the right service areas.
<b>Net Service Spending</b>	<b>5,290</b>	<b>0</b>	<b>5,290</b>	<b>5,201</b>	<b>(89)</b>	

**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Savings	0	0	89	89	0	
Growing for Growth Apprenticeship Scheme	633	0	0	633	0	
<b>Total</b>	<b>633</b>	<b>0</b>	<b>89</b>	<b>722</b>	<b>0</b>	

**2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)**

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/HR-A	Review of processes and reduction in the administration of pay and pensions	61	30	61	61	30	61	
OOP/HR-B	Reduce the demand for HR professional support in line with reduction in size of the council and associated staff reductions. Proposed reduction in demand will be delivered through development and implementation of competency framework for managers to manage staff performance more effectively, more use of e-learning and self directed learning.	30	15	30	30	15	30	
OOP/HR-C	Cessation of the staff survey scheme and introduction of alternative means of gathering staff feedback.	12	12	12	12	12	12	
OOP/HR-D	Reduction in the Learning & Development Budget to support the social care and general workforce. Savings to be achieved by increased e-learning, self directed learning, managing demand.	63	40	63	120	40	120	

I Human Resources

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/HR-E	Reduction and changes in provision of HR policies in line with legislative frameworks which support the Council's business objectives and allow managers to manage their staff and risks more effectively with the need for limited HR support.	10	4	10	10	4	10	
OOP/HR-F	Reduction in the provision of advice and support to all managers on the full range of HR policies and there implementation at operational level and associated reduction in posts	40	15	40	40	15	40	
OOP/HR-G	Reduction in administrative support and more effective management of outputs as a result of changes to both the production of written health and safety policies and standards, and advice and guidance documentation to managers and employees to discharge their own moral and statutory health and safety responsibilities.	10	6	10	10	6	10	
OOP/HR-H	Reduction in the provision of face to face HR transactional support and procedural advice to schools and other local authorities through the use of on-line forms and more self service to schools. Alternative models for delivery of the service as well as increasing the traded services offer to schools.	70	30	70	70	30	70	
OOP/HR-I	Scaling back the management of employment records through the introduction of electronic records and manager self service and associated staff reductions	0	0	0	43	0	43	
OOP/HR-J	Scaling back the production of HR data reporting through the use of improved electronic systems including digital by default.	0	0	0	43	0	43	
OOP/HR-K	Manage demand down for the service in line with the staffing reductions across the Council by embedding the processes and systems to manage the pay and allowances framework as well as reducing the demand for support in the operation of the framework and processes.	0	0	0	61	0	61	
OOP/HR-L	Reduction in the provision of frameworks, policies and pay strategies to maintained schools to meet employer responsibilities as the number of maintained schools decline.	0	0	0	61	0	61	
	<b>Total</b>	<b>296</b>	<b>152</b>	<b>296</b>	<b>561</b>	<b>152</b>	<b>561</b>	
	<b>Target</b>		<b>296</b>	<b>296</b>		<b>561</b>	<b>561</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>144</b>	<b>0</b>		<b>409</b>	<b>0</b>	

Q2 Performance information: July to September 2014

	Indicator	Aim	Cumulative Quarterly Total Q2 30/9/2014	Year End Forecast	Target 2014/15	R-A-G Alert - YE Forecast against target	Progress to date	Reparative Actions
	Delivery of agreed financial savings as outlined in the One Organisational Plan (OOP)	Plan	on plan	On Target	Achieved	Green		
	Management Information/ Workforce reports delivered to timetable	High	100%	100%	100% of reports delivered to planned timescales	Green		
	Corporate development menu is published	Plan	Achieved	achieved	Achieved	Green		
	Workforce strategy in place	Plan	on plan	Achieved	Achieved	Green		
	Succession and talent management plans in place	Plan	In progress	In progress + M29a	Achieved	Amber	Talent and Succession Plans competed within Resources, Communities and Fire and Rescue. Further work to be done in People Group.	Working with People Group managers to implement talent and succession plans.
	Number of Notices the council is subject to under H & S or other legislation	Low	0	<2	<2	green		
	The number of reportable H&S incidents is reduced	Low	22	38	<2013/14	green		

**Information Assets - Tonino Ciuffini**  
**Strategic Director - David Carter**  
**Portfolio Holder - Councillor Kaur (Customers)**

**2014/15 Revenue Budget**

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Head of Service	822		822	257	(565)	One off Going for Growth funds now to be transferred into reserves as approved in Cabinet Paper the Going for Growth fund will now be used to cover WCC Project Costs for Phase 2 of the BDUK Project from now until 2017/18
Members Support	34		34	27	(7)	
Strategy and Programme & Innovation	886		886	885	(1)	
Corporate ICT Development	1,465		1,465	1,465	0	
Customer and Supplier Services	2,087		2,087	2,067	(20)	
Production Services	2,675		2,675	2,682	7	
Systems Design & Architecture	1,274	0	1,274	1,416	142	The current overspend is due to planned expenditure for which a request for use of reserves is being considered.
Network Services	1,270		1,270	1,752	482	Overspend is planned and to be covered by draw down from WAN Investment Reserves as originally suggested in the Cabinet Paper on replacement of the WAN. To cover one off installations costs for new lines. Dual line costs during switchover and additional staffing costs
Information Management	310	48	358	357	(1)	
Traded Services - Education	8		8	(383)	(391)	
Traded Services - Non Education	(8)		(8)	(8)	0	
<b>Net Service Spending</b>	<b>10,823</b>	<b>48</b>	<b>10,871</b>	<b>10,517</b>	<b>(354)</b>	

**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Information Assets usage of Schools PFI Project	200	0	0	200		
WAN Investment	625	0	(300)	325	(300)	To be drawn down as originally suggested in the Cabinet Paper on replacement of the WAN. To cover one off installations costs for new lines. Dual line costs during switchover and additional staffing costs
Going for Growth (BDUK)	428	0	565	993	565	Funds to be transferred into reserves as approved in Cabinet Paper the Going for Growth fund will now be used to cover WCC Project Costs for Phase 2 of the BDUK Project from now until 2017/18
Service savings	0	0	89	89		
<b>Total</b>	<b>1,253</b>	<b>0</b>	<b>354</b>	<b>1,607</b>	<b>265</b>	

## 2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/IA-A	Reduction in the expenditure on specification, building or procurement, implementation, support and enhancement of information systems for WCC and partners.	100	100	100	217	100	217	
OOP/IA-B	A reduction in the costs associated with the maintenance of the availability of the core ICT infrastructure equipment and services that deliver our ICT systems and access to systems, including some 24x7 availability, when required by services.	300	300	300	379	300	379	
OOP/IA-C	Reduction in the scale and approach of the service that provides a single point of contact for IT support queries to assist staff and Elected Members with ICT problems	35	35	35	105	35	105	
OOP/IA-D	Reduction in the expenditure on designing, managing and implementing ICT programmes and projects that improve service delivery through the effective use of ICT and process redesign	108	108	108	215	108	215	
OOP/IA-E	Reducing the cost of developing, maintaining, and quality assuring the implementation of the ICT Strategy to ensure WCC gets maximum benefit from new ICT opportunities.	16	16	16	16	16	16	
OOP/IA-F	A reduction in the costs associated with the provision, support, maintenance and management of ICT communications links in the form of both Local Area Network (LAN) internal connections, Wide Area Network (WAN) and telephony for WCC between our buildings, and other organisations, including wider Internet access	0	0	0	100	0	100	
OOP/IA-G	Reducing the cost of the management, the technical development/build and deployment of personal computing devices that staff use	0	0	0	35	0	35	
<b>Total</b>		<b>559</b>	<b>559</b>	<b>559</b>	<b>1,067</b>	<b>559</b>	<b>1,067</b>	
<b>Target</b>			<b>559</b>	<b>559</b>		<b>1,067</b>	<b>1,067</b>	
<b>Remaining Shortfall/(Over Achievement)</b>			<b>0</b>	<b>0</b>		<b>508</b>	<b>0</b>	

## 2014/15 to 2017/18 Capital Programme

Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
10363000	Property Systems Development	157	43	0	0	200	157	43	16	0	216	0	16	
11121000	Development of Rural Broadband	335	4,301	7,663	4,840	17,140	335	4,399	7,663	4,840	17,238	98	98	Revenue contribution to more accurately reflect management costs of the scheme.
11238000	Infrastructure e - government	223	0	0	0	223	223	0	0	0	223	0	0	
		<b>716</b>	<b>4,344</b>	<b>7,663</b>	<b>4,840</b>	<b>17,563</b>	<b>716</b>	<b>4,442</b>	<b>7,679</b>	<b>4,840</b>	<b>17,677</b>	<b>98</b>	<b>114</b>	

Q2 Performance Information: July to September 2014

	Indicator	Aim	Cumulative Quarterly Total Q2 30/9/2014	Year End Forecast	Target	R-A-G Alert - YE Forecast against target	Progress to date	Reparative Actions
					2014/15			
	Overall Unavailability of ICT (i.e. whole network, SOCITM Level 1 KPI 15)	Low	0	<7	<14	Green	No major incidents in first 6 months. Within Target	
	Delivery of agreed financial savings in OOP	Plan	100%	100%	Achieved	Green	All savings achieved for start of 2014/15 budgets	
	Digital by default programme is delivered on time and to budget by December 2015	Plan	Achieved	Achieved	Achieved	Green		
	The BDUK project is delivered on time and to budget	Plan	Achieved	Achieved	Achieved	Green		
	Major IT development programmes are developed/implemented on time and to budget	Plan	Achieved	Achieved	Achieved	Green		

**Law and Governance - Sarah Duxbury**  
**Strategic Director - David Carter**  
**Portfolio Holder - Councillor Kaur (Customers)**

## 2014/15 Revenue Budget

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Democratic Services	485		485	449	(36)	Reduced salary costs (one post part year recruitment and trainee post not recruited to) and reduced take up of member development courses to date.
School Governor Services	82		82	82	0	
Insurance, Internal Audit and Risk Management	500		500	500	0	
Legal Core	424		424	403	(21)	Many of the One Organisational Plan savings proposals are in design or consultation phase. If legal input is required or there is a legal challenge, this would reduce the underspend.
Traded Services - Educational	(62)		(62)	(86)	(24)	Increase in 'buy as you go' purchase of legal services from schools.
Traded Services - Non Educational	(522)		(522)	(566)	(44)	One Organisational Plan saving target to reduce People Group legal spend on children's safeguarding on stream earlier than predicted.
<b>Net Service Spending</b>	<b>907</b>	<b>0</b>	<b>907</b>	<b>782</b>	<b>(125)</b>	

## 2014/15 Reserves Position

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Savings	0		125	125		
<b>Total</b>	<b>0</b>	<b>0</b>	<b>125</b>	<b>125</b>	<b>0</b>	

## 2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/LG-A	Reduce level of Internal Audit and Assurance Support	19	9	19	19	9	19	
OOP/LG-B	Reduce cost of the Civic Office (Chair of the Council)	0	0	0	35	0	35	
OOP/LG-C	Scale back the level of Corporate Risk Management support to the Council.	0	0	0	12	0	12	
OOP/LG-D	Increase External Income Potential through Legal Services	0	0	0	6	0	6	
	<b>Total</b>	<b>19</b>	<b>9</b>	<b>19</b>	<b>72</b>	<b>9</b>	<b>72</b>	
	<b>Target</b>		<b>19</b>	<b>19</b>		<b>72</b>	<b>72</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>10</b>	<b>0</b>		<b>63</b>	<b>0</b>	

## Q2 Performance Information: July to September 2014

Indicator	Aim	Cumulative Quarterly Total Q2 30/9/2014	Year End Forecast	Target	R-A-G Alert - YE Forecast against target	Progress to date	Reparative Actions
				2014/15			
Electoral Boundary Review statutory deadlines met	High	100%	100%	100%	Green	First stage complete. Report to members planned for 28th October	First stage complete. Next stage will be Sept-November
AGS accepted by Auditors without qualification	Plan	Achieved	Achieved	Achieved	Green	AGS approved and signed by deadline	
No adverse decisions arising from legal challenges	Low	8	0	0	Red	All are LGO challenges (5 of which are blue badge applications). LGO has changed reporting categories which has an impact	Head pf Customer Service reviewing approach on blue badge applications. Performance on challenges now being reported to Corporate Board.
Constitution reviewed and published	Plan	N/A	Achieved	Achieved	Green		
Within the overall service budget all key targets in coop are met	High	On target	100%	100%	Green	All L&G OOP targets are on track	



**Physical Assets - Steve Smith**  
**Strategic Director - David Carter**  
**Portfolio Holders - Councillor Cockburn ( Deputy Leader and Property)**

**2014/15 Revenue Budget**

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Physical Assets General	893	(48)	845	845	0	
Construction Services	2,190	(317)	1,873	1,843	(30)	Small extra fee income derived from the landlord's maintenance programme.
Facilities Management	9,775	13	9,788	9,688	(100)	Underspend accrued from a combination of efficiencies in the Corporate Cleaning service, in County Buildings running costs, and due to staff turnover in the Property Risk team.
Estates & Smallholdings	(150)	0	(150)	(206)	(56)	Underspend on the Surplus Property Budget, which is a result of increased property disposals that reduce the amount of vacant property.
Asset Strategy	270	0	270	250	(20)	Underspend due to staff turnover.
Programme Management & Special Projects	(684)	713	29	130	101	Programme slippage in property rationalisation projects.
Traded Services - Education	(945)	0	(945)	(940)	5	Catering is now delivering the Universal Infant Free School Meals initiative which began in September. The take-up of free school meals is gradual and accounts for a small shortfall in income compared to forecasts made at the start of the financial year. Any shortfall forecasted at quarter 3 can be managed through the Catering Equalisation Account reserve.
Traded Services - Non Education	(183)	0	(183)	(197)	(14)	Net trading surplus, primarily due to increased fee income earned by Construction Services on various work programmes.
<b>Net Service Spending</b>	<b>11,166</b>	<b>361</b>	<b>11,527</b>	<b>11,412</b>	<b>(115)</b>	

**2014/15 Reserves Position**

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Planning Reserve	500	0	0	500	0	
Catering Equalisation Account	401	0	0	401	0	
Savings	0	0	115	115	0	
<b>Total</b>	<b>901</b>	<b>0</b>	<b>115</b>	<b>1,016</b>	<b>0</b>	

**2013/14 to 2014/15 Savings Plan (Savings that slipped into 2014/15)**

Reference	Savings Proposal Title	2013/14		2014/15			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
	Savings delivered in 2011/12 and 2012/13	2,030	2,030	2,030	2,030	2,030	
EE-ER-03 and 04	Rural Services : Review of rents and income generation	5	5	5	5	5	
RE-PR-02 and 03	Rationalise existing accommodation - There are three aspects to this work - release, disposal and better utilisation - as well as the rationalisation of professional support	1,602	1,602	2,386	1,602	2,286	Shortfall due to slippage in property rationalisation projects, though the team are progressing action to bring the projects back on track. The service is also exploring if additional projects can be identified in year to meet this shortfall. In addition to that, action will be taken to meet the shortfall from savings elsewhere in Physical Assets
	<b>Total</b>	<b>3,637</b>	<b>3,637</b>	<b>4,421</b>	<b>3,637</b>	<b>4,321</b>	
	<b>Target</b>		<b>3,637</b>		<b>4,421</b>	<b>4,421</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>		<b>784</b>	<b>100</b>	

## 2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/PA-A	Reduce feasibility budgets	68	68	68	68	68	68	
OOP/PA-B	Disposal of surplus properties (both urban sites and smallholdings)	210	0	210	250	0	250	
OOP/PA-C	Introduce a charge to staff for the use of WCC owned car parking facilities in the central Warwick area covering Barrack Street Car park, Cape Road Car Park and Saltisford Car Park.	10	0	10	50	0	50	
OOP/PA-D	Reduce the cost of Corporate Contracts and Specifications for Cleaning Contracts	8	8	8	14	8	14	
OOP/PA-E	Develop a new 'Catering Traded Service to Schools' offer potentially combining services with Solihull and Coventry to reduce management overheads within the service.	15	0	15	47	0	47	
OOP/PA-F	Develop an increased take up of school meals within existing and new customer base, targeting increasing turnover in already established schools.	5	0	5	11	0	11	
OOP/PA-G	Redesigning of the planning function to ensure service efficiencies including the reduction of posts	60	60	60	60	60	60	
OOP/PA-H	Reduce the level of administrative support necessary to support construction and maintenance services with a view to reducing posts	15	15	15	35	15	35	
OOP/PA-I	Return responsibility for cleaning contracts back to schools and design services to help them manage their arrangements	15	15	15	45	15	45	
OOP/PA-K	Reduce staff numbers in the Estates and Smallholdings team commensurate with a reduction in the portfolio.	0	0	0	75	0	75	
OOP/PA-L	Deliver a 2 <sup>nd</sup> phase of Property Rationalisation known as PRP2 which will see a reduction in the number of Council buildings and their associated running costs	0	0	0	350	0	350	
OOP/PA-J	Reduce staff numbers in the Asset Strategy team commensurate with the reduction in the portfolio.	0	0	0	37	0	37	
	<b>Total</b>	<b>406</b>	<b>166</b>	<b>406</b>	<b>1,042</b>	<b>166</b>	<b>1,042</b>	
	<b>Target</b>		<b>406</b>	<b>406</b>		<b>1,042</b>	<b>1,042</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>240</b>	<b>0</b>		<b>876</b>	<b>0</b>	

## 2014/15 to 2017/18 Capital Programme

Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
<b>Building &amp; Construction</b>														
10971000	Aylesford Flood Alleviation Scheme Contribution	714	211	0	0	925	714	211	0	0	925	0	0	
10972000	Planning Consent For Europa Way	331	94	0	0	425	331	94	0	0	425	0	0	
11053000	Demolition Works - Sparrowdale Special School	209	0	0	0	209	209	0	0	0	209	0	0	
11122000	Nuneaton Academy (Alderman Smith) -Redevelopment	9,866	13	0	0	9,879	9,866	13	0	0	9,879	0	0	
11131000	Wark St Johns House Museum - Repl Activity Space Bldg	60	1	0	0	61	60	1	0	0	61	0	0	
11134000	Wark Shire Hall - Refurb Of Old Shire Hall	0	150	600	0	750	0	150	600	0	750	0	0	
11157000	Nton Higham Lane Sch - Repl Modular Classrms (Fire Damage)	0	0	0	0	0	0	0	0	0	0	0	0	
11318000	Universal Free School Meals Programme	0	1,156	0	0	1,156	0	1,279	0	0	1,279	123	123	WCC is managing works on behalf of voluntary aided schools (VA) - increase relates to the value of this work which will be met by the VA schools
<b>Property Rationalisation Programme</b>														
11041000	Rationalisation Of The Council's Property	442	206	0	0	648	442	206	0	0	648	0	0	
11041003	Nuneaton Library	53	0	0	0	53	53	0	0	0	53	0	0	
11041004	Warwick- Premises at Montague Road -relocation of County Museum Store	432	50	0	0	481	432	50	0	0	481	0	0	
11059000	Warwick Shire Hall - Relocation Of Warwick Library	1,732	0	0	0	1,732	1,732	0	0	0	1,732	0	0	
11078000	Warwick Saltisford Office Park - Alterations to Increase Capacity	556	0	0	0	556	556	0	0	0	556	0	0	
11097000	S/Avon Elizabeth House - Altns Re:Prop Ratlnstn	93	0	0	0	93	93	0	0	0	93	0	0	
11190000	Warwick Shire Hall - refurbishment (Phase 2 onwards)	2,611	889	0	0	3,500	2,611	889	0	0	3,500	0	0	
11230000	Bedworth Kings House - PRP refurbishment for N & B Local Centre	603	43	0	0	647	603	43	0	0	647	0	0	
11231000	Nuneaton-Hilary Road Centre - PRP refurbishment for N & B Local Centre	326	353	0	0	679	326	353	0	0	679	0	0	
11335000	Rationalisation of County Storage	0	0	0	0	0	0	4,000	400	0	4,400	4,000	4,400	Project approved by Council 25th September 2014
<b>Structural Maintenance</b>														
10502000	Fire Precautions - Base Programme 2010/11	37	0	0	0	37	37	0	0	0	37	0	0	
11028000	Non-Schools Capital Asbestos And Safe Water Remedial Works 2011/12	450	0	0	0	450	450	0	0	0	450	0	0	
11029000	Non-Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance	1,985	2	0	0	1,987	1,985	2	0	0	1,987	0	0	
11029005	Warwick Barrack St Block - Ph 2 Cathodic Protection	165	0	0	0	165	165	0	0	0	165	0	0	
11030000	Schools Capital Asbestos And Safe Water Remedial Works 2011/12	1,149	0	0	0	1,149	1,149	0	0	0	1,149	0	0	
11031000	Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2011/12	3,188	0	0	0	3,188	3,188	0	0	0	3,188	(0)	(0)	
11031003	Exhall Ash Green Sch - Boiler Repl	136	0	0	0	136	136	0	0	0	136	0	0	
11031042	Southam College - Window Repl (Block 1)	115	0	0	0	115	115	0	0	0	115	0	0	

L Physical Assets

Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
11032000	Non-Schools Capital Asbestos And Safe Water Remedial Works 2012/13	57	0	0	0	57	57	0	0	0	57	0	0	
11033000	Non-Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2012/13	1,841	1	0	0	1,841	1,841	1	0	0	1,841	0	0	
11034000	Schools Capital Asbestos And Safe Water Remedial Works 2012/13	1,282	0	0	0	1,282	1,282	0	0	0	1,282	0	0	
11035000	Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2012/13	5,835	5	0	0	5,840	5,835	12	0	0	5,848	7	7	Transfer form 11145000.
11036000	Non-Schools Capital Asbestos And Safe Water Remedial Works 2013/14	291	(1)	0	0	289	291	(1)	0	0	289	0	0	
11037000	Non-Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2013/14	2,035	473	0	0	2,508	2,035	499	0	0	2,534	26	26	£25,671 moved from 11144000.
11038000	Schools Capital Asbestos And Safe Water Remedial Works 2013/14	1,237	55	0	0	1,292	1,237	81	0	0	1,318	26	26	£26,223 moved from 11143000
11039000	Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2013/14	5,876	202	0	0	6,078	5,876	164	0	0	6,039	(39)	(39)	Transfer to project 11144000.
11042000	Structural Maintenance 2011/12 - Revenue Funded	233	0	0	0	233	233	0	0	0	233	0	0	
11062000	Warwick Shire Hall - Water Hygiene Impvts(Ph 3)	128	0	0	0	128	128	0	0	0	128	0	0	
11063000	Exhall Cedars Inf Sch - Roof Replacement	139	0	0	0	139	139	0	0	0	139	0	0	
11096000	Wark Barrack St Block - Roof Repl	195	0	0	0	195	195	0	0	0	195	0	0	
11107000	Wark Shire Hall - Asb Rem/Repl(Basemt)	334	0	0	0	334	334	0	0	0	334	0	0	
11142000	Non Schools Asb & Safe Water Remedials 2014/15	0	333	0	0	333	0	333	0	0	333	0	0	
11143000	Schools Asbestos & Safe Water Remedials 2014/15	0	1,266	0	0	1,266	0	1,240	0	0	1,240	(26)	(26)	Transfer to project 11038000.
11144000	Non Sch - Planned Bldg, Mech & Elect Backlog 2014/15	0	2,649	0	0	2,649	0	2,624	0	0	2,624	(26)	(26)	Transfer to project 11037000.
11145000	Schools Planned Bldg, Mech & Elect Backlog 2014/15	0	5,803	0	0	5,803	0	5,883	0	0	5,883	80	80	£7,365 moved to 11035000. £38,777 moved from 11039000. £48,873 increase in school contributions (from - Brooke £9,000, Kingsbury £30,000, Arden Forest 9,873)
11160000	Dunchurch Highways Sub-Depot - Maj Ext Struct Reprs	125	0	0	0	125	125	0	0	0	125	0	0	
11161000	Ansley Nursery Hill Prim Sch - Boiler Repl	93	0	0	0	93	93	0	0	0	93	0	0	
11162000	Llandudno Marle Hall Oec - Boiler Repl	223	0	0	0	223	223	0	0	0	223	0	0	
11166000	Rugby Northlands Prim Sch - Boiler Repl & Htg Dist Impvts	176	0	0	0	176	176	0	0	0	176	0	0	
11167000	Atherstone Queen Elizbth Sch - Flat Roof Repl	122	0	0	0	122	122	0	0	0	122	0	0	
11168000	Warwick Shire Hall and Courts - Boiler Replacement	385	0	0	0	385	385	0	0	0	385	0	0	
11169000	Leamington The Fordsfield Centre - Major adaptations and replacement heating mains/pipework	154	0	0	0	154	154	0	0	0	154	0	0	
11224000	Non-Schools Capital Asbestos And Safe Water Remedial Works 2015/16	0	0	311	0	311	0	0	311	0	311	0	0	
11225000	Schools Asbestos & Safe Water Remedials 2015/16	0	0	1,292	0	1,292	0	0	1,292	0	1,292	0	0	
11226000	Non Sch - Planned Bldg, Mech & Elect Backlog 2015/16	0	0	2,524	0	2,524	0	0	2,524	0	2,524	0	0	
11227000	Schools Planned Bldg, Mech & Elect Backlog 2015/16	0	0	2,569	0	2,569	0	0	2,569	0	2,569	0	0	
11283000	Non Schools Asb & Safe Water Remedials 2016/17	0	0	0	311	311	0	0	0	311	311	0	0	
11284000	Non Schools Asb & Safe Water Remedials 2017/18	0	0	0	311	311	0	0	0	311	311	0	0	

## L Physical Assets

Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Earlier Years	2014/15 £ 000's	2015/16 £ 000's	2016/17 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
11285000	Non Sch - Planned Bldg, Mech & Elect Backlog 2016/17	0	0	0	2,524	2,524	0	0	0	2,524	2,524	0	0	
11286000	Non Sch - Planned Bldg, Mech & Elect Backlog 2017/18	0	0	0	2,524	2,524	0	0	0	2,524	2,524	0	0	
11287000	Schools Asbestos & Safe Water Remedials 2016/17	0	0	0	1,292	1,292	0	0	0	1,292	1,292	0	0	
11288000	Schools Asbestos & Safe Water Remedials 2017/18	0	0	0	1,292	1,292	0	0	0	1,292	1,292	0	0	
11289000	Schools Planned Bldg, Mech & Elect Backlog 2016/17	0	0	0	2,569	2,569	0	0	0	2,569	2,569	0	0	
11290000	Schools Planned Bldg, Mech & Elect Backlog 2017/18	0	0	0	2,569	2,569	0	0	0	2,569	2,569	0	0	
<b>Facilities</b>														
10581000	Day Services Modernisation Programme 2005/2006	9	0	0	0	9	9	0	0	0	9	0	0	
10592000	Small Scale Reactive / Minor Improvements County-Wide	151	115	23	0	289	151	115	23	0	289	0	0	
<b>Energy</b>														
10400000	Climate Change 2009/10	257	97	0	0	354	257	97	0	0	354	0	0	
10410000	Climate Change 2007/08	350	0	0	0	350	350	3	0	0	353	3	3	
11135000	Various Properties - Reducing Energy	0	100	400	1,744	2,244	0	100	400	1,744	2,244	0	0	
11136000	Various Properties - Renewable Energy	75	500	500	4,324	5,400	75	250	750	4,324	5,400	(250)	(0)	
11159000	Wark Saltisford Office Park - Pv Micro Genertn Syst	112	2	0	0	114	112	2	0	0	114	0	0	
<b>Smallholdings</b>														
10305000	Rural Estates Dairy Units	22	0	0	0	22	22	0	0	0	22	0	0	
10419000	Nitrate Vulnerable Zone - Farm Waste Regulation	312	0	0	0	312	312	0	0	0	312	0	0	
10466000	Smallholdings Maintenance 2011/12	(18)	0	0	0	(18)	(18)	0	0	0	(18)	0	0	
11024000	Dunkleys Farm, Dunchurch	0	0	0	0	0	0	0	0	0	0	0	0	
11025000	Hurley, Poplars Farm	147	0	0	0	147	147	0	0	0	147	0	0	
11026000	Tysoe, Herberts Farm Cottage - Thatch Roof	26	0	0	0	26	26	0	0	0	26	0	0	
11137000	Smallholdings - Nitrate Vulnerable Zone 2012	284	0	0	0	284	284	0	0	0	284	0	0	
11138000	Smallholdings - Decent Homes Standard 2012	514	0	0	0	514	514	(0)	0	0	514	(0)	(0)	
11139000	Rural Services Capital Maintenance 2012/13	982	0	0	0	982	982	0	0	0	982	0	0	
11139009	Lower Tysoe/Hopkins Farm, New Farm House - Pre Contract Consultants Costs / Enabling Works	10	340	0	0	350	10	81	259	0	350	(259)	0	
11139058	Wolston South Lodge Farm - construction of new parlour, dairy and collecting yard + new stock building	540	0	0	0	540	540	0	0	0	540	0	0	
11140000	Rural Services Capital Maintenance 2013/14	254	11	0	0	265	254	11	0	0	265	0	0	
11141000	Rural Services Capital Maintenance 2014/15	0	713	0	0	713	0	713	0	0	713	0	0	
11158000	Ilmington Wharf Farm - Demolish/Rebuild Bungalow	(0)	0	0	0	(0)	(0)	0	0	0	(0)	0	0	
11228000	Rural Services Capital Maintenance 2015/16	0	0	789	0	789	0	0	789	0	789	0	0	
11291000	Rural Services Capital Maintenance 2016/17	0	0	0	789	789	0	0	0	789	789	0	0	
11292000	Rural Services Capital Maintenance 2017/18	0	0	0	789	789	0	0	0	789	789	0	0	
		<b>50,040</b>	<b>15,832</b>	<b>9,008</b>	<b>21,038</b>	<b>95,918</b>	<b>50,040</b>	<b>19,498</b>	<b>9,917</b>	<b>21,038</b>	<b>100,493</b>	<b>3,666</b>	<b>4,575</b>	

## Q2 Performance Information: July to September 2014

Indicator	Aim	Cumulative Quarterly Total Q2 30/9/2014	Year End Forecast	Target	R-A-G Alert - YE Forecast against target	Progress to date	Reparative Actions
				2014/15			
Organisational Plan Savings Target	Plan	£166k	£405.50	£405.5K	Green	Dependency on capital receipt of £210k	
Achieve Property Rationalisation Savings Target	Plan	647	£784k	£784K	Green		
Digital mailroom is delivered on time and to budget	Plan	delayed	delayed	Achieved	Amber	1 milestone missed	
Deliver 100% of the corporate and schools capital programme	Plan	49% committed	95%	100%	Amber	49% Capital Maintenance work programme budget committed - ongoing difficulty with programming non school maintenance works due to size of sensitive property list (those properties where the long term usage has not been resolved and return on capital investment cannot be assured).	Additional projects to be programmed in order to meet any shortfall in spend.

**Service Improvement and Change Management - Tricia Morrison (Acting)**  
**Strategic Director - David Carter**  
**Portfolio Holder - Councillor Kaur (Customers)**

## 2014/15 Revenue Budget

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Performance & Planning	813	102	915	838	(77)	Higher than anticipated one off income generated in year and part year staffing vacancies.
Observatory	406		406	381	(25)	
Service Improvement and Change Management Admin	167		167	95	(72)	Part year staff vacancies.
Development and Support	719	(102)	617	546	(71)	Part year staff vacancies.
Commercial Enterprise	45	55	100	101	1	
Traded Services - Education	(6)	123	117	113	(4)	
Resources Transformation	0	645	645	950	305	Transformation activity to be funded from the Resources Group Transformation Reserves
<b>Net Service Spending</b>	<b>2,144</b>	<b>823</b>	<b>2,967</b>	<b>3,024</b>	<b>57</b>	

## 2014/15 Reserves Position

Reserve	Opening Balance 01.04.14 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.15 £'000	Request for (Use of)/ Transfer to Reserves £'000	Reason for Request
Savings	0	0	(247)	(247)		
SICM Reserves			190	190	190	Funds to be transferred into reserves to support Business Unit's transition to a new operating model to ensure the delivery of the Organisation's implementation of the OOP savings.
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(57)</b>	<b>(57)</b>	<b>190</b>	



## 2014/15 to 2017/18 Savings Plan (Years 1 and 2 Only)

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	
OOP/SICM-A	Cessation of the Transformation through Strategic Commissioning Programme with arrangements to 'mainstream' activity associated with the programme within Services. This will include a reduction in posts.	247	247	247	247	247	247	
OOP/SICM-B	Cessation of the WCC support to the Sub-regional Programme Office with the potential closure of the Programme Office which will include a reduction in posts. There will be a need for a dialogue with Sub-regional partners regarding the impact of this decision.	0	0	0	68	0	68	
OOP/SICM-C	The business support function for Resources will be remodelled. This proposal will deliver savings in consumables as well as reduction in posts.	0	0	0	50	50	50	
OOP/SICM-D	The Corporate Consultation function is ceased. The Consultation framework and co-ordinating infrastructure will be maintained and 'mainstreamed' within the Observatory.	0	0	0	25	0	25	
OOP/SICM-E	Further savings from expenditure budgets across the service commensurate with changes across the Business Unit.	0	0	0	40	0	40	
OOP/SICM-F	Review of SICM Management Structure with a view to reduction in posts commensurate to the changes across the Business Unit.	0	0	0	60	0	60	
OOP/SICM-G	Increase income generation activities	0	0	0	40	0	40	
	<b>Total</b>	<b>247</b>	<b>247</b>	<b>247</b>	<b>530</b>	<b>297</b>	<b>530</b>	
	<b>Target</b>		<b>247</b>	<b>247</b>		<b>530</b>	<b>530</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>	<b>0</b>		<b>233</b>	<b>0</b>	

## Q2 Performance Information: July to September 2014

Indicator	Aim	Cumulative Quarterly	Year End Forecast	Target	R-A-G Alert - YE	Progress to date	Reparative Actions
				2014/15			
Agreed financial savings are met	Plan	100%	100%	100%	Green		
100 % of Business Units Plans published by May each year	High	100%	100%	100%	Green	Achieved for 2014/15 - planning for 2015/016 now underway	
% of Leadership Team who consider the OOP Performance Management arrangements provide and effective management tool	High	Qtr 4	Qtr 4	No target set Baseline	Baseline for 2014/15	As part of the review of the One Organisational Plan and the reporting against the outcome framework, we will be asking Leadership team across the authority whether the arrangements in place provide an effective tool. The outcome of this review will inform any amendments required to the arrangements that are now live.	As this is the first time this question has been asked, it is difficult to forecast as to what the outcome will be. However, we continue to work closely with Leadership Teams and Members to provide clarity and understanding of the new performance management arrangements in order to maximise its effectiveness.
Planning and Performance Framework aligned with OOP	Plan	Yes	Yes	Yes	Green		
Council Adoption of JSNA	Plan	Yes	Yes	Yes	Green	Prioritisation for next 3 year cycle now agreed	
Council Adoption of Quality of Life Report	Plan	Yes	Yes	Yes	Green	Report being published in November 2014 and it is anticipated that the Council will adopt the Quality of Life Report and any recommendations	
Operational Management Dashboard is implemented to budget and to time	Plan	Yes	Yes	Yes	Green	The software provider has now been appointed and we are track to deliver against the agreed dates.	



## Corporate Services Overview and Scrutiny Committee

25 November 2014

### Treasury Management Monitoring Report

#### Recommendation

That the Corporate Services Overview and Scrutiny Committee considers and comments on Treasury Management in respect of 2014/15 to date.

#### 1 Introduction

1.1 Warwickshire County Council fully complies with the requirements of The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice (COP) on Treasury Management 2009. The primary requirements of the Code are the:

- creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- receipt by the Cabinet of an Annual Treasury Management Strategy Report for the year ahead, a midyear review report (as a minimum) and an annual review report of the previous year.
- delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices, and for the execution and administration of treasury management decisions.

1.2 Under the CIPFA Code, the Cabinet is required to receive a report on the outturn of the annual treasury management activity for the authority. Monitoring reports regarding treasury management are an agenda item for the Corporate Services Overview and Scrutiny Committee throughout the year.

1.3 Treasury management in the context of this report is defined as:

“The management of the local authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.” (CIPFA Code of Practice).

## 2 Investments

- 2.1 The Council has an investment portfolio consisting of reserves and cash arising from daily receipts being in excess of payments on a short term basis.
- 2.2 The Council’s investment portfolio at the end of the first six months of 2014/15 to 30 September 2014 was as follows:

**Table 1: Investment Position at 30 September 2014**

	Invested at 30 September 2014
	£m
In house deposits	86.5
Aviva	47.6
Money Market/External Funds	131.4
<b>Total</b>	<b>265.5</b>

- 2.3 Performance of the Council’s investments versus the benchmark is:

**Table 2: Investment Performance to 30 September 2014**

	Average Interest rate year to date	Target rate: 7 day LIBID	Out- performance
	%	%	%
In house deposits	<b>0.52</b>	<b>0.36</b>	<b>0.16</b>
Aviva	<b>0.83</b>	<b>0.36</b>	<b>0.47</b>
Money Market/External Funds	<b>1.11</b>	<b>0.36</b>	<b>0.75</b>

- 2.4 Both the in-house and external portfolio have beaten the benchmark return over the period.

2.5 Actual interest earned in the first six months of 2014/15 was:

**Table 3: Interest Earned to end September 2014**

	Year to date
	£000
In house deposits	469
Aviva	195
Money Market/External Funds	296
<b>Total</b>	<b>960</b>

2.6 The table below details our consultant's view on interest rates. Based on this opinion, the money market will continue to be at current levels until late 2015 when rates are predicted to rise.

**Table 4: Interest Rate Forecast**

	<b>Present – Mar 2015</b>	<b>Sep 2015</b>	<b>Mar 2016</b>	<b>Sep 2016</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Interest Rate Forecast	0.50	0.75	1.00	1.25

Source: Capita

### **3 Borrowing**

3.1 The borrowing undertaken by the County with The Public Works Loans Board (PWLB) was £ 386.0m at 31 March 2014 and remains unchanged at 30 September 2014.

### **4 Compliance with Treasury Limits and Prudential Indicators**

4.1 During the first two quarters of 2014/15 to 30 September 2014, the Council operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and Treasury Management Strategy. Full details of the Prudential Indicators set for 2014/15 are shown in **Appendix A**. Explanations of the terminology employed is set out in **Appendix B**.

### **5 Background Papers**

Treasury Management Strategy 2014/15

	<b>Name</b>	<b>Contact Information</b>
Report Author	Mathew Dawson	<a href="mailto:mathewdawson@warwickshire.gov.uk">mathewdawson@warwickshire.gov.uk</a> 01926 412277
Head of Service	John Betts	<a href="mailto:johnbetts@warwickshire.gov.uk">johnbetts@warwickshire.gov.uk</a> 01926 412441
Strategic Director	David Carter	<a href="mailto:davidcarter@warwickshire.gov.uk">davidcarter@warwickshire.gov.uk</a> 01926 412564
Portfolio Holder	Cllr Cockburn	<a href="mailto:cllrcockburn@warwickshire.gov.uk">cllrcockburn@warwickshire.gov.uk</a>

## Appendix A

PRUDENTIAL INDICATOR	2013/14	2014/15	2015/16	2016/17	2017/18
<b>(1). AFFORDABILITY PRUDENTIAL INDICATORS</b>					
	<b>Actual</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>	75,633	100,973	59,573	28,798	20,239
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Ratio of financing costs to net revenue stream</b>	9.97	9.46	9.59	9.94	10.08
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Gross borrowing requirement</b>					
Gross Debt	396,043	393,485	388,424	363,424	362,274
Capital Financing Requirement as at 31 March	320,926	340,881	372,687	378,120	379,370
Under/(Over) Borrowing	(75,116)	(52,603)	(15,737)	14,696	17,096
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>In year Capital Financing Requirement</b>	(16,727)	19,955	31,805	5,433	1,250
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Financing Requirement as at 31 March</b>	320,926	340,881	372,687	378,120	379,370
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Affordable Borrowing Limit</b>					
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Position as agreed at March 2014 Council</b>					
Increase per council tax payer	-6.44	0.58	6.87	6.16	2.35
<b>Updated position of Current Capital Programme</b>					
Increase per council tax payer	-7.76	-6.11	4.20	6.69	2.86
<b>PRUDENTIAL INDICATOR</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>					
	<b>approved</b>	<b>approved</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised limit for external debt -</b>					
Borrowing	505,536	501,915	504,421	490,628	426,988
other long term liabilities	12,000	12,000	12,000	12,000	12,000
<b>TOTAL</b>	<b>517,536</b>	<b>513,915</b>	<b>516,421</b>	<b>502,628</b>	<b>438,988</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Operational boundary for external debt -</b>					
Borrowing	421,280	418,263	420,351	408,857	355,823
other long term liabilities	10,000	10,000	10,000	10,000	10,000
<b>TOTAL</b>	<b>431,280</b>	<b>428,263</b>	<b>430,351</b>	<b>418,857</b>	<b>365,823</b>
<b>Upper limit for fixed interest rate exposure</b>					
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%	100%
<b>Upper limit for variable rate exposure</b>					
Net principal re variable rate borrowing / investments	25%	25%	25%	25%	25%
<b>Upper limit for total principal sums invested for over 364 days</b>					
(per maturity date)	£	£	£	£	£
	£0	£0	£0	£0	£0
<b>Maturity structure of new fixed rate borrowing during 2014/15</b>	<b>upper limit</b>	<b>lower limit</b>			
under 12 months	20%	0%			
12 months and within 24 months	20%	0%			
24 months and within 5 years	60%	0%			
5 years and within 10 years	100%	0%			
10 years and above	100%	0%			

## **PRUDENTIAL INDICATORS**

### **Ratio of financing costs to net revenue stream**

The ratio of financing costs to net revenue stream shows the estimated annual revenue costs of borrowing, less net interest receivable on investments, plus repayments of capital, as a proportion of annual income from council taxpayers and central government. The estimates of financing costs include current and future commitments based on the capital programme.

### **Net Borrowing**

Net borrowing refers to the Authority's total external borrowing.

### **Actual and Estimated Capital Expenditure**

Actual and estimates of capital expenditure for the current and future years.

### **Capital Financing Requirement**

The Capital Financing Requirement (CFR) represents capital expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. The CFR measures the Authority's underlying need to borrow externally for a capital purpose. The Authority has a treasury management strategy which accords with the CIPFA Code of Practice for Treasury Management in the Public Services.

### **Authorised Limit**

In respect of its external debt, the Authority approves authorised limits for its total external debt gross of investments. These limits separately identify borrowing from other long-term liabilities such as finance leases. Authorised limits are consistent with the Authority's current commitments, service plans, proposals for capital expenditure and associated financing, cashflow and accord with the approved treasury management policy statement and practices. The Authorised limit is based on the estimate of most likely prudent, but not necessarily the worst-case scenario and provides sufficient additional headroom over and above the Operational Boundary.

### **Operational Boundary**

The operational boundary for external debt is based on the same estimates as the authorised limit but reflects the Head of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in-year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified.

## **Limits on Interest Rate Exposures**

This means that the Authority will manage fixed interest rate exposures within the ranges and variable interest rate exposures within the ranges. This provides flexibility to take advantage of any favourable movements in interest rates.





## Corporate Services Overview & Scrutiny Committee

25 November 2014

### Property Disposal Protocols and Peppercorn Rents

#### Recommendation

That the Corporate Services Overview and Scrutiny Committee comment on this report, the proposed protocols, criteria and analysis of peppercorn rents currently in place, all appended to this report.

#### 1.0 Background

- 1.1 The purpose of this report is to present updated property disposal protocols and associated criteria for this committee's consideration, and to review peppercorn rents currently in place. There are 5 appendices.

**Appendix 1** - Introduction to Property Protocols

**Appendix 2** - Protocol – Disposal of Surplus Property

**Appendix 3** - Protocol – Disposal of Property at an Undervalue

**Appendix 4** - Criteria

**Appendix 5** - Peppercorn Rents

- 1.2 The Council has a number of policies and procedures which govern the identification and disposal of its surplus property. These are listed in 4.1 of **Appendix 1**.
- 1.3 A combination of new legislation coming into force, notably The Localism Act 2011, the Property Rationalisation Programme, and Social Return on Investment methodology has meant that a timely revision of existing policies and procedures are proposed together with new criteria to enable officers to apply the protocols according to an individual property disposal.
- 1.4 It is also timely for the Council to review the extent to which it is providing concessions to organisations who occupy Council property. Concessions can be given in a number of ways, but overwhelmingly this is in the form of a reduced or nil rent, commonly known as a peppercorn rent.
- 1.5 An analysis of peppercorn rent arrangements currently in place is included at **Appendix 5**.

## 2.0 Issues to Consider

- 2.1 When a property of the Council becomes vacant a process is followed to explore the options available to it, including whether there are other services of the Council which the property can support. If there are not, then the Council proceeds to assess what commercial and community interests may be in the property.
- 2.2 It is proposed to adopt updated protocols by which to govern the process of disposal of property. These are included as **Appendices 2 and 3**.
- 2.3 In the case of community interest this could lead to a disposal of the property at an undervalue (less than best value), which means that the Council accept community proposals that mean it will forego a capital receipt or commercial rent. This raises a number of issues that the Council would need to consider in order for the processes and protocols for disposal at an undervalue to be fair, transparent and ensure consistency.
- 2.4 These issues are:
- (i) That the Council has an expectation that community interests deliver services that in turn deliver the Council's priorities.
  - (ii) That any commercial concessions given to community interests are given on a time limited basis.
  - (iii) That the Council will periodically review the effectiveness of community run services to assess whether eligibility for concessions still exists.
  - (iv) That at the end of the time limited period there is no extension, but a re-application must be made in order to successfully renew a time limited arrangement.
  - (v) That changes in the Council's responsibilities and priorities could lead to changes in any concessionary arrangement.
  - (vi) That market-led solutions may be assessed and deemed more financially preferable to community run services.
  - (vii) The criteria for assessing the 'social value' of a proposed community use.
  - (viii) An assessment of each community interest on its own merits
- 2.5 The analysis of peppercorn rents currently in place, at **Appendix 5**, range from long-standing arrangements, the basis for which is difficult to establish, to the more recent arrangements established under the current protocols with clear rules on review and renewal. Applying consistency and transparency across the piece is yet to be achieved, and therefore it is proposed to review all arrangements on a consistent basis proposed by the new criteria, and to make recommendations on any future arrangements and the extent of any concessions.

### 3.0 Next steps

3.1 That the comments of the Corporate Services Overview and Scrutiny Committee inform the preparation of updated protocols for:

- (i) Disposal of Surplus Property
- (ii) Disposal of Surplus Property at an Undervalue,
- (iii) New criteria for the assessment of disposals at an undervalue.

3.2 The Corporate Services Overview and Scrutiny Committee is also invited to comment upon the peppercorn rents currently in place.

### 4.0 Background Papers

4.1 None

#### List of Appendices:

**Appendix 1** - Introduction to Property Protocols

**Appendix 2** - Protocol – Disposal of Surplus Property

**Appendix 3** - Protocol – Disposal of Property at an Undervalue

**Appendix 4** - Criteria

**Appendix 5** - Peppercorn Rents

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WARWICKSHIRE COUNTY COUNCIL

PROPERTY PROTOCOLS

INTRODUCTION

**1. WHAT IS A PROTOCOL?**

1.1 Protocols are intended to assist Councillors and Council staff, and ensure consistent decision making, by highlighting the main principles of law policy and procedure which should be taken into account in particular areas.

1.2 Relevant Protocols should be read in their entirety at the outset of a matter, and certainly before significant decisions are made. Care should be taken to record that regard has been had to the Protocol at the appropriate stage in decision making.

1.3 Protocols are not law, nor do they form part of the Council's Constitution/ Standing Orders. In some cases the particular circumstances may dictate that the Council should depart from the Protocol. However, the reasons for that departure should be recorded in writing by Officers.

1.4 Similarly, while Protocols are a valuable guide, decision makers must still exercise their minds in each case as to whether the matter before them falls squarely within the terms of the Protocol, or whether any special authority or clarification needs to be sought to allow a matter to progress.

1.5 Legal advice should be sought if decision makers are in any doubt over the applicability of a Protocol in any particular context.

1.6 Protocols are distinct from 'policy', being more in the nature of a procedural 'signpost' as to where the relevant policy is to be found.

**2. OFFICERS AND ELECTED MEMBERS/ OTHER DECISION MAKERS**

2.1 Protocols will affect the work of both Officers and Elected Members. They will in the first instance be most relevant to Officers who are formulating reports for the ultimate decision maker. Such reports should take account of relevant Protocols, and ideally specify which have been taken into account.

2.2 The ultimate decision maker will base their decision on the report before them, rather than on the Protocol directly. The decision maker is not bound to follow the Protocol to the letter (as per paragraph 1.3 above). Decisions should be made on the basis of all relevant facts, circumstances, policies, procedures and Protocols, and with an open mind.

## **2. CURRENT PROTOCOLS**

2.1 The following protocols are proposed at **Appendices 2 and 3**.

Protocol re Surplus Property

Protocol re Disposal of Property at an Undervalue

## **3. CHECKLISTS**

3.1 Each Protocol has a 'Checklist' at the end which should be printed off and placed on each project file. The steps specified in the Checklist should be followed and the date of compliance noted.

3.2 While the Checklists serve as a useful guide/ reminder, they are not a substitute for reading and properly understanding the Protocols.

## **4. SUPERCEDED PROTOCOLS AND POLICIES**

4.1 The following have been superseded and should no longer be referred to in decision making.

- a) Surplus Property Protocol (Cabinet 14 July 2011, Agenda 12)
- b) Social Enterprise – Warwickshire's Strategy (Cabinet 12 May 2011, Agenda 7)
- c) Protocol for the Lease or transfer of public assets to community interests (Cabinet 17 February 2011, Agenda 4)
- d) Procedure for Declaring Property Surplus (Cabinet 10 September 2009, Agenda 16)
- e) Disposal of Property at less than best consideration (Cabinet 23 March 2004, Agenda 13)
- f) Policy regarding the disposal of Freehold / Leasehold interests in the Council's property stock and the granting of concessionary rent terms. (Cabinet 19 December 2002, Agenda 35)

Version 2 – September 2014

## PROTOCOL RE DISPOSAL OF SURPLUS PROPERTY

- Must be read in conjunction with “Protocol re Disposals of Property at an Undervalue”
- Protocol must be read before using Checklist
- Checklist to be completed by Warwickshire Legal Services and Physical Assets

### 1.0 General Principles

#### Why do we need a protocol about the disposal of surplus property?

- 1.1 To provide a robust procedural framework that informs and directs decision making and day to day portfolio management activities to assist in effective property asset management.

#### Why is this protocol being revised?

- 1.2 Previous procedures require revision to reflect new legislation which has impacted on the Council’s ability to sell its surplus property. The Localism Act 2011 has had a particular impact in this context with the advent of the “Community Right to Bid”: further information about this is provided in Section 5 below.

#### When will this protocol apply?

- 1.3 In any case where it is proposed to dispose of Council property because it has become surplus to the Council’s own requirements. This includes the sale of freehold property or properties held under a lease but does not apply to part of a property or lettings linked to service provision. Disposal of a property includes outright sale or letting of a property.

#### Management of WCC property portfolio

- 1.4 The vast majority of Council property is managed centrally (“centralised property/ies”) by the Physical Assets Business Unit in the Resources Group.
- 1.5 Exceptions: The only properties currently falling outside of this category (“non-centralised” property/ies”) are ‘education’ sites which comprise schools (including special educational needs schools), nurseries, Pupil Referral Units, and Sixth form colleges and some Communities sites where the property is deemed to be integral to the service being provided (ie; Business Centres, Country Parks, household waste sites, gypsy and traveller sites and highways). Disposals in the case of education sites may require consent from the Secretary of State for Education and the Government has dictated the manner in which any proceeds of sale must be expended. Accordingly they are not available for distribution in the way other proceeds of sale in respect of Council land would be.
- 1.6 This Protocol provides guidance on how any freehold or leasehold property that is no longer required by the Council, is managed prior to its ultimate disposal. This Protocol addresses:
- How to determine that a property is no longer required by the Council
  - What happens once a property has been identified as being ‘surplus’ to the Council’s requirements.

- The mechanism for securing appropriate authority for disposal of the property and
- The funding and management of surplus property prior to its disposal.

### Key Drivers

- 1.7 The Council is committed to securing a property portfolio that provides suitable, sustainable accommodation that maximises the efficiency of service delivery.
- 1.8 The Council's property requirements are determined by service delivery needs. These are continually being monitored and reviewed as part of the Asset Framework management undertaken by the Asset Strategy team in Physical Assets (PA), the Service within the Resources Group which has responsibility for maintaining an overview of all property requirements and service delivery property needs.
- 1.9 Rationalisation of the property portfolio to reduce revenue costs and the consequent delivery of capital receipts and revenue are key Council objectives and are critical to the delivery of cost savings.
- 1.10 Where a property is no longer required by a particular BU or Service, consideration must first be given to the suitability of the property for continued use and ownership by the Council (ie is the building in an acceptable state of repair, is it appropriately configured and in a suitable location and is it financially viable etc) and how this property might be reused. This process is described in more detail under Section 2 – Disposal of Property Assets.
- 1.11 Only property capable of beneficial use or occupation can be declared surplus e.g. parts of buildings that cannot be separately occupied or property that has no alternative practical use for the Council cannot be declared surplus (for example land lying to the rear of a closed school site which cannot be accessed except across the rest of the site).
- 1.12 Disposal of any freehold or assignment of a leasehold property cannot take place without appropriate Member or delegated approval to the property being declared surplus. Details of transactions and the relevant forms of approval that are required are set out in **Document 1** attached to this Appendix.

## 2.0 Disposal of Property Assets – Procedures

- 2.1 The process set out below applies to both freehold and leasehold properties and seeks to ensure that property transactions are carried out in an appropriate manner and have the required approval to enable them to take place. There are slight variations in the process depending on whether the properties fall within the centralised or the non-centralised portfolios and these are addressed in this Protocol.

### 2.2 Stage 1 – Determining that a property is surplus to requirements

#### Centralised Properties

- 2.2.1 Properties that are part of the centralised property portfolio can become available for disposal in two different ways:
- When a BU/Service indicates that it no longer has a need for the accommodation (ie the property, or part of the property, is no longer required because of a reducing service or it is no longer suitable for the service) or

- When PA determines that the asset should be released (eg as part of property rationalisation).

2.2.2 When a BU/Service occupying a centralised property determines that the premises are no longer needed for delivery of their service, they are required to advise PA in writing that the property is 'surplus' to their requirements. This notification must be from the Head of the relevant BU/Service (or alternatively the relevant decision making group e.g. Strategic Directors Leadership Team) and should be in the form of a Surplus Property Notice (SPN – see **Document 2** attached to this Appendix). This will be the formal confirmation from the BU/Service that the property is no longer required by it.

2.2.3 In practice, this notification should only be confirmation of an event that has already been planned and anticipated and that PA are already aware of through their interaction with the BU's.

2.2.4 A centralised property may also be identified as surplus by PA in its capacity as the strategic asset management service overseeing the wider corporate portfolio.

### **Non-Centralised Property**

2.2.5 In the case of non-centralised property, when the BU/Service responsible for a property decides that an asset is no longer required for delivery of its function, they are also required to notify PA of their intention to vacate the property and declare it surplus to their requirements. This should also be done using an SPN. This should specify full details of the property including details of annual running costs and known maintenance issues as well as the planned programme for vacation of the property.

2.2.6 This notification should be given at least six months in advance of the intended date of vacation to enable PA via the Asset Strategy Board (ASB) to determine whether there are any other possible uses for the property– and to formulate a strategy for its future, once it has been vacated.

### **2.3 Stage 2 – Assessment of alternative uses**

2.3.1 Following the Stage 1 process, an assessment is carried out by PA to determine if there is any other viable alternative use for the property, either by the Council or its partners. This applies both to centralised or non-centralised property.

2.3.2 Where appropriate this assessment will involve discussion with the relevant District/ Borough Councils, Police, PCT and Government Agencies. Local members should be made aware at this stage of the potential that property/properties may be brought forward for disposal.

2.3.3 For the avoidance of doubt this procedure is separate from, and will usually precede the "Assets of Community Value" procedure which is referred to at paragraph 5 below. The two procedures may however overlap to a greater or lesser degree if the property is registered as an Asset of Community Value at an early stage in this procedure.

2.3.4 PA is responsible for considering if it is appropriate or viable to retain any property and this process will be undertaken within 3 months of receipt of an SPN via the ASB.

2.3.5 It is imperative that the assessment records the monetary and non-monetary value of each alternative use. A transfer to a public sector body should be at market value which can be determined by external valuation advice from the District Valuation Service acting on a joint instruction from the Council and the interested public body. If this exercise suggests that any of the alternatives may result in a disposal at an undervalue, the 'Protocol re Disposals of Property at an Undervalue' must be consulted forthwith and applied to the extent necessary.



## **2.4 Stage 3 – Determining the strategy for the future of an asset**

2.4.1 The review of the probable alternative uses for the property has three potential outcomes:-

- To retain the property and re-use it for provision of another Council service
- To retain the property and lease it to a third party.
- To dispose of or/release the property

2.4.2 The outcome of this analysis will be reviewed and reported to the Head of PA/ Asset Strategy Board or other appropriate decision making group to approve the recommendation. This report must include the business case supporting the chosen option i.e. the rationale for the decision that is being recommended. The approval of the Head of Physical Assets/ ASB, will be the mandate for the disposal or letting to be undertaken by Estates, subject to Member approval where appropriate.

2.4.3 The remainder of the procedures set out in this protocol only apply if the property is to be leased to a third party or disposed of.

## **2.5 Stage 4 – Securing authority to declare surplus and dispose of asset**

2.5.1 An essential prerequisite to disposal of a freehold or leasehold asset is to obtain Member/ delegated approval confirming that it is surplus to the Council's requirements and that a disposal can proceed.

2.5.2 The relevant report (i.e. Portfolio holder/Cabinet/Council) will be prepared by PA (Estates) in conjunction with the BU where appropriate. Issues to be addressed in the Report are outlined later in Section 3 of this Protocol.

## **2.6 Stage 5 – Disposal of the asset**

2.6.1 Disposal or the release of a property will differ depending on whether it is a freehold or a leasehold asset.

2.6.2 The procedures for disposing of leasehold and freehold assets are set out below.

### **2.6.3 Leasehold Property**

2.6.3.1 Where property is held by way of lease, if it has been determined through Stages 1 – 3 above, that the property is no longer required, Estates will be instructed by the Head of PA to bring the Council's liability to an end as soon as possible by the most appropriate means, which may be by:-

- issuing a notice to terminate the lease at the end of the contractual term
- triggering a break provision, in accordance with the lease provisions
- negotiation of the surrender of the lease
- securing a subletting of the property until such time as the contractual term of the lease expires or
- securing an assignment of the lease

2.6.3.2 Disposal of a leasehold property by termination of the lease or exercise of a break clause will not generate a capital receipt, but will remove the Council's ongoing financial liabilities. These methods of lease termination do not usually require specific Member approval and would be progressed under the relevant delegated powers. However, the surrender,

subletting or assignment of a lease may require Member approval depending on the financial implications.

#### **2.6.4 Freehold Property**

2.6.4.1 If it is determined that a freehold property is no longer required by the Council, Estates will be instructed by the Head of PA to dispose of the asset on the open market using the method that is deemed most appropriate for the individual property, having regard to timescale, the nature of the property and prevailing market conditions. In certain circumstances a disposal could be made on a 'one to one' basis and not on the open market (eg to a public sector body, partner or community group) or a special purchaser reflecting the decision by the Head of PA/ASB.

2.6.4.2 In establishing the most advantageous mechanism for disposing of a property Estates will take into account all appropriate vehicles for structuring the sale e.g.: conditional/unconditional sale/ option agreement, and the impact of potential deductions to the proceeds of sale such as sums required by way of Section 106 Planning Obligation payments, or Community Infrastructure Levy ("CIL").

2.6.4.3 The planning status of the property, and the area in which it its location, will be key factors in determining the open market value.

#### **2.7 Stage 6 – Management of surplus property prior to disposal**

2.7.1 The management and/or decommissioning of redundant property also needs to be considered when a property is declared surplus to the Council's requirements since there will be ongoing financial and ownership liabilities until the property is disposed of.

2.7.3 Decommissioning and security of the property will need to be addressed prior to the building being vacated.

2.7.4 In the case of centralised properties there will be no transfer of financial liability from the BU/Service because these assets are already managed and funded from the central property budget.

2.7.5 In the case of non-centralised property, the BU/Service will remain responsible for managing the asset, together with the associated costs (eg security, emptying the property, maintaining grounds, disconnection of services, final utilities) for a period of six months following the date that Cabinet or Portfolio Holder authority to its disposal is confirmed, or until the asset is vacated, whichever is the later (for example, if Cabinet authority is granted, but the occupier does not vacate for a further 12 months, the liability remains with that Service occupier until vacation).

#### **3.0 Member Reports**

3.1 There are a number of essential elements that need to be addressed in any report presented to Members seeking approval for the disposal of any property. The following is not a definitive list but highlights issues that need to be considered.

##### **3.1.1 Business Case**

3.1.1.1 A business case is always required, to support a request to declare a property surplus and to authorise its disposal. This may be a very simple outline of the financial and operational reasons why the property should be released but may comprise a more sophisticated assessment of the rationale for releasing the property, including the capital and revenue

implications. It may also include an option appraisal or feasibility study to support the recommendation.

### **3.1.2 Financial Implications**

3.1.2.1 The financial implications of a decision to declare a property surplus and dispose of it extend beyond the basic cost benefit analysis which should demonstrate the capital and revenue advantages that arise from this course of action. For example, the report should refer to the level of capital receipt/revenue saving that will arise from the proposed disposal, whether the receipt or part is to be earmarked and what implications this may have for the Capital Programme and Capital Fund as well as how any associated costs relating to the release of the property are to be met. These matters are explained more fully in Section 4 – Financial Considerations.

### **3.2 Recommendations**

3.2.1 The recommendations proposed by the report should be clear and unequivocal. When the report is seeking authority to declare the property surplus and dispose of the property, the following words should be used: "...that the property known as xxx be declared surplus to the Council's requirements and disposed of on terms acceptable to the Strategic Director of the Resources Group"

## **4.0 Financial Considerations**

4.1 The primary objective of disposing of Council owned property assets is to generate capital receipts that can be used to fund new capital investment or repay loans that have been taken out to finance capital investment thus reducing borrowing costs. The policy governing the use of capital receipts is set out in the Capital Receipts Strategy.

4.2 A report seeking authority for property to be declared surplus and made available for disposal needs to address the following issues:

- how the receipt will be used
- whether there is any necessary capital expenditure required to facilitate the disposal
- whether there are Capital Programme implications
- how interim costs relating to the surplus property will be funded

### **4.3 Earmarking**

4.3.1 Any capital receipts received can be used either to fund future capital investment or reduce debt. However as an alternative, earmarking is a mechanism for ring-fencing part or all of a receipt for a specific capital investment project.

4.3.2 To secure proceeds from a disposal for a specific project, a report authorising the sale of an asset must make a specific request to Council (supported by a business case) to earmark the receipt for a specific project. Since the fundamental premise regarding the use of capital receipts is that they are first and foremost a corporate resource to provide flexibility for the funding of corporate plans and policies, earmarking should only be considered where appropriate and necessary. Requests should therefore only be made where the receipt is required to cover legitimate decanting costs and/or replacement costs.

4.3.3 Any application for earmarking of a receipt must provide full justification as part of the business case. This should address:

- How much of the receipt is required to fund the investment project
- Whether temporary borrowing is required to finance the project prior to the receipt being obtained
- What other sources of finance are being used to fund the project that requires the earmarked receipt
- What will happen in the event of a shortfall/surplus in the anticipated receipt
- Clarification on the current status of the asset (eg its current use, whether it has already been declared surplus and is part of the identified capital receipts programme)
- The rationale for disposing of the asset in this way and why it was not already in the disposal programme
- The potential value of the asset if sold for an alternative use
- Why the earmarking is being linked to the specific capital investment project
- The reason for not bringing the scheme forward as part of the Medium Term Financial Planning/Budget process.

4.3.4 All such reports requesting the earmarking of receipts must be cleared by the Head of Finance before the report is circulated to Members.

4.3.5 The disposal of school sites - The principal exception to the general earmarking procedure described above relates to the disposal of school sites or part sites and is outlined in the Capital Receipts Strategy (ie capital receipts from former school sites are earmarked for Education Capital Schemes).

#### **4.4 Property Rationalisation Programme (“PRP”)**

4.4.1 The Council is committed to generating efficiency savings in its use of property. The PRP is a rolling procedure devised by the Council to achieve that objective. This Protocol comes into effect when the PRP identifies that disposal of a property is the Council’s preferred option. This Protocol is designed to ensure that the PRP is implemented in the most efficient and effective manner possible. Phase 1 of the PRP finishes at the end of March 2015. Phase 2 of PRP will cover the period from April 2015 until March 2018.

4.4.2 Where the disposal of a property is a previously agreed part of PRP this should be clearly stated in the report. If the use of any revenue saving (from using the receipt to repay debt) is predetermined the report should include an assessment of the revenue benefit. These figures will be provided by Finance.

4.4.2 If the disposal is not a previously agreed part of the PRP then the following should be included in the report (adjusting the dates and amounts to correspond with the most recent budget resolution prior to the proposed disposal):

*The [ ] budget resolution included a challenging target to deliver £[ ] million savings from property rationalisation by [ ]. The sale of this surplus property is part of the programme for the rationalisation of the Council's property assets. It is therefore proposed that the revenue saving from using the capital receipt to repay debt is taken as a contribution towards the delivery of the property rationalisation savings target. The revenue saving is estimated to be £X,XXX. As a result the receipt will not be available to fund any additions to the capital programme.*

4.4.3 If neither of these criteria are met then the revenue saving from the receipt will form part of corporate resources.

#### **4.5 Disposal Costs and the Capital Programme**

- 4.5.1 Costs associated with disposal activity can be funded from the eventual receipt and can be added to the capital programme provided that this expenditure enhances the value of the asset. Costs relating to the demolition of buildings and obtaining relevant planning consents are two common items of expenditure that can be offset against the final capital receipt.
- 4.5.2 All capital expenditure has to be included and accounted for in the Capital Programme which is authorised by Council as part of the annual budget setting process and is amended on a quarterly basis to take account of changes in financial planning.
- 4.5.3 A report seeking Member approval for a property to be declared surplus and disposed of should confirm if expenditure of this nature will be required and also request an addition to the Capital Programme to cover these costs.
- 4.5.4 Expenditure of less than £1.5million can be approved by either Deputy Leader or Cabinet or as part of the annual budget setting process, and costs must be fully funded. Council authority is required for expenditure in excess of £1.5million.

### **4.6 Capital Fund**

- 4.6.1 The Capital Fund is a revenue fund, to which each year revenue costs that are directly attributable to disposals can be charged. In previous year's costs such as fees for work carried out by property staff, legal staff and external contactors have been charged to the fund.
- 4.6.2 Such revenue disposal costs can be financed from the capital receipt and the first call on any monies received will be to meet these costs. However the amount that can be taken from the receipt is limited to the lesser of the costs that can be evidenced as directly attributable to the disposal or 4% of the capital receipt.
- 4.6.3 Any disposal costs over and above the 4% cap will have to be met by either the surplus on the capital fund balance or in the absence of an available surplus, other funding sources.
- 4.6.4 The amount of the capital receipt remaining after this deduction, which will be a minimum of 96% of the amount received, is then available to repay the Council's debt or fund further capital investment. Officers should therefore be aware when planning the use or earmarking of any receipt that the first call upon it will be to fund disposal costs.

### **4.7 Interim Disposal Costs**

- 4.7.1 When an asset is declared surplus there may be on-going costs attributable to the asset which are not directly linked to its disposal (eg decommissioning and security costs). These cannot be funded from capital and will have to be met from revenue budgets until the asset is disposed of.
- 4.7.2 For centralised property assets, interim disposal costs will be met by the Surplus Property Budget once the property has been declared surplus and vacated. Until then the costs of these properties will continue to be met by the central corporate property budget.
- 4.7.3 When non-centralised properties are declared surplus, the BU/Service will continue to be responsible for the costs of the management of the property for six months after it is declared surplus, or until it is vacated, whichever is the later.

## **5.0 Community Right to Bid / Assets of Community value – Special Considerations**

## 5.1 The Listing Procedure

- 5.1.1 It may be that a County Council property is listed by the relevant District or Borough Council as an 'Asset of Community Value'. The listing Council is required to give the County Council notification that this has occurred. Listing could potentially occur at any stage in the disposal process.

## 5.2 The Moratorium

- 5.2.1 If the County Council wishes to dispose of a listed asset it has to notify the listing council. The community group which listed the asset then has a period of 6 weeks to request to be treated by the County Council as potential purchasers of the land ("the Interim Moratorium").
- 5.2.2 If any such group makes a request this triggers the 'Full Moratorium' a 6 month period during which the community group can put together its bid for the County Council's consideration. No sale can proceed during this period **BUT** the County Council may proceed with marketing, as long as it is made expressly clear to potential buyers that it will not be possible to complete a sale unless/ until the Assets of Community Value procedure is completed.
- 5.2.3 However, the County Council is not required to accept the bid made by the community group. When the Full Moratorium expires the County Council can if it wishes proceed with a sale to a third party. Accordingly, while listing as an asset of community value may delay a disposal, it does not prevent it altogether.

## 5.3 Must the County Council give preferential treatment to Community Bids?

- 5.3.1 The County Council should consider the Community Bid along with any others received in the disposal process and apply the Golden Rule to them all. If the Community Bid is the best according to the "Golden Rule" (defined in paragraph A.3 of the Protocol re Disposals of Property at an Undervalue) the County Council should accept it. However, if the Community Bid is not the best according to the Golden Rule it should not be given preferential treatment purely because it is a Community Bid.
- 5.3.2 Neither the 2011 Act or this Protocol bar the Council from **seeking** other bids prior to determining which bid to accept. However, the Council cannot make a final decision on which bid to accept until the relevant Moratorium Period has expired.
- 5.3.3 Any decision as to which bid is to be accepted must be clearly recorded, so that if a legal challenge is brought it is clear what criteria the County Council applied when reaching that decision.
- 5.3.4 The Community Right to Bid procedure is complicated. Advice should be sought from Warwickshire Legal Services at an early stage should it appear likely that it will become relevant.
- 5.3.5 More detail regarding the procedure can be found here:  
<https://www.gov.uk/government/publications/community-right-to-bid-non-statutory-advice-note-for-local-authorities>

## 5.4 What is "the Community"?

- 5.4.1 The exact meaning of community may vary from property to property, and from time to time. Ultimately all residents of Warwickshire (and businesses based within the County) constitute the wider County Community. Within that County Community are many sub-communities (Districts and Boroughs, Towns, villages, localities etc).

- 5.4.2 Proposed disposals must be judged firstly against the needs of the County Community as a whole. If sale at open market value would achieve an overwhelming benefit for the whole County Community (through the proposed use of the proceeds, or by the use to which the land is to be directly put) that might in some circumstances outweigh the aspirations of more local community bodies.
- 5.4.3 However, in the case of many (perhaps most) proposed disposals, the impact on the local community may be greater than that on the County Community as a whole, and the particular wishes and aspirations of the local community will accordingly carry more weight.

**Documents:**

**Document 1 - Member/delegated powers**

**Document 2 - Surplus Property Notice**

Version 1 – August 2014

## Document 1 – Member/delegated powers

Action	Threshold	Authority required
Declare a property surplus	Value less than £100,000	Delegated powers – Strategic Director
	Value more than £100,000 but less than £1 million	Delegated powers – Portfolio Holder for Customers
	Value in excess of £1 million	Cabinet
To authorise all sales at market value	Value less than £100,000	Delegated powers – Strategic Director of Resources
To dispose of a freehold property	Value more than £100,000 but less than £1 million	Delegated powers – Portfolio Holder for Customers
To dispose of a freehold property	Value in excess of £1 million	Cabinet
To grant at market value leases, easements and licences over County Council property or for the benefit of the County Council	Annual rent or fee is less than £25,000	Delegated powers – Strategic Director of Resources
	Annual rent or fee is greater than £25,000 but less than £250,000	Delegated powers – Portfolio Holder for Customers
Earmark the whole or part of a capital receipt	All transactions	Council
Add an item of expenditure to the Capital Programme	Value up to £1.5 million	Cabinet
Add an item of expenditure to the Capital Programme	Value in excess of £1.5 million	Council



**Document 2 – Surplus Property Notice**

[Address/Description of property]

I [authorised officer] of the [BU/Service] confirm that the above property is no longer required by the [BU/Service] and it is our intention to vacate the property on [date]

***In the case of a 'non-centralised' property this Notice should also include details of the annual running costs of the property and any maintenance issues of which the Service/BU is aware.***

Annual Running costs

[Complete details]

Maintenance Issues

[Complete details]

Signed .....  
on behalf of [BU/Service ]

Dated 20[ ]

To: Head of Physical Assets  
Resources Group  
Warwickshire County Council  
Shire Hall  
CV34 4RL  
Copy to Head of Estates, Resources Group

**I acknowledge receipt of your Notice dated [ ]**

Signed .....  
Head of Physical Assets  
Dated 20[ ]

**CHECKLIST RE SURPLUS PROPERTY**

**(for completion by Warwickshire Legal Services and Physical Assets)**

**FILE REFERENCE .....**

**FILE/MATTER NAME .....**

**TASK**

**DATE**

Instructions received from BU/ Service/ Physical Assets indicating premises are to become surplus

Predicted date to become surplus

File opened/re-opened

Protocols reviewed and note filed re issues arising

Assessment of alternative uses completed and note filed re issues arising

Community Right to Bid – Check if property listed as Asset of Community Value

Yes/ No (delete as appropriate)

If listed as Asset of Community Value:

Expiry of Interim Moratorium:

Expiry of Full Moratorium:

Protocol re Disposal of Property at an Undervalue fully complied with

Report to Cabinet (or date of decision by other Decision Maker)

Date of Legal Instructions to dispose

Legal proceedings received

Completion of disposal

**PROTOCOL RE DISPOSALS OF PROPERTY AT AN UNDERVALUE**

- Must be read in conjunction with “Protocol re Surplus Property”
- Protocol must be read before using Checklist
- Checklist to be completed by Warwickshire Legal Services and Physical Assets

**A. GENERAL PRINCIPLES**

**1. WHEN WILL THIS PROTOCOL APPLY?**

This Protocol is relevant whenever the Council is considering disposing of any property interest at less than the best value which could have been obtained had the same interest been disposed of on the open market (“Open Market Value”). This may arise in various scenarios. The following are examples, not a complete list:

- 1.1 In connection with the delivery of services by a third party on behalf of the County Council (e.g. by way of a service level agreement)
- 1.2 To promote a particular policy goal of the Council e.g. the disposal of land to a housing association, or the provision of business accommodation to new businesses.
- 1.3 Supporting voluntary and community groups whose aims and objectives are consistent with the Council’s own priorities and who will benefit the social, economic and environmental wellbeing of the Council’s area.
- 1.4 Complying with specific legal obligations applying to the Council e.g. the “Community Right to Bid” under the Localism Act 2011.
- 1.5 Considering any request by a School that the Council should forgo its entitlement to claim all or part of the proceeds of sale generated by the sale of School land.

**2. MAIN DRIVERS**

All decisions by the Council must be based on the following (in that order):

- 2.1 Law
- 2.2 Council Policy

**3. LAW**

- 3.1 The “Golden Rule” – Fiduciary Duty – The Council is the custodian of public funds provided by the taxpayer. As such there is an overriding duty on the Council to deal with those funds as efficiently as possible. This duty applies to all spheres of Council activity but is of especial importance when it is proposed to dispose of property assets for less than their Open Market Value. Whatever legal provisions may be relevant in a particular case they should always be applied with regard to the Golden Rule. Just because the Council has a power to do something, it should not do it if that would involve breaking the Golden Rule.
- 3.2 Section 123 of the Local Government Act 1972 – Provides a general power for councils to dispose of land, but Section 123(2) provides that without the consent of the Secretary of State no disposal may be “for a consideration less than the best that can reasonably be obtained”.
- 3.3 Department for Communities and Local Government Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003 – Permits disposal of land at an undervalue (up to a maximum undervalue of £2 million where that promotes “economic, social or environmental well-being”): [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/7690/462483.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7690/462483.pdf)
- 3.4 Special consents may permit sales at greater undervalues in connection with e.g. disposal of land for housing purposes.
- 3.5 **“The Two Stage Test”**
- To apply the Golden Rule properly it is necessary to know two things: (i) the Open Market Value of the Land, and (ii) the Value of Social Benefits that would be generated by the proposed disposal. Valuing Social Benefits is dealt with below at paragraph 3. Once these two figures are known they can be balanced against each other.

**B. PARTICULAR ISSUES**

**1. LOCALISM ACT 2011**

- 1.1 Community Right to Bid (Sections 87-104) (“CRTB”) – If the property in question has been listed by the local District/ Borough Council as an “Asset of Community Value” the Council will be required to observe additional procedures prior to any disposal. These are explained in greater detail in the “Protocol re Surplus Property”.
- 1.2 Community Right to Express an Interest (Sections 83-84) (“CRTE”) – This right should not be confused with CRTB. It refers to the ability of community groups to bid for the right to deliver services for the Council. Provided that the requirements of the Protocol re Surplus Properties have been complied with (paragraphs 2.4.1 and 2.4.2) it should have become apparent at an early stage whether it is feasible for existing Council services to be continued from

the premise via a third party. If a definitive decision has been made not to continue services from that premises CRTE will no longer be relevant to the disposal process.

- 1.3 Best Value Statutory Guidance - Setting out the Government's expectation that Councils should not unfairly target voluntary groups when funding reductions are being sought. As with the CRTE an Interest this will not be relevant in most disposal scenarios unless the voluntary group is already occupying the premises in question for the purpose of delivering a service on behalf of the Council and a proposed disposal would have the effect of terminating the voluntary groups occupation:  
<https://www.gov.uk/government/publications/best-value-statutory-guidance--4>

## 2. SPECIAL CATEGORIES OF LAND

- 2.1 Schools – Most disposals of Council land used by Schools will require consent from the Secretary of State for Education. The application procedure is complicated, requires extensive public consultation, and may take in excess of 16 weeks from date of application to process. In the event consent is forthcoming (which cannot be guaranteed) the consent may require that the proceeds of any sale be devoted to particular recreational or school projects:  
<https://www.gov.uk/school-land-and-property-protection-transfer-and-disposal>
- 2.2 Entitlement to Proceeds of Sale from Redundant School Sites – In respect of certain categories of School the Council may have an entitlement to all or part of the proceeds of sale in the event that the School closes, or moves to a new site, allowing its former site to be sold. The rules governing the Council's entitlement in such situations are extremely complicated. Advice should be sought from Warwickshire Legal Services in the event that such issues arise. It **may** be that the Council is sympathetic to allowing the School to retain the sum due to the Council if it will be spent on purposes which are consistent with the Council's own policies. However, any decision to forgo an entitlement is similar to that which the Council has to reach on the disposal of land at an undervalue. This Protocol should therefore be applied in any case where an entitlement is at issue.
- 2.3 Open Spaces – There are additional publicity requirements in respect of proposed disposals of open space land. Notices to be published for two consecutive weeks in a local paper and consideration be given by the Council to any objections submitted.

### 3. VALUING SOCIAL BENEFIT

#### 3.1 The Problem

3.1.1 Social benefit may often be difficult to quantify in monetary terms. For example, exactly how much would the community benefit from a new community centre if the Council were to dispose of premises at an undervalue to a community group for this purpose?

3.1.2 There is a risk that decision makers will expose the Council to challenge if they are perceived as having relied on purely subjective judgements to establish social value. To minimise this risk decision makers should consider the following matters, and record in writing the conclusions they reach.

#### 3.2 The Solution

3.2.1 Various attempts have been made to devise more objective systems for valuing social benefit. One of the best known is “Social Return on Investment” (“SROI”):

<http://www.thesroinetwork.org/sroi-analysis/the-sroi-guide>

Decision makers should familiarise themselves with the principles which underlie SROI even though it may not always be practical to carry out the detailed research required to produce an exact social value in respect of every proposed disposal.

##### 3.2.2 The Essential Criteria

Decision makers should assess the proposed disposal against the following essential criteria which are sufficiently detailed to allow the decision maker to justify the social value which is ascribed to the disposal.

- Where does the area in which the property is located feature in the UK Indices of Multiple Deprivation?
- How will the disposal serve the economic social or environmental wellbeing of that area?
- How many local people are predicted to use any facility that will be facilitated as a result of the sale?
- How would the Council apply the proceeds of sale if sold on the open market, and answer the same three questions re social value, so that we end up with a social value for both options?

#### 4. COUNCIL POLICY

Regard should be had to the following in so far as they may impact on a proposed transaction:

4.1 **Supporting Voluntary and Community Organisations** (Cabinet 17 February 2011 (Agenda 4) and,

4.2 **Social Enterprise and Staff Mutuels** (Cabinet 12 May 2011, Agenda 7)

- These policies were developed by the County Council to implement the Government's evolving 'Big Society' policy. Local authorities were encouraged to devise new models of service delivery, no longer involving the provision of services directly, and to allow voluntary organisations to play a greater role in day to day society.
- The Big Society policy has continued to evolve and some aspects of the County Council's policies are now mandated by Government e.g. the Best Value Statutory Guidance and other limbs of the Localism Act mentioned in B1 above.
- Disposing of property at an undervalue is potentially relevant to both of these policies, being one means of assisting either Voluntary Organisations or services 'spun out' by the Council to third party operators.
- The 'Golden Rule' will apply in all such cases as it does with any other transaction. The fact that a proposed transaction will assist the delivery of a key County Council service, or benefit the economic, social or environmental wellbeing of an area, will be highly relevant to the County Council's decision. However, decision makers will still need to quantify the amount of proceeds foregone before making a decision, in order to reach a properly informed decision as to whether the social benefit generated by the disposal is sufficient to justify the sum forgone.

4.3 **Asset Management Framework/ Property Strategy 2013 - 2018**

<http://intranet.warwickshire.gov.uk/ourcouncil/Structurestaff/Resources/PhysicalAssets/Asset%20Strategy/Pages/AssetManagementFramework.aspx>

"The Right Property, in the Right Place, at the Right Time"

4.4 **Capital Receipts Strategy** (Cabinet 11 January 2007, Agenda 5)

Determines how proceeds of sale are to be expended, and restricts the practice of 'ear marking' i.e. devoting the proceeds of sale to a particular purposes rather than being held centrally to repay the County Council's debts. The objective of the Strategy is:

"To ensure, at all times, that we make the best use of the capital value tied up in our assets, whilst maximising the capital receipt income generated to release resources for investment in priority services".

Also refers to the Golden Rule in so far as any sale at less than market value necessarily involves a departure from the Capital Strategy which must be justified in terms of the benefit generated.

4.5 **Duration of Leases/ Concessionary Rents** (Cabinet 19 December 2002, Agenda. 35)

In 2002 the County Council adopted a policy of not granting leasehold disposals of more than 25 years save in exceptional circumstances, in order to prevent the Council's future freedom of action being unduly hampered.

Similarly, the Council occasionally provided support to tenants by means of concessionary rents periods. To set some limit on the amount of lost rent, it was a policy not to allow the concession to endure for more than five years.

In light of the changes introduced by The Localism Act 2011 (re service delivery and assets of community value) the County Council may need additional flexibility to adapt proposed lease terms and rents to the much greater variety of circumstances that may now arise.

However, both the 2002 Policy and the Golden Rule will continue to apply when fixing the term of a lease and deciding upon a rent at less than best market value. The longer the term or the period of a concessionary rent, the more difficult it will be to justify a disposal by reference to the Golden Rule, and the greater must be the benefits secured thereby. Therefore, there will have to be an exceptional justification for any concessionary rents for longer than five years. The presumption will be that after five years market rent will be payable.

4.6 **Housing Strategy and Affordable Housing Policy** – Cabinet 22 April 2010, Agenda 6:

While the County Council is not a statutory housing authority the provision of adequate housing is a critical driver in securing economic and social wellbeing and hence the possibility of directing surplus property to secure affordable housing provision ought to be borne in mind when compiling policy.



**5. OVERLAP/ CONFLICT BETWEEN POLICY AND PROTOCOL**

- 5.1 Every effort has been made to develop policies in a consistent manner. However, policies and protocols often approach the same key County Council policies from different perspectives. Some degree of overlap between individual policies and Protocols is inevitable. Outright conflict between policies and the Protocol should hopefully be very rare. However, the possibility cannot be eliminated that an innovative disposal proposal may not sit neatly within the scope of existing policies. Decision makers should be wary of this possibility when formulating proposed disposals. If the risk of a conflict is identified this should be recorded in writing.
- 5.2 A departure from policy or Protocol may be justified on the facts of a particular case. What is important is that the departure, and the reasons for it, be properly explained in the final report considered by the decision maker.

**C. PROCEDURES**

See the “Protocol re Surplus Property”. The procedure set out there for marketing surplus property should be followed subject to such adaptation as may be necessary to reflect the specific issues dealt with in this Protocol/ the facts of each case.

Adherence to the specified procedure will ensure that the Council can quantify the amount of undervalue that would be incurred in respect of a proposed transaction. The decision maker will then be better able address their mind to the Golden Rule and decide whether the amount of non-monetary benefit generated by the transaction is commensurate with the monetary value forgone.

**CHECKLIST RE DISPOSAL OF PROPERTY AT AN UNDERVALUE**

**(for completion by Warwickshire Legal Services and Physical Assets)**

**FILE REFERENCE .....**

**FILE/MATTER NAME .....**

<b>TASK</b>	<b>DATE</b>
Instructions received from BU/ Service/ Physical Assets regarding disposal indicating that an undervalue may be involved	<input type="text"/>
Target date of disposal	<input type="text"/>
File opened/re-opened	<input type="text"/>
Protocols reviewed and note filed re issues arising	<input type="text"/>
Social Return on Investment considered and note filed	<input type="text"/>
Localism Act 2011 considered and note filed	<input type="text"/>
Policy re Supporting Voluntary and Community Organisations considered and note filed re issues arising	<input type="text"/>
Policy re Social Enterprise and Staff Mutuals considered and note filed re issues arising	<input type="text"/>
Asset Management Framework/ Property Strategy 2013-2018 considered and note filed re issues arising	<input type="text"/>
Consider issues arising from proposed duration of lease/ term of concessionary rent and note filed	<input type="text"/>
Housing Strategy and Affordable Housing policy considered and note filed	<input type="text"/>
Capital Receipts Strategy considered and note filed	<input type="text"/>
Protocol re Surplus Property fully complied with	<input type="text"/>
Date of Legal Instructions to dispose	<input type="text"/>
Legal proceedings received	<input type="text"/>
Completion of disposal	<input type="text"/>

## Criteria to consider a Disposal at an undervalue

### 1.0 Freehold Disposal at an Undervalue

- 1.1 Any disposal at an undervalue should be on a leasehold basis unless funding requirements for the proposed disposal require transfer of a freehold interest. A freehold disposal should only be considered where redevelopment of the property is proposed.
- 1.2 An example could be disposal of a site for affordable housing, in accordance with the Council's Housing Policy, or when a property is placed on the open market and an underbid is received which satisfies the Council's service delivery needs. In either case approval is required by Cabinet to dispose at an undervalue.

### 2.0 Leasehold Disposal at an Undervalue

#### 2.1 User restrictions

- 2.2 By granting a leasehold interest in its property the Council is better able to control continued use of the property, or the nature of any development, by imposing on the tenant user restrictions. These can only be amended by agreement with the Council and remain enforceable even if the tenant obtains planning consent for an alternative use of the property. Rental levels can be significantly reduced dependent on the nature and extent of the user restrictions imposed; reflecting the reduced market seeking property for the permitted uses in the lease.

#### 2.3 Rent options

- 2.4 To avoid the issue of user restrictions adversely affecting rental levels leases should be granted either:

- on a rent premium basis: a one off up front lump sum payment by the tenant with a peppercorn rent payable for the remainder of the lease. (Usually appropriate for longer term leases)

or

- An initial rent can be assessed with either no review, or upward only review in accordance with the increase in the Retail Price Index (RPI).

- 2.5 If a rent concession, or peppercorn rent is approved for up to 5 years the lease term should either:

- Match the concession period (at the end lease the Council can require the tenant to vacate, or grant a new lease to the tenant on completely fresh terms)

or

- Be for a period of up to 25 years but on commencement of the lease the lease to include a rental figure payable on expiry of the concession period with RPI increases on any rent review. This removes any uncertainty of future rent levels for the tenant giving full information before the lease is completed.

## **2.6 Leases not involving redevelopment**

2.7 Leases of property where the building is to be retained (but may be refurbished) should be for a maximum term of 25 years. Leases should be unprotected – meaning the tenant has no right to renew the lease giving the Council maximum freedom to determine the future of the property and avoiding payment of compensation to the tenant.

## **2.8 Leases of property for redevelopment**

2.9 Leases of property where the site is to be redeveloped will need to be granted for a longer term to justify capital expenditure by the tenant and satisfy funding requirements where applicable. The minimum lease term possible should be granted but for housing related schemes the minimum period acceptable to tenants / funders is 99 years.

2.10 Generally a Development Agreement should be entered into between the Council and third party giving the third party the right to carry out development based on plans approved by the Council. On practical completion of the development the Council formally completes the lease with the third party (to become the tenant) in the form agreed on completion of the Development Agreement. The lease permits the tenant to use the development for its intended purpose and any rent premium is paid on lease commencement.

## **3.0 Issues to be included in Report to Cabinet for disposal at an undervalue**

3.1 Any disposal at an undervalue, by way of a lease, or freehold, would require approval by Cabinet. As part of any report to Cabinet a Business Case prepared by the third party would be required highlighting:

3.2 Scheme proposals

3.3 Financial appraisal (to demonstrate viability of the proposal in terms of:

- Capital (if any, including funding sources))
- Revenue funding – (addressing all property holding costs)
- Revenue income
- Direct benefits of the proposal to Council service delivery
- Additional community benefits including employment generation, education/training, health and services for particular groups/communities

- Have regard / comment on existing community facilities in the locality and the likely effect on these from the scheme.
- 3.4 Council officers need to provide in the Cabinet Report valuation information as to the market value and or market rental value of the property that could be achieved by sale or leasing the property to determine the level of proposed undervalue. A table considering the advantages and disadvantages of the proposal and any alternative options should also be included.
- 4.0 Leases linked to service delivery but not by service contract**
- 4.1 In some circumstances letting of Council property may benefit service delivery, but not directly linked to a service contract between the parties. Council Business Units have previously offered assistance in such cases either by granting leases at a peppercorn rent, or by way of a Grant in Kind – effectively foregoing rent payable by the tenant for part, or the whole, of the lease term, including stepped rental assistance reducing over time.
- 4.2 In future a market rent should be assessed for all such leases and if the property is held by a Business Unit other than the ‘sponsoring’ Business Unit any rent foregone should be paid by the ‘sponsoring’ Business Unit to the Business Unit that holds the property. The majority of property has been centralised with Physical Assets being the holding Business Unit.
- 4.3 Grant of a further new lease to a tenant at less than market rental value (i.e. disregarding user restrictions imposed by the Council) would still be deemed as a disposal at an undervalue. Cabinet approval would be required to grant a new lease.
- 5.0 Circumstances where grant of a lease at a peppercorn rent is not considered a disposal at an undervalue**
- 5.1 Lease linked directly to a Council Service Contract**
- 5.2 Where a lease is granted, linked to a Council service contract which is dependent on use of that property with the whole leased area being required for that service contract.
- 5.3 Property has no current commercial value**
- 5.4 Where the property has little commercial rental value but is retained by the Council for potential long term increase in capital value, grant of a lease at a peppercorn for community purposes acting in a ‘caretaking’ role reducing Council property holding costs.
- 5.5 Property held for future Council use, or prior to disposal**

5.6 Often in such circumstances the Council enters into an agreement for occupation by property guardians to safeguard the property at less cost than security patrolling. Alternatively if a suitable third party user is identified a short term lease can be agreed which may be less than market rental value, but reflecting the short term lease arrangement minimising property holding costs to the Council.

## **6.0 Use restrictions on property that may not result in disposal at an undervalue**

6.1 If use of the property is restricted by planning conditions (which could include community use policy restrictions), or title issues, rental value is likely to be adversely affected but a lease would not be an undervalue if only these restrictions apply.

## **7.0 Existing leases**

7.1 A number of actions are proposed in terms of existing leases at a peppercorn rent or leased at an undervalue.

## **8.0 Protected leases**

8.1 These are rare and usually long standing lease arrangements. (e.g. some day care centres, or group homes). The issue to the Council is that the tenant has the right to renew the lease on similar terms and conditions, which could include the peppercorn rent. The Council has limited grounds to require vacant possession and compensation would be payable based on 1 or 2 times the rateable value. The Council's intention to grant a lease to an alternative service provider is not a reason that the Council can use to require vacant possession.

8.2 It is proposed that a rental is assessed in accordance with the lease terms (including any user restrictions) on Rent Review. If the tenancy is linked to a service contract with the Council a rent concession could be granted to match the contract term, with rent payable immediately after.

## **9.0 Unprotected Leases**

9.1 The criteria above should be applied to existing leases. If the lease is deemed as a disposal at an undervalue a rental should be assessed on rent review reflecting user restrictions.

## **10.0 General**

10.1 It should also be noted that the possibility of disposal of a Council property at an undervalue is dependent on suitable Council property being declared surplus. Furthermore the Council's property portfolio is not evenly distributed within the county and so opportunities to assist communities by leasing

Council property at an undervalue will only arise in some locations which may not be areas of priority need.

- 10.2 The Council may wish to consider concessionary rents on a stepped basis, with the level of assistance reducing over time, rather than granting a peppercorn rent for the full lease term. By using stepped rents tenants are likely to adjust to making rent payments, reducing the need for the Council to consider, or make, concessions on rent on grant of a new lease to the tenant.

Peppercorn Rents

	Building Use	Property Description	Tenant Name	Start Date	Lease End Date	Comment on end date	Rent Rec'd	Commercial Use Market Rent	Market Rent reflecting Current Use	Comment re. rent
		<b>Awaiting Service Review</b>								
1	Day Care Facility	KENILWORTH/Waverley Centre, 65 Waverley Road..(SS0268)	Kenilworth Community Care Ltd.	01/09/2007	31/08/2014	Proposed terms for a stepped rent up to market rent agreed internally, People Group to bear income lost to Physical Assets	£0	£26,000	£26,000	Current peppercorn reflects Tenant improvement works. N/A for any new lease
2	Former Social Education Centre	WARWICK/The Emscote Centre, Nelson Lane..(SS0127)	Positive About Young People	27/02/2013	1 month's notice	Tenancy at Will (not formal lease) awaiting outcome of Central Area Local Ctr. review then likely to serve notice and dispose	£4,000	£32,000	£15,000	Acting as 'caretakers' and paying holding costs until outcome of Local Ctr. review.
3	Age Concern	ATHERSTONE/The Partnership Building, Coleshill Road..(SS0197)	Age UK Warwickshire	05/01/2010	31/03/2014	People Group to submit business case for consideration. Physical Assets seeking rental income on grant of new lease	£0	£19,700	£22,000	Service related tenancy (Part). Revised less than best consideration protocol / Community Asset transfer policy may assist
4	Part Of Ground Floor, Fawsley House	RUGBY/Fawsley House, 25 Hillmorton Road..(SS0099)	The Rowan Organisation	01/10/2010	30/09/2011	Holding Over to allow flexibility for WCC to relocate or terminate occupation	£0	£7,100	£5,000	Service related tenancy
							<b>£4,000</b>	<b>£84,800</b>	<b>£68,000</b>	
		<b>Development Agreement</b>								
5	Site Of Swimming Pool, Southam School	SOUTHAM/College, Welsh Road West..(EC0091)	Stratford District Council	01/09/1986	31/08/2046	Reflects 60 year term agreed, but no formal lease in place	£0	£25,000	£25,000	Agreed WCC input land to scheme at the time with school use of facility, now schools paying
							<b>£0</b>	<b>£25,000</b>	<b>£25,000</b>	
		<b>Community Asset Transfer</b>								
6	Communtiy Centre	BULKINGTON/Village Centre, School Road..(CB1127)	Bulkington Village Centre Ltd.	10/06/1998	09/06/2097	Ability to charge rent on 5 yearly rent reviews	£0	£16,250	£12,500	Awaiting revised less than best consideration protocol / Community Asset transfer policy for members to consider implementing rent review
7	Whitestone Community Centre	NUNEATON/Whitestone Infant School, Magyar Crescent..(EN0152)	Whitestone Community Association	tbc	6 month's notice on limited grounds	No formal lease granted, therefore TBC. awaiting revised less than best consideration protocol to formalise occupation.	£0	£5,100	£5,000	Awaiting revised less than best consideration protocol / Community Asset transfer policy for members to consider lease terms and formalise occupation.
8	Community Use	NUNEATON/Queen's CE Junior School (Academy), Bentley Road..(EN0131)	The Veterans	10/09/2013	31/07/2024	Rent review 10.9.2018	£0	£6,000	£4,000	Peppercorn approved in accordance with existing protocol - Cabinet 5.6.2014 Agenda No. 7
9	Youth Centre	BEDWORTH/Youth Centre, Croxhall Street..(EN0177)	Positive About Young People	02/04/2012	01/04/2019	Rent review date 2.4.2017	£0	£7,000	£6,000	Peppercorn for 5 years agreed as part of formation of Social Enterprise, externalising PAYP
10	Community Centre and 6 car parking spaces	STRATFORD-UPON-AVON/Bishopton Primary School, Drayton Avenue..(ES0078)	The Trustees Of Bishopton	05/04/1999	04/04/2009	Holding Over to allow flexibility as WCC may require to expand school	£0	£5,500	£5,500	Awaiting revised less than best consideration protocol / Community Asset transfer policy for members to consider renewal terms
							<b>£0</b>	<b>£39,850</b>	<b>£33,000</b>	
		<b>Community Library</b>								
11	Community Managed Library	BIDFORD ON AVON/CE Primary School / Community Libr, Bramley Way..(ES0196)	Bidford Community Library Ltd	02/04/2012	01/04/2017		£0	£16,500	£0	Community Library Lease, rent reflects commercial use
12	Community Managed Library	BULKINGTON/Community Library, School Road..(EN0198)	Bulkington Community Library CIC	10/02/2012	09/02/2017		£0	£14,750	£0	Community Library Lease, rent reflects commercial use
13	Community Managed Library	DUNCHURCH/Community Managed Library, The Green..(EE0114)	Dunchurch Parish Council	02/04/2012	01/04/2017		£0	£6,600	£0	Community Library Lease, rent reflects commercial use
14	Community Managed Library	KERESLEY/Newland Community Library & Information C, Bennetts Rd North..(EN0207)	Keresley Community Library Limited	08/05/2012	07/05/2017		£0	£5,200	£0	Community Library Lease, rent reflects commercial use
15	Community Managed Library	DORDON/Community Managed Library, Roman Way..(EN0205)	Readers of Roman Way Limited	16/12/2013	15/12/2033	Ability to charge rent on 5 yearly rent reviews	£0	£5,300	£0	Community Library Lease, rent reflects commercial use



	Building Use	Property Description	Tenant Name	Start Date	Lease End Date	Comment on end date	Rent Rec'd	Commercial Use Market Rent	Market Rent reflecting Current Use	Comment re. rent
16	Community Managed Library	WATER ORTON/Community Library & Community Centre, Mickle Meadow..(EN0213)	The Water Orton Library & Comm.Cent	13/04/2012	12/04/2022	Ability to charge rent on 5 yearly rent reviews	£0	£8,400	£0	Community Library Lease, rent reflects commercial use
							£0	£56,750		
		<b>Community Youth Centre</b>								
17	Binley Woods Community Youth Group	BINLEY WOODS/Community Youth Club, c/o Primary School Campus..()	Binley Woods Community Youth Group	02/04/2012	01/04/2017		£0	£2,300	£0	Community Youth Ctr. transfer
18	Henley in Arden Youth & Community Centre	HENLEY-IN-ARDEN/Community Youth Centre, Henley High School..(ES0122)	Henley in Arden War Memorial Trust	02/04/2012	01/04/2017		£0	£5,600	£0	Community Youth Ctr. transfer
19	Former Youth Centre	RUGBY/Hill Street Community Youth Centre, Hill Street..(EE0126)	Hill St. Youth & Comm. Centre Assoc	02/04/2012	01/04/2022		£0	£16,250	£0	Community Youth Ctr. transfer
20	Part of Youth & Community Centre	NUNEATON/Hatters Space Community Centre, Hatters Space..(EN0189)	Spurgeons	01/04/2011	31/03/2012	Part of Children's Ctr tender lease to provider by 1.9.2015	£0	£5,000	£0	Community Youth Ctr. transfer
21	Youth Centre Building	KENILWORTH/Youth & Community Centre, Abbey Car Park..(EC0259)	The Kenilworth Centre	01/04/2014	01/04/2017		£0	£37,250	£0	Community Youth Ctr. transfer
22	Warwick Youth Centre	WARWICK/Youth & Community Ctr., Coten End	Warwick Space	tbc	1 month's notice	Lease yet to be completed, Occupation commenced	£0	£13,750	£0	Community Youth Ctr. transfer
23	Wembrook Community Youth Centre	NUNEATON/Wembrook Community Youth Centre, Raveloe Drive..(EN0187)	Wembrook Community Centre Limited	02/04/2012	01/04/2022		£0	£6,200	£0	Community Youth Ctr. transfer
							£0	£86,350	£0	
		<b>Development Potential</b>								
24	Surplus P/Fields,Dunchurch Ce Middle School	DUNCHURCH/Boughton C. of E. (V.A.) Junior School, Dew Close..(EE0013)	Dunchurch Parish Council	01/10/1988	30/09/1990	Holding over for flexibility	£0	£600	£250	Excess land adjacent to school. PC maintain. Could lease for grazing - retain for development potential
25	Playing field land off Anderson Avenue	RUGBY/Rokeby Primary School, Anderson Avenue..(EE0061)	Rugby Borough Council	16/03/2000	15/03/2005	Holding over for flexibility	£0	£4,000	£1,000	Excess land adjacent to school. PC maintain. Could lease for grazing- retain for development potential
							£0	£4,600	£1,250	
		<b>Nursery (limited alternative provsion)</b>								
26	Nursery	HURLEY/Primary School, Heanley Lane..(EN0084)	Trustees of Hurley Nursery	01/07/2005	30/06/2010	Terms for new lease under negotiation	£0	£4,140	£4,000	Grant in Kind by Early Years due to lack of local provision
27	Clifton Upon Dunsmore C.E. Primary School	CLIFTON UPON DUNSMORE/C. of E. Primary School, Station Road..(EE0012)	The Trustees Of The Clifton	17/09/1984	6 month's notice	Continuing Licence terminable on 6 mths notice. No end date	£0	£1,900	£1,900	School and Education & Learning supporting the provision. Await revised protocols
28	Long Lawford - Former Branch Library	LONG LAWFORD/Primary School, Holbrook Road..(EE0020)	The Trustees Of The Long	01/02/1989	6 month's notice	Continuing Licence terminable on 6 mths notice. No end date	£0	£3,900	£3,900	School and Education & Learning supporting the provision. Await revised protocols
29	Warton Nursery	WARTON/Nursery Unit, Maypole Road..(EN0267)	The Trustees Of The Warton	01/09/1984	6 month's notice	Continuing Licence terminable on 6 mths notice. No end date	£0	£4,450	£4,000	School and Education & Learning supporting the provision. Await revised protocols
							£0	£14,390	£13,800	
		<b>Service Tenancy Highways</b>								
30	Highways Maintenance Services	COLESHILL/Motorway/Divisional Highways Depot, Coleshill Heath Road..(CB0191/A)	Balfour Beatty Group Ltd	04/07/2012	04/05/2016	Linked to service contract peppercorn rent fixed until lease end	£0	£36,000	£30,000	Service related tenancy
31	Highways Maintenance Services	DUNCHURCH/Highways Sub-Depot, Southam Road..(CB0148)	Balfour Beatty Group Ltd	03/07/2012	04/05/2016	Linked to service contract peppercorn rent fixed until lease end	£0	£31,000	£27,000	Service related tenancy
32	Highways Maintenance Services	HENLEY-IN-ARDEN/Highways Sub-Depot, Buckley Green Lane..(CB0147)	Balfour Beatty Group Ltd	04/07/2012	04/05/2016	Linked to service contract peppercorn rent fixed until lease end	£0	£13,250	£11,000	Service related tenancy
33	Highways Maintenance Services	SHIPSTON-ON-STOUR/Highways Sub-Depot, Brailes Road..(CB0124)	Balfour Beatty Group Ltd	03/07/2012	04/05/2016	Linked to service contract peppercorn rent fixed until lease end	£0	£11,000	£7,500	Service related tenancy
34	Highways Maintenance Services	WELLESBOURNE/Divisional Highways Depot, Loxley Road..(CB0131)	Balfour Beatty Group Ltd	03/07/2012	04/05/2016	Linked to service contract peppercorn rent fixed until lease end	£0	£25,000	£20,000	Service related tenancy
35	Highways Maintenance Contract 2004	WARWICK/Budbrooke Highways Depot, Old Budbrooke Road..(CB0795)	Balfour Beatty Group Ltd	04/07/2012	04/05/2016	Linked to service contract peppercorn rent fixed until lease end	£0	£7,700	£5,000	Service related tenancy

	Building Use	Property Description	Tenant Name	Start Date	Lease End Date	Comment on end date	Rent Rec'd	Commercial Use Market Rent	Market Rent reflecting Current Use	Comment re. rent
36	Highways Maintenance Services	WARWICK/Budbrooke Office (Balfour Beatty), Old Budbrooke Road..(FB/L5)	Balfour Beatty Living Places	30/07/2013	04/05/2020	Linked to service contract peppercorn rent fixed until lease end	£0	£19,250	£19,250	Service related tenancy
							£0	£143,200	£119,750	
		<b>Service Tenancy Group Homes</b>								
37	Group Home	SNITTERFIELD/Four Gables (Group Home), Ingon Lane..()	People in Action	01/04/2010	01/04/2012	Discussions with People Group to be concluded prior to grant of new leases	£0	£20,370	£20,370	Service related tenancy
38	Group Home	GAYDON/Barnfield (Group Home), Church Lane..()	People in Action	01/04/2010	01/04/2012	Discussions with People Group to be concluded prior to grant of new leases	£0	£20,370	£20,370	Service related tenancy
39	Group Home	LEAMINGTON SPA/4 Milverton Terrace (Group Home), 4 Milverton Terrace..()	People in Action	01/04/2010	01/04/2012	Discussions with People Group to be concluded prior to grant of new leases	£0	£35,475	£35,475	Service related tenancy
40	Residential home for people with learning difficulties	STRATFORD-UPON-AVON/145-147 Masons Road (Group Home), 145-147 Masons R..()	Turning Point Ltd	01/04/2010	31/03/2012	Discussions with People Group to be concluded prior to grant of new leases	£0	£12,075	£12,075	Service related tenancy
41	Residential home for people with learning difficulties	STRATFORD-UPON-AVON/7 Manor Road/1 Beech Close (Group Home), 7 Manor R..()	Turning Point Ltd	01/04/2010	31/03/2012	Discussions with People Group to be concluded prior to grant of new leases	£0	£18,113	£18,113	Service related tenancy
42	Residential home for people with learning difficulties	LEAMINGTON SPA/14 Marloes Walk (Group Home), 14, Marloes Walk..()	Turning Point Ltd	01/04/2010	31/03/2012	Discussions with People Group to be concluded prior to grant of new leases	£0	£30,975	£30,975	Service related tenancy
43	Residential home for people with learning difficulties	LEAMINGTON SPA/52 Russell Terrace (Group Home), 52 Russell Terrace..()	Turning Point Ltd	01/04/2010	31/03/2012	Discussions with People Group to be concluded prior to grant of new leases	£0	£21,500	£21,500	Service related tenancy
44	Residential home for people with learning difficulties	LEAMINGTON SPA/26 Willes Road (Group Home), 26 Willes Road..()	Turning Point Ltd	01/04/2010	31/03/2012	Discussions with People Group to be concluded prior to grant of new leases	£0	£23,381	£23,381	Service related tenancy
							£0	£182,259	£182,259	
		<b>Total All</b>					<b>£4,000</b>	<b>£637,199</b>	<b>£443,059</b>	

**Corporate Services  
Overview and Scrutiny Committee**

**25 November 2014**

**Work Programme 2014/15**

**Recommendations**

That the Corporate Services Overview and Scrutiny Committee:

- 1) Agrees the proposed 2014/15 Work Programme and makes any additional or changes, as required;
- 2) Considers the use of an Action Plan to update the Committee on any actions or recommendations agreed by the Committee; and
- 3) Notes the scheduled future meeting dates.

**1.0 Work Programme**

- 1.1 The proposed Committee Work Programme for 2014/15 is attached at Appendix A.

**2.0 Committee Action Plan**

- 2.1 An Action Plan for the Committee has been created to track any recommendations and actions that are agreed by members at meetings of the Committee.

**3.0 Briefing Notes**

- 3.1 No Briefing Notes have been circulated recently to the Committee.

**4.0 Dates of Future Meetings**

- 4.1 Future meetings of the Committee have been scheduled for 2p.m. on the following dates:
  - 11<sup>th</sup> February 2015
  - 13<sup>th</sup> May 2015

## Appendices:

### Appendix A – Work Programme 2014/15

	Name	Contact details
<b>Report Author</b>	Sally Baxter	<a href="mailto:sallybaxter@warwickshire.gov.uk">sallybaxter@warwickshire.gov.uk</a> 01926 412323
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<b>Strategic Director</b>	David Carter	<a href="mailto:davidcarter@warwickshire.gov.uk">davidcarter@warwickshire.gov.uk</a> 01926 412564
<b>Portfolio Holder</b>	Councillor Kam Kaur	<a href="mailto:cllrkaur@warwickshire.gov.uk">cllrkaur@warwickshire.gov.uk</a>

**Corporate Services Overview and Scrutiny Committee  
Work Programme 2014/15**

**Appendix A**

Item	Report detail	Date of last report	Date of next report
Questions to the Portfolio Holders / Forward Plan decisions	Report which includes Forward Plan decisions relevant to the remit of the Committee. (Sally Baxter)	N/A	* Standing item for every meeting
One Organisational Plan	To receive performance information on a quarterly basis, relevant to the remit of the committee.	N/A	*Standing item for every meeting.
Treasury Management Mid-Year Report 2014/15	To consider the Actual results on cash investments from April to September 2014.	N/A	25 November 2014
Warwickshire County Council Property Protocol and Peppercorn Rents	To receive a report with regard to WCC's position and what help is provided by the authority to those community groups in preparation for when peppercorn rents cease to be in operation. (Geoff Taylor)	N/A	25 November 2014
Transformation through Strategic Commissioning Programme	The Transformation through Strategic Commissioning Programme was completed at the end of the 2013/14 financial year.	N/a	TBC
Community Infrastructure Levy	To consider an outline of CIL and its impact on the County Council. Possible joint scrutiny with the Communities OSC.  This to be followed at a later date with a discussion with representatives from the District/Borough Councils regarding the changes and implications arising from CIL.	N/a	TBC

**Corporate Services Overview and Scrutiny Committee  
Work Programme 2014/15**

**Appendix A**

Item	Report detail	Date of last report	Date of next report
People Group Systems	The committee was invited by the Portfolio Holder, Jose Compton, to monitor the process of procuring IT Systems for the People Group.	N/a	February 2015
Libraries and Community Building	TBC	N/a	TBC
Law and Governance	TBC	N/a	TBC
Communications and Marketing	TBC	N/a	TBC
Joint Strategic Needs Assessment (JSNA)			
LEP/ City Deal	Invitation for information to be presented to a future meeting of the committee	N/A	TBC

**Corporate Services Overview and Scrutiny Committee  
Work Programme 2014/15**

**Appendix A**

<b>Item considered</b>	<b>Outcome</b>	<b>Date</b>	<b>Actions</b>
Small Holdings Strategy	In depth financial information was requested. It will be presented at a future meeting.	4 September 2014	N/A
Social Care Complaints	Committee considered and noted the report.	4 September 2014	N/A

**Corporate Services Overview and Scrutiny Committee  
Work Programme 2014/15**

**Appendix A**

**Briefing Notes**

<b>Item</b>	<b>Briefing Note detail</b>	<b>Date requested</b>	<b>Date circulated</b>