

# Corporate Services Overview and Scrutiny Committee

15 July 2015

## Agenda

The Corporate Services Overview and Scrutiny Committee will meet in **CR2, Shire Hall, Warwick** on, **Wednesday 15 July 2015** at **3 p.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 or 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 11 February 2015 and the minutes of Annual Council held on 19 May 2015.

## **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 relevant to the Overview and Scrutiny Committee**

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 –End of year 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. Property Disposal Protocols and Concessions according to Social Value**

To receive information and for the committee to make comments on this report, the proposed protocols and criteria to assess rent concessions all appended to this report, if appropriate.

## **6. County Farms and Smallholdings Strategy 2015 - 2025**

An update regarding the Strategy and for the committee to note and make comments, if appropriate.

## **7. Work Programme 2015/16**

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. Date of Next Meeting

The next meeting of the Corporate Service Overview and Scrutiny Committee has been scheduled for 17 September 2015, commencing at 2:00pm in CR2.

Jim Graham  
Chief Executive  
Shire Hall  
Warwick

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

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

#### **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 11 February 2015**

**Present**

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

**Other Councillors:** Councillor Richard Chattaway.

**Officers:** Elizabeth Abbott, Business Partner – Planning, Performance and Improvement  
John Betts, Head of Finance  
Kushal Birla, Head of Customer Service  
David Carter, Strategic Director, Resources Group  
Marcus Herron, Service Manager, Service Development & Assurance  
Tricia Morrison, Acting Head of Service, Service Improvement & Change Management  
Paul Spencer, Democratic Services Officer

**1. General**

**(1) Apologies**

Councillor John Appleton

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

None.

**(3) Minutes of the meeting of the Corporate Services Overview and Scrutiny Committee held on 25 November 2014**

The Committee agreed that the minutes of the meeting held on 4 September 2014 be signed by the Chair as a true and

accurate record, subject to an alteration on page nine, to correct the start time of the meeting on 11 February 2015 to 2pm.

The Chair reported on matters arising from the last minutes. Members had been invited to undertake a tour of Old Shire Hall. Briefing notes had been circulated regarding the Capital Programme and slippage, an action plan for responding to complaints in Social Care services and on the Community Infrastructure Levy. A report on property protocols would be provided to the meeting on 13 May 2015.

With regard to the KNUCKLE project and providing an update on the commencement date and schedule of works, it was suggested that this be provided to all members, not just members of the Committee

## **2. Public Question Time**

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

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

The Chair noted that no Portfolio Holders were present. Councillor Chattaway was in attendance to submit a question. The Chair would raise their absence at the Leaders' Liaison Group the following day.

## **4. One Organisational Plan Quarter 3 Progress Report**

John Betts, Head of Finance introduced the One Organisational Plan report for quarter three (April – December 2014). He explained the documents appended to the report including the report considered by Cabinet on 27 January, dashboard information and detailed business unit background information relevant to the remit of the Committee. There were no overspends for services falling within the remit of the Committee and an outline was given of underspends in three areas, which were within tolerances.

Tricia Morrison, Acting Head of Service, Service Improvement & Change Management referred members to a circulated briefing note on slippage in the Capital Programme and a key messages document for the quarter three progress report. The Chair noted that several documents had been circulated immediately prior to the meeting. If members needed to ask further questions after the meeting, having read this documentation, she asked that they copy her in to the correspondence.

Members submitted questions and sought further information on the following areas, with responses provided as indicated:

- Challenges from the Local Government Ombudsman particularly relating to 'Blue Badge' applications. A review of reporting categories and a more assertive approach by the Ombudsman had increased the number of challenges received, making year-on-year comparisons no longer possible. Discussions with other authorities showed a similar trend across the region.
- A new measure for the outcome "high quality, needs based public services are deployed effectively and efficiently" was discussed, particularly the planned approach to establish baseline data.
- Levels of sickness absence. There had been a slight increase when compared to the data for the previous year. A member requested a breakdown showing the number of lost days each year and the service area where the employee worked. It was noted that the highest absence reason was stress related illness, but there was a projected underspend on occupational health services.
- On the performance commentary, an improved position was reported from that shown for the previous quarter. A member noted that information was not available on the status of one of the 14 key business outcomes. This would be researched and provided to members.
- The commissioning approach to service delivery was discussed. This is a new global measure with no baseline information being available presently. A business case would be required for each service area where adopting a commissioning approach was proposed, to show that there was a saving or greater benefit.
- Levels of borrowing and slippage were discussed, together with the use of reserves. The points were noted and budget managers were asked to review the profile of actual expenditure. Whilst reasons given for slippage were reasonable and due to a variety of internal and external factors, there was a need to ensure expenditure profiles were more accurate.
- The position on improving broadband services in Warwickshire was clarified. Presently, phase one was progressing well and was ahead of time. Further details could be provided on phases two and three, which was anticipated to be completed during 2017/18 at the earliest. Some of the detailed information held by the Authority was commercially sensitive.

Resolved:

That the Corporate Services Overview and Scrutiny Committee notes the report and appendices in the One Organisational Plan Quarter three progress report.

## 5. Client Information Systems - Project Update

Marcus Herron, Service Manager, Service Development & Assurance presented this item. Background was provided on the decision to replace the core IT systems and databases that support Social Care and Education. The decisions on procurement had been delegated to two strategic directors, with Council requesting that an update be provided to this Committee.

The report outlined the progress to date. The procurement of Corelogic's Mosaic product as the new social care system followed soft market testing, visits to and discussions with other authorities and a comprehensive four week assessment of two shortlisted suppliers. The project was progressing over two phases, with the procurement and completion of an education system by February 2015 and the implementation of the Mosaic product for social care by December 2015. Whilst some delays had been experienced, the project was broadly on time. The report emphasised the information governance focus, the predicted budget savings on the contract cost and ongoing revenue savings. Further sections of the report looked at key risks and mitigations, together with the timescales for completion of the project.

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

- 1) Assurances were sought that the system would operate correctly when it went live. There would be an audit quality control assurance process and extensive user acceptance testing against sample cases before the new system was implemented.
- 2) The rationale for replacing the IT system was discussed. A key aspect was the need for flexibility and this system would help integration of service delivery.
- 3) The ability of the system to share appropriate information (with suitable safeguards), with health and third sector bodies such as Barnardos was discussed.
- 4) The need for additional infrastructure at Children's centres was questioned. This would need to be researched, but it was noted that infrastructure was not within the scope of the current project.

Resolved:

That the Corporate Services Overview and Scrutiny Committee notes the information contained in the report.



## **6. Work Programme 2015/16**

The Committee reviewed its work programme for the remainder of the municipal year, with the Chair inviting suggestions for additional scrutiny areas.

The value of the site visits to smallholdings was stated, it being questioned whether a similar approach could be taken for the Council's commercial portfolio, with a tour and/or presentation. This could include the number, size and location of units, tenures and rental income. The Chair agreed that a presentation would be useful. It was noted that a review of this area was currently ongoing and the findings could be reported to the Committee's meeting in May or July, subject to the review being completed. It was agreed that this meeting could involve members of the Communities Overview and Scrutiny Committee, given the regeneration and economic development aspects.

It was suggested that the Committee review broadband internet service provision for town centres, particularly for business premises. Members were advised that the County Council couldn't invest resources for broadband in commercial premises. Another point made was the lack of economic viability of providing broadband services to very remote rural domestic premises.

Clarification was provided on the planned reports to the Committee on the Council's property protocol and peppercorn rents. The revised policy would be presented at the May Committee before consideration by Cabinet and in November, the Committee could review the implications of any decision taken to not offer peppercorn rents to community groups.

An update was requested to the next meeting, on the concern raised at the November Committee (Minute No. 4, point 9), regarding the concerns expressed on the target for complaint handling and children's services.

Resolved:

That the Corporate Services Overview and Scrutiny Committee agrees the additions to its work programme, as outlined above.

## **7. Urgent Matters**

There were no urgent matters raised for discussion.

**8. Date of Next Meeting**

The date of the next Corporate Services Overview and Scrutiny Committee was confirmed as 13 May 2015 at 2p.m.

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Chair

## **Minutes of a meeting of the Corporate Services Overview and Scrutiny held on 19 May 2015**

### **Present:**

#### Members of the Committee

*(Appointed by Council on 19 May 2015)*

Councillors John Appleton, Nicola Davies, Neil Dirveiks, Peter Fowler, John Holland, Keith Kondakor, Phillip Morris-Jones, Chris Saint and Matt Western

Others present: Councillors John Beaumont, Sarah Boad, Mike Brain, Peter Butlin, Richard Chattaway, Jonathan Chilvers, Chris Clark, Jeff Clarke, Alan Cockburn, Jose Compton, Yousef Dahmash, Corinne Davies, Richard Dodd, Sara Doughty, Jenny Fradgley, Bill Gifford, Mike Gittus, Brian Hawkes, Colin Hayfield, John Horner, Julie Jackson, Philip Johnson, Joan Lea, Peter Morson, Brian Moss, Bill Olnor, Maggie O'Rourke, Dave Parsons, Mike Perry, Caroline Phillips, Wallace Redford, Clive Rickhards, Kate Rolfe, Jerry Roodhouse, Izzi Seccombe, Dave Shilton, Bob Stevens, Jenny St John, June Tandy, Angela Warner, Alan Webb, Mary Webb, John Whitehouse and Chris Williams.

### **1. General**

#### **(1) Apologies for absence**

Councillor Keith Lloyd.

#### **(2) Members' Disclosures of pecuniary and non-pecuniary interests**

None

### **2. Election of Chair**

The Chair of Council called for nominations for Chair of the Corporate Services Overview and Scrutiny Committee.

Councillor John Holland nominated Councillor Matt Western for Chair of the Committee and was seconded by Councillor Neil Dirveiks.

There were no other nominations.

#### **Resolved**

That Councillor Matt Western be elected Chair of the Corporate Services Overview and Scrutiny Committee for the ensuing municipal year.

## 2 Election of Vice Chair

The Chair of the Committee called for nominations for Vice-Chair.

Councillor John Appleton nominated Councillor Peter Fowler for Vice Chair of the Committee and was seconded by Councillor Chris Saint.

There were no other nominations.

### **Resolved**

That Councillor Peter Fowler be elected Vice Chair of the Corporate Services Overview and Scrutiny Committee for the ensuing municipal year.

The meeting rose at 3.25 p.m.

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Chair

## Corporate Services Overview and Scrutiny Committee

15 July 2015

### 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

- 1.1 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.
- 1.2 The list was last updated from the Forward Plan on 2 July 2015.  
(\* Key decision)

Decision	Description	Date due	Cabinet / PfH
Planning for the 2016/17 budget	For Cabinet to agree the outline budget timetable for 2016/17 and inform Members of the proposed approach to the background work to support the medium term financial plan.	16 July 2015	Cabinet
(Exempt) Early Payments Programme	A proposal for an Early Payments Programme for Suppliers to be introduced by the Local Authority	16 July 2015	Cabinet
Integrated Peer Challenge Action Plan	Warwickshire County Council commissioned three Peer Challenges during 2014/15, which provided an external, impartial, peer-led perspective on a number of service areas. Each Peer Challenge resulted in a formal feedback letter containing a number of specific recommendations for improvement.  It is proposed that the organisation-wide recommendations from each Peer Challenge are brought together in a single Integrated Action Plan that is regularly reported to Cabinet to show progress.	16 July 2015	Cabinet

(Exempt) Grant an option on land at Thurlaston, Rugby	Grant an option over part of a County Council smallholding at Thurlaston, Rugby	16 July 2015	Cabinet
Generating Income from Ground Mounted Solar	That Cabinet supports the principle of development of ground mounted solar projects on its estate	16 July 2015	Cabinet
Call-in – Proposal to Decommission the Nuneaton Opportunities Centre	This decision made by Cabinet on 11 June 2015 was called in and considered by the Communities Overview and Scrutiny Committee on 24th June 2015. The Scrutiny Committee resolved to refer the matter back to the decision maker and ask Cabinet to reconsider its decision.	16 July 2015	Cabinet
Annual Governance Statement 2014 2015	Presents a draft AGS for consideration by Cabinet prior to submission to Council for approval.	10 September 2015	Cabinet
(Exempt) Land at Orton Road, Warton, North Warwickshire	Proposed to seek Cabinet approval to dispose of land off Orton Road, Warton.	10 September 2015	Cabinet
One Organisation Plan 2016/17 Financial Refresh - Proposals from Corporate Board	Proposals for Members consideration from Corporate Board on issues to be included as part of the 2016/16 One Organisation Plan financial refresh	10 December 2015	Cabinet

	Name	Contact details
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## **Corporate Services Overview & Scrutiny Committee**

**15<sup>th</sup> July 2015**

### **One Organisational Plan Year End Progress Report:**

**April – March 2015**

#### **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 Year End Progress Report for April – March 2015 was considered by Cabinet on 11<sup>th</sup> June 2015.
- 1.2. A full copy of the report to Cabinet is 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 11<sup>th</sup> June 2015.

	<b>Name</b>	<b>Contact Information</b>
Report Author	Elizabeth Abbott	<a href="mailto:Elizabethabbott@warwickshire.gov.uk">Elizabethabbott@warwickshire.gov.uk</a> 01926 416885
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Strategic Director	David Carter	<a href="mailto:davidcarter@warwickshire.gov.uk">davidcarter@warwickshire.gov.uk</a> 01926 412564
Portfolio Holder	Cllr Kam Kaur	<a href="mailto:CllrKaur@warwickshire.gov.uk">CllrKaur@warwickshire.gov.uk</a>



# Cabinet

11 June 2015

## One Organisational Plan Year End Report April 2014 – March 2015

### Recommendations

Cabinet are recommended to:

- a) Note the progress on the delivery of the One Organisational Plan as at the end of March 2015 as summarised in Sections 1 to 3 of the report and detailed in Appendix A.
- b) Review and comment on the 2014/15 revenue and capital outturn position, and the year-end performance position against the 2014/15 savings plan (Background Annexes A to S) and the level of reserves held by the Authority (Appendix C).
- c) Support the action being taken to bring the spending of the Safeguarding and Education and Learning Business Units in line with the budgets, as detailed in paragraphs 3.5 and 3.6.
- d) Note the transfer of £0.726 million into corporate reserves as outlined in paragraph 5.3.
- e) Approve the use of £1.480 million of corporate reserves to cover the unfinanced 2014/15 overspend in Education and Learning and Safeguarding Business Units, as outlined in paragraph 5.4.
- f) Approve the use of £3.133 million service savings to support plans for the delivery of service in 2015/16.
- g) Approve the use of £1.183 million to repay borrowing as outlined in paragraph 5.5.
- h) Support the approach to the financing of the 2014/15 capital programme as detailed in Section 6.
- i) Note the management of significant risks as outlined in Section 2.

## 1. Summary of Progress

- 1.1. The One Organisation Plan 2014-18 was developed as a four year plan for the delivery of a set of core outcomes within the envelope of available resources. This report presents the position at the end of the first year of our 4 year One Organisational Plan and as such should be read as an early review of progress to date.
- 1.2. As is to be expected after one year the picture presented is variable. We are on target to deliver the outcomes across four of the five priority areas with only one area – ‘Warwickshire’s communities are supported by excellent communications and transport infrastructure’ – currently not on target. All of the savings planned for 2014/15 have been delivered, with significant progress made in taking forward the savings planned for future years. This contributed to an overall underspend of £9.1 million and leaves our reserves in a robust position to meet the challenges ahead, ensuring the four year plan, which includes the use of significant levels of reserves, remains viable.
- 1.3. The importance of maintaining capacity, through our level of reserves, is becoming increasingly important. Following the Queen’s Speech it is anticipated that the local government sector is likely to be required to make additional savings. The headline at present is a £12 billion gap, with the Chancellor anticipating 5% additional savings from Ministries. How much of this will impact on Warwickshire remains to be established and will be the subject of a future report.
- 1.4. Financially two Business Units are under particular pressure (Education and Learning and Safeguarding) and the report contains proposals for addressing these in line with the 2016/17 refresh. The number of employees continues to fall as savings are delivered requiring an increased focus on ensuring all activity is supporting the delivery of the One Organisation Plan.
- 1.5. Whilst significant improvements have been made in revenue forecasting, capital slippage and accurate in-year performance monitoring needs a continuing focus. This should ensure future quarterly performance reports can provide the same degree of comfort about progress as the actual year-end position.
- 1.6. The One Organisational Plan is made up of the following elements;
  - OOP Outcome Framework, including organisational health outcomes (Pages 1-2 of Appendix A).
  - Use of financial resources including revenue, savings and capital, (Pages 3-5 of Appendix A)
  - Management of human resources (Page 6 of Appendix A) and.
  - Management of strategic risks (Page 7 of Appendix A) and
- 1.7. All these elements collectively contribute to the delivery of our Core Purpose over the next 4 years. Overall progress on the delivery of these elements as at the 31<sup>st</sup> March is as follows:

- We are reporting that we are outside of the tolerance set to deliver on the Outcome Framework.
- We are within tolerance in the use and management of our financial resources.
- We are within tolerance in the management of our human resources.
- We are within tolerance in the management of our strategic risks.

1.8. The following sections of this report set out the key messages in relation to each of these specific elements. However, they should not be considered independently and Members are asked to consider them in their entirety.

## 2. Performance Commentary

### One Organisational Plan Outcomes

2.1 The OOP Outcome Framework contains 5 specific key outcomes. At the end of March 2015, we are reporting that 4 are within tolerance to be delivered and one is red. Details of which are set out in the table below.



	Our communities & individuals are safe from harm & are able to remain independent for longer	The health & well being of all in Warwickshire is protected	Our Economy is vibrant; residents have access to jobs, training & skills development	Warwickshire's communities are supported by excellent communications & transport infrastructure	Resources & services are targeted effectively & efficiently whether delivered by the local authority, commissioned or delivered in partnership	
<b>Overall Status</b>	<b>Amber</b>	<b>Amber</b>	<b>Amber</b>	<b>Red</b>	<b>Amber</b>	<b>Red</b>
<b>Red</b>	1	0	1	2	0	<b>4</b>
<b>Amber</b>	2	5	2	0	5	<b>14</b>
<b>Green</b>	2	0	1	1	0	<b>4</b>
<b>Total</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>22</b>

Please note that the following criteria has been used to report the delivery of the Outcomes:

- Red indicates at this stage, we are not on target to deliver the Outcome.
- Amber indicates that at this stage, we are on target to deliver the Outcome but it is not yet fully achieved.
- Green indicates that we are delivering the Outcome set out in the plan.

2.2 Each of the 5 specific outcomes are supported by a number of additional themes, and cover distinct areas of activity that are being delivered across the Organisation and not just by one particular Group or Business Unit. The year-end results for 2014/15 present a mixed picture of performance with some

good news and some areas that require more specific focus in order to ensure that, by 2018, we have delivered the outcomes we set out to achieve.

- 2.3 Positively, at the end of Year 1 we are able to report that we are successfully delivering on the following themes which are all reporting a green status as at 31<sup>st</sup> March 2015:
- Our voluntary sector provide a strong offer of targeted support
  - Our Councillors are strong community leaders
  - Our economy provides quality jobs and unlocks entrepreneurship
  - The digital divide in Warwickshire is addressed and opportunities from new technologies are maximised
- 2.4 For the outcome “Our Communities and Individuals are safe from harm and are able to remain independent for longer”, we are on track to deliver on the outcome, with 4 out of the 5 themes reporting they are amber or green at the end of March and only 1 theme is red which is “our vulnerable residents are safe, protected from harm & independent for longer”.
- 2.5 It is important to note that slight changes in underlying performance results compared to the targets set have triggered the red status at the end of year 1. For example we are reporting a red status for the total number of accidental dwelling fires as at the end of March 2015 and this is as a result of 8 more incidents than the target set of 156. It must be borne in mind that, whilst disappointing, this is a very low base and Warwickshire FRS has been one of the best performers in this area for some time. This outturn figure is expected to be within the top performers in the country despite the slight increase.
- 2.6 For the outcome “The health and well being of all in Warwickshire is protected”, we are on track to deliver on the outcome, with all 5 themes reporting they are amber at the end of March.
- 2.7 For the outcome “Our Economy is vibrant; residents have access to jobs, training and skills development”, we are on track to deliver on the outcome, with 3 out of the 4 themes reporting they are amber or green at the end of March and only 1 theme is red which is “Our young people are supported to meet their needs and aspirations”.
- 2.8 This overall performance has been affected by the results for “Closing the Gap” in terms of attainment with an increase in the % gap between the achievement of disadvantaged pupils and non disadvantaged pupils in those achieving 5 or more A\* - C grades in English and Maths and the % gap between the achievement of disadvantaged pupils and non-disadvantaged pupils achieving level 4 or above in reading, writing and maths. Closing the Gap has been identified as a major area for development and a strategy is being developed and project has been established to help drive improvements in this area.
- 2.9 The overall use of revenue resources for Education and Learning is showing an overspend. This is primarily because of the increased pressure, within the Vulnerable Learners service, on the demand led budgets for support for pupils

with special educational needs and disabilities (SEND) including the associated transport costs.

2.10 For the outcome “Resources and services are targeted effectively and efficiently whether delivered by the local authority, commissioned or delivered in partnership”, we are on track to deliver on the outcome, with all 5 themes reporting they are amber at the end of March.

2.11 As at the end of March 2015, the outcome “Warwickshire’s communities are supported by excellent communications and transport infrastructure” is reporting an overall red status and this is because 2 out of 3 themes are reporting that they are not on target to deliver the outcomes. Only the outcome “The digital divide in Warwickshire is addressed and opportunities from new technologies are maximised” is reporting that it has delivered on the outcome set.

2.12 The table below sets both the themes that are not reporting to be delivered and the associated key performance measures that have not achieved the targets set for 2014/15.

OOP Theme	Key Business Measures	Reason
Our planning infrastructure delivers strategic solutions for partners and ourselves	<ul style="list-style-type: none"> <li>• % of Major Highway Authority applications which were responded to within target of 21 days</li> <li>• % of Minor Highway Authority applications which were responded to within target of 21 days</li> </ul>	<ul style="list-style-type: none"> <li>• Due to the changes in the approach to responding to major highway applications during 2014/15, year end performance has not been as high as expected. However, year on year performance continues to improve, with 63% of all major applications responded to within 21 days compared to 61% in 2013/14.</li> <li>• 84% of all minor applications were responded to within 21 days compared to 80% in 2013/14. Whilst year on year performance has improved, the results were not as high as the 90% target.</li> </ul>
Our integrated sustainable transport networks are fit for the future & meet the needs of residents and businesses	<ul style="list-style-type: none"> <li>• WCC cost per passenger journey on County Council supported services</li> <li>• Delivery of the annual Capital Programme for Transport</li> <li>• Length of highway network where surface treatment was achieved</li> </ul>	<ul style="list-style-type: none"> <li>• As previously financially supported services become commercially viable there is a greater reduction passenger numbers on the remaining supported services which results in an increasing per capita cost. This is part of an on-going trend.</li> <li>• Delivery of capital programme (excluding s278 schemes) is 95% and including s278 schemes is 93% against a target of 100% for 2014/15. During the financial year there have been minor delays in delivering some schemes and currently a s278 scheme is added to the capital programme whilst there are still processes to complete which involve external parties. These processes can sometimes take a considerable amount of time to complete before a scheme is ready to deliver.</li> <li>• The length of network treated at the end of March 2015, is less than the target due to a reduction in the amount of surface dressing work taking place as a result of concerns about materials supplied by the industry – a planned 30km less than the 250km target set. Regardless of carrying out a reduced programme of surface treatment, the length of network requiring treatment has reduced from 587km in 2013/14 to 568km in 2014/15.</li> </ul>

- 2.13 Greater scrutiny of the high level outcomes and their supporting themes and key business measures that are not performing as well as expected during the year, (including more robust in year forecasting and target setting) will be undertaken in 2015/16 to ensure that going forward these areas are either improved upon or we are able to more accurately predict the final year end position.

### **Organisational Health Outcomes**

- 2.14 Overall, we are forecasting that, at the year end, we are within tolerance to deliver all of the high level Organisational Health Outcomes.
- 2.15 As at 31<sup>st</sup> March, we are reporting a red status for two outcomes. The first is “Services are delivered within the agreed budgets” which is informed by WCC’s Revenue Budget performance and is set out in Section 3 of this report.
- 2.16 The second outcome is “The Council operates within the law” which is informed by the number of adverse decisions as a result of a legal challenge. During 2014/15, the Council has received a total of 15 legal challenges from the Local Government Ombudsman, 7 of which are Blue Badge applications.
- 2.17 For 2014/15, the target set was ‘0’ adverse decisions for this measure and therefore the red status of this measure is confirmed. However, it is worth noting that due to the changes in the reporting categories by the Local Government Ombudsman during 2014/15, we have seen an increase in the number of challenges the authority has received making comparative year on year performance is no longer possible.

### **Management of HR and Risk**

- 2.18 The successful delivery of the One Organisational Plan, is also dependent on the staff that work for the County Council to deliver it and our ability to manage and respond to risks.
- 2.19 Managing absence remains a priority for WCC both in terms of the number of working days lost and the impact this has on our ability to deliver services as well as the financial cost of sickness to the organisation.
- 2.20 During the year, we have reported an increase in the number of days lost due to sickness when compared to the previous year’s performance and this position remains unchanged at the year end. For 2014/15, we are reporting an increase (albeit slight) in the number of days lost due to sickness when compared to 2013/14. For 2014/15, the overall absence rate is 10.13 days lost per full time equivalent compared to 9.79 days at the end of March 2014.
- 2.21 Whilst the reason for the most days lost due to staff being absent from work remains stress and mental health, we are seeing the overall number of days lost in this category reduce and this is perhaps a reflection on the support available for managers and individuals to help manage and reduce stress in the workplace.

- 2.22 As we continue to move through significant organisational change, the total number of people employed by the County Council has fallen throughout the year. As at the 31<sup>st</sup> March 2015, the total number of staff in employment is 5,315 when compared to the number of employees at the start of the financial year (5,626).
- 2.23 However, whilst the number of people employed continues to fall, the age profile of our workforce remains stable with an average age of 45.8 years. Efforts to increase the younger representation of the workforce continues and at the end of March 2015, the apprenticeship programme is supporting more than 60 apprentices across the County Council.
- 2.24 At the year end, we continue to manage the number of significant risks to the organisation, and there is only one net red risk which is "Safeguarding Children and Vulnerable Adults in our community and the County Council's 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.
- 2.25 Further details of the actions being taken to reduce the likelihood/ impact of risk is detailed in the risk section of Appendix A.

### **3 Revenue Spending**

- 3.1 The underspend for the year is £9.122 million. This figure includes government grants and schools spending which are, effectively, outside of our control. The underspend against controllable budgets is £10.453 million, equivalent to a 2.28% underspend, slightly above the top end of the 0% to 2.0% target range. This is summarised by Business Unit in Table 1, showing both the absolute and percentage variation to the approved budget. It should be noted that the position reported here does not include the effect of the Coventry and Warwickshire Business Rates Pool. A verbal update will be provided at the meeting.
- 3.2 The underspend reflects a culture of careful spending and advance planning for future spending reductions, as already referred to in paragraph 1.2. This culture was embedded in the last Medium Term Financial Plan and has flowed into the delivery of the 2014-18 One Organisation Plan. The underspend ensures that the overall four year Plan remains financially balanced and means we are not required to take additional short-term action to impose further reductions in spending.
- 3.3 The £1.331 million overspend on the uncontrollable elements of the budget reinforces the importance of having sufficient reserves to manage such fluctuations without requiring medium term plans to be reviewed.
- 3.4 Two Business Units overspent in 2014/15 whilst twelve business units underspent their approved budget by more than 2%, and are therefore outside the tolerance level set as the basis for exception reporting. Heads of Service

have provided a brief explanation of why their Business Units outturn position was outside of the agreed tolerances and this is attached as **Appendix B**.

Table 1: 2014/15 Revenue Spending by Business Unit						
	Budget After Q3 £m	Agreed Changes £m	Revised Budget £m	Outturn Spending £m	Over (Under) Spend £m	Variation %
Early Help and Targeted Support	18.682	0.144	18.826	18.008	(0.818)	-4.35%
Professional Practice	4.566	0.239	4.805	3.603	(1.202)	-25.02%
Safeguarding	38.014	(0.244)	37.770	38.634	0.864	2.29%
Social Care and Support	108.949	(0.010)	108.939	106.598	(2.341)	-2.15%
Strategic Commissioning	17.244	0	17.244	16.458	(0.786)	-4.56%
<b>People Group</b>	<b>187.455</b>	<b>0.129</b>	<b>187.584</b>	<b>183.301</b>	<b>(4.283)</b>	<b>-2.28%</b>
Economic Growth	22.687	(0.501)	22.186	21.323	(0.863)	-3.89%
Education and Learning	84.144	0.152	84.296	86.370	2.074	2.46%
Localities and Community Safety	8.318	(0.641)	7.677	7.405	(0.272)	-3.54%
Public Health	21.993	0.395	22.388	22.169	(0.219)	-0.98%
Transport and Highways	29.117	(1.047)	28.070	25.771	(2.299)	-8.19%
<b>Communities Group</b>	<b>166.259</b>	<b>(1.642)</b>	<b>164.617</b>	<b>163.038</b>	<b>(1.579)</b>	<b>-0.96%</b>
Customer Service	8.488	0	8.488	8.322	(0.166)	-1.96%
Finance	4.214	0	4.214	4.182	(0.032)	-0.76%
Human Resources	5.286	0.136	5.422	5.407	(0.015)	-0.28%
Information Assets	10.639	0.407	11.046	10.786	(0.260)	-2.35%
Law and Governance	0.970	(0.048)	0.922	0.627	(0.295)	-32.00%
Physical Assets	11.681	0.390	12.071	11.136	(0.935)	-7.75%
Service Improvement	3.094	0.141	3.235	3.168	(0.067)	-2.07%
<b>Resources Group</b>	<b>44.372</b>	<b>1.026</b>	<b>45.398</b>	<b>43.628</b>	<b>(1.770)</b>	<b>-3.90%</b>
Fire and Rescue	19.826	0	19.826	19.437	(0.389)	-1.96%
Other Services – spending	43.176	(3.004)	40.172	37.740	(2.432)	-6.05%
<b>Controllable Total</b>	<b>461.088</b>	<b>(3.491)</b>	<b>457.597</b>	<b>447.144</b>	<b>(10.453)</b>	<b>-2.28%</b>
Government funding and schools	(241.113)	0	(241.113)	(239.782)	1.331	-0.55%
<b>Total</b>	<b>219.975</b>	<b>(3.491)</b>	<b>216.484</b>	<b>207.362</b>	<b>(9.122)</b>	<b>-4.21%</b>

3.5 In respect of the Business Units that have overspent, Members are already aware of the work being undertaken to review the short, medium and longer term financial position of the Education and Learning Business Unit in light of the need to bring spending on special educational needs provision under control, to deliver the school transport savings and ensure sufficiency of places in response to the housing growth across the county. As well as the reports elsewhere on today's agenda, further reports will be brought forward in the next few months.

3.6 The Safeguarding Business Unit overspent in each year of the last Medium Term Financial Plan and this has continued into the first year of the One



Organisation Plan. As resources continue to get tighter the capacity to manage this will continue to reduce. As a result there is a need to understand the drivers of spend in the service and to provide assurance that it is on a sustainable footing. It is proposed that a similar holistic approach to that being adopted for Education and Learning is undertaken and that this is reported completed as part of the 2016/17 refresh.

### 3.7 Underspend compared to Quarter 3 Forecast

At Quarter 3 the forecast underspend against the controllable budget was £7.348 million. It has therefore increased by £1.774 million over the last quarter. A comparison of the Quarter 3 forecast and outturn position for each Business Unit is shown in Table 2.

Table 2: 2014/15 Revenue Budget – Comparison of Quarter 3 and Outturn Positions				
App	Group/Business Unit	Quarter 3 Position £m	Outturn Position £m	Variation £m
	<b>People Group</b>			
E	Early Help and Targeted Support	(0.134)	(0.818)	(0.684)
C	Professional Practice and Governance	(0.708)	(1.202)	(0.494)
A	Safeguarding	0.153	0.864	0.711
B	Social Care and Support	(1.262)	(2.341)	(1.079)
D	Strategic Commissioning	(0.190)	(0.786)	(0.596)
	<b>Communities Group</b>			
N	Economic Growth	(0.953)	(0.863)	0.090
F	Education and Learning	2.402	2.074	(0.328)
O	Localities & Community Safety	(1.447)	(0.272)	1.175
P	Public Health	0.395	(0.219)	(0.614)
Q	Transport and Highways	(1.577)	(2.299)	(0.722)
	<b>Resources Group</b>			
G	Customer Service	(0.109)	(0.166)	(0.057)
H	Finance	(0.123)	(0.032)	0.091
I	Human Resources and Organisational Development	(0.085)	(0.015)	0.070
J	Information Assets	(0.330)	(0.260)	0.070
K	Law and Governance	(0.218)	(0.295)	(0.077)
L	Physical Assets	0.067	(0.935)	(1.002)
M	Service Improvement and Change Management	0.127	(0.067)	(0.194)
R	<b>Fire and Rescue</b>	(0.135)	(0.389)	(0.254)
S	<b>Other Services</b>	(3.221)	(1.101)	2.120
	<b>Total</b>	<b>(7.348)</b>	<b>(9.122)</b>	<b>(1.774)</b>

3.8 Members will note that the increase in underspend from Quarter 3 to Outturn shows a significant progress in financial management from previous years, and is a positive reflection of the increased focus placed on the accuracy of financial forecasting over the last year.

## **4 Delivery of the 2014-18 Savings Plan**

- 4.1 All Business Units have met their first year savings target included in the 2014-18 One Organisation Plan. This is a positive start and puts us in a healthy position as we move towards the delivery of the potentially more challenging savings targets ahead.
- 4.2 Monitoring of the delivery of the savings plan will continue to be a key part of the One Organisational Plan Quarterly Progress Reports to ensure Member oversight of progress is retained.

## **5 Reserves**

- 5.1 We hold financial reserves as a contingency to fund unexpected spending need, manage financial risks or to build-up funds to meet a known or predicted future spending need. As we move through the four years of the One Organisation Plan there will inevitably be ups and downs in the level of reserves as progress on the actual delivery of the Plan will not fully align to the timeframes originally envisaged.

### **5.2 Level of Reserves as at 31 March 2014**

Section 3 outlined the spending compared to the budget for each Business Unit. Any under or over spend at the end of the year falls into either corporate or Business Unit reserves. At the start of 2014/15 the authority held reserves of £117.804 million. With the approved in-year use of reserves and the effect of outturn, the level of reserves at the end of the year has increased to £129.157 million. Table 3 shows the level of reserves held by the authority as at 31 March 2015 and how this has changed from the start of the 2014/15 financial year.

### **5.3 Review of the level of reserves as a result of outturn**

Reserves are held at both Business Unit and Group level, reflecting where the risk is best managed. The level of reserves is consistent with Business Units plans for managing the financial risks and demands facing services over the next three years. Details of why the reserves are being held and they are appropriate are outlined in Appendix C. As part of reviewing the level of reserves held, all Groups have taken the opportunity to redistribute their reserves to support service needs and financial risk. This has been a robust process with Transport and Highways identifying £0.726 million, in respect of the cost of concessionary travel, which can be released to General Reserves.

### **5.4 Making good overdrawn reserves**

As a result of the 2014/15 outturn two reserves are overdrawn, the Safeguarding Business Unit (by £0.922 million) and the Dedicated Schools Grant reserve for centrally managed services (by £0.558 million). In keeping with the Council's reserves policy, making good these reserves would form the first call on the 2015/16 budgets for the Safeguarding and Education and Learning Business Units. However, whilst the actions being taken to rectify the underlying position have been outlined above, Corporate Board believe it

would place too much pressure on the services to require them to also make good the 2014/15 outturn position and would risk undermining the delivery of the One Organisation Plan. Corporate Board are therefore recommending that General Reserves are used to make good the financial position of the centrally managed DSG and the Safeguarding Business Unit reserve. When taken alongside the contribution to General Reserves from Transport and Highways the net effect is a reduction in General Reserves of £0.754 million.

Table 3: Reserves as at 31 March 2015				
Reserve	Balance As at 31/03/2014 £m	Approved In year changes £m	Effect of Outturn £m	Balance As at 31/03/2015 £m
<b>Corporate Reserves</b>				
General Reserves	18.418	(1.570)	2.537	19.385
Medium Term Contingency	13.315	7.184	-	20.499
Service Realignment Fund	11.277	-	0.602	11.879
Capital Fund	0.868	-	0.172	1.040
Insurance	8.975	(0.713)	0.198	8.460
Centrally Managed DSG	1.195	-	(2.470)	(1.275)
Schools	17.717	(0.200)	(3.057)	14.460
<b>Group Reserves</b>				
Resources	1.972	0.498	-	2.470
<b>Business Unit Reserves</b>				
Early Help and Targeted Support	0.674	(0.369)	0.790	1.095
Professional Practice and Governance	-	1.574	1.202	2.776
Safeguarding	(0.945)	0.945	(0.922)	(0.922)
Social Care and Support	7.845	1.124	2.341	11.310
Strategic Commissioning	7.961	(3.938)	0.759	4.782
Economic Growth	4.659	(0.030)	0.863	5.492
Education and Learning	(0.108)	0.887	0.717	1.496
Localities and Community Safety	3.833	(0.350)	0.272	3.755
Public Health	2.245	(0.655)	0.219	1.809
Transport and Highways	4.466	(1.684)	2.299	5.081
Customer Service	0.659	0.099	0.166	0.924
Finance	0.364	(0.269)	0.032	0.127
Human Resources	1.453	(0.820)	0.015	0.648
Information Assets	1.560	(0.004)	0.260	1.816
Law & Governance	0.343	(0.295)	0.295	0.343
Physical Assets	1.993	(1.273)	0.935	1.655
Service Improvement and Change Management	0.373	(0.183)	0.067	0.257
Fire and Rescue	2.789	(0.560)	(0.615)	1.614
Other Services	3.903	2.833	1.445	8.181
<b>Total Reserves</b>	<b>117.804</b>	<b>2.231</b>	<b>9.122</b>	<b>129.157</b>

## 5.5 Use of Reserves to support 2015/16 activity

Business Units are requesting approval to use £3.133 million of reserves to support services in 2015/16. These carry forward requests are summarised in Table 4. The details behind these carry forward requests can be found in Appendix C. In addition Economic Growth and Transport and Highways are requesting approval to use a total of £1.183 million of their reserves to repay their self-financed borrowing. Using reserves in this way will reduce the total debt outstanding in the authority.

Table 4: List of Carry Forward Requests	
	£m
<b>People Group</b>	
Early Help and Targeted Support	0.200
Professional Practice and Governance	0.026
<b>Communities Group</b>	
Economic Growth	0.331
Localities and Community Safety	0.113
Public Health	0.121
Transport and Highways	1.395
<b>Resources Group</b>	
Customer Service	0.127
Law and Governance	0.060
Physical Assets	0.140
Service Improvement and Change Management	0.020
<b>Fire and Rescue</b>	0.600
<b>Total Carry Forwards</b>	<b>3.133</b>

- 5.6 Assuming all carry forwards and use of reserves are approved the level of reserves held by the authority at the end of 2015/16 is estimated to be £124.841 million. Table 5 shows the breakdown of this. The figures do not take into account any forecast of over/underspending in 2015/16.
- 5.7 The use of £93.741 million of these reserves is restricted, either due to external requirements (such as grant conditions) or previous decisions of members. This leaves £31.100 million to support services, provide cover for financial risks facing the authority and support the service transformation needed to deliver the savings in the 2014-18 Plan. The remainder of this section includes more detail on the specific reserves held by the authority.

Table 5: Forecast Reserves as at 31 March 2016							
Reserve	Balance 31/03/15 after outturn £m	Change in reserves after outturn £m	Repay borrowing £m	Transfer to/from General Reserves £m	Carry forwards £m	Estimated final balance 31/03/16 £m	Reserves with restricted use £m
<b>Corporate Reserves</b>							
General Reserves	19.385	-	-	(0.754)	-	18.631	16.500
Medium Term Contingency	20.499	-	-	-	-	20.499	20.499
Service Realignment Fund	11.879	-	-	-	-	11.879	11.879
Capital Fund	1.040	-	-	-	-	1.040	1.040
Insurance	8.460	-	-	-	-	8.460	8.460
Centrally Managed DSG	(1.275)	0.717	-	0.558	-	-	-
Schools	14.460	-	-	-	-	14.460	14.460
<b>Group Reserves</b>							
Resources	2.470	1.413	-	-	-	3.883	-
<b>Business Unit Reserves</b>							
Early Help	1.095	-	-	-	(0.200)	0.895	-
Professional Practice	2.776	-	-	-	(0.026)	2.750	-
Safeguarding	(0.922)	-	-	0.922	-	-	-
Social Care and Support	11.310	-	-	-	-	11.310	-
Strategic Commissioning	4.782	-	-	-	-	4.782	-
Economic Growth	5.492	-	(0.119)	-	(0.331)	5.042	3.968
Education and Learning	1.496	(0.717)	-	-	-	0.779	0.779
Localities and Comm. Safety	3.755	-	-	-	(0.113)	3.642	3.400
Public Health	1.809	-	-	-	(0.121)	1.688	1.010
Transport and Highways	5.081	-	(1.064)	(0.726)	(1.395)	1.896	1.366
Customer Service	0.924	(0.055)	-	-	(0.127)	0.742	0.742
Finance	0.127	(0.032)	-	-	-	0.095	-
Human Resources	0.648	0.010	-	-	-	0.658	0.658
Information Assets	1.816	(0.260)	-	-	-	1.556	1.356
Law & Governance	0.343	(0.235)	-	-	(0.060)	0.048	0.048
Physical Assets	1.655	(0.794)	-	-	(0.140)	0.721	0.721
Service Improvement	0.257	(0.047)	-	-	(0.020)	0.190	-
Fire and Rescue	1.614	-	-	-	(0.600)	1.014	0.588
Other Services	8.181	-	-	-	-	8.181	6.267
<b>Total Reserves</b>	<b>129.157</b>	<b>0</b>	<b>(1.183)</b>	<b>0</b>	<b>(3.133)</b>	<b>124.841</b>	<b>93.741</b>

5.8 The Council relies on a number of corporate IT systems including Finance, HR Payroll, Performance Information, Customer Service and Telephony. There are no provisions for replacing these systems. In particular, the HR /Payroll System is old and needs replacing. Subject to Cabinet's approval, it is proposed that a systems replacement reserve of £1.413 million is created so that this and some smaller changes to systems can be done over the next 2 years. This is the same way as the Council has funded the replacement Social Care IT system and avoids placing further demands on the capital programme.

#### 5.9 General Reserves

At the end of 2015/16 General Reserves are expected to be £18.631 million. This is £2.131 million above the £16.500 million minimum specified by the Head of Finance in his risk assessment when the budget was set in February. Corporate Board recommend that none of this reserve is used in the short term given the considerable uncertainty around central government funding.

For example, there is uncertainty over whether the implications of the Care Act on adult social care services will be fully funded and access to the Better Care Fund is dependent on the agreement of the Clinical Commissioning Groups and pooled budgets. And, at the time of writing, the impact of the Emergency Budget and the possibility of in-year grant cuts is unknown. It is recommended that any General Reserves above the minimum are held pending receipt of the monitoring reports on the delivery of the 2014-18 One Organisation Plan, with any use only to be considered as part of setting the 2016/17 budget.

## 6 Capital Programme

- 6.1 The capital payments in 2014/15 were £76.115 million, with a further £192.537 million of payments expected over the medium term. In addition, there is £17.173 million remaining unallocated in the Capital Growth Fund. A breakdown by Business Unit of the spend for 2014/15 and slippage from 2014/15 into later years is shown in Table 6.

Group/Business Unit	2014/15 Planned Capital Payments £million	2014/15 Outturn Capital Payments £million	2014/15 New Approved Schemes £million	2014/15 Slippage into later years £million	Variation to total capital programme £million
<b>People Group</b>					
Safeguarding	0.028	0.024	0.010	(0.014)	0.010
Social Care & Support	(0.002)	-	-	0.002	0.002
Professional Practice & Governance	0.559	0.336	-	(0.223)	-
Strategic Commissioning	0.231	0.259	0.059	(0.031)	0.058
Early Help & Targeted Support	-	0.052	0.052	-	0.052
<b>Communities Group</b>					
Education & Learning	21.937	17.999	1.129	(5.067)	2.999
Economic Growth	0.746	0.307	0.040	(0.479)	0.140
Localities & Community Safety	0.375	0.592	0.123	0.094	0.216
Transport & Highways	35.253	32.742	1.082	(3.593)	4.779
<b>Resources Group</b>					
Customer Service	0.317	0.196	0.012	(0.133)	0.012
Finance	0.200	0.200	-	-	-
Information Assets	4.403	5.076	0.190	0.483	0.262
Physical Assets	18.345	17.313	0.125	(1.157)	3.125
<b>Fire &amp; Rescue</b>					
Fire & Rescue	1.191	1.018	0.044	(0.217)	0.186
<b>Total</b>	<b>83.583</b>	<b>76.115</b>	<b>2.866</b>	<b>(10.335)</b>	<b>11.841</b>

- 6.2 £10.335 million of the spend planned for 2014/15 has now slipped into future years. This brings the total slippage over the year to £37.308 million. This equates to total slippage across the year of 33%. The main reason for slippage of this level is over optimistic phasing when schemes are initially added to the capital programme. This will be actively managed going forward

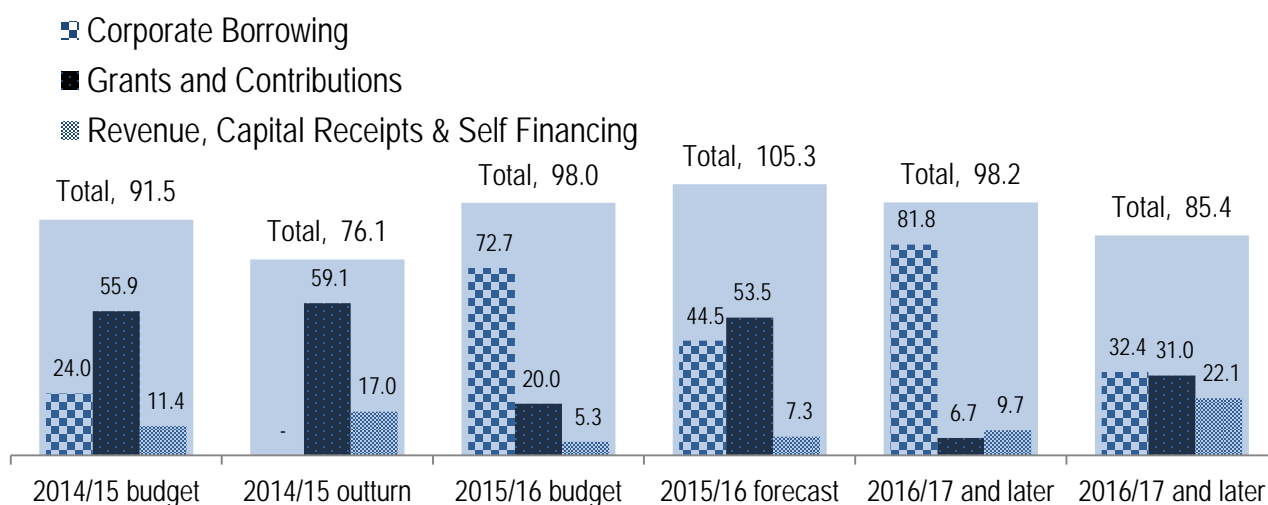
and should ensure there is reduced slippage in future years. Overall the total spend across the programme remains on target.

6.3 The main reasons for the £10.335 million slippage compared to the approved budget are:

- Economic Growth – The slippage of £0.479 million is due to awaiting approval for the reallocation of funding for the delivery of the waste management strategy to deliver another compactor for Prince's Drive as part of the emergency planning strategy.
- Education and Learning – The slippage of £5.067 million is due to the redistribution of grant income to alternative projects, with several schemes now no longer progressing, as previously reported to Cabinet. The main projects impacted are Paddox school, Welcombe Hills school, Coten End primary, Bishopton and Long Lawford extensions and the new AED school. Further details are in the background information.
- Physical Assets – There has been slippage of £1.157 million from 2014/15 into future years across a number of individual schemes. The detail of these is included in the background information.
- Transport – There has been slippage of £3.593 million from 2014/15 into future years. The two individual schemes with slippage above £250,000 are the M40 Junction 12 project where there have been construction delays due to ecological considerations and the completion of the Rugby Gyration improvements. The remainder of the slippage is across numerous schemes, the detail of these is included in the background information.

6.4 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 capital expenditure is to be financed.

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



	<b>2014/15 Budget</b>	<b>2014/15 Outturn</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>91,458</b>	<b>76,115</b>	<b>97,986</b>	<b>105,347</b>	<b>98,209</b>	<b>85,446</b>
Corporate Borrowing	24,042	0	72,667	44,527	81,781	32,371
Self-Financed Borrowing	3,709	0	2,509	3,254	7,244	7,338
Grants and Contributions	55,945	59,078	19,969	53,507	6,744	30,983
Capital Receipts	3,539	9,829	2,016	1,836	1,656	14,064
Revenue Contribution	4,223	7,208	825	2,223	784	690

6.5 The most significant change in the capital programme since the Quarter 3 progress report is the slippage, of £10,325 million, into later years. This combined with an increase in the actual level of capital grants, receipts and revenue contribution to capital has meant that we have not had to incur any borrowing to finance the 2014/15 capital spend. This is only a short-term reduction in the planned level of borrowing, as it will be required to fund the spending when it occurs in later years. This also means that the reduction in capital financing costs for financing the lower level of spending will also only be temporary.

## 7 Background Papers

7.1 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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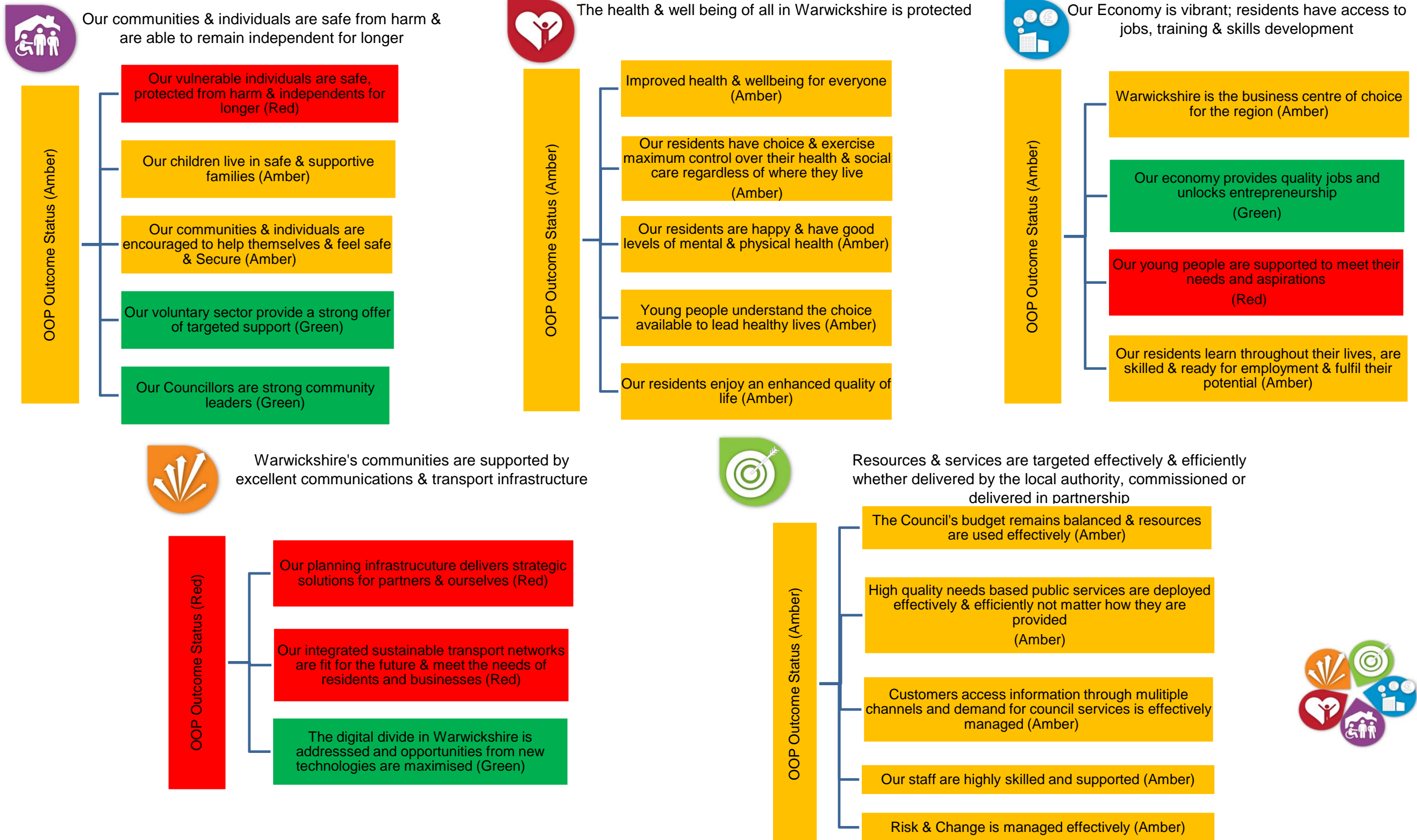
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# One Organisational Plan Quarterly Progress Report: Delivery of One Organisational Plan Outcomes

April– March 2015

Overall, at the end of the first year of the One Organisational Plan, we are reporting that we are outside the tolerance (Red) to deliver on all of the high level Outcomes as set out in the One Organisational Plan

However, individually, there are a number of key areas where we are on or above target to deliver on our OOP Outcomes with 4 already being achieved (Green) and a further 14 within tolerance (Amber) to be achieved at the end of 2018.



# One Organisational Plan Quarterly Progress Report: Delivery of Organisational Health Outcomes: April - March 2015



## Customers

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



## Resources

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

**G** Savings are delivered to plan

## Staff



**A** Staff are satisfied with the Council as an employer

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



## Risk & Change

**G** The Council adopts a commissioning approach to service delivery (see below)

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

**R** The Council operates within the law ( see comment below re legal challenge)



**A** Delivery of the One Organisational Health Outcomes: Actual at the end of April - March 2015

As at 31st March, we are reporting a red status for two outcomes. The first is “Services are delivered within the agreed budgets” which is informed by WCC’s Revenue Budget performance and is set out in more detail within this report. The second outcome is “The Council operates within the law” which is informed by the number of adverse decisions from Legal Challenge. During 2014/15, the Council has received a total of 15 legal challenges from the Local Government Ombudsman, 7 of which are Blue Badge applications

We are currently unable to provide a year-end actual result for the Organisational Health Outcome “The Council adopts a commissioning approach to service delivery. This is a brand new measure for WCC and during 2014/15 work has been undertaken to further refine this measure to ensure that for 2015/16, we can begin to capture and report the information

## One Organisational Plan: Use of Financial Resources: Outturn 2014 /15 Revenue Position by Business Unit

Service	2014/15 Budget £'000	2014/15 Outturn £'000	Revenue Variance £'000 %	Retained Reserves £'000	Financial Standing £'000
Early Help & Targeted Support	18,826	18,008	(818) 4.35% Underspent	(305)	(1,123)
Professional Practice & Governance	4,805	3,603	(1,202) 25.02% Underspent	(1,574)	(2,776)
Safeguarding	37,770	38,634	864 2.29% Overspent	0	864
Social Care & Support	108,939	106,598	(2,341) 2.15% Underspent	(8,969)	(11,310)
Strategic Commissioning	17,244	16,458	(786) 4.56% Underspent	(4,023)	(4,809)
<b>Total People Group</b>	<b>187,584</b>	<b>183,301</b>	<b>(4,283)</b> <b>2.28% Underspent</b>	<b>(14,871)</b>	<b>(19,154)</b>
Economic Growth	22,186	21,323	(863) 3.89% Underspent	(4,629)	(5,492)
Education & Learning	84,296	86,370	2,074 2.46% Overspent	(779)	1,295
Localities & Communities	7,677	7,405	(272) 3.54% Underspent	(3,483)	(3,755)
Public Health	22,388	22,169	(219) 0.98% Underspent	(1,590)	(1,809)
Transport	28,070	25,771	(2,299) 8.19% Underspent	(2,782)	(5,081)
<b>Total Communities Group</b>	<b>164,617</b>	<b>163,038</b>	<b>(1,579)</b> <b>0.96% Underspent</b>	<b>(13,263)</b>	<b>(14,842)</b>

Service	2014/15 Budget £'000	2014/15 Outturn £'000	Revenue Variance £'000 %	Retained Reserves £'000	Financial Standing £'000
Customer Service	8,488	8,322	(166) 1.96% Underspent	(758)	(924)
Finance	4,214	4,182	(32) 0.76% Underspent	(95)	(127)
Human Resources & Organisational Development	5,422	5,407	(15) 0.28% Underspent	(633)	(648)
Information Assets	11,046	10,786	(260) 2.35% Underspent	(1,556)	(1,816)
Law & Governance	922	627	(295) 32.00% Underspent	(48)	(343)
Physical Assets	12,071	11,136	(935) 7.75% Underspent	(720)	(1,655)
Service Improvement and Change	3,235	3,168	(67) 2.07% Underspent	(190)	(257)
<b>Total Resources Group</b>	<b>45,398</b>	<b>43,628</b>	<b>(1,770)</b> <b>3.90% Underspent</b>	<b>(6,470)*</b>	<b>(8,240)</b>
<b>Fire &amp; Rescue</b>	<b>19,826</b>	<b>19,437</b>	<b>(389)</b> <b>1.96% Underspent</b>	<b>(2,229)</b>	<b>(2,618)</b>
<b>Other Services</b>	<b>(200,941)</b>	<b>(202,042)</b>	<b>(1,101)</b> <b>0.55% Underspent</b>	<b>(83,202)</b>	<b>(84,303)</b>
<b>Total Whole Authority</b>	<b>216,484</b>	<b>207,362</b>	<b>(9,122)</b> <b>4.21% Underspent</b>	<b>(120,035)</b>	<b>(129,157)</b>

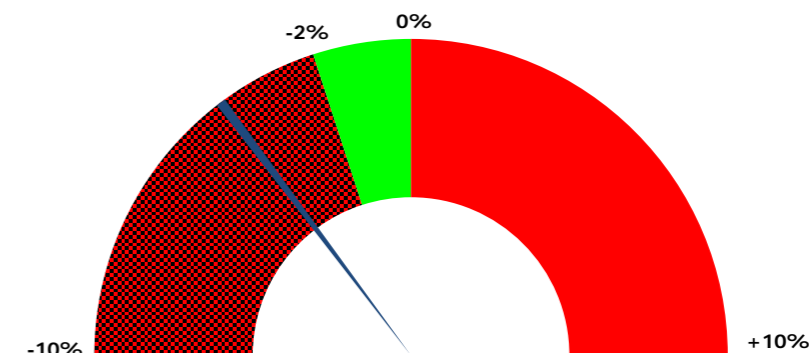
### Notes

All positive revenue variances (i.e. overspends) are shown as a solid 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 Patterned 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.

Revenue Variance for the Whole Authority



**One Organisational Plan: Use of Financial Resources: Outturn 2014/15  
Savings Plan Position by Business Unit**

Service	2014/15 Target	2014/15 Outturn	Comments	Implementation Status	Service	2014/15 Target	2014/15 Outturn	Comments	Implementation Status
Early Help & Targeted Support	1,017	1,090		A	Customer Service	420	420		G
Professional Practice and Governance	1,090	1,095		A	Finance	251	251		G
Safeguarding	896	1,888		A	Human Resources & Organisational Development	296	296		G
Social Care & Support	9,048	11,866		A	Information Assets	559	559		G
Strategic Commissioning	156	187		A	Law & Governance	19	19		G
<b>Total People Group</b>	<b>12,207</b>	<b>16,126</b>		<b>A</b>	Physical Assets	406	406		G
Economic Growth	725	725		G	Service Improvement & Change Management	247	247		G
Education & Learning	1,281	1,281		G	<b>Total Resources Group</b>	<b>2,198</b>	<b>2,198</b>		<b>G</b>
Localities & Communities	240	240		G	Fire & Rescue	505	505		G
Public Health	0	0			Other Services	1,050	1,050		
Transport	1,174	1,174		G	<b>Total Whole Authority</b>	<b>19,380</b>	<b>23,299</b>		<b>A</b>
<b>Total Communities Group</b>	<b>3,420</b>	<b>3,420</b>		<b>G</b>					

**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.  
 The "Implementation Status" RAG rating relates to the whole of the 2014-18 savings plan.

One Organisational Plan: Use of Financial Resources: Quarter 4 January - March 2015  
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	3,838	12	3,850	(133)	Projects delayed as permission needed to be obtained from partners and sourcing a suitable supplier who could provide the secure bespoke hubs. In addition the increase in the overall projects relates to a revenue contribution
Early Help & Targeted Support	0	52	52	0	New Revenue funded Capital Projects as per approval Portfolio Holder and Head of Finance
Economic Growth	1,609	140	1,748	(479)	Various issues on individual schemes as reported in the Cabinet appendices.
Finance	200	0	200	0	
Fire & Rescue	13,271	187	13,457	(217)	Work was paused whilst the Future Estate programme was developed. This was approved by Council on 05/02/15
Information Assets	21,957	261	22,218	483	Broadband project has reached milestones earlier than expected.
Education & Learning	40,340	2,999	43,339	(5,067)	Slippage over a number of projects. In particular a delay in works at Paddock Primary of £738k which is due to planning issues. Also Welcombe Hills £345k, Long Lawford £263k and Schools Disability Access £273k because there have been fewer disability adaptations necessary. Please see Education and Learning appendix for more information.

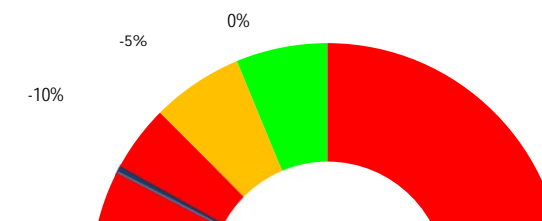
Service	All Current and Future Years Approved Budget £'000	New Approved Funding / Schemes £'000	All Current and Future Years Forecast £'000	Slippage from 2014/15 into Future Years	Comments
Localities & Communities	1,039	217	1,256	94	Additional unexpected expenditure incurred funded from revenue
Physical Assets	50,966	3,125	54,091	(1,157)	Miscellaneous delays on many projects due to the unpredictable nature of building works. For detail please see Physical Assets appendices.
Safeguarding	253	10	263	(14)	The expected applications for adaptations where not submitted to Project Board. Furthermore, current Foster care capacity has reduced over the past 12 months
Social Care & Support	1,174	0	1,176	2	Slippage on an expected credit, which is no longer forecast, is significant but not material at £2,000.
Strategic Commissioning	1,462	59	1,521	(31)	Delay on a building adaptations project which is due to be completed in May / June 2015.
Transport	119,342	4,779	124,120	(3,593)	Delays on various projects across the programme. The M40 Junction 12 works accounts for £509k of slippage which was due to ecological considerations. The other two main projects where there is slippage are area delegated (£283k) and Rugby Gyatory (£269k). Please see Transport appendix for further details.
Professional Practice & Governance	1,360	0	1,360	(223)	Programme is a single project (11310000 Client Information Systems Review) which has transferred into PPG from Social Care. There were procurement delays and phasing of work has been altered based upon project plans with the supplier.

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

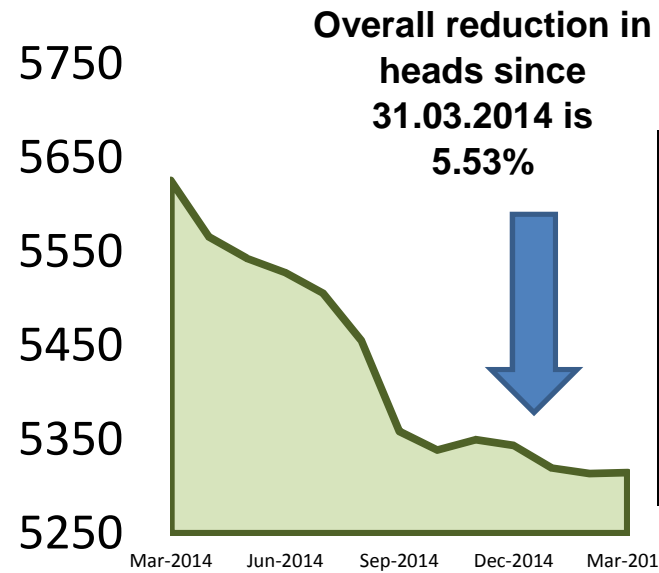
Slippage from 2014/15 into Future Years - Total



# One Organisational Plan Year End April - March 2015 Progress Report: Headline HR Information

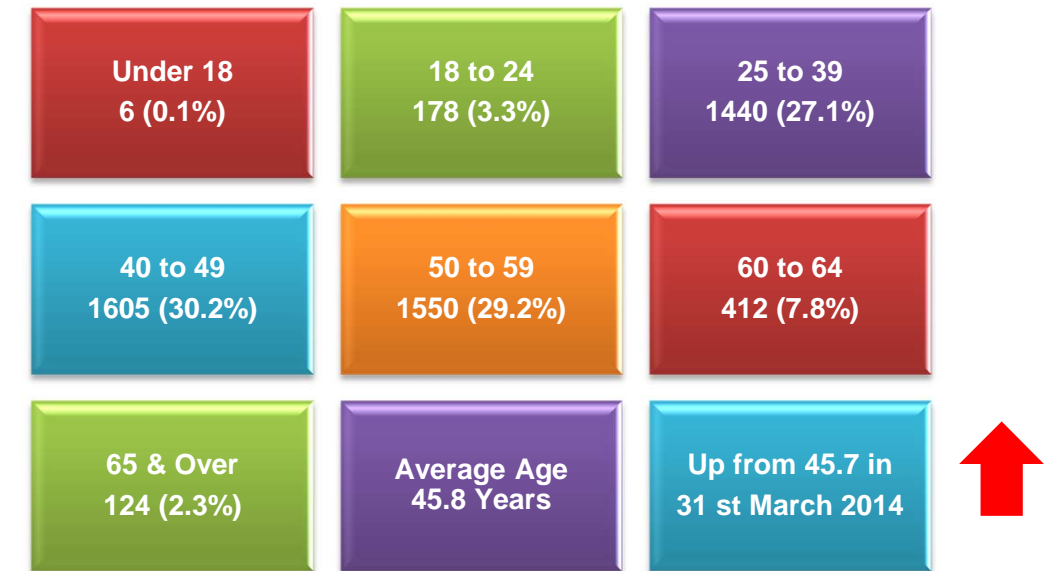
April 2014 to March 2015

## Number of employees



	Start of 2014/15	End of Qtr 1	End Mid Year	End of Qtr 3	End of Qtr 4
Head Count	5626	5528	5359	5341	5315
Full Time Equivalents	4339.0	4268.1	4150.6	4165.6	4158.3
Whole Time Equivalents	4269.4	4199.3	4083.7	4094.6	4086.4
Number of Posts	5938	5845	5647	5634	5613

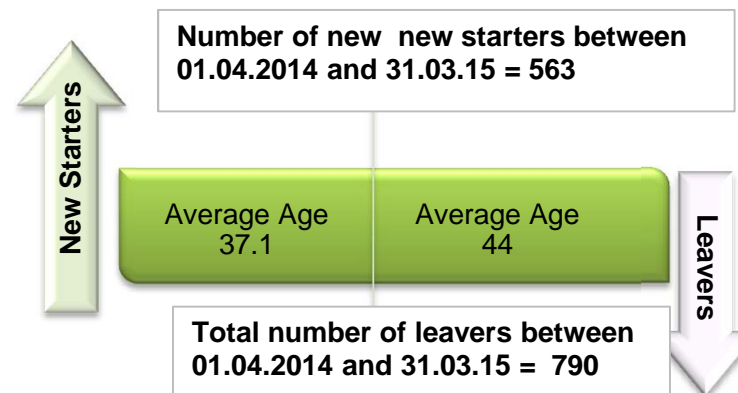
## Age profile of our workforce as at 31.03.2015



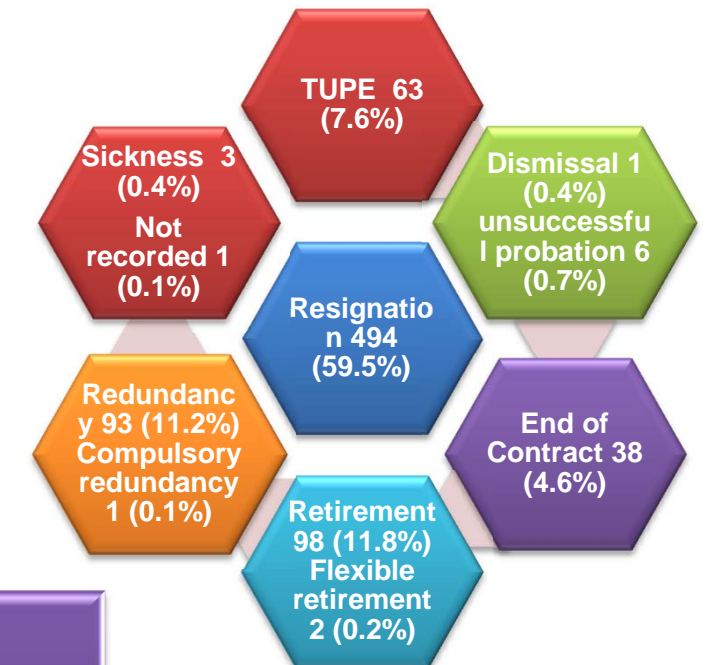
## Turnover of workforce 1st April 2014 - 31st March 2015.

	New starters	Leavers & % turnover		Overall Turnover (Heads)
Heads	563	790	14.9	<b>14.86%</b>
Full Time Equivalents	384.3	565	13.6	
Posts	575.0	830	14.8	

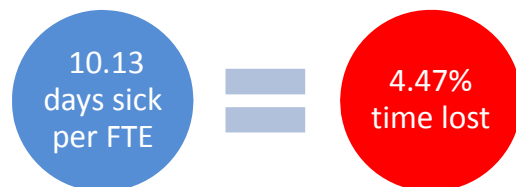
## Average age of new starters and leavers



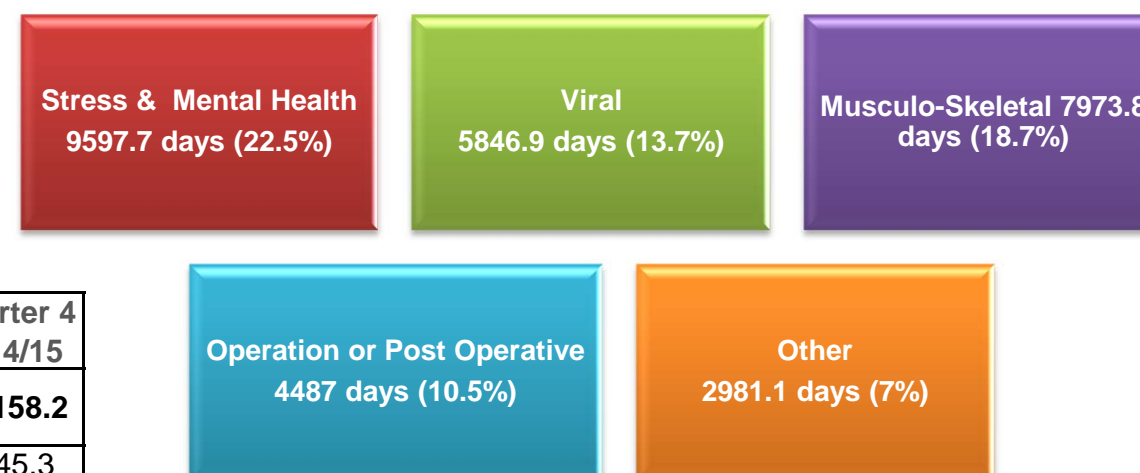
## Number of posts by the reasons for leaving (% of leavers)



## Sickness Headline Statistics Financial Year 2014/15

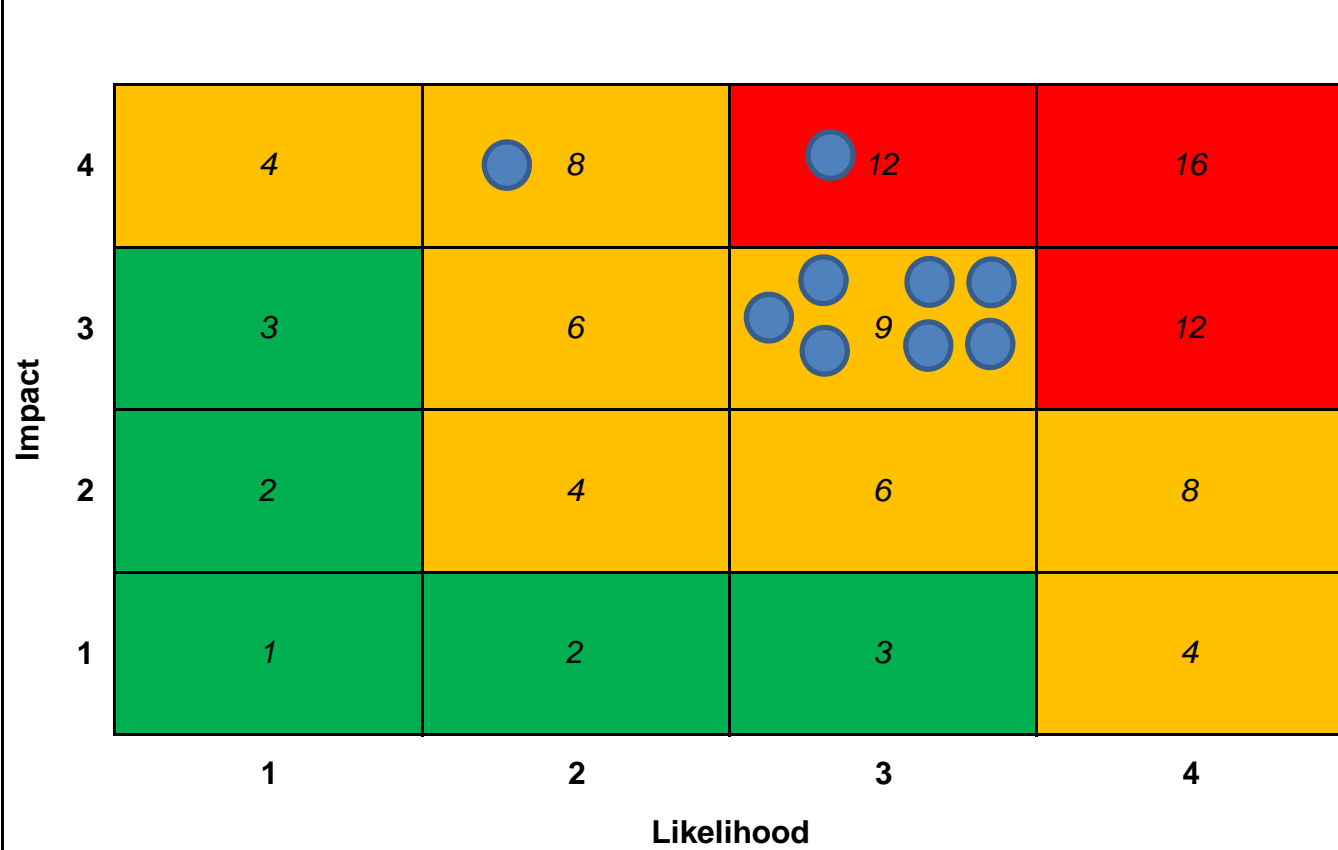


## Top 5 reasons for absence (days lost)



Sickness Absence Days	Quarter 1 2014/15	Mid Year 2014/15	Quarter 3 2014/15	Quarter 4 2014/15
Days lost through sickness	9,316.7	10,532.1	11,112.4	11,158.2
of which short-term	3828.2 (41%)	3453.4 (33%)	5284.3 (48%)	5145.3 (46.1%)
of which long-term	5488.5 (59%)	7078.6 (67%)	5828.1 (52%)	6013 (53.9%)

**WCC Strategic Risks - Performance Update April - March 2014 - 15**



● Net Risk Level

**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)

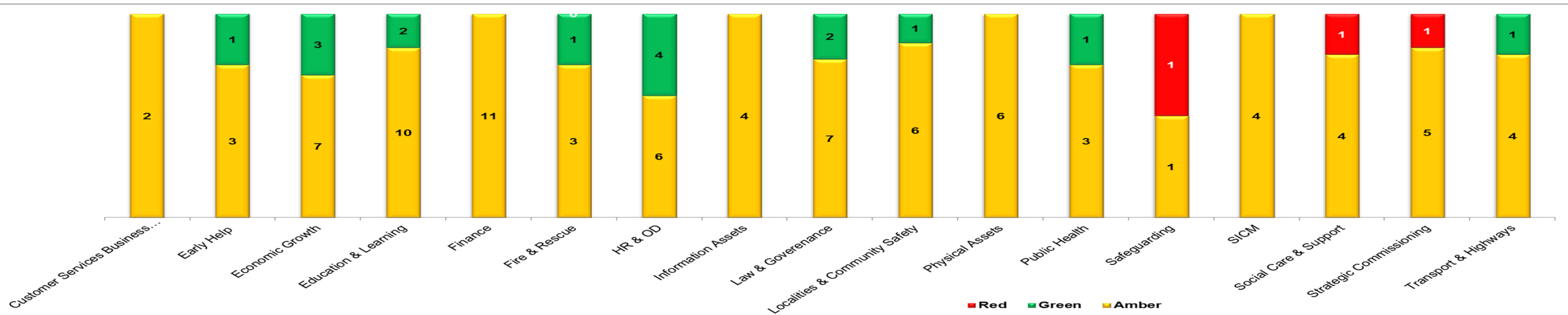
**Net Red Risk**

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

**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.

**Business Unit Net Risks: Performance Update April - March 2014 - 15**



**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 Ross (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)**

This has now been degraded to an overall net risk of Amber. Over the period approaching Christmas the FBU have been targeting a legal approach to the Firefighters' Pension dispute and the assessment from WFRS is the likelihood of a strike has reduced - although the circumstances will be closely monitored while the threat remains live.

**Care Act implementation delays mean council fails to meet its statutory duties to deliver social care and support services: Risk Owner: Jenny Wood (Head of Social Care & Support).** This has seen the establishment of Oversight Group to oversee implementation across all relevant council services and the establishment of Assessment, Support Planning and Review Project.

**Risks associated with closer alignment / integration with Health. Risk Owner: Chris Lewington (Head of Strategic Commissioning):** Joint governance arrangements with health are now in place with regular reporting to Health & Well Being Board. Strategic Commissioning are also in the process of developing a section 75 for pooled budget arrangements.



## Head of Service commentary on the variance outside tolerance

### Overspent

**Safeguarding** £864,000 2.3%

The overspend in 2014/15 has been a result of year end residential placements in North, an over prediction of recovery of shared costs from Health and Education and an increase in fostering costs and some un-forecast costs in Special Guardianship Orders and Adoption Allowances. In overall terms despite the slight decrease in overall Looked After Children numbers, the costs of placements have been increasing which has outweighed the savings generated. The costs of placements are rising significantly and despite commissioning support, this is likely to continue into future years.

**Education and Learning** £2,074,000 2.5%

The overspend in Education and Learning is driven entirely by overspends on the Dedicated Schools Grant (DSG). The DSG within the Vulnerable Learners service continues to see increased pressure on the demand led budgets for support for pupils with special educational needs and disabilities (SEND). The biggest area of overspend is on the out of authority placements at £4.627 million. However the top up funding for both mainstream and SEN schools has also overspent by £1.141 million. This overspend has been reported to Schools Forum and the steps required to control this are documented in the draft Vulnerable Learners Strategy. The development of more local provision is a key element of the strategy.

### Underspent

**Early Help and Targeted Support** (£818,000) (4.3%)

The reason for the above 2% rule is that we have received, in year, monies that are being held for the next three years for the Young Carers (£50,000 for 2015/16 and a further £100,000 for 2016-18. We also had to anticipate that the Integrated Disability Service overspend might well have been higher due to the unknown factors with regards to the residential costs. We now have a better understanding and can begin to align the budgets better than before. The underspend in Reablement is a mixture of the additional winter pressures monies coming in combined with fewer people being able to be referred to Reablement due to their conditions.

**Professional Practice and Governance** (£1,202,000) (25.0%)

The variance on the People Group Learning & Development Plan is due to the delay in delivering the learning and development from the plan and mainly because of the implementation of the new Contracting Framework with Premier Partnerships. This coupled with additional staff release pressures and major projects such as The Care Act Implementation. The plans for 2015/16 reflect a more realistic financial requirement due to Learning & Development having a greater understanding of business needs and the use of comprehensive data to

accurately plan.

**Social Care and Support (2,341,000) (2.1%)**

The underspend position is due to four main reasons that were not apparent at the start of 2014/15.

1. The income from health was higher than initially expected; including £2.4 million of one-off funds which were difficult to spend without accruing long-term overspend commitments.
2. Some of the One Organisational Plan projects have delivered savings earlier than anticipated.
3. The national Care Act regulations and guidance were delayed by many months (not released until Oct/Nov), so preparation and implementation costs in 2014/15 were lower and will be 'shunted forward' to future years.
4. The overspend position of approximately £2.4 million per annum at its worst, for Learning Disability Services, has been subject to in-year improvement plans that were significantly more successful than initially anticipated and this speedy recovery, whilst a success story, contributed to the underspend.

**Strategic Commissioning (£786,000) (4.6%)**

Early achievement of savings to enable full impact in 2015/16. Late arrival of central Government funding for Local Authority pressures during winter. Vacancies held again in order to achieve full staff savings for 2015/16.

**Economic Growth (£863,000) (3.9%)**

The 1.9% variance above the 2% tolerance level represents a £421k underspend against the agreed budget for the Business Unit. The main reasons for this are as follows:

1. In Waste Management we received a £322,000 payment from the Local Authority Waste Disposal Company. This was as part of the deal, brokered in 2013/14, that now sees WCC as a shareholder in this Energy from Waste plant in Coventry that in turn reduces our waste disposal costs. Also in waste a high diversion of waste from the Grey to the Green bin has reduced our disposal costs significantly; again this is good news for future years if this trend continues.
2. Within Regeneration, a £121,000 underspend is due to savings made early as a result of not replacing posts that we knew would be "at risk" in future years of the savings plan and £141,000 as a result of higher than expected occupancy rates in our portfolio of Business Centres and a rise in the associated income.
3. Our Planning team accounts for a further £99,000 underspend primarily due to high staff turnover. Staff are being attracted away into the private sector and to other local authorities at a time when these skills are at a premium.

**Localities & Communities (£272,000) (3.5%)**

There is a mixture of underspends and overspends across the Business Unit and it is the collective outcome of these that equates to a final underspend outside the agreed tolerance levels. Taken at an individual level, without aggregation, these tolerances are relatively minor and reflect the prudent approach to optimising savings in advance of challenging savings targets in future years. In addition



**Service Improvement and Change**    (£67,000)    (2.1%)

**Management**

Delays to the recruitment of fixed term contract posts in support of Resources Group One Organisational Plan transformation activities has resulted in a larger than expected actual to budget variance.

**Other Services**    (£2,432,000)    (6.1%)

The underspend on those elements of Other Services deemed to be controllable is due to:

1. A short term reduction in the cost of servicing a smaller capital programme as a result of slippage in 2013/14 and 2014/15.
2. Higher than anticipated investment returns due to the benefits of using the wider range of investment vehicles approved in the Treasury Management Strategy.
3. Fewer redundancies in 2014/15 than expected when the One Organisation Plan was agreed. It is expected these redundancies will instead occur over the remaining years of the Plan.

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Early Help and Targeted Support</b>										
Business Unit Savings	Service savings	895		895			(150)	This carry forward is requested to cover winter pressures for the Reablement Service. There will be the need to recruit / commission additional hours in advance in order to cope with anticipated winter pressures for the service.	745	The remaining reserves are held in order to cover/mitigate the following potential risks: a) A £395,000 rate of overspending on the Integrated Disability Service residential placement budget, until a long-term spending or funding solution is identified. b) With the Children's Centre contract slipping into the first 5 months of the financial year there is the potential (based on possible future budget reductions) for slippage of up to £300,000 once the current contract is finished. c) A possible £50,000 cost of buildings work to make use of a WCC building suitable for the County Music
Young Carers Contract	Earmarked - external	200		200			(50)	These reserves contain a one off contribution from Adult Social Care and Support for a four year Young Carers contract. In order to meet the financial commitment of this contract £50,000 is requested as an immediate carry-forward in 2015/16.	150	The remaining reserves are held in order to cover the full term of the contract - £50,000 will be requested to be drawn down from reserves each year. Members are requested to categorise these as earmarked.
<b>Early Help Sub-Total</b>		<b>1,095</b>	<b>0</b>	<b>1,095</b>	<b>0</b>	<b>0</b>	<b>(200)</b>		<b>895</b>	
<b>Professional Practice and Governance</b>										
Carefirst Development - Care Act	Service savings	26		26			(26)	Development work for Carefirst/OLM to deliver Care Act requirements.	0	
Mosaic Implementation	Service savings	400		400					400	Planned expenditure on Systems Review - to replace the Carefirst System with Mosaic (funding from 2013/14 year end underspend)
Mosaic Implementation - Contingency	Service savings	1,651		1,651					1,651	Contingency to support risks of strategic business changes delaying delivery of the System Review Project (funding from 2013/14 and 2014/15 underspends)
Savings Programme Risk Reserve	Service savings	435		435					435	General Professional Practice and Governance reserves to cover risks relating to delivery of savings programme and establishment of a new business unit.
Learning & Development Delivery	Service savings	264		264					264	Learning & Development reserve held to cover risks relating to savings programme delivery and impact of additional pressures relating to strategic changes.
<b>Professional Practice - Sub-Total</b>		<b>2,776</b>	<b>0</b>	<b>2,776</b>	<b>0</b>	<b>0</b>	<b>(26)</b>		<b>2,750</b>	
<b>Safeguarding</b>										
Business Unit Savings	Service savings	(922)		(922)		922			0	
<b>Safeguarding Sub-Total</b>		<b>(922)</b>	<b>0</b>	<b>(922)</b>	<b>0</b>	<b>922</b>	<b>0</b>		<b>0</b>	
<b>Social Care and Support</b>										
Care Act and Integration	Service savings	7,476		7,476					7,476	The Care Act will bring radical changes to funding and the way in which people contribute to the cost of their care. Any changes resulting are highly unlikely to be fully funded by central government. It is possible that structural integration options may be pursued in the next 3-5 years. These may carry significant one-off costs in scoping, developing and establishing new arrangements and the management of risks during this process as budgets are potentially pooled.
Costs Volatility	Service savings	2,543		2,543					2,543	This reserve addresses the future service risks recognising the scale, volatility and overall risk associated with adult social care services, including unpredictable elements (e.g. flu epidemic). Also the need to protect the wider council from the impact of these, because a small percentage change to adult social care expenditure is a large financial figure.
Systems Review	Service savings	1,000		1,000					1,000	This reserve is to specifically support the review of the care management information system
Uncommitted Reserve	Service savings	291		291					291	This reserves reflects balances held that are over and above the amounts required to cover specific initiatives and specific risks
<b>Social Care Sub-Total</b>		<b>11,310</b>	<b>0</b>	<b>11,310</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>11,310</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In- hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Strategic Commissioning</b>										
Redesign and transformation of market to achieve OOPs savings	Service savings	998		998					998	Required to mitigate risks associated with service redesign and transformation e.g.: legal challenge, delay in achieving defined savings targets within given year(s), risks linked to market changes for example; planning delays, market forces on costs and delays in exit strategies as services are redesigned and recommissioned.
Market failure support e.g.: providers in administration and associated costs with transfer of business and staffing.	Service savings	1,140		1,140					1,140	Mitigate risks of provider failure in light of duties in the Care Act: Indemnity for transfer of staff to a new provider in the case of a company going into administration (Southern Cross experience) that is not managed nationally and has to be coped with locally under new legislation. To cover costs associated with a provider going into administration to enable the service to continue uninterrupted e.g.: staff wages, overheads. And to mitigate the risk of judicial review in negotiating and securing a fair price for care from the market.
Impact of costs associated with outsourcing e.g.: costs of repairs to buildings, pension liabilities.	Service savings	1,220		1,220					1,220	To mitigate the risk of liability for a number of legacy and current issues with outsourcing services e.g.: significant and historical pension liabilities of small/medium community and voluntary sector organisations within the local authority pension fund, building costs associated to any buildings transferred that require ongoing maintenance, funding deficits linked to outsourcing services.
Potential impact on health integration e.g.: cost shunting, exit strategy costs.	Service savings	1,424		1,424					1,424	To mitigate the risk of health service changes that may shunt costs towards social care e.g.: reduction in admissions to acute care through BCF and the increased pressures on social care provision (market shape).
<b>Strategic Comm. Sub-Total</b>		<b>4,782</b>	<b>0</b>	<b>4,782</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>4,782</b>	
<b>People Group Total</b>		<b>19,041</b>	<b>0</b>	<b>19,041</b>	<b>0</b>	<b>922</b>	<b>(226)</b>		<b>19,737</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Economic Growth</b>										
Waste Management	Service savings	450		450			(150)	To fund Behaviour Change activity, an One Organisational Plan savings requirement from 2015-16 for 3 years.	300	To fund Behaviour Change activity, an One Organisational Plan savings requirement from 2015-16 for 3 years.
Business Centres including Building Maintenance Liabilities	Trading	515		515					515	To invest in this traded service to meet essential maintenance costs at the Business Centres, to ensure that the quality of the service offer is maintained.
Accommodation Reserve	Service savings	29		29					29	To meet costs of internal accommodation changes not funded by Physical Assets.
Development Group Realignment	Service savings	134		134					134	To manage the volatility of income streams in Development Group, e.g. planning application fees. The reserve also includes £84,000 of specific grant funding used to develop the infrastructure of the service.
Economic Growth Service Savings	Service savings	219		219	(119)		(100)	To fund regeneration priorities, including town centre initiatives and tourism.	0	
S38 Developer Funding	Earmarked - external	940		940					940	Substantial increase in S38 agreements has greatly increased revenue income. This is needed to cover works and employee costs that span several years. This reserve was established by Cabinet in the Quarter 1 Organisational Health report 2013/14.
European Match Funding Reserve	Service savings	332		332			(45)	Funding of an officer to work with partners to develop a pipeline of projects which could attract European Match funding. Includes residual balance of £200,000 allocation in the 2013/14 budget resolution, being used to fund an Inward Investment Officer.	287	A Match Funding reserve to attract future European Funding, established by Cabinet in the Quarter 3 Organisational Health Report 2013/14. Also includes future years funding for Inward Investment.
Flood Management Reserve	Service / Earmarked - external	630		630					630	£200,000 of this reserve was set up by Cabinet in the Quarter 2 Organisational Health Report 2013/14 to use as match funding contribution to future projects. It also includes £430,000 of external grant income received in 2014/15 but not planned to be used until 2015/16 and future years.
Ecology & Archaeological Information and Advice	Service savings	102		102			(36)	Funding for an Ecology Planner for one year to cope with high levels of demand.	66	Future funding to deal with expected demand increases for Ecology & Archaeological information and advice.
Infrastructure Group Reserve	Service savings	58		58					58	To maintain a funding stream for Infrastructure Group for future financial years.
Going for Growth Apprenticeship Hub	Earmarked - policy	103		103					103	To fund the Apprenticeship Hub in future financial years.
Skills Delivery for Economic Growth	Earmarked - policy	470		470					470	This is the balance of re-profiled skills delivery settlement included in the 2014/15 budget resolution.
Rural Growth Network	Earmarked - external	1,260		1,260					1,260	Balance of Rural Growth Network funding to be used to complete the Regional Growth Network project.
HS2 Phase 2	Earmarked - policy	250		250					250	Unused allocations for HS2 held in reserve to meet future costs of responding to HS2 project.
<b>Economic Growth Sub-Total</b>		<b>5,492</b>	<b>0</b>	<b>5,492</b>	<b>(119)</b>	<b>0</b>	<b>(331)</b>		<b>5,042</b>	
<b>Education and Learning</b>										
Business Unit Savings	Service savings	717	(717)	0					0	
Special Education Needs and Disabilities Grant	Earmarked - external	748		748					748	Special Education Needs and Disabilities (SEND) grant earmarked for transition spending up to end of March 2017. A plan has been approved by the SEND Board for the 3 years of transition and is regularly reviewed at SEND board meetings.
Early Years Pupil Premium Implementation	Earmarked - external	31		31					31	Pupil Premium Grant received in quarter 4 2014/15, to be used to meet spending needs on Pupil Premium Implementation
<b>Education and Learning Sub-Total</b>		<b>1,496</b>	<b>(717)</b>	<b>779</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>779</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Localities and Community Safety</b>										
DAAT Reserves	Earmarked - external	451		451				To be used to offset potential overspends during 2015/16	451	Partner resources for the DAAT which must be used for specified purposes.
Museum Development Fund	Earmarked - external	232		232					232	Donations to Heritage and Culture which must be used for specified purposes.
Museum Ethnographic Fund	Earmarked - external	18		18					18	
Records Purchase Fund	Earmarked - external	19		19					19	
Records Donations Fund	Earmarked - external	58		58					58	
Business Unit Savings	Service savings	355		355			(113)	£25,000 funding to complete Community Safety and Domestic Abuse projects that the service have been unable to complete during 2014/15 £20,000 to develop the Trading Standards Case Management System £6,000 carry-forward of the Hate Crime Grant in Rural Services. £62,000 unspent Councillor grants in the North Warwickshire Area	242	To meet any overspends compared to the 2015/16 budget allocation for Localities and Community Safety.
Family Intervention Project	Earmarked - policy	461		461					461	Funding required to meet future costs of the Family Intervention Project.
Trading Standards	Trading	52		52					52	To meet future variances in the performance of the Calibration service.
Proceeds of Crime	Earmarked - external	27		27					27	Proceeds of Crime Act income ring-fenced to fund further cases.
Community Safety Statutory Reviews	Earmarked - external	105		105					105	Ring-fenced sum to fund unavoidable costs of Community Safety statutory reviews on domestic homicide.
Secure Remand Reserve	Earmarked - external	405		405					405	Partner resources for Secure Remand which must be used for specified purposes.
Priority Families Reserve	Earmarked - policy	1,382		1,382					1,382	The balance of government funding for the Priority Families initiative to support the delivery of phase 2 of the programme.
Heritage and Culture Services - Our Warwickshire	Earmarked - external	190		190					190	The funds are held in reserve to complete the "Our Warwickshire" Heritage Lottery Fund projects.
<b>Localities and CS Sub-Total</b>		<b>3,755</b>	<b>0</b>	<b>3,755</b>	<b>0</b>	<b>0</b>	<b>(113)</b>		<b>3,642</b>	
<b>Public Health</b>										
Business Unit Savings	Earmarked - external	1,131		1,131			(121)	£100,000 - Act on Energy Grant payment to be delivered in 2015/16, funded from Winter Pressures grant from government. £18,000 - Qualitative research to assess the health impact of the welfare reforms on residents in Warwickshire. £3,315 - Literature searching / Academic Library Access Function	1,010	Balance of Public Health ring-fenced grant.
Family Nurse Partnership	Service savings	678		678					678	Funding set aside for investment in the Family Nurse Partnership, approved by Cabinet in Quarter 3 2014/15.
<b>Public Health Sub-Total</b>		<b>1,809</b>	<b>0</b>	<b>1,809</b>	<b>0</b>	<b>0</b>	<b>(121)</b>		<b>1,688</b>	



## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In- hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Transport and Highways</b>										
Speed Awareness Workshops	Earmarked - external	1,044		1,044			(124)	To fund capital upgrades of red-light cameras.	920	Ring-fenced reserve consisting of WCC and Police funding, capped at an agreed level of £920,000 with Warwickshire Police.
Street Lighting Energy Reduction	Service savings	1,000		1,000			(1,000)	To fund implementation of energy efficient LED street lighting.	0	
Kenilworth Station	Service savings	421		421					421	To fund future revenue expenditure for Kenilworth Station including the train service subsidy.
County Fleet Maintenance Reserve	Trading	25		25					25	To fund future volatility in traded service performance.
Concessionary Travel Reserve	Earmarked - policy	938		938		(726)	(62)	Development and Implementation of new IT systems for Concessionary Travel.	150	£212k to be retained for new IT systems and development of an eligibility assessment scheme, of which £62k to be used in 2015/16
Design Services Reserve	Trading	271		271					271	To fund transformation of service to maintain traded income.
Traffic Model Revenue Fund	Service savings	109		109					109	Reserve for development of the traffic model, where income is earmarked for further development.
Business Unit Savings	Service savings	1,273		1,273	(1,064)		(209)	£90,000 - Purchase of Vehicle Activated Signs, order committed in 2014/15 but delivery and installation will be in 2015/16. £119,000 - Total Transport Pilot Fund grant received from DfT in 2014/15, ringfenced for a project in 2015/16 to integrate community & voluntary transport.	0	
<b>Transport Sub-Total</b>		<b>5,081</b>	<b>0</b>	<b>5,081</b>	<b>(1,064)</b>	<b>(726)</b>	<b>(1,395)</b>		<b>1,896</b>	
<b>Total Communities Group</b>		<b>17,633</b>	<b>(717)</b>	<b>16,916</b>	<b>(1,183)</b>	<b>(726)</b>	<b>(1,960)</b>		<b>13,047</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In- hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Customer Service</b>										
Warwickshire Local Welfare Scheme	Earmarked - policy	742		742					742	The reserve will continue to support this area of need and offer reactive support during future years, once this grant ceases to be in existence.
Customer Journey	Service savings	0	100	100			(100)	The Supporting People and Customer Journey programmes require significant one-off investment to fundamentally redesign a number of services. The funding is required to fund external contractors including: • Business analyst support – to map the current 'as-is' process and develop the 'to-be' process. Development support – to build the new processes and specifically for their development in our Customer Relation Management	0	
Digital Printer	Service savings	0	27	27			(27)	New Colour Digital Printer. Investment would enable improved service reliability and stability. Our present Xerox machine is over nine years old and unreliable which is constantly breaking down. This new equipment will enable; improved financial performance, enable cost savings from running costs, improve printer quality and deliver improved finishing services to customers i.e. folding & booklet making. This new machine will also open up opportunities to increase income by reducing outsourcing of envelope printing as this can be done on the new machine.	0	
Business Unit Savings	Service savings	182	(182)	0					0	
<b>Customer Service Total</b>		<b>924</b>	<b>(55)</b>	<b>869</b>	<b>0</b>	<b>0</b>	<b>(127)</b>		<b>742</b>	
<b>Finance</b>										
Financial Training	Service savings	95		95					95	This reserve is to train more finance staff for formal qualifications (to provide value added support to the organisation) 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.
Business Unit Savings	Service savings	32	(32)	0					0	
<b>Finance Sub-Total</b>		<b>127</b>	<b>(32)</b>	<b>95</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>95</b>	
<b>Human Resources</b>										
Going for Growth - Apprenticeship Scheme	Earmarked - policy	658		658					658	Ring fenced budget for 3 years to allow the apprenticeship programme to continue
Business Unit Savings	Service savings	(10)	10	0					0	
<b>Human Resources Sub-Total</b>		<b>648</b>	<b>10</b>	<b>658</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>658</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Information Assets</b>										
Schools ICT	Service savings	200		200					200	These reserves are planned to be spent in 2015/16 as part of revised Traded Services developments, including new training accommodation following the closure of Wedgcock House
Unit Charge Equalisation Account	Earmarked - policy	325		325					325	The first half was spent on the new WAN in 2014/15 and the remainder is due to contribute to a Unified Communications approach in 2015/17. Both these projects deliver new approaches with reduced revenues costs which are required to deliver the OOP.
Going for Growth - BDUK	Earmarked - policy	1,031		1,031					1,031	This is the Going for Growth revenue budget that will be used to contribute to the extended BDUK project as agreed as part of the Council approval in 2014/15
Business Unit Savings	Service savings	260	(260)	0					0	
<b>Information Assets sub-total</b>		<b>1,816</b>	<b>(260)</b>	<b>1,556</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>1,556</b>	
<b>Law and Governance</b>										
Counter Fraud Grant Reserve	Earmarked - external	96	0	96			(48)	Counter Fraud Grant - received funding for £96k for specific works and requested to members that 50% was included in a reserve and that work to cover the other 50% would be undertaken in 2014./15. This has not been possible and so a request to move this funding into next year to carry out this work.	48	The Warwickshire Counter Fraud Partnership Grant is a ring-fenced grant and as such any amounts unspent is to be returned to the awarding body. Work is programmed to take place in 2015-16
School Governance	Service savings	0	12	12			(12)	Ofsted has clear expectations that Local Authorities will monitor school performance and leadership & management, including governance, and provide effective, timely support and intervention. Governor Services needs to put in a place a governance programme which complements the School Improvement team's new School Improvement Strategy. 1. Pre-emptive health checks to identify governance risk factors, likely to include- review of training records, website audit, review of meeting agendas / minutes etc. This may generate a range of interventions, including targeted advice, training, governance reviews (traded income), additional governor appointments, Interim Executive Boards. 2. External Reviews of governance (mainly funded by schools)3. Follow up assessments of schools 6 months after governance reviews. The carry forward sum is proposed as a major contribution to the above	0	
Business Unit Savings	Service savings	247	(247)	0					0	
<b>Law and Governance sub-total</b>		<b>343</b>	<b>(235)</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>(60)</b>		<b>48</b>	
<b>Physical Assets</b>										
Catering Equalisation Account	Earmarked - policy	401		401					401	This reserve manages the risk of a significant drop in trading days in any one year due to external circumstances
Planning Reserve	Service savings	320	140	460			(140)	Carry forward of unused Planning Application Reserve funding (£140k). It should be assumed that it will be spent in 2015/16. Three planning applications have already begun their preparations.	320	To maximise the return from the council's assets, large developable assets have their value enhanced considerably if attached to them is a planning consent for development.
Business Unit Savings	Service savings	934	(934)	0					0	
<b>Physical Assets Sub-Total</b>		<b>1,655</b>	<b>(794)</b>	<b>861</b>	<b>0</b>	<b>0</b>	<b>(140)</b>		<b>721</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In- hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Service Improvement and Change Management</b>										
Living in Warwickshire Survey	Service savings	0	20	20			(20)	Living in Warwickshire Survey 2015/16 - funding to match contribution from Public Health for the second Living in Warwickshire survey. We would seek to carry out the survey in Autumn 2015. The survey will use a range of different research methods for this project, rather than focussing solely on a paper based survey.	0	
Project Management	Service savings	190		190					190	Funds to be transferred into reserves to support Business Unit's transition to new operating model to ensure the delivery of the Organisational OOP savings
Business Unit Savings	Service savings	67	(67)	0					0	
<b>SICM Sub-Total</b>		<b>257</b>	<b>(47)</b>	<b>210</b>	<b>0</b>	<b>0</b>	<b>(20)</b>		<b>190</b>	
<b>Resources Group Reserves</b>										
Transformation Fund	Service savings	1,704		1,704					1,704	This reserve continues to pump prime traded services to ensure that they are commercially viable and offer competitive and sustainable services to customers in an ever increasingly competitive market place. The funding will be specifically aimed at supporting new business structures and delivery models across the Council. In the next two years, it is likely that the Resources Group will need to replace some Business Systems that have been used for many years e.g. the HR Management System and the analogue telephony system. Replacing these systems will improve data and processes across the Council. However, such replacements require significant investment. This fund will enable the replacement of these systems to be funded now rather than formally requesting capital investment later, which would incur future debt and charges. This is a general reserve held on behalf of the Group that provides a level of assurance should the Group incur unforeseen financial costs.
System Replacement	Service savings	0	1,413	1,413					1,413	
Resources Group Savings	Service savings	766	0	766					766	
<b>Resources Group Sub-Total</b>		<b>2,470</b>	<b>1,413</b>	<b>3,883</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>3,883</b>	
<b>Total Resources Group</b>		<b>8,240</b>	<b>0</b>	<b>8,240</b>	<b>0</b>	<b>0</b>	<b>(347)</b>		<b>7,893</b>	
<b>Fire &amp; Rescue</b>										
Pensions	Earmarked - policy	79	0	79			0		79	This reserve will support any variations in the revenue costs of the Firefighters Pension Scheme.
Fire Control Project	Earmarked - external	909	0	909			(400)	This specific earmarked grant will fund the completion of the Fire Control Project.	509	This reserve will support the delivery of the remainder of the Fire Control Project and will be drawn down during 2015/16 as required.
Service Savings	Service savings	626	0	626			(200)	This carry forward will support the delivery of the Fire & Rescue Service Transformation Programme including the ongoing changes to working patterns and operational response arrangements over the next three years.	426	This reserve will be used to support the delivery of the Fire & Rescue Service Transformation Programme in 2016/17.
<b>Total Fire &amp; Rescue</b>		<b>1,614</b>	<b>0</b>	<b>1,614</b>	<b>0</b>	<b>0</b>	<b>(600)</b>		<b>1,014</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Other Services</b>										
Audit Fee Reserve	Service savings	563		563					563	The external audit fee is variable between years depending on the auditors perceived level of financial risk, the number of additional grant claims to be audited and investigations into any issue that emerge during the audit or are reported to the auditors. This reserve of accumulated underspends ensures that in any one year there will be no impact on the revenue budget. The appropriate level for the reserve going forward will be reviewed as part of the 2016/17 OOP refresh.
Capacity Building Fund	Earmarked - policy	1,454		1,454					1,454	Residual funding to support capacity building projects across the authority. The on-going budget has been deleted and therefore once this funding has been used no future funding will be available.
Carbon Reduction Commitment Scheme	Earmarked - policy	526		526					526	Funding set aside from underspends in previous years to manage the fluctuations in the cost of carbon commitments faced by the authority. The appropriate level for the reserve going forward will be reviewed as part of the 2016/17 OOP refresh.
Community Infrastructure Levy	Service savings	301		301					301	Funding set aside to support the County Council's work in ensuring the effective implementation of the Community Infrastructure Levy across Warwickshire
Interest Rate Volatility Reserve	Earmarked - policy	4,320		4,320					4,320	Interest rates are currently at an all time low. This reserve will allow fluctuations in interest rates, as they impact on both the interest we can earn and the interest we pay on any borrowing to be smoothed and avoid the need to allocate resources to fund capital financing costs whilst spend/borrowing is at the level set out in
National Non-Domestic Rates Appeals	Service savings	1,047		1,047					1,047	There remains a significant backlog in business rates appeals that have yet to be settled and may go back several years. This reserve will enable any impact on the County Council to be managed without the need to commit scarce resources.
National Non-Domestic Rates Pool	Earmarked - policy	(269)		(269)					(269)	This overdrawn reserve is the net deficit on the business rates pool. Each Pool member is required to make good their element, if they decide to leave the Pool. The liability is shared across Pool members and is not the responsibility of the County Council. It is held as part of the County Council's accounts because we are the lead authority.
Quadrennial Elections	Earmarked - policy	239		239					239	The reserve will accumulate over four years, it will then be used to fund the cost of the County Council elections. Without this reserve a spending pressure of £1 million would need to be provided for in the budget every four years and funding for by-elections identified as and when they are needed.
<b>Total Other Services</b>		<b>8,181</b>	<b>0</b>	<b>8,181</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>8,181</b>	
<b>Corporate Reserves</b>										
General Reserves	Earmarked - policy	19,385		19,385		(754)			18,631	Reserve set aside to meet corporate financial risks that are not covered elsewhere by business unit reserves. The Head of Finance specifies each year the minimum amount that must be held in General Reserves. For 2015/16 this is £16.5 million.
Medium Term Contingency	Earmarked - policy	20,499		20,499					20,499	Funding set aside to manage timing differences between the delivery of savings and spending need across the four years of the One Organisation Plan.
Service Realignment Fund	Earmarked - policy	11,879		11,879					11,879	Funding set aside to meet the costs of redundancies/early retirements that arise as a result of the reduction in staff numbers that forms part of the OOP. Without this funding any costs would have to be met from within service budgets.
Capital Fund	Earmarked - policy	1,040		1,040					1,040	Funding set aside from capital receipts to meet the sale expenses and any associated fees.
Insurance Fund	Earmarked - policy	8,460		8,460					8,460	As an authority it is financially a better option to self-insure for some risks. We also have a number of excesses on the various corporate insurance policies. This Fund provides cover for both of these risks.
Centrally managed support for schools (DSG)	Earmarked - external	(1,275)	717	(558)		558			0	This is the balance of ring-fenced funding for support for schools and pupils that is the responsibility of the County Council. The funding cannot be used for any other purpose.
Schools	Earmarked - external	14,460		14,460					14,460	This is the net level of school reserves. Any decisions about the use of this funding rest with individual
<b>Total Corporate Reserves</b>		<b>74,448</b>	<b>717</b>	<b>75,165</b>	<b>0</b>	<b>(196)</b>	<b>0</b>		<b>74,969</b>	
<b>TOTAL</b>		<b>129,157</b>	<b>0</b>	<b>129,157</b>	<b>(1,183)</b>	<b>0</b>	<b>(3,133)</b>		<b>124,841</b>	

**Note - Reserve Categories**

Earmarked (External) - Central Government and other external partners/funding bodies require these reserves are used for a specific purpose.

Earmarked (Policy) - Reserves that have been set up following specific Member approval.

Trading - Reserves generally retained by Traded Services to smooth out surpluses and deficits over a number of years.

Service Savings - Underspends by services which may be accumulated to meet known future spending pressures, savings plans or as a contingency against future unknown service pressures.

## Head of Service commentary on the variance outside tolerance

### Overspent

**Safeguarding** £864,000 2.3%

The overspend in 2014/15 has been a result of year end residential placements in North, an over prediction of recovery of shared costs from Health and Education and an increase in fostering costs and some un-forecast costs in Special Guardianship Orders and Adoption Allowances. In overall terms despite the slight decrease in overall Looked After Children numbers, the costs of placements have been increasing which has outweighed the savings generated. The costs of placements are rising significantly and despite commissioning support, this is likely to continue into future years.

**Education and Learning** £2,074,000 2.5%

The overspend in Education and Learning is driven entirely by overspends on the Dedicated Schools Grant (DSG). The DSG within the Vulnerable Learners service continues to see increased pressure on the demand led budgets for support for pupils with special educational needs and disabilities (SEND). The biggest area of overspend is on the out of authority placements at £4.627 million. However the top up funding for both mainstream and SEN schools has also overspent by £1.141 million. This overspend has been reported to Schools Forum and the steps required to control this are documented in the draft Vulnerable Learners Strategy. The development of more local provision is a key element of the strategy.

### Underspent

**Early Help and Targeted Support** (£818,000) (4.3%)

The reason for the above 2% rule is that we have received, in year, monies that are being held for the next three years for the Young Carers (£50,000 for 2015/16 and a further £100,000 for 2016-18. We also had to anticipate that the Integrated Disability Service overspend might well have been higher due to the unknown factors with regards to the residential costs. We now have a better understanding and can begin to align the budgets better than before. The underspend in Reablement is a mixture of the additional winter pressures monies coming in combined with fewer people being able to be referred to Reablement due to their conditions.

**Professional Practice and Governance** (£1,202,000) (25.0%)

The variance on the People Group Learning & Development Plan is due to the delay in delivering the learning and development from the plan and mainly because of the implementation of the new Contracting Framework with Premier Partnerships. This coupled with additional staff release pressures and major projects such as The Care Act Implementation. The plans for 2015/16 reflect a more realistic financial requirement due to Learning & Development having a greater understanding of business needs and the use of comprehensive data to

accurately plan.

**Social Care and Support (2,341,000) (2.1%)**

The underspend position is due to four main reasons that were not apparent at the start of 2014/15.

1. The income from health was higher than initially expected; including £2.4 million of one-off funds which were difficult to spend without accruing long-term overspend commitments.
2. Some of the One Organisational Plan projects have delivered savings earlier than anticipated.
3. The national Care Act regulations and guidance were delayed by many months (not released until Oct/Nov), so preparation and implementation costs in 2014/15 were lower and will be 'shunted forward' to future years.
4. The overspend position of approximately £2.4 million per annum at its worst, for Learning Disability Services, has been subject to in-year improvement plans that were significantly more successful than initially anticipated and this speedy recovery, whilst a success story, contributed to the underspend.

**Strategic Commissioning (£786,000) (4.6%)**

Early achievement of savings to enable full impact in 2015/16. Late arrival of central Government funding for Local Authority pressures during winter. Vacancies held again in order to achieve full staff savings for 2015/16.

**Economic Growth (£863,000) (3.9%)**

The 1.9% variance above the 2% tolerance level represents a £421k underspend against the agreed budget for the Business Unit. The main reasons for this are as follows:

1. In Waste Management we received a £322,000 payment from the Local Authority Waste Disposal Company. This was as part of the deal, brokered in 2013/14, that now sees WCC as a shareholder in this Energy from Waste plant in Coventry that in turn reduces our waste disposal costs. Also in waste a high diversion of waste from the Grey to the Green bin has reduced our disposal costs significantly; again this is good news for future years if this trend continues.
2. Within Regeneration, a £121,000 underspend is due to savings made early as a result of not replacing posts that we knew would be "at risk" in future years of the savings plan and £141,000 as a result of higher than expected occupancy rates in our portfolio of Business Centres and a rise in the associated income.
3. Our Planning team accounts for a further £99,000 underspend primarily due to high staff turnover. Staff are being attracted away into the private sector and to other local authorities at a time when these skills are at a premium.

**Localities & Communities (£272,000) (3.5%)**

There is a mixture of underspends and overspends across the Business Unit and it is the collective outcome of these that equates to a final underspend outside the agreed tolerance levels. Taken at an individual level, without aggregation, these tolerances are relatively minor and reflect the prudent approach to optimising savings in advance of challenging savings targets in future years. In addition

and as reported earlier throughout the year the Priority Families Programme has exceed expected performance targets which have generated payment by results income above the expected position. The Youth Justice underspend reflects the need to retain some flexibility in resource to accommodate the instructions of the Court (over which we have no influence) and which can be demand volatile.

**Transport & Highways** (€2,299,000) (8.4%)

At Quarter 3 the service identified a forecast underspend that, if it materialised, would be used to repay self-financed borrowing and reduce the pressure on the service's revenue budget in future years. At this stage it was still a forecast underspend and so no formal Member approval to repay the debt was sought. As the year end position is now known, approval to repay €1.064 million is being requested. As this approval is still pending it has increased the service underspend by 3.8%. An underspend on Concessionary Travel of €788,000 accounts for 2.8% of the total service underspend. This relates largely to lower than expected journey numbers. A significant proportion of the underspend (€468,000) was forecast at quarter 3. The Concessionary Travel budget is ring-fenced by policy and cannot be redeployed elsewhere in the service. Together, these variances account for 5.6% of the total 8.2% underspend. Early delivery of savings planned for 2015/16 accounts for the remaining underspend.

**Information Assets** (€260,000) (2.4%)

The Information Assets surplus is entirely due to a surplus created by successful trading with the schools in the ICT arena.

**Law & Governance** (€295,000) (32.0%)

The underspend this year has in part arisen as a result of reduced staffing costs across the Service. Some of the staffing cost reductions were as a result of posts being filled part year (Democratic Services and Governor Services) and in the case of Risk and Assurance, vacancies being held pending the new shared audit service with Worcestershire CC being established. The increase in traded income from external customers in Legal Services has also contributed to the increased underspend. Additionally, the underspend includes €48,000 government grant for the Warwickshire Counter Fraud Partnership. This will be spent in 2015/16.

**Physical Assets** (€935,000) (7.7%)

The underspend in Physical Assets is explained by two main factors. Firstly, the reduction in buildings as a consequence of the property rationalisation programme is resulting in a reduction and rationalisation of the Facilities Management service and the budgets used to pay running costs. Secondly, trading surplus targets have been exceeded, mainly due to the success of the universal infant free school meal programme which has exceeded all expectations.



**Service Improvement and Change**    (£67,000)    (2.1%)

**Management**

Delays to the recruitment of fixed term contract posts in support of Resources Group One Organisational Plan transformation activities has resulted in a larger than expected actual to budget variance.

**Other Services**    (£2,432,000)    (6.1%)

The underspend on those elements of Other Services deemed to be controllable is due to:

1. A short term reduction in the cost of servicing a smaller capital programme as a result of slippage in 2013/14 and 2014/15.
2. Higher than anticipated investment returns due to the benefits of using the wider range of investment vehicles approved in the Treasury Management Strategy.
3. Fewer redundancies in 2014/15 than expected when the One Organisation Plan was agreed. It is expected these redundancies will instead occur over the remaining years of the Plan.

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Early Help and Targeted Support</b>										
Business Unit Savings	Service savings	895		895			(150)	This carry forward is requested to cover winter pressures for the Reablement Service. There will be the need to recruit / commission additional hours in advance in order to cope with anticipated winter pressures for the service.	745	The remaining reserves are held in order to cover/mitigate the following potential risks: a) A £395,000 rate of overspending on the Integrated Disability Service residential placement budget, until a long-term spending or funding solution is identified. b) With the Children's Centre contract slipping into the first 5 months of the financial year there is the potential (based on possible future budget reductions) for slippage of up to £300,000 once the current contract is finished. c) A possible £50,000 cost of buildings work to make use of a WCC building suitable for the County Music
Young Carers Contract	Earmarked - external	200		200			(50)	These reserves contain a one off contribution from Adult Social Care and Support for a four year Young Carers contract. In order to meet the financial commitment of this contract £50,000 is requested as an immediate carry-forward in 2015/16.	150	The remaining reserves are held in order to cover the full term of the contract - £50,000 will be requested to be drawn down from reserves each year. Members are requested to categorise these as earmarked.
<b>Early Help Sub-Total</b>		<b>1,095</b>	<b>0</b>	<b>1,095</b>	<b>0</b>	<b>0</b>	<b>(200)</b>		<b>895</b>	
<b>Professional Practice and Governance</b>										
Carefirst Development - Care Act	Service savings	26		26			(26)	Development work for Carefirst/OLM to deliver Care Act requirements.	0	
Mosaic Implementation	Service savings	400		400					400	Planned expenditure on Systems Review - to replace the Carefirst System with Mosaic (funding from 2013/14 year end underspend)
Mosaic Implementation - Contingency	Service savings	1,651		1,651					1,651	Contingency to support risks of strategic business changes delaying delivery of the System Review Project (funding from 2013/14 and 2014/15 underspends)
Savings Programme Risk Reserve	Service savings	435		435					435	General Professional Practice and Governance reserves to cover risks relating to delivery of savings programme and establishment of a new business unit.
Learning & Development Delivery	Service savings	264		264					264	Learning & Development reserve held to cover risks relating to savings programme delivery and impact of additional pressures relating to strategic changes.
<b>Professional Practice - Sub-Total</b>		<b>2,776</b>	<b>0</b>	<b>2,776</b>	<b>0</b>	<b>0</b>	<b>(26)</b>		<b>2,750</b>	
<b>Safeguarding</b>										
Business Unit Savings	Service savings	(922)		(922)		922			0	
<b>Safeguarding Sub-Total</b>		<b>(922)</b>	<b>0</b>	<b>(922)</b>	<b>0</b>	<b>922</b>	<b>0</b>		<b>0</b>	
<b>Social Care and Support</b>										
Care Act and Integration	Service savings	7,476		7,476					7,476	The Care Act will bring radical changes to funding and the way in which people contribute to the cost of their care. Any changes resulting are highly unlikely to be fully funded by central government. It is possible that structural integration options may be pursued in the next 3-5 years. These may carry significant one-off costs in scoping, developing and establishing new arrangements and the management of risks during this process as budgets are potentially pooled.
Costs Volatility	Service savings	2,543		2,543					2,543	This reserve addresses the future service risks recognising the scale, volatility and overall risk associated with adult social care services, including unpredictable elements (e.g. flu epidemic). Also the need to protect the wider council from the impact of these, because a small percentage change to adult social care expenditure is a large financial figure.
Systems Review	Service savings	1,000		1,000					1,000	This reserve is to specifically support the review of the care management information system
Uncommitted Reserve	Service savings	291		291					291	This reserves reflects balances held that are over and above the amounts required to cover specific initiatives and specific risks
<b>Social Care Sub-Total</b>		<b>11,310</b>	<b>0</b>	<b>11,310</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>11,310</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In- hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Strategic Commissioning</b>										
Redesign and transformation of market to achieve OOPs savings	Service savings	998		998					998	Required to mitigate risks associated with service redesign and transformation e.g.: legal challenge, delay in achieving defined savings targets within given year(s), risks linked to market changes for example; planning delays, market forces on costs and delays in exit strategies as services are redesigned and recommissioned.
Market failure support e.g.: providers in administration and associated costs with transfer of business and staffing.	Service savings	1,140		1,140					1,140	Mitigate risks of provider failure in light of duties in the Care Act: Indemnity for transfer of staff to a new provider in the case of a company going into administration (Southern Cross experience) that is not managed nationally and has to be coped with locally under new legislation. To cover costs associated with a provider going into administration to enable the service to continue uninterrupted e.g.: staff wages, overheads. And to mitigate the risk of judicial review in negotiating and securing a fair price for care from the market.
Impact of costs associated with outsourcing e.g.: costs of repairs to buildings, pension liabilities.	Service savings	1,220		1,220					1,220	To mitigate the risk of liability for a number of legacy and current issues with outsourcing services e.g.: significant and historical pension liabilities of small/medium community and voluntary sector organisations within the local authority pension fund, building costs associated to any buildings transferred that require ongoing maintenance, funding deficits linked to outsourcing services.
Potential impact on health integration e.g.: cost shunting, exit strategy costs.	Service savings	1,424		1,424					1,424	To mitigate the risk of health service changes that may shunt costs towards social care e.g.: reduction in admissions to acute care through BCF and the increased pressures on social care provision (market shape).
<b>Strategic Comm. Sub-Total</b>		<b>4,782</b>	<b>0</b>	<b>4,782</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>4,782</b>	
<b>People Group Total</b>		<b>19,041</b>	<b>0</b>	<b>19,041</b>	<b>0</b>	<b>922</b>	<b>(226)</b>		<b>19,737</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Economic Growth</b>										
Waste Management	Service savings	450		450			(150)	To fund Behaviour Change activity, an One Organisational Plan savings requirement from 2015-16 for 3 years.	300	To fund Behaviour Change activity, an One Organisational Plan savings requirement from 2015-16 for 3 years.
Business Centres including Building Maintenance Liabilities	Trading	515		515					515	To invest in this traded service to meet essential maintenance costs at the Business Centres, to ensure that the quality of the service offer is maintained.
Accommodation Reserve	Service savings	29		29					29	To meet costs of internal accommodation changes not funded by Physical Assets.
Development Group Realignment	Service savings	134		134					134	To manage the volatility of income streams in Development Group, e.g. planning application fees. The reserve also includes £84,000 of specific grant funding used to develop the infrastructure of the service.
Economic Growth Service Savings	Service savings	219		219	(119)		(100)	To fund regeneration priorities, including town centre initiatives and tourism.	0	
S38 Developer Funding	Earmarked - external	940		940					940	Substantial increase in S38 agreements has greatly increased revenue income. This is needed to cover works and employee costs that span several years. This reserve was established by Cabinet in the Quarter 1 Organisational Health report 2013/14.
European Match Funding Reserve	Service savings	332		332			(45)	Funding of an officer to work with partners to develop a pipeline of projects which could attract European Match funding. Includes residual balance of £200,000 allocation in the 2013/14 budget resolution, being used to fund an Inward Investment Officer.	287	A Match Funding reserve to attract future European Funding, established by Cabinet in the Quarter 3 Organisational Health Report 2013/14. Also includes future years funding for Inward Investment.
Flood Management Reserve	Service / Earmarked - external	630		630					630	£200,000 of this reserve was set up by Cabinet in the Quarter 2 Organisational Health Report 2013/14 to use as match funding contribution to future projects. It also includes £430,000 of external grant income received in 2014/15 but not planned to be used until 2015/16 and future years.
Ecology & Archaeological Information and Advice	Service savings	102		102			(36)	Funding for an Ecology Planner for one year to cope with high levels of demand.	66	Future funding to deal with expected demand increases for Ecology & Archaeological information and advice.
Infrastructure Group Reserve	Service savings	58		58					58	To maintain a funding stream for Infrastructure Group for future financial years.
Going for Growth Apprenticeship Hub	Earmarked - policy	103		103					103	To fund the Apprenticeship Hub in future financial years.
Skills Delivery for Economic Growth	Earmarked - policy	470		470					470	This is the balance of re-profiled skills delivery settlement included in the 2014/15 budget resolution.
Rural Growth Network	Earmarked - external	1,260		1,260					1,260	Balance of Rural Growth Network funding to be used to complete the Regional Growth Network project.
HS2 Phase 2	Earmarked - policy	250		250					250	Unused allocations for HS2 held in reserve to meet future costs of responding to HS2 project.
<b>Economic Growth Sub-Total</b>		<b>5,492</b>	<b>0</b>	<b>5,492</b>	<b>(119)</b>	<b>0</b>	<b>(331)</b>		<b>5,042</b>	
<b>Education and Learning</b>										
Business Unit Savings	Service savings	717	(717)	0					0	
Special Education Needs and Disabilities Grant	Earmarked - external	748		748					748	Special Education Needs and Disabilities (SEND) grant earmarked for transition spending up to end of March 2017. A plan has been approved by the SEND Board for the 3 years of transition and is regularly reviewed at SEND board meetings.
Early Years Pupil Premium Implementation	Earmarked - external	31		31					31	Pupil Premium Grant received in quarter 4 2014/15, to be used to meet spending needs on Pupil Premium Implementation
<b>Education and Learning Sub-Total</b>		<b>1,496</b>	<b>(717)</b>	<b>779</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>779</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Localities and Community Safety</b>										
DAAT Reserves	Earmarked - external	451		451				To be used to offset potential overspends during 2015/16	451	Partner resources for the DAAT which must be used for specified purposes.
Museum Development Fund	Earmarked - external	232		232					232	Donations to Heritage and Culture which must be used for specified purposes.
Museum Ethnographic Fund	Earmarked - external	18		18					18	
Records Purchase Fund	Earmarked - external	19		19					19	
Records Donations Fund	Earmarked - external	58		58					58	
Business Unit Savings	Service savings	355		355			(113)	£25,000 funding to complete Community Safety and Domestic Abuse projects that the service have been unable to complete during 2014/15 £20,000 to develop the Trading Standards Case Management System £6,000 carry-forward of the Hate Crime Grant in Rural Services. £62,000 unspent Councillor grants in the North Warwickshire Area	242	To meet any overspends compared to the 2015/16 budget allocation for Localities and Community Safety.
Family Intervention Project	Earmarked - policy	461		461					461	Funding required to meet future costs of the Family Intervention Project.
Trading Standards	Trading	52		52					52	To meet future variances in the performance of the Calibration service.
Proceeds of Crime	Earmarked - external	27		27					27	Proceeds of Crime Act income ring-fenced to fund further cases.
Community Safety Statutory Reviews	Earmarked - external	105		105					105	Ring-fenced sum to fund unavoidable costs of Community Safety statutory reviews on domestic homicide.
Secure Remand Reserve	Earmarked - external	405		405					405	Partner resources for Secure Remand which must be used for specified purposes.
Priority Families Reserve	Earmarked - policy	1,382		1,382					1,382	The balance of government funding for the Priority Families initiative to support the delivery of phase 2 of the programme.
Heritage and Culture Services - Our Warwickshire	Earmarked - external	190		190					190	The funds are held in reserve to complete the "Our Warwickshire" Heritage Lottery Fund projects.
<b>Localities and CS Sub-Total</b>		<b>3,755</b>	<b>0</b>	<b>3,755</b>	<b>0</b>	<b>0</b>	<b>(113)</b>		<b>3,642</b>	
<b>Public Health</b>										
Business Unit Savings	Earmarked - external	1,131		1,131			(121)	£100,000 - Act on Energy Grant payment to be delivered in 2015/16, funded from Winter Pressures grant from government. £18,000 - Qualitative research to assess the health impact of the welfare reforms on residents in Warwickshire. £3,315 - Literature searching / Academic Library Access Function	1,010	Balance of Public Health ring-fenced grant.
Family Nurse Partnership	Service savings	678		678					678	Funding set aside for investment in the Family Nurse Partnership, approved by Cabinet in Quarter 3 2014/15.
<b>Public Health Sub-Total</b>		<b>1,809</b>	<b>0</b>	<b>1,809</b>	<b>0</b>	<b>0</b>	<b>(121)</b>		<b>1,688</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In- hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Transport and Highways</b>										
Speed Awareness Workshops	Earmarked - external	1,044		1,044			(124)	To fund capital upgrades of red-light cameras.	920	Ring-fenced reserve consisting of WCC and Police funding, capped at an agreed level of £920,000 with Warwickshire Police.
Street Lighting Energy Reduction	Service savings	1,000		1,000			(1,000)	To fund implementation of energy efficient LED street lighting.	0	
Kenilworth Station	Service savings	421		421					421	To fund future revenue expenditure for Kenilworth Station including the train service subsidy.
County Fleet Maintenance Reserve	Trading	25		25					25	To fund future volatility in traded service performance.
Concessionary Travel Reserve	Earmarked - policy	938		938		(726)	(62)	Development and Implementation of new IT systems for Concessionary Travel.	150	£212k to be retained for new IT systems and development of an eligibility assessment scheme, of which £62k to be used in 2015/16
Design Services Reserve	Trading	271		271					271	To fund transformation of service to maintain traded income.
Traffic Model Revenue Fund	Service savings	109		109					109	Reserve for development of the traffic model, where income is earmarked for further development.
Business Unit Savings	Service savings	1,273		1,273	(1,064)		(209)	£90,000 - Purchase of Vehicle Activated Signs, order committed in 2014/15 but delivery and installation will be in 2015/16. £119,000 - Total Transport Pilot Fund grant received from DfT in 2014/15, ringfenced for a project in 2015/16 to integrate community & voluntary transport.	0	
<b>Transport Sub-Total</b>		<b>5,081</b>	<b>0</b>	<b>5,081</b>	<b>(1,064)</b>	<b>(726)</b>	<b>(1,395)</b>		<b>1,896</b>	
<b>Total Communities Group</b>		<b>17,633</b>	<b>(717)</b>	<b>16,916</b>	<b>(1,183)</b>	<b>(726)</b>	<b>(1,960)</b>		<b>13,047</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Customer Service</b>										
Warwickshire Local Welfare Scheme	Earmarked - policy	742		742					742	The reserve will continue to support this area of need and offer reactive support during future years, once this grant ceases to be in existence.
Customer Journey	Service savings	0	100	100			(100)	The Supporting People and Customer Journey programmes require significant one-off investment to fundamentally redesign a number of services. The funding is required to fund external contractors including: • Business analyst support – to map the current 'as-is' process and develop the 'to-be' process. Development support – to build the new processes and specifically for their development in our Customer Relation Management	0	
Digital Printer	Service savings	0	27	27			(27)	New Colour Digital Printer. Investment would enable improved service reliability and stability. Our present Xerox machine is over nine years old and unreliable which is constantly breaking down. This new equipment will enable; improved financial performance, enable cost savings from running costs, improve printer quality and deliver improved finishing services to customers i.e. folding & booklet making. This new machine will also open up opportunities to increase income by reducing outsourcing of envelope printing as this can be done on the new machine.	0	
Business Unit Savings	Service savings	182	(182)	0					0	
<b>Customer Service Total</b>		<b>924</b>	<b>(55)</b>	<b>869</b>	<b>0</b>	<b>0</b>	<b>(127)</b>		<b>742</b>	
<b>Finance</b>										
Financial Training	Service savings	95		95					95	This reserve is to train more finance staff for formal qualifications (to provide value added support to the organisation) 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.
Business Unit Savings	Service savings	32	(32)	0					0	
<b>Finance Sub-Total</b>		<b>127</b>	<b>(32)</b>	<b>95</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>95</b>	
<b>Human Resources</b>										
Going for Growth - Apprenticeship Scheme	Earmarked - policy	658		658					658	Ring fenced budget for 3 years to allow the apprenticeship programme to continue
Business Unit Savings	Service savings	(10)	10	0					0	
<b>Human Resources Sub-Total</b>		<b>648</b>	<b>10</b>	<b>658</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>658</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Information Assets</b>										
Schools ICT	Service savings	200		200					200	These reserves are planned to be spent in 2015/16 as part of revised Traded Services developments, including new training accommodation following the closure of Wedgcock House
Unit Charge Equalisation Account	Earmarked - policy	325		325					325	The first half was spent on the new WAN in 2014/15 and the remainder is due to contribute to a Unified Communications approach in 2015/17. Both these projects deliver new approaches with reduced revenues costs which are required to deliver the OOP.
Going for Growth - BDUK	Earmarked - policy	1,031		1,031					1,031	This is the Going for Growth revenue budget that will be used to contribute to the extended BDUK project as agreed as part of the Council approval in 2014/15
Business Unit Savings	Service savings	260	(260)	0					0	
<b>Information Assets sub-total</b>		<b>1,816</b>	<b>(260)</b>	<b>1,556</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>1,556</b>	
<b>Law and Governance</b>										
Counter Fraud Grant Reserve	Earmarked - external	96	0	96			(48)	Counter Fraud Grant - received funding for £96k for specific works and requested to members that 50% was included in a reserve and that work to cover the other 50% would be undertaken in 2014./15. This has not been possible and so a request to move this funding into next year to carry out this work.	48	The Warwickshire Counter Fraud Partnership Grant is a ring-fenced grant and as such any amounts unspent is to be returned to the awarding body. Work is programmed to take place in 2015-16
School Governance	Service savings	0	12	12			(12)	Ofsted has clear expectations that Local Authorities will monitor school performance and leadership & management, including governance, and provide effective, timely support and intervention. Governor Services needs to put in a place a governance programme which complements the School Improvement team's new School Improvement Strategy. 1. Pre-emptive health checks to identify governance risk factors, likely to include- review of training records, website audit, review of meeting agendas / minutes etc. This may generate a range of interventions, including targeted advice, training, governance reviews (traded income), additional governor appointments, Interim Executive Boards. 2. External Reviews of governance (mainly funded by schools)3. Follow up assessments of schools 6 months after governance reviews. The carry forward sum is proposed as a major contribution to the above	0	
Business Unit Savings	Service savings	247	(247)	0					0	
<b>Law and Governance sub-total</b>		<b>343</b>	<b>(235)</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>(60)</b>		<b>48</b>	
<b>Physical Assets</b>										
Catering Equalisation Account	Earmarked - policy	401		401					401	This reserve manages the risk of a significant drop in trading days in any one year due to external circumstances
Planning Reserve	Service savings	320	140	460			(140)	Carry forward of unused Planning Application Reserve funding (£140k). It should be assumed that it will be spent in 2015/16. Three planning applications have already begun their preparations.	320	To maximise the return from the council's assets, large developable assets have their value enhanced considerably if attached to them is a planning consent for development.
Business Unit Savings	Service savings	934	(934)	0					0	
<b>Physical Assets Sub-Total</b>		<b>1,655</b>	<b>(794)</b>	<b>861</b>	<b>0</b>	<b>0</b>	<b>(140)</b>		<b>721</b>	



## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Service Improvement and Change Management</b>										
Living in Warwickshire Survey	Service savings	0	20	20			(20)	Living in Warwickshire Survey 2015/16 - funding to match contribution from Public Health for the second Living in Warwickshire survey. We would seek to carry out the survey in Autumn 2015. The survey will use a range of different research methods for this project, rather than focussing solely on a paper based survey.	0	
Project Management	Service savings	190		190					190	Funds to be transferred into reserves to support Business Unit's transition to new operating model to ensure the delivery of the Organisational OOP savings
Business Unit Savings	Service savings	67	(67)	0					0	
<b>SICM Sub-Total</b>		<b>257</b>	<b>(47)</b>	<b>210</b>	<b>0</b>	<b>0</b>	<b>(20)</b>		<b>190</b>	
<b>Resources Group Reserves</b>										
Transformation Fund	Service savings	1,704		1,704					1,704	This reserve continues to pump prime traded services to ensure that they are commercially viable and offer competitive and sustainable services to customers in an ever increasingly competitive market place. The funding will be specifically aimed at supporting new business structures and delivery models across the
System Replacement	Service savings	0	1,413	1,413					1,413	In the next two years, it is likely that the Resources Group will need to replace some Business Systems that have been used for many years e.g. the HR Management System and the analogue telephony system. Replacing these systems will improve data and processes across the Council. However, such replacements require significant investment. This fund will enable the replacement of these systems to be funded now rather than formally requesting capital investment later, which would incur future debt and charges.
Resources Group Savings	Service savings	766	0	766					766	This is a general reserve held on behalf of the Group that provides a level of assurance should the Group incur unforeseen financial costs.
<b>Resources Group Sub-Total</b>		<b>2,470</b>	<b>1,413</b>	<b>3,883</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>3,883</b>	
<b>Total Resources Group</b>		<b>8,240</b>	<b>0</b>	<b>8,240</b>	<b>0</b>	<b>0</b>	<b>(347)</b>		<b>7,893</b>	
<b>Fire &amp; Rescue</b>										
Pensions	Earmarked - policy	79	0	79			0		79	This reserve will support any variations in the revenue costs of the Firefighters Pension Scheme.
Fire Control Project	Earmarked - external	909	0	909			(400)	This specific earmarked grant will fund the completion of the Fire Control Project.	509	This reserve will support the delivery of the remainder of the Fire Control Project and will be drawn down during 2015/16 as required.
Service Savings	Service savings	626	0	626			(200)	This carry forward will support the delivery of the Fire & Rescue Service Transformation Programme including the ongoing changes to working patterns and operational response arrangements over the next three years.	426	This reserve will be used to support the delivery of the Fire & Rescue Service Transformation Programme in 2016/17.
<b>Total Fire &amp; Rescue</b>		<b>1,614</b>	<b>0</b>	<b>1,614</b>	<b>0</b>	<b>0</b>	<b>(600)</b>		<b>1,014</b>	

## Analysis of Reserves as at 31 March 2015

Service	Reserve Category (See Note)	Balance on Reserves at 31 March 2015 In-hand (Overdrawn) A £'000	Movements within Groups B £'000	Revised Reserves In-hand (Overdrawn) C = A+B £'000	Repay Borrowing D £'000	Transferred (to)/from General Reserves E £'000	Requested Carry Forward to 2015/16 F £'000	Head of Service explanation of what the requested carry forward will fund in 2015/16	Retained Balance at 1 April 2015 G = C+D+E+F £'000	Head of Service explanation of what risks or expected spend is this being held for?
<b>Other Services</b>										
Audit Fee Reserve	Service savings	563		563					563	The external audit fee is variable between years depending on the auditors perceived level of financial risk, the number of additional grant claims to be audited and investigations into any issue that emerge during the audit or are reported to the auditors. This reserve of accumulated underspends ensures that in any one year there will be no impact on the revenue budget. The appropriate level for the reserve going forward will be reviewed as part of the 2016/17 OOP refresh.
Capacity Building Fund	Earmarked - policy	1,454		1,454					1,454	Residual funding to support capacity building projects across the authority. The on-going budget has been deleted and therefore once this funding has been used no future funding will be available.
Carbon Reduction Commitment Scheme	Earmarked - policy	526		526					526	Funding set aside from underspends in previous years to manage the fluctuations in the cost of carbon commitments faced by the authority. The appropriate level for the reserve going forward will be reviewed as part of the 2016/17 OOP refresh.
Community Infrastructure Levy	Service savings	301		301					301	Funding set aside to support the County Council's work in ensuring the effective implementation of the Community Infrastructure Levy across Warwickshire
Interest Rate Volatility Reserve	Earmarked - policy	4,320		4,320					4,320	Interest rates are currently at an all time low. This reserve will allow fluctuations in interest rates, as they impact on both the interest we can earn and the interest we pay on any borrowing to be smoothed and avoid the need to allocate resources to fund capital financing costs whilst spend/borrowing is at the level set out in
National Non-Domestic Rates Appeals	Service savings	1,047		1,047					1,047	There remains a significant backlog in business rates appeals that have yet to be settled and may go back several years. This reserve will enable any impact on the County Council to be managed without the need to commit scarce resources.
National Non-Domestic Rates Pool	Earmarked - policy	(269)		(269)					(269)	This overdrawn reserve is the net deficit on the business rates pool. Each Pool member is required to make good their element, if they decide to leave the Pool. The liability is shared across Pool members and is not the responsibility of the County Council. It is held as part of the County Council's accounts because we are the lead authority.
Quadrennial Elections	Earmarked - policy	239		239					239	The reserve will accumulate over four years, it will then be used to fund the cost of the County Council elections. Without this reserve a spending pressure of £1 million would need to be provided for in the budget every four years and funding for by-elections identified as and when they are needed.
<b>Total Other Services</b>		<b>8,181</b>	<b>0</b>	<b>8,181</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>8,181</b>	
<b>Corporate Reserves</b>										
General Reserves	Earmarked - policy	19,385		19,385		(754)			18,631	Reserve set aside to meet corporate financial risks that are not covered elsewhere by business unit reserves. The Head of Finance specifies each year the minimum amount that must be held in General Reserves. For 2015/16 this is £16.5 million.
Medium Term Contingency	Earmarked - policy	20,499		20,499					20,499	Funding set aside to manage timing differences between the delivery of savings and spending need across the four years of the One Organisation Plan.
Service Realignment Fund	Earmarked - policy	11,879		11,879					11,879	Funding set aside to meet the costs of redundancies/early retirements that arise as a result of the reduction in staff numbers that forms part of the OOP. Without this funding any costs would have to be met from within service budgets.
Capital Fund	Earmarked - policy	1,040		1,040					1,040	Funding set aside from capital receipts to meet the sale expenses and any associated fees.
Insurance Fund	Earmarked - policy	8,460		8,460					8,460	As an authority it is financially a better option to self-insure for some risks. We also have a number of excesses on the various corporate insurance policies. This Fund provides cover for both of these risks.
Centrally managed support for schools (DSG)	Earmarked - external	(1,275)	717	(558)		558			0	This is the balance of ring-fenced funding for support for schools and pupils that is the responsibility of the County Council. The funding cannot be used for any other purpose.
Schools	Earmarked - external	14,460		14,460					14,460	This is the net level of school reserves. Any decisions about the use of this funding rest with individual
<b>Total Corporate Reserves</b>		<b>74,448</b>	<b>717</b>	<b>75,165</b>	<b>0</b>	<b>(196)</b>	<b>0</b>		<b>74,969</b>	
<b>TOTAL</b>		<b>129,157</b>	<b>0</b>	<b>129,157</b>	<b>(1,183)</b>	<b>0</b>	<b>(3,133)</b>		<b>124,841</b>	

**Note - Reserve Categories**

Earmarked (External) - Central Government and other external partners/funding bodies require these reserves are used for a specific purpose.

Earmarked (Policy) - Reserves that have been set up following specific Member approval.

Trading - Reserves generally retained by Traded Services to smooth out surpluses and deficits over a number of years.

Service Savings - Underspends by services which may be accumulated to meet known future spending pressures, savings plans or as a contingency against future unknown service pressures.

**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	Final Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Marketing and Communications	416		416	347	(69)	Over achievement of income.
Customer Contact	2,450		2,450	2,501	51	The Warwickshire Local Welfare Scheme was overspent by £16,435. The remainder of the overspend was due to the provision of additional staff to manage the workload in the Supporting People Customer Service Team.
Customer Relations	220		220	236	16	
Face to Face (including Libraries and Registration Service)	4,113		4,113	3,914	(199)	£50k underspend in the Library Service relates to a revision in the project specification for card payments on self service kiosks in Libraries. A revised specification has been agreed which will cost less. The underspend in the Registration Service relates to an over achievement of income in the year.
Other Customer Services	867		867	461	(406)	This underspend is supporting significant projects including the Digital by Default, Adult Social Care Supporting People and Customer Relationship Management System integration projects. This underspend also funded the overspend in relation to the Supporting People Customer Service Team above.
Business Development	567		567	933	366	The overspend is in relation to development projects which are being funded by the Other Customer Service budget, see above.
Traded Services - Educational	(33)		(33)	(32)	1	
Traded Services - Non Educational	(112)		(112)	(38)	74	Under achievement of income target in Print Services. The Service is reviewing its current service offer and looking at alternative sources of income.
<b>Net Service Spending</b>	<b>8,488</b>	<b>0</b>	<b>8,488</b>	<b>8,322</b>	<b>(166)</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	Reason for Request
Savings	0	0	182	182	Please refer to Appendix C for a detailed analysis of the Business Unit's proposed use of reserves
Warwickshire Local Welfare Scheme	663	95	(16)	742	
<b>Total</b>	<b>663</b>	<b>95</b>	<b>166</b>	<b>924</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	
	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>

G Customer Service

2014/15 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Final Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'000	
OOP/CS-A	Reduction in the budget for the Local Welfare Scheme	150	150	150	150	150	150	150	150	150	150	
OOP/CS-B	Applying additional income targets to the Registration Service	150	150	150	205	205	205	205	205	305	305	
OOP/CS-C	Reduction in the Customer Service Improvement & Development programme.	40	40	40	80	80	80	120	120	120	120	
OOP/CS-D	Reduction in the Customer Services Projects.	70	70	70	120	120	120	120	120	150	150	
OOP/CS-E	Stop the Going the Extra Mile (GEM) Programme (Staff Recognition Scheme)	10	10	10	10	10	10	10	10	10	10	
OOP-CS-F	Redesigning the Customer Relations Service which may include a reduction in staffing numbers	0	0	0	25	25	25	55	55	55	55	
OOP-CS-G	Exploring the potential for income generation through a more targeted communications approach and also include a reduction in staffing	0	0	0	60	60	60	30	30	30	30	
OOP-CS-H	Implementation of the Digital by Default programme by reducing opening hours and reducing the demand placed on the Customer Service Centre and face to face outlets.	0	0	0	0	0	0	150	150	346	346	
OOP-CS-I	Improve the effectiveness of the whole library network	0	0	0	0	0	0	100	100	100	100	
OOP-CS-J	Management restructure to reflect the changes and realignments of responsibilities across the Business Unit	0	0	0	0	0	0	0	0	112	112	
	<b>Total</b>	<b>420</b>	<b>420</b>	<b>420</b>	<b>650</b>	<b>650</b>	<b>650</b>	<b>940</b>	<b>940</b>	<b>1,378</b>	<b>1,378</b>	
	<b>Target</b>		<b>420</b>	<b>420</b>		<b>650</b>	<b>650</b>		<b>940</b>		<b>1,378</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>		<b>0</b>	

2014/15 to 2017/18 Capital Programme

Project Code	Description	Approved Budget					Final Outturn					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	0	150	303	501	48	0	0	453	501	0	0	
10624000	Libraries Radio Frequency Identification	894	(7)	0	0	887	894	(7)		887	(0)	(0)		
10631000	Library Modernisation Linked To Best Value	331	0	0	0	331	331	1		332	1	1		
10645000	One-Stop Shops Expansion Programme 2009/10	0	44	226	0	270	0	0	205	65	270	(44)	1	Projects delayed including new Southam and refurbishing ground floor at Kenilworth Libraries
11040000	Improving the Customer Experience/One Front Door Improvements	41	185	600	2,224	3,050	41	141	400	2,467	3,049	(44)	(0)	See above
11293000	Community Information Hubs	0	81	19	0	100	0	47	64	0	111	(34)	11	There has been a delay in the installation of some of the hubs for the following reasons: permission needed to be obtained from partners and sourcing a suitable supplier who could provide the secure bespoke hubs. In addition the increase in the overall project relates to a revenue contribution from the Registration Service for one hub.
11332000	Purchase of new transit van reg no. YR14 ZSN	0	14	0	0	14	0	14	0	0	14	(0)	(0)	
		<b>1,314</b>	<b>317</b>	<b>995</b>	<b>2,526</b>	<b>5,152</b>	<b>1,314</b>	<b>196</b>	<b>669</b>	<b>2,985</b>	<b>5,164</b>	<b>(120)</b>	<b>12</b>	

## Results for Key Business Performance Measures April 2014 to March 2015

Measure	Indicator	Aim	Collection Frequency	Year End Actual	Target 2014/15	R-A-G Alert - YE	Progress to date	Actions to be taken
KBM	% increase in customer overall satisfaction	High	Quarterly	80%	80%	Green	For 2014/15 report card, this measure is based on current customer satisfaction with campaigns delivered.	
KBM	% increase in customer satisfaction levels with the quality of service provided	High	Quarterly		Retained	Green	Linked to maintaining customer service excellence standard. We are reporting green against this measure for 2014/15. This will be collected as part of Resources Group Annual Survey and reported by year end. Would expect to see an improvement on previous results	
KBM	% of business cases that are commissioned to deliver against clearly defined outcomes	High	Quarterly	100%	100%	Green		
KBM	Services are delivered on time and within budget	Plan	Quarterly	Achieved	Achieved	Green		
KBM	Customer satisfaction with ease of access to services	Plan	Quarterly	Achieved	Achieved	Green	This will be collected as part of Resources Group Annual Survey and reported by year end. Would expect to see an improvement on previous results	Identify baseline from previous results
KBM	% staff satisfied with the council as an employer	High	Quarterly	71%	72%	Amber	Compared to the ORC Benchmarking Median, results for the Business Unit are slightly below the benchmarking median for this measure	Actions will be implemented to improve 2015 staff survey results
KBM	% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process	High	Quarterly	80%	80%	Green	Learning & Development in the majority of areas is on target. The plan for the Customer Service Centre will need to be revisited.	CSC Learning & Development plan being revised
KBM	% staff expressing satisfaction with their manager as a leader	High	Quarterly	34.70%	43%	Red	Compared to the ORC Benchmarking Median, results for the Business Unit are below the ORC benchmarking median for the measure on Snr Managers providing effective leadership	Actions will be implemented to improve 2015 staff survey results
KBM	All business unit key activities are delivered on time and within budget	High	Quarterly	100.00%	100%	Green		
KBM	Staff have access to resources that allow them to do their job	Plan	Quarterly	68.90%	65%	Green	Compared to the ORC Benchmarking median for this measure, Customer Services is well above the benchmark set	
KBM	Savings delivered	Plan	Quarterly	Achieved	Achieved	Green		
KBM	Budgets within -2%/+0	Plan	Quarterly	-1.95%	less than 2%	Green	Overall budget on target.. However, underachievement of income in Print Unit. Overspends in Customer Contact and Business Development will be supported by Other Customer Services budget to support critical projects.	Business case on future priorities for the Print Unit is currently being revised
KBM	Traded Services meet Budgetary targets	Plan	Quarterly	1%	1%	Green		
KBM	Service standards published for all services	100	Quarterly	Achieved	Achieved	Green		
KBM	% of Business cases that are commissioned to deliver against clearly defined outcomes	100	Quarterly		100%	Green		
KBM	Standards for complaint handling are met	100	Quarterly	21% ASC, 15% CSC, 45% general	80% ASC, 60% CSC, 80% general	Red	Proactive dialogue is taking place with colleagues in People Group and Communities Group regarding the non-compliance of the standards. There is an action plan being monitored by each respective GLT. Elected members are also being kept informed of the action plan.	
KBM	Maintain Customer Excellence Accreditation to ensure effective management of customer expectations	Plan	Quarterly	Maintained	Maintain	Green		
KBM	Staff have access to resources and information which allows them to do their job	High	Annually	68.90%	65%	Green	Compared to the ORC Benchmarking median for this measure, Customer Services is well above the benchmark set	
KBM	Information required by decision makers is dispatched in a timely manner and to timescales set	Plan	Quarterly	Achieved	Yes	Green	All reports to Members are prepared and circulated on time and in accordance with CMIS	
KBM	Average time taken by members and Senior Officers to make formal decisions	Low	Quarterly	N/A	TBD	N/A	This measure is currently unavailable and is an organisational health measure	
KBM	Number of adverse decisions from legal challenges is low	Low	Quarterly		0		Information provided by Law & Governance and held centrally as part of Organisational Health Measures	
KBM	All Resources Group business Units key activities are delivered on time and within budget	100	Quarterly	100%	100%	Green		
KBM	Risks identified are managed and reviewed monthly	High	Monthly	To Plan	To Plan	Green	Performance has been reported in accordance with Magique.	The risks identified for Customer Service continue to be reviewed and monitored on a regular basis.

**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	Final Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Head of Service	223		223	284	61	The main reason for the underspend was due to delays 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 were held pending OOP savings to be delivered in 2016/17. A lower than anticipated overhead charge has meant we have recovered less from the Pension Fund (hence the overspend in the Treasury / Pensions area), creating a real spending pressure for future years. Traded services (Payroll and Schools Finance) exceeded their surplus targets.
Corporate Finance and Advice	665		665	569	(96)	
Treasury, Exchequer, Finance Systems, Pensions	408		408	614	206	
Communities Group and Fire & Rescue Local Finance, Procurement	778		778	674	(104)	
People Group Local Finance, Financial Benefits & Advice	1,854		1,854	1,770	(84)	
Resources Local Finance, Schools Strategy & Support, Payroll	710		710	736	26	
Traded Services - Education	(234)		(234)	(262)	(28)	
Traded Services - Non Education	(190)		(190)	(203)	(13)	
<b>Net Service Spending</b>	<b>4,214</b>	<b>0</b>	<b>4,214</b>	<b>4,182</b>	<b>(32)</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	Reason for Request
Savings	0	0	32	32	Please refer to Appendix C for a detailed analysis of the Business Unit's proposed use of reserves
Finance Training Reserve	0	95	0	95	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>127</b>	

2014/15 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Final Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'000	
OOP/FIN-A	The reduction of financial advice and support to Managers and Members	211	211	211	211	211	211	211	211	211	211	Redundancy made later than planned, so there was not a full year effect in 2014/15 (but will be thereafter). One-off shortfall was 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	40	30	40	30	This was not an issue for 2014/15, but Nuneaton & Bedworth and Warwick have since transferred their payroll requirements to Coventry, so this impacts on 2015/16, where compensating savings or additional income will need to be found from either further reductions in financial support to managers and members, or generating further income (we have been successful in securing a payroll contract with Hereford & Worcester Fire service).
OOP/FIN-C	Better use of financial systems to generate efficiencies, maximise income and minimise transaction costs	0	0	0	250	0	0	327	327	327	327	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	250	260	173	173	422	432	Proposal is to bring forward a proportion (£250k) of this savings proposal to offset OOP/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>251</b>	<b>251</b>	<b>501</b>	<b>501</b>	<b>501</b>	<b>751</b>	<b>741</b>	<b>1,000</b>	<b>1,000</b>	
<b>Target</b>			<b>251</b>	<b>251</b>		<b>501</b>	<b>501</b>		<b>751</b>		<b>1,000</b>	
<b>Remaining Shortfall/(Over Achievement)</b>			<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>10</b>		<b>0</b>	

2014/15 to 2017/18 Capital Programme

Project Code	Description	Approved Budget					Final Outturn					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	200	0	0	200	0	200	0	0	200	0	0	
		<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	

Results for Key Business Performance Measures April 2014 to March

Measure	Indicator	Aim	Collection Frequency	Year End Actual	Target 2014/15	R-A-G Alert - YE	Progress to Date	Actions to be taken
KBM	Savings delivered	Plan	Quarterly	Achieved	Achieved	Green	Delivered savings of £250k in line with OOP.	
KBM	Budgets within -2%/+0	Plan	Quarterly	-0.79%	Under 2%	Green	There were a number of individual variances (highlighted in the outturn position for the Business Unit), but overall the variation of £32k was within the 2% target.	
KBM	Traded Services meet Budgetary targets	Plan	Quarterly	on track	Achieved	Green	Both Payroll and Schools Finance delivered agreed financial targets.	
KBM	Service standards published for all services	100	Quarterly	Achieved	Achieved	Green	Service standards were in place and published for start of the financial year.	
KBM	% of Business cases that are commissioned to deliver against clearly defined outcomes	100	Quarterly	Achieved	Achieved	Green	Based primarily on single business case around payroll / HR for 2014 / 2015.	
KBM	% Increase in customer satisfaction with the quality of service provided	High	Quarterly	4%	2% improvement	Green	Based on 2013 customer survey for local finance, procurement, payroll and pensions.	
KBM	Services are delivered on time and within budget	100	Quarterly	Achieved	Achieved	Green	All key measures were met and delivered within budget.	
KBM	% Customer Satisfaction levels	High	Annually	68%	66%	Green	Based on 2013 customer survey for local finance, procurement, payroll and pensions.	

Measure	Indicator	Aim	Collection Frequency	Year End Actual	Target 2014/15	R-A-G Alert - YE	Progress to Date	Actions to be taken
KBM	% Customer satisfaction with ease of access to services	High	Annually	89%	80%	Green	Based on 2013 (meet your needs) question, including "neutral" response - last available data.	
KBM	% staff satisfied with the council as an employer	High	Annually	82%	77%	Green	2014 survey, compared with Group average.	
KBM	% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process	High	Annually	Partial	Achieved	Amber	Partly achieved, but need to identify how to better capture the data.	
KBM	% staff expressing satisfaction with their manager as a leader	High	Annually	76%	76%	Green	Based on Q22 of staff survey.	Review management competencies as part of appraisal process
KBM	All Resources Group Business Units key activities are delivered on time and within budget	Plan	Quarterly	Achieved	Achieved	Green	Currently on target to deliver all key measures within budget within the Finance Business Unit	
KBM	Staff have access to resources and information which allows them to do their job	High	Annually	77%	71%	Green	Based on average of Q7 and Q8 of 2014 staff survey.	
KBM	Information required by decision makers is dispatched in a timely manner and to timescales set	Plan	Quarterly	Achieved	Achieved	Green	Based on no finance led reports being late to either Corporate Board or Cabinet / Council.	
KBM	Average time taken by members and Senior Officers to make formal decisions	Low	Quarterly	Achieved	TBD	N/A	This is a new measure - methodology being developed	
KBM	Number of adverse decisions from legal challenges is low	Low	Quarterly	0	0%	Green	Judicial Review found in favour on the budget issues.	
KBM	Risks identified are managed and reviewed monthly	High	Monthly	Partly Achieved	Achieved	Amber	Steps are now in place to review risks monthly, but this was not in place at the beginning of the year.	



**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	Final Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Employee Relationships	1,529		1,529	1,434	(95)	Vacancies held against future years savings. Changes to Occ Health provision and demand
Human Resources Service Centre	1,347		1,347	1,239	(108)	Transformation funding and vacancies help ahead of savings
Business Partners and Learning and Organisational Development	2,063	136	2,199	2,089	(110)	Changes in demand for Social Care L&D and delayed delivery of initiatives
Human Resources Head of Service	519		519	694	175	Funding for redundancies and Trade Union resource
Traded Services - Education	(72)		(72)	(81)	(9)	Changes to charging and income generation
Traded Services - Non Education	(100)		(100)	32	132	Delivery of transformation and project resource costs
<b>Net Service Spending</b>	<b>5,286</b>	<b>136</b>	<b>5,422</b>	<b>5,407</b>	<b>(15)</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	Reason for Request
Savings	0	0	(10)	(10)	Please refer to Appendix C for a detailed analysis of the Business Unit's proposed use of reserves
Growing for Growth Apprenticeship Scheme	633	0	25	658	
<b>Total</b>	<b>633</b>	<b>0</b>	<b>15</b>	<b>648</b>	

2014/15 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Final Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'000	
OOP/HR-A	Review of processes and reduction in the administration of pay and pensions	61	61	61	61	61	61	61	61	61	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	30	30	30	30	30	30	30	30	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	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	63	63	120	63	120	143	143	235	235	
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	10	10	10	10	10	10	10	10	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	40	40	40	40	40	40	40	80	80	
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	10	10	10	10	10	10	10	10	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	70	70	70	70	70	70	70	70	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	43	0	43	0	
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	86	0	86	0	
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	61	0	61	0	

I Human Resources

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Final Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'000	
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	61	0	61	0	
OOP/HR-M	Manage demand down for the service in line with the reduction in size of the Council. Proposal includes reviewing the approach to maintaining effective employment relations with trade unions, through consultative processes and frameworks (strategic and operational levels)	0	0	0	0	0	0	94	0	94	0	
OOP/HR-N	Restructuring of the Advisory Service to bring the Equality and Diversity team into the mainstream Advisory Service and reduce the provision of professional guidance and support to all Groups, staff and maintained schools on equality and diversity issues.	0	0	0	0	0	0	35	0	35	0	
OOP/HR-O	Review of structure and outputs in the provision of advice and support to senior managers on the full range of HR policies and their implementation and especially the management of change at strategic level (HR Business Partners). Proposal to include the restructuring and amalgamation of the HR Business Partners.	0	0	0	0	0	0	17	0	17	0	
OOP/HR-P	Scaling back the Health & Safety Service in line with Organisational changes and consider alternative delivery models and reducing referrals.	0	0	0	0	0	0	75	0	75	0	
OOP/HR-Q	Reduction in direct support to managers and leadership teams with regards to workforce planning through the increase in management capability to undertake workforce planning	0	0	0	0	0	0	20	0	20	0	
	<b>Total</b>	<b>296</b>	<b>296</b>	<b>296</b>	<b>561</b>	<b>296</b>	<b>561</b>	<b>868</b>	<b>376</b>	<b>1,000</b>	<b>508</b>	
	<b>Target</b>		<b>296</b>	<b>296</b>		<b>561</b>	<b>561</b>		<b>868</b>		<b>1,000</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>	<b>0</b>		<b>265</b>	<b>0</b>		<b>492</b>		<b>492</b>	

Results for Key Business Performance Measures April 2014 to March 2015

Measure	Indicator	Aim	Collection Frequency	Year End Actual	Target 2014/15	R-A-G Alert - YE	Progress to date	Actions to be taken
KBM	Savings delivered	Plan	Quarterly	Achieved	Achieved	Green	See OOP Savings report	
KBM	Budgets within -2%/+0	Plan	Quarterly	0.29%	Achieved	Green	See budget	
KBM	Traded Services meet Budgetary targets	Plan	Quarterly	Achieved	Achieved	Green	See traded budget report	
KBM	Service standards published for all services	100	Quarterly	Achieved	delivered	Green	Completed	
KBM	% of Business cases that are commissioned to deliver against clearly defined outcomes	100	Quarterly	Achieved	delivered	Green	achieved	
KBM	Increase in customer satisfaction with the quality of service provided	High	Quarterly	Achieved	N/A	N/A	RG Survey not undertaken yet	
KBM	Services are delivered on time and within budget	100	Quarterly	Achieved	delivered	Green	achieved	
KBM	% Customer Satisfaction levels	High	Quarterly	Achieved	N/A	N/A	RG Survey not undertaken yet	
KBM	Customer satisfaction with ease of access to services	High	Quarterly	Achieved	N/A	N/A	RG Survey not undertaken yet	
KBM	% staff satisfied with the council as an employer	High	Annually	72%	72%	Green	Decreased 1.4% from 2012	Pulse survey to be undertaken 2015-16
KBM	% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process	High	Quarterly	68%	68%	Green	Increased by 1.2% from 2012	
KBM	% staff expressing satisfaction with their manager as a leader	High	Annually	45.7	46%	Amber	increased by 1.5% from 2012	
KBM	All Business Units key activities are delivered on time and within budget	Plan	Quarterly	Achieved	Achieved	Green	achieved	
KBM	Staff have access to resources and information which allows them to do their job	High	Annually	74.6	75%	Amber	improvements to HRMS are assisting in delivery of this	
KBM	Information required by decision makers is dispatched in a timely manner and to timescales set	Plan	Quarterly	Achieved	Achieved	Green	achieved	
KBM	Average time taken by members and Senior Officers to make formal decisions	Low	Quarterly		N/A	N/A	This is a new measure - methodology being developed	
KBM	Number of adverse decisions from legal challenges is low	Low	Quarterly	Achieved	Achieved	Green	achieved	
KBM	Risks identified are managed and reviewed monthly	High	Monthly	Achieved	Achieved	Green	achieved	

**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	Final Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Head of Service	160		160	168	8	
Going for Growth - BDUK	97	(38)	59	59	0	
Members Support	34		34	17	(17)	Members equipment has been able to extend into a third year of usage with minimal need to replace
Strategy and Programme & Innovation	886		886	869	(17)	
Corporate ICT Development	1,465		1,465	1,489	24	
Customer and Supplier Services	2,087		2,087	2,033	(54)	This was made up of a £33k underspend primarily due to vacancies ahead of losing 3 posts for savings plan delivery and a £14k over recovery in the printing arena
Production Services	2,709		2,709	2,728	19	
Systems Design & Architecture	1,273	445	1,718	1,672	(46)	This was made up primarily due to posts frozen as part of a restructure ahead of Oop savings
Network Services	1,570		1,570	1,695	125	This relates to additional costs due to delays in the new WAN implementation, and additional investment in wi-fi to support flexible working
Information Management	358		358	331	(27)	
Traded Services - Education	8		8	(263)	(271)	Successful trading with schools in the ICT arena led to a surplus
Traded Services - Non Education	(8)		(8)	(12)	(4)	
<b>Net Service Spending</b>	<b>10,639</b>	<b>407</b>	<b>11,046</b>	<b>10,786</b>	<b>(260)</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	Reason for Request
Information Assets usage of Schools PFI Project	200	0	0	200	Please refer to Appendix C for a detailed analysis of the Business Unit's proposed use of reserves
WAN Investment	625	(300)	0	325	
Going for Growth (BDUK)	428	603	0	1,031	
Service savings	0	0	260	260	
<b>Total</b>	<b>1,253</b>	<b>303</b>	<b>260</b>	<b>1,816</b>	

2014/15 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Final Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'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	0	217	334	0	451	0	
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	0	379	379	0	429	0	
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	0	105	209	0	314	0	
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	0	215	323	0	381	0	
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	0	16	16	0	16	0	
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	252	0	252	0	
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	107	0	142	0	
OOP/IA-H	Scale back the central purchasing function for all ICT equipment, desktop application software, mobile devices, network points, internal telephone extensions, and various other goods and services.	0	0	0	0	0	0	14	0	14	0	
OOP/IA-I	Savings associated with the provision of ICT training to ensure that staff have the appropriate skills and knowledge to allow them to make best use of the Authority's ICT facilities.	0	0	0	0	0	0	0	0	43	0	
OOP/IA-J	Reductions in the service management and business liaison service that leads on the development and maintenance of relationships between ICT and other Services, increasing the alignment of ICT to WCC front line services and the return on our overall ICT investment.	0	0	0	0	0	0	0	0	41	0	
OOP/IA-K	Scale back the records management service that provides advise to seek to ensure that corporate documents and records (paper and electronic) are correctly classified, tagged, stored and disposed of in line with legislation and best practice	0	0	0	0	0	0	0	0	17	0	
	<b>Total</b>	<b>559</b>	<b>559</b>	<b>559</b>	<b>1,067</b>	<b>0</b>	<b>1,067</b>	<b>1,634</b>	<b>0</b>	<b>2,100</b>	<b>0</b>	
	<b>Target</b>		<b>559</b>	<b>559</b>		<b>1,067</b>	<b>1,067</b>		<b>1,634</b>		<b>2,100</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>	<b>0</b>		<b>1,067</b>	<b>0</b>		<b>1,634</b>		<b>2,100</b>	

2014/15 to 2017/18 Capital Programme

Agresso Project Code	Description	Approved Budget					Final Outturn					Variation		Reasons for Variation and Management Action
		Earlier Years	2014/15	2015/16	2016/17 and later	Total	Earlier Years	2014/15	2015/16	2016/17 and later	Total	Variance in Year	Total Variance	
			£ 000's	£ 000's	£ 000			£ 000's	£ 000's	£ 000's				
10363000	Property Systems Development	157	43	0	0	200	157	44	70	0	271	1	71	Further project expenditure was agreed by the ICT Strategy Board on 1st April 2015. This is to be funded from Revenue.
11121000	Development of Rural Broadband	335	4,360	7,759	9,794	22,249	335	4,842	7,278	9,794	22,249	482	0	Phase 1 project milestones have been achieved earlier than planned.
11238000	Infrastructure e - government	223	0	0	0	223	223	190	0	0	413	190	190	2014-15 infrastructure expenditure which has been funded from revenue.
		<b>716</b>	<b>4,403</b>	<b>7,759</b>	<b>9,794</b>	<b>22,672</b>	<b>716</b>	<b>5,076</b>	<b>7,348</b>	<b>9,794</b>	<b>22,934</b>	<b>673</b>	<b>262</b>	

Results for Key Business Performance Measures April 2014 to March 2015

Measure	Indicator	Aim	Collection Frequency	Year End Actual	Target 2014/15	R-A-G Alert - YE	Progress to Date	Reparative Actions
KBM	Major IT development projects are delivered to time and to budget	Plan	Quarterly	Achieved	Achieved	Green	No issues identified in Programmes	
KBM	The Capital Programme is delivered to time and on budget	Plan	Quarterly	Achieved	Achieved	Green	BDUK project ahead of schedule. Changes are due to extension of the Project with Phase 2 and use of funding for this. Phase 2 budget also further increased in Budget in Feb 2015	
KBM	Service Standards published for service	Plan	Quarterly	Achieved	Achieved	Green	Produced but not widely publicised, to be reviewed as part of a wider Resources approach	
KBM	% of Business Cases that are commissioned to deliver against clearly defined outcomes	High	Quarterly	Not achieved	100%	Amber	There is room for improvement here although Programme Boards approving projects with more limited definition.	
KBM	Services are delivered on time and to budget	Plan	Quarterly	Achieved	Achieved	Green	IA is within budget and have seen improvement in Customer Satisfaction Survey score.	
KBM	% staff satisfied with the council as an employer	High	Annually	69.3	>2013/14	Green	Increase of 3.3% to 69.3% for Overall, I am satisfied working for Warwickshire County Council	
KBM	% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process	High	Quarterly	60.8	>2013/14	Green	4.5 % increase to 60.8% for I am satisfied with the training and development I receive in my current job	
KBM	% staff expressing satisfaction with their manager as a leader	High	Annually	69.6 & 73.4	Achieved	Amber	4% increase to 69.6% for My immediate manager motivates and inspires me to be more effective in my job. But 5.8% decrease to 73.4 for I have confidence in my immediate manager.	
KBM	All Resources Group business unit key activities are delivered on time and within budget	High	Quarterly	Partial	100%	Amber	Do not believe all will be completed to the ORIGINAL date	
KBM	Staff have access to resources that allow them to do their job	Plan	Annually	Achieved	>2013/14	Green	Increases in a range of scores related to this in the SOCITM Survey	
KBM	Information required by decision makers is dispatched in timely manner and to timescales set	Plan	Quarterly	Achieved	Achieved	Green	All reports are submitted on time and in accordance with CMIS timetable	
KBM	Average time taken by Members and Senior Officers to make formal decisions.	Plan	Quarterly	N/A	TBD	N/A	New measure - methodology being developed	
KBM	Number of adverse decisions from legal challenges is low.	Low	Quarterly	0	0	Green		
KBM	Overall availability of ICT network	Plan	Quarterly	0	<14	Green	No major incidents in first 9 months. Within Target. Two incident in Quarter 3 but neither impacted over 10% of staff	
KBM	Savings delivered	Plan	Quarterly	Achieved	Achieved	Green	All savings achieved for start of 2014/15 budgets	

J Information Assets

Measure	Indicator	Aim	Collection Frequency	Year End Actual	Target 2014/15	R-A-G Alert - YE	Progress to Date	Reparative Actions
KBM	Budgets within -2%/+0	Plan	Quarterly	-2.34%	-2%/0	Red	Recurring Corporate budgets on target, will be using Reserves to both carry forward for BDUK and draw down for PSN.	
KBM	Traded Services meet Budgetary targets	Plan	Quarterly	TBC	>0%/<5%	Red	By achieving our planned surplus we will exceed the 5% threshold.	Targeted Traded Surplus in WES IT arena now being delivered following reviews of service offering, prices and staffing levels.
KBM	The Digital by Default Programme is delivered on time and to budget	Plan	Quarterly	On target	On target	Green	On target to deliver in accordance with agreed deliverables - Programme now managed within CSS	
KBM	% Increase in customer satisfaction with the quality of service provided	High	Quarterly	5.65	5.6	Green	5.65 is an increase from last years score, and we are just 0.01 out of the score got the top 10% of Councils	
KBM	% Customer satisfaction with ease of access to services	High	Quarterly	5.51	>2013/14	Green	Score for Does the ICT provided allow you to work flexibly? Up from 2013 and we have the highest score of any of the 60 Councils that Benchmark	
KBM	Risks identified are managed and reviewed monthly	High	Monthly	Achieved	Achieved	Green	Currently managing and monitoring risks on a quarterly basis	Need to increase frequency from Quarterly to Monthly
KBM	The BDUK project is delivered on time and to budget	High	Quarterly	Achieved	Achieved	Green	Total Homes passed more than 3 months ahead of schedule with over 30,414 already delivered. Contract 2 (Part1) signed on 30th January with a further £4m investment plus an additional £4.5m committed for Contract 2 (Part 2).	



**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	Final Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Democratic Services	485		485	418	(67)	Staffing vacancies filled part year and reduced spend on member training
School Governor Services	82		82	63	(19)	Manager vacancy filled part year with associated impact on level of school interventions for that period.
Insurance, Internal Audit and Risk Management	500	(48)	452	374	(78)	£48k is in relation to The Warwickshire Counter Fraud Partnership Grant which is to be spent in 2015-16. The balance is as a result of vacancies not filled this year pending shared service with Worcestershire CC
Law and Governance Administration	0	14	14	3	(11)	
Legal Core	424		424	391	(33)	Minimised cost of responding to legal challenges
Traded Services - Educational	(62)	(14)	(76)	(62)	14	
Traded Services - Non Educational	(459)		(459)	(560)	(101)	Reduced staffing costs combined with greater income from external customers
<b>Net Service Spending</b>	<b>970</b>	<b>(48)</b>	<b>922</b>	<b>627</b>	<b>(295)</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	Reason for Request
Savings	0	0	247	247	Please refer to Appendix C for a detailed analysis of the Business Unit's proposed use of reserves
Warwickshire Counter Fraud Partnership	0	48	48	96	
<b>Total</b>	<b>0</b>	<b>48</b>	<b>295</b>	<b>343</b>	

**2014/15 to 2017/18 Savings Plan**

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Final Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'000	
OOP/LG-A	Reduce level of Internal Audit and Assurance Support	19	19	19	19	19	19	19	0	19	0	
OOP/LG-B	Reduce cost of the Civic Office (Chair of the Council)	0	0	0	35	0	35	35	0	35	0	
OOP/LG-C	Scale back the level of Corporate Risk Management support to the Council.	0	0	0	12	0	12	12	0	12	0	
OOP/LG-D	Increase External Income Potential through Legal Services	0	0	0	6	0	6	12	0	20	0	
OOP/LG-E	Reduce School Governance Support in light of changing relationship between Local Authority and Schools	0	0	0	0	0	0	12	0	12	0	
OOP/LG-F	Reduce Elected Member Support and Development	0	0	0	0	0	0	24	0	24	0	
OOP/LG-G	Increase income generation target for School Governor Development and Training	0	0	0	0	0	0	3	0	3	0	
	<b>Total</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>72</b>	<b>19</b>	<b>72</b>	<b>117</b>	<b>0</b>	<b>125</b>	<b>0</b>	
	<b>Target</b>		<b>19</b>	<b>19</b>		<b>72</b>	<b>72</b>		<b>117</b>		<b>125</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>	<b>0</b>		<b>53</b>	<b>0</b>		<b>117</b>		<b>125</b>	

## Results for Key Business Performance Measures April 2014 to March 2015

Measures	Indicator	Aim	Collection Frequency	Year End Actual	Target 2014/15	R-A-G Alert - YE	Progress to date	Actions to be taken
KBM	Savings delivered	Plan	Quarterly	Achieved	Achieved	Green	All L&G OOP targets delivered for year	
KBM	Budgets within -2%/+0	Plan	Quarterly	-31.91%	+0%/-2%	Red	The underspend has arisen from reduced staffing costs in Democratic Services and Legal Services combined with more legal income from external customers and receipt of CLG monies in audit for a successful anti-fraud bid which will not be spent until 2015/16	
KBM	Traded Services meet Budgetary targets	Plan	Quarterly	Achieved	TBC	Green	The WES surplus target has been met.	
KBM	% Customer Satisfaction with WCC Councillors as Community Leaders	High	Annually	40%	TBC	N/A	We have used Quality of Life indicator to populate indicator for 2014/15. Target needs to be agreed for 2015/16.	
KBM	Service standards published for all services	100%	Quarterly	Not achieved	Achieved	Amber	Service standards drafted. Not all standards published outside of service	
KBM	% of Business cases that are commissioned to deliver against clearly defined outcomes	100	Quarterly	100%	100%	Green	1 key business case related to Audit Service. Expected to deliver against outcomes	
KBM	% Increase in customer satisfaction with the quality of service provided	High	Annually	100%	90%	Green	For Legal Services 100% of customers rates service as good or excellent.	
KBM	Services are delivered on time and within budget	100	Quarterly	Achieved	Achieved	Green	Business unit not overspending. No statutory or other key strategic deadlines missed to date	
KBM	% Customer Satisfaction levels	High	Annually	100	90	Green	For Legal Services 100% of customers rates service as good or excellent. This reflects the indicator above	
KBM	% Customer satisfaction with ease of access to services	High	Annually	100%	100%	Green	This indicator relates to timeliness taken from Legal Services Customer Survey	
KBM	% staff satisfied with the council as an employer	High	Annually	71%	76%	Amber	Same as 2013/14	
KBM	% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process	High	Annually	70%	69	Green	Training and development in job - 64% in 2012/13	
KBM	% staff expressing satisfaction with their manager as a leader	High	Annually	88%	69	Green	Confidence in immediate manager - 64% in 2012/13. Significant increase	
KBM	All Resources Group Business Units key activities are delivered on time and within budget	Plan	Quarterly	80%	90%	Amber	Based on % indicators in business plan completed - number of greens and ambers excluding this indicator	
KBM	Staff have access to resources and information which allows them to do their job	High	Annually	79%	79	Green	Information to do my job well - 74% in 2012/13	
KBM	Information required by decision makers is dispatched in a timely manner and to timescales set	Plan	Quarterly	97%	80%	Green	To end of year 441 out of 455 reports were despatched on time. I	
KBM	Average time taken by members and Senior Officers to make formal decisions	Low	Quarterly	90%	90%	Green	From date of decision in Forward Plan to the decision being taken should be 6 weeks. Items that are deferred by officers or called in take longer. There have been 2 call-ins during the year and some items deferred to later meetings.	
KBM	Number of adverse decisions from legal challenges is low	Low	Quarterly	15	0	Red	All are LGO challenges (7 of which are blue badge applications). LGO has changed reporting categories which has had an impact	Head of Customer Service reviewing approach on blue badge applications. Performance on challenges now being reported to Corporate Board.
KBM	Risks identified are managed and reviewed monthly	High	Monthly	Achieved	Achieved	Green	Risks reviewed periodically	

**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	Final Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Physical Assets General	843	(221)	622	857	235	£60k contribution to planning application costs for land at Europa Way. £137k contribution to additional buildings insurance costs. Remainder contribution to Property Rationalisation Programme Costs
Construction Services	1,873	95	1,968	1,977	9	
Facilities Management	9,858	(376)	9,482	8,518	(964)	Underspend on building rates and utility charges. Savings made by closing Wedgnoek House, which in future years will contribute to next years OOP savings target. Savings made to catering and cleaning services, again needed for future OOP savings
Estates and Smallholdings	(150)	180	30	73	43	Additional maintenance to Smallholdings stock
Asset Strategy	270	0	270	232	(38)	Better than forecasted fee income earned on the schools capital programme
Programme Management and Special Projects	115	712	827	1,085	258	Additional one off costs to deliver the North Warwickshire Local Centre. Property Rationalisation target achieved.
Traded Services - Education	(945)		(945)	(1,359)	(414)	Better than forecasted trading surpluses
Traded Services - Non Education	(183)		(183)	(247)	(64)	Better than forecasted trading surpluses
<b>Net Service Spending</b>	<b>11,681</b>	<b>390</b>	<b>12,071</b>	<b>11,136</b>	<b>(935)</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	Reason for Request
Planning Reserve	500	(180)	0	320	Please refer to Appendix C for a detailed analysis of the Business Unit's proposed use of reserves
Catering Equalisation Account	400	0	0	400	
Savings	0	0	935	935	
<b>Total</b>	<b>900</b>	<b>(180)</b>	<b>935</b>	<b>1,655</b>	

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

Reference	Savings Proposal Title	2013/14		2014/15		Final Outturn £'000	Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'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	2,386	2,386	
	<b>Total</b>	<b>3,637</b>	<b>3,637</b>	<b>4,421</b>	<b>4,421</b>	<b>4,421</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>0</b>	<b>0</b>	

## 2014/15 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Final Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'000	
OOP/PA-A	Reduce feasibility budgets	68	68	68	68	68	68	68	68	68	68	
OOP/PA-B	Disposal of surplus properties (both urban sites and smallholdings)	210	210	210	250	0	250	250	0	1,000	0	
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	10	10	50	10	50	80	10	100	10	
OOP/PA-D	Reduce the cost of Corporate Contracts and Specifications for Cleaning Contracts	8	8	8	14	8	14	18	8	20	8	
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	15	15	47	15	47	87	15	127	15	
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	5	5	11	5	11	18	5	23	5	
OOP/PA-G	Redesigning of the planning function to ensure service efficiencies including the reduction of posts	60	60	60	60	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	35	15	35	15	
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	50	15	50	15	
OOP/PA-J	Reduce staff numbers in the Asset Strategy team commensurate with the reduction in the portfolio.	0	0	0	37	0	37	37	0	37	0	
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	100	0	100	0	
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	1,050	0	1,600	0	
OOP/PA-M	Reductions in WCC's landlord maintenance budget commensurate with the reduction in property holdings as part of a further phase of Property Rationalisation.	0	0	0	0	0	0	200	0	400	0	
OOP/PA-N	To market test the corporate cleaning service with a view of achieving a reduction in costs for an agreed service delivery level.	0	0	0	0	0	0	50	0	80	0	
	<b>Total</b>	<b>406</b>	<b>406</b>	<b>406</b>	<b>1,042</b>	<b>196</b>	<b>1,042</b>	<b>2,103</b>	<b>196</b>	<b>3,700</b>	<b>196</b>	
	<b>Target</b>		<b>406</b>	<b>406</b>		<b>1,042</b>	<b>1,042</b>		<b>2,103</b>		<b>3,700</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>	<b>0</b>		<b>846</b>	<b>0</b>		<b>1,907</b>		<b>3,504</b>	

## 2014/15 to 2017/18 Capital Programme

Project Code	Description	Approved Budget					Final Outturn					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	0	0	0	714	(211)	(211)	Extra funding no longer needed remaining to be returned to Corporate	
10972000	Planning Consent For Europa Way	331	94	0	0	425	331	113	0	0	445	20	20	Extra unexpected costs incurred due to planning permission resubmission needed	
11122000	Nuneaton Academy (Alderman Smith) -Redevelopment	9,866	13	0	0	9,879	9,866	36	0	0	9,902	23	23	Delay in signing end of defects and retention payment release	
11131000	Wark St Johns House Museum - Repl Activity Space Bldg	60	1	0	0	61	60	3	0	0	63	2	2		
11134000	Wark Shire Hall - Refurb Of Old Shire Hall	0	25	500	225	750	0	30	500	220	750	5	(0)	Profile cost increased in 2014/15 due to procurement process associated with tender to secure operator for the facility	
<b>Property Rationalisation Programme</b>															
11041000	Rationalisation Of The Council's Property	442	325	0	0	766	442	277	49	0	768	(47)	2	Works to lower ground floor still to be determined, hence slippage	
11041004	Warwick- Premises at Montague Road -relocation of County Museum Store	432	0	0	0	432	432	0	0	0	432	0	0		
11190000	Warwick Shire Hall - refurbishment (Phase 2 onwards)	2,611	889	0	0	3,500	2,611	972	0	0	3,584	83	83	Works relate to Saltisford B3 ground floor as part of corporate office project. Additional costs funded by revenue contributions and from block header	
11230000	Bedworth Kings House - PRP refurbishment for N & B Local Centre	603	0	0	0	603	603	0	0	0	603	0	0		
11231000	Nuneaton-Hilary Road Centre - PRP refurbishment for N & B Local Centre	326	353	0	0	679	326	351	0	0	677	(2)	(2)		
11335000	Rationalisation of County Storage	0	2,900	1,100	400	4,400	0	2,695	1,305	400	4,400	(205)	0	Acquisition completion was not achieved until 31/1/15 therefore fit out costs have been delayed	
11371000	Arden Centre, 120 Long Street, Atherstone - Fit out costs						0	340	0	0	340	340	340	RCCO funded project - per Deputy Leader report approved 23/3/15	
11338000	Re-wire & refurbishment of Pound Lane Total	0	500	0	0	500	0	479	20	0	499	(20)	(0)		
<b>Structural Maintenance</b>															
11029000	Non-Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance	1,985	2	0	0	1,987	1,985	(3)	0	0	1,982	(5)	(5)	Final accounts outturned differently to expected costs. £4,726 moved to 11226000	
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)	Final accounts outturned differently to expected costs. £473 moved to 1127000	
11033000	Non-Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2012/13	1,841	1	0	0	1,841	1,841	0	0	0	1,841	(1)	(1)	Final accounts outturned differently to expected costs. £947 moved to 11226000	
11034000	Schools Capital Asbestos And Safe Water Remedial Works 2012/13	1,282	0	0	0	1,282	1,282	(7)	0	0	1,275	(7)	(7)	Final accounts outturned differently to expected costs. £6,829 moved to 11225000	
11035000	Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2012/13	5,835	12	0	0	5,848	5,835	(6)	0	0	5,829	(18)	(18)	Final accounts outturned differently to expected costs. £12,265 moved to 11145000 £6,495 moved to 11227000	
11036000	Non-Schools Capital Asbestos And Safe Water Remedial Works 2013/14	291	(1)	0	0	289	291	(6)	0	0	285	(5)	(5)	Final accounts outturned differently to expected costs. £4,404 moved to 11224000	
11037000	Non-Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2013/14	2,035	577	0	0	2,612	2,035	560	0	0	2,595	(17)	(17)	£2,475 moved to 11226000. Decrease in RCCO of £14,712.	

L Physical Assets

Project Code	Description	Approved Budget					Final Outturn					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		
11038000	Schools Capital Asbestos And Safe Water Remedial Works 2013/14	1,237	81	0	0	1,318	1,237	40	0	0	1,277	(41)	(41)	Final accounts outturned differently to expected costs. £15,597 moved to 11039000 £25,169 moved to 11225000	
11039000	Schools Planned Capital Building, Mechanical And Electrical Backlog Maintenance 2013/14	5,876	125	0	0	6,001	5,876	133	0	0	6,009	8	8	Final accounts outturned differently to expected costs. £15,597 moved from 11038000. RCCO reduction of £7,761	
11096000	Wark Barrack St Block - Roof Repl	195	0	0	0	195	195	(5)	0	0	190	(5)	(5)	Final accounts outturned differently to expected costs. £4,754 moved to 11226000	
11142000	Non Schools Asb & Safe Water Remedial 2014/15	0	333	0	0	333	0	253	13	0	266	(80)	(67)	Projects delayed due to unforeseen circumstances. £37,563 moved to 11142000 £29,183 moved to 11144000 Total £66,746	
11143000	Schools Asbestos & Safe Water Remedial 2014/15	0	1,240	0	0	1,240	0	1,129	106	0	1,235	(111)	(5)	Projects delayed due to unforeseen circumstances. £4,882 moved to 11225000	
11144000	Non Sch - Planned Bldg, Mech & Elect Backlog 2014/15	0	2,545	0	0	2,545	0	2,205	376	0	2,581	(340)	36	Projects delayed due to unforeseen circumstances. £29183 moved from 11142000. RCCO increase of £6957	
11145000	Schools Planned Bldg, Mech & Elect Backlog 2014/15	0	5,941	0	0	5,941	0	5,763	22	0	5,785	(178)	(156)	£12,265 moved from 11035000. Decrease in RCCO of £117,211. Decrease in capital grant income from schools of £51,598	
11224000	Non-Schools Capital Asbestos And Safe Water Remedial Works 2015/16	0	0	311	0	311	0	0	353	0	353	0	42	£4,404 moved from 11036000 £37,563 moved from 11142000 Total of £41,967. Increase in budget due to money carried forward from previous allocations	
11225000	Schools Asbestos & Safe Water Remedials 2015/16	0	0	1,292	0	1,292	0	0	1,329	0	1,329	0	37	£25169 moved from 11038000 £6829 moved from 11034000 £4882 moved from 11143000 Total £36880. Increase in budget due to money carried forward from previous allocations	
11226000	Non Sch - Planned Bldg, Mech & Elect Backlog 2015/16	0	0	2,524	0	2,524	0	0	2,537	0	2,537	0	13	£4,726 moved from 11029000 £947 moved from 11033000 £4,754 move from 11096000 £2,475 moved from 11037000 Total £12,902	
11227000	Schools Planned Bldg, Mech & Elect Backlog 2015/16	0	0	2,569	0	2,569	0	0	5,576	0	5,576	0	3,007	£6,495 moved from 11035000 £473 moved from 11031000 (Total £6,968). Increase of £3,000,000 as schools grant money now received as per previous cabinet report	
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 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		
11363000	Capitalisation of Structural Maintenance Assets	0	0	0	0	0	0	12	0	0	12	12	12	Portfolio agreement email to Johns Betts/Sandra Beard 27/11/14	
<b>Facilities</b>															
10592000	Small Scale Reactive / Minor Improvements County-Wide	151	0	138	0	289	151	(2)	140	0	289	(2)	0		
11318000	Universal Free School Meals Programme	0	1,247	0	0	1,247	0	1,156	91	0	1,247	(91)	(0)	Final accounts / payments to contractors & consultants were not resolved in 2014/15, therefore spend now expected in 2015/16	

L Physical Assets

Project Code	Description	Approved Budget					Final Outturn					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>Energy</b>															
10400000	Climate Change 2009/10	257	46	51	0	354	257	34	63	0	354	(12)	0	Final accounts / payments to contractors & consultants were not resolved in 2014/15 as additional works now required	
10410000	Climate Change 2007/08	350	0	3	0	353	350	2	1	0	353	2	(0)		
11135000	Various Properties - Reducing Energy	0	0	400	1,844	2,244	0	63	337	1,844	2,244	63	0	Spend relates to 2 lighting control improvement projects identified & started late in 2014/15	
11136000	Various Properties - Renewable Energy	75	79	246	5,000	5,400	75	69	255	5,000	5,400	(10)	(0)	Slippage reflects cost savings on PV equipment which have been achieved due to the growing PV market.	
11159000	Wark Saltisford Office Park - Pv Micro Generth Syst	112	2	0	0	114	112	3	0	0	115	1	1		
<b>Smallholdings</b>															
10466000	Smallholdings Maintenance 2011/12	(18)	4	0	0	(14)	(18)	4	0	0	(14)	(0)	(0)		
11025000	Hurley, Poplars Farm	147	12	0	0	159	147	12	0	0	159	0	0		
11137000	Smallholdings - Nitrate Vulherable 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	3	0	0	985	982	(4)	0	0	978	(7)	(7)	£6,695 moved to 11228000 Changes in project costs when final accounts received	
11139009	Lower Tysoe/Hopkins Farm, New Farm House - Pre Contract Consultants Costs / Enabling Works	10	81	259	0	350	10	30	310	0	350	(51)	(0)	Unable to start works due to weather conditions during winter.	
11139058	Wolston South Lodge Farm - construction of new parlour, dairy and collecting yard + new stock building	540	(2)	0	0	538	540	(2)	0	0	538	0	0		
11140000	Rural Services Capital Maintenance 2013/14	254	1	0	0	255	254	0	0	0	254	(1)	(1)	£1,529 moved to 11228000 Changes in project costs when final accounts received	
11141000	Rural Services Capital Maintenance 2014/15	0	706	0	0	706	0	582	156	0	738	(124)	32	Increase RCCO contribution of £40,000 Less £7537 moved to 11228000 - Changes in project costs when final accounts received/Unable to start works due to weather conditions during winter.	
11228000	Rural Services Capital Maintenance 2015/16	0	0	789	0	789	0	0	805	0	805	0	16	£6,695 moved from 11139000 £1,529 moved from 11140000 £7,537 moved from 11141000 Total £15,761	
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>42,808</b>	<b>18,345</b>	<b>10,181</b>	<b>22,439</b>	<b>93,773</b>	<b>42,808</b>	<b>17,313</b>	<b>14,344</b>	<b>22,434</b>	<b>96,898</b>	<b>(1,033)</b>	<b>3,125</b>		

L Physical Assets

Results for Key Business Performance Measures April 2014 to March 2015

Measures	Indicator	Aim	Collection Frequency	Year End Actual	Target 2014/15	R-A-G Alert - YE	Progress to date	Actions to be taken
KBM	Savings delivered	Plan	Quarterly	100%	100%	Green	Major capital receipt in progress which will deliver the year end target.	Major capital receipt in progress which will deliver the year end target.
KBM	Budgets within -2%/+0	Plan	Quarterly	-7.70%	+0/-2%	Red	The underspend is explained by the reduction in buildings as a consequence of the property rationalisation programme which results in a reduction and rationalisation of the Facilities Management service and the budgets used to pay running costs. Also trading surplus targets have been exceeded, mainly due to the success of the universal infant free school meal programme.	The savings element of this underspend will be channelled into the OOP Savings Plan and as a consequence there are reductions in the budgets set for 2015/16.
KBM	Traded Services meet Budgetary targets	Plan	Quarterly	-807.97%	+0/-2%	Red	The success of the Infrant Free School Meals, the new cleaning service offer, and an increase in construction activity have all lead to trading profit	The success of the Infrant Free School Meals, the new cleaning service offer, and an increase in construction activity have all lead to trading profit
KBM	The Capital Programme is delivered on time and to budget (Educational & Corporate Programmes)	Plan	Quarterly	99%	100%	Amber	99% Capital Maintenance work programme budget outturn forecast against budget. Note - Outturn forecast is applicable due to final accounts not received for all works in year. Estimate forecasts carried out for every project to manage expenditure. Results from Work Programme Report Output at 30.03.15. Any changes on receipt of Actuals to forecast are managed and any discrepancy managed through the capital review process ongoing. All as per managed in service and utilising ongoing financial reporting and advice.	
KBM	The Property Rationalisation Programme is delivered on time and to budget	Plan	Quarterly	Achieved	Achieved	Green	100% of the PRP completed and all savings achieved.	
KBM	Service standards published for all services	100	Quarterly	Achieved	Achieved	Green		
KBM	% of Business cases that are commissioned to deliver against clearly defined outcomes	100	Quarterly	100%	100%	Green	Business Case approval in accordance with corporate process embedded in service delivery as a matter of course.	
KBM	Increase in customer satisfaction with the quality of service provided	High	Quarterly	61%	60%	Green		
KBM	Services are delivered on time and within budget	Plan	Quarterly	Achieved	Achieved	Green	Half year data suggests WCC on track to match the performance of 2013/14	Use customer complaints as an indicator of dissatisfaction with service delivery.
KBM	% Customer Satisfaction levels	High	Quarterly	87%	80%	Green		
KBM	Customer satisfaction with ease of access to services	High	Quarterly	Achieved	Achieved	Green		Use customer complaints as an indicator of dissatisfaction with service delivery.
KBM	% staff satisfied with the council as an employer	High	Annually	75.30%	87%	Red		Consult staff to understand the issues behind this result and then implement improvements
KBM	% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process	High	Quarterly	73.20%	70%	Green		
KBM	% staff expressing satisfaction with their manager as a leader	High	Annually	72%	51%	Green		
KBM	All Resources Group Business Units key activities are delivered on time and within budget	Plan	Quarterly	90%	100%	Amber	The only project delayed is the future of Old Shire Hall. Project and Milestone Based	
KBM	Staff have access to resources and information which allows them to do their job	High	Annually	55.70%	75%	Red	A programme of ICT improvements and reinvestment in property systems is underway. Physical Assets is also undergoing an electronic document management programme in order to simplify document storage, retrieval, sharing and editing..	
KBM	Information required by decision makers is dispatched in a timely manner and to timescales set	Plan	Quarterly	Achieved	Achieved	Green	Meeting the requirements of CMIS	
KBM	Average time taken by members and Senior Officers to make formal decisions	Low	Quarterly	Achieved	Achieved	Green	Meeting the requirements of CMIS	
KBM	Number of adverse decisions from legal challenges is low	Low	Quarterly	0	0	Green	1 complaint referred to the LGO, whose judgement was to support WCC	
KBM	Risks identified are managed and reviewed monthly	High	Monthly	Achieved	Achieved	Green	No corrective action has had to be taken that has resulted in committing additional resources or exposure to reputational damage	



**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	Final Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Performance and Planning	836		836	737	(99)	Underspend relates to part year staff vacancies and savings on the Acting Head of Service substantive post.
Observatory	380	14	394	376	(18)	
Service Improvement and Change Management Admin	160		160	114	(46)	Underspend is as a result of the HoS post being vacant in the first part of the year and the PA's position being unfilled for a number of months.
Development and Support	551		551	489	(62)	Underspend relates to staffing vacancies and the centralisation of the remaining Resources Group Business Units paper and stationery budgets which included unused stock.
Commercial Enterprise	100	123	223	220	(3)	
Traded Services - Education	117	(123)	(6)	(1)	5	
Resources Transformation	950	127	1,077	1,233	156	Overspend is due to projects being delivered on behalf of the Resources Group and accounted for as part of the SICM Business Unit though they do not form part of SICM's core business.
<b>Net Service Spending</b>	<b>3,094</b>	<b>141</b>	<b>3,235</b>	<b>3,168</b>	<b>(67)</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	Reason for Request
Savings	0	0	67	67	Please refer to Appendix C for a detailed analysis of the Business Unit's proposed use of reserves
SICM Reserves	0	190	0	190	
<b>Total</b>	<b>0</b>	<b>190</b>	<b>67</b>	<b>257</b>	

M Service Improvement

2014/15 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2014/15			2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Final Outturn £'000	Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Actual to Date £'000	Target £'000	Actual to Date £'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	247	0	247	0	
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	68	0	68	0	
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	0	50	50	0	50	0	
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	25	0	25	0	
OOP/SICM-E	Further savings from expenditure budgets across the service commensurate with changes across the Business Unit.	0	0	0	40	0	40	40	0	40	0	
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	60	0	60	0	
OOP/SICM-G	Increase income generation activities	0	0	0	40	0	40	40	0	40	0	
OOP/SICM-H	The GIS function will be remodelled and re-focussed on a smaller core offering which may include a reduction in posts.	0	0	0	0	0	0	50	0	50	0	
OOP/SICM-I	The Project and Performance Management Arrangements (both central and localised arrangements) will be remodelled. Savings will be delivered by both expenditure savings and reduction in posts.	0	0	0	0	0	0	100	0	100	0	
OOP/SICM-J	Reduction in inflation budget commensurate with changes across the Business Unit.	0	0	0	0	0	0	20	0	20	0	
	<b>Total</b>	<b>247</b>	<b>247</b>	<b>247</b>	<b>530</b>	<b>247</b>	<b>530</b>	<b>700</b>	<b>0</b>	<b>700</b>	<b>0</b>	
	<b>Target</b>		<b>247</b>	<b>247</b>		<b>530</b>	<b>530</b>		<b>700</b>		<b>700</b>	
	<b>Remaining Shortfall/(Over Achievement)</b>		<b>0</b>	<b>0</b>		<b>283</b>	<b>0</b>		<b>700</b>		<b>700</b>	

M Service Improvement

Results for Key Business Performance Measures April 2014 to March 2015

Measure	Indicator	Aim	Collection Frequency	Year End Actual	Target 2014/15	R-A-G Alert - YE	Progress to Date	Actions to be taken
KBM	OOP Savings delivered	Plan	Quarterly	Yes	Yes	Green		
KBM	Budgets within -2%/+0 (Net Variation to Budget)	Plan	Quarterly	-2.08%	>0% / <2%	Red	Expenditure on RG Transformation projects is included in the year end actual position and does not form part of the SICM core business which is showing a larger than expected underspend position due to a delay in the recruitment of fixed term contract posts in support of RG OOP transformation activities.	The allocation of any carry forwards will be subject to the agreed approach in the Group
KBM	Traded Services meet Budgetary targets	Plan	Quarterly	>5%	5%	Red	The copyright service has lost 2 licences to centralisation by the DfE since budget was set. This relatively small income decline looks large in the context of the surplus for Copyright which was budgeted at £5k and the year end actual is £1850 giving a variance of above 5%	Whilst the overall surplus has declined, the service is still making a surplus that will cover CECs. The service will no longer be traded with schools in 2015/16.
KBM	Service standards published for all services	100	Quarterly	Yes	Yes	Green		
KBM	% of Business cases that are commissioned to deliver against clearly defined outcomes	100	Quarterly	100%	100%	Green	From a business unit perspective the business case for SICM Re-Shaping has been developed against a clear suite of outcomes for the service going forward.	
KBM	% Increase in customer satisfaction with the quality of service provided	High	Quarterly	32%	2%	Green	This question is not directly asked in the Resources Customer Survey and therefore we are not able to provide a response to this measure. However, this will be addressed in the review of the Resources Customer Survey for 2015/16 and alternative methods of collecting this information will be explored to remove reliance on one collection method	
KBM	Services are delivered on time and within budget	100	Quarterly	95	100	Amber	This is linked to Resources Group Key Activity measure. As SICM does not have any separate business unit outcomes, the commentary remains consistent in that all services are delivered on time but given current underspend on SICM core business, overall status for this measure is amber	
KBM	% Customer satisfaction with ease of access to services	High	Quarterly	32%	2%	Green	Results are based on Resources Customer Survey Results which showed a significant increase against the 2% increase target set in terms of overall performance for SICM	Improvement Actions will be determined now the SICM level results have been received.
KBM	% staff satisfied with the council as an employer	High	Annually	72.00%	72%	Green	Based on ORC Benchmark result of 72% for this measure and is consistent with reporting against the Organisational Health Measure across the whole of WCC	
KBM	% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process	High	Quarterly	100%	100%	Green	Learning & Development Plans are in place. Staff have attended appropriate training and development as required to deliver SICM services	Ongoing activity: Discuss any outstanding learning & development with HR to explore whether external training is required if Corporate programme of training does not meet all training requirements for SICM
KBM	% staff expressing satisfaction with their manager as a leader	High	Annually	62.00%	62%	Green	The ORC Median score of 43% has been used for comparison. SICM results are consider higher than this and compared to the results for 2012 of 62%.	
KBM	All Resources Group Business Units key activities are delivered on time and within budget	Plan	Quarterly	95	100	Amber	Whilst services and key business activity are being delivered on time, the current business unit underspend means that the overall status for this measure is amber	
KBM	Staff have access to resources and information which allows them to do their job	High	Annually	65.00%	65%	Green	The ORC Median score of 65% has been used for this satisfaction question. SICM results are considerably higher than this and compared to the results for 2012 of 83.1%, staff satisfaction continues to improve	
KBM	Information required by decision makers is dispatched in a timely manner and to timescales set	Plan	Quarterly	Yes	Yes	Green	We have submitted all reports on time	
KBM	Average time taken by members and Senior Officers to make formal decisions	Low	Quarterly	TBC	TBC	N/A	We cannot report against this OOP measure for 2014/15. As part of the Review & Refresh of this measure it is proposed that this be amended to reflect Member time and delivery method to be determined by Democratic Services.	
KBM	Number of adverse decisions from legal challenges is low	Low	Quarterly	0	0	Green	Information provided by law & governance for all business units. Results for the year indicate that SICM has not been in receipt of any adverse decisions.	
KBM	Risks identified are managed and reviewed monthly	High	Monthly	Yes	Yes	Green	Whilst the current status of risk registers are amber. This does not necessarily indicate that risks are not being managed effectively and all risks are reviewed on a monthly basis.	



## Corporate Services Overview & Scrutiny Committee

15th July 2015

### Property Disposal Protocols and Concessions according to Social Value

#### Recommendation:

That the Corporate Services Overview and Scrutiny Committee comment on this report, the proposed protocols and criteria to assess rent concessions all appended to this report.

#### 1.0 Introduction

1.1 As its meeting on 25th November 2014 the Corporate Services Overview and Scrutiny Committee (the Committee) considered a report regarding Property Disposal Protocols and Peppercorn Rents (the Report). Comments were received as follows:

1.1.1 'The committee highlighted the importance of having a fair and transparent structure in place so as to assist community groups and providing social value. Other authorities had provided an explanation as to how social value was to be achieved and the mechanism for doing so yet the protocols presented to the Committee did not. Other models and best practice across authorities should be considered'.

1.1.2 'Councillor Alan Cockburn agreed that a mechanism to measure social value would help when comparing the protocols with that of other authorities yet this was problematic due to the diverse range of voluntary sector run services'.

1.1.3 'It was suggested that the protocols required further consideration so as to ensure that the language contained within them was clear and decisive and that the protocols should be more robust and address members concerns i.e. efficiency of the property portfolio. Member and Voluntary sector engagement should feed into the protocol or a consultation should be undertaken on the proposed protocols'.

1.1.4 'The Committee was informed that some services received a concession and the advantages to the authority were reflected in some of the contracts for work with the Council. However, the benefits of

such an arrangement could be reflected in the accounting for the relevant unit and where this has been offset. In addition, it was difficult for Members to make an informed decision about foregone rents if they are not aware of the hidden costs’.

- 1.1.5 ‘Councillor John Beaumont put forward some of his concerns including the financial position of some community groups and the feasibility of them being able to provide services whilst paying increased rents. The community feel that they are being unfairly treated therefore creating a void between the community and the Council.

In his roles at Bulkington Village Centre and Library, his experience is that community groups are unsure from year to year whether they are going to pay a peppercorn rent and as such makes it difficult for them to assess the sustainability of the service when taking into consideration the full market rent and overheads for providing the service. The Council needs to communicate clearly and within good time with community groups’.

- 1.1.6 ‘The Committee acknowledged that, as part of the Health and Wellbeing Board Strategy, the Council was to help and encourage community resilience and the sustainability of community provided services was a part of this and the protocol should reflect this’

- 1.1.7 ‘The Council would consider other ways of working including leasing a building to more than one community groups. This would enable the asset to attract a realistic and sustainable rent for all parties’.

- 1.1.8 ‘To measure the social return on investment (SORI), a consistent approach would need to be undertaken in the form of an assessment. Consistency was important to maintain the integrity of the process’.

- 1.1.9 ‘It was important that community groups were informed within good time as to what their rent would be after the 5 year concessionary period, especially at the beginning of the contract to ensure that they are able to meet the terms of the agreement’.

- 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 Section 6.0 of **Appendix 1**.

- 1.3 A combination of new legislation coming into force, notably the Localism Act 2011, implementation of the Property Rationalisation Programme and Social Return on Investment methodology has meant that a timely revision of existing policies and procedures are proposed to enable officers to apply the protocols to an individual property disposal.

- 1.4 It is also timely to review the extent to which the Council is providing concessions to organisations occupying Council property and thereby improve consistency.

## 2.0 Purpose

- 2.1 The purpose of this report is to address the issues raised by the Committee in response to the Report presented to the Committee on the 25<sup>th</sup> November 2014 and present further revised draft protocols and criteria to assess rent concessions for the Committee to consider.

### Responses to Issues raised by the Committee:

- 2.2 Response to 1.1.1 and 1.1.2. These issues are addressed within **Appendix 3: 'Criteria to Assess Rent Concessions (Refining Our Approach and Assessing Social Value)'** (the Criteria). The Criteria is an option document setting out practical ways that social value can be evaluated and translated into a rent concession. Other models and practice have been considered but those models focus on freehold transfers at a reduced or nil consideration whereas community asset transfer by way of granting a lease is considered a more appropriate mechanism.
- 2.3 Response to 1.1.3. This is addressed by further amendment to **Appendix 1: 'The Protocol for Disposal of Surplus Property'** clarifying the stages to be considered and when community interests will be considered. In addition **Appendix 4: 'List of Council Property considered for Community Benefit'** lists Council property considered for Community benefit if surplus to Council requirements. Following feedback from the Committee we will consult with Members and the Voluntary Sector to comment on the draft protocols.
- 2.4 Response to 1.1.4. It is considered that a fair balance to address this is now incorporated in **Appendix 1**. It is proposed that leases granted as part of a Service Tenancy are not deemed as disposals of surplus property. Where a Service Tenancy requires that the service must be provided from that property it is proposed that a peppercorn rent is applied for the Service Contract period. Where the service could reasonably be provided from alternative property open market rental should be payable by the contractor to occupy the property and reflected in the contract cost.
- 2.5 Response to 1.1.5 and 1.1.6. Proposals and Options to remove the uncertainty of the level of rent payable at the end of any concessionary period and assist community groups by way of rent concessions are set out in **Appendix 3**.
- 2.6 Response to 1.1.7. Multi-agency use of buildings will be actively encouraged. However, it would be preferable for the Council to grant a lease of the whole building to one tenant and permit the grant of sub-leases of part or shared accommodation. If the Council leased parts of the property to different

organisations residual responsibilities and costs are likely to rest with the Council e.g. if one tenant vacated leaving void space.

- 2.7 Response to 1.1.8. Measurement of social return or investment (SORI) can be complex and difficult to produce a consistent approach. It is considered that Options 5 to 7 in **Appendix 3** offer more simplistic and consistent models to assess rent concessions.
- 2.8 Response to 1.1.9. The issue of community groups being advised as to rent payable after a concessionary period is addressed in **Appendix 3**. The main proposal is that rent payable following any concessionary period is determined before commencement of the lease and recorded in the lease with future rent reviews based on the increase in Retail Prices. In the case of leases for specific community uses, such as libraries and youth centres by applying the rent concession options set out in **Appendix 3** it is likely that assessed rent will be nil whilst the property continues to be used for that purpose in accordance with the lease.

### **Property with potential for Community Benefit**

- 2.9 It is further understood that Members are seeking greater clarity regarding property that may be made available for community uses. To address this a list of Council owned property that may have potential for Community Benefit has been compiled – see **Appendix 4**. Properties in **Appendix 4** currently occupied at an undervalue are shown highlighted in grey. It is proposed that only Council property included in **Appendix 4** is considered for community use and only where no alternative Council uses are identified and approved or there is not an alternative use which would be of greater benefit to the Council. Any Council property may be the subject of an application for it to be registered as Asset of Community Value (ACV). If registered as an ACV the Council is not obliged to transfer the property. If a Council property becomes surplus; registration as an ACV, local listing, community use planning, or awareness of community interest in the property should be considered first as part of the disposal process.

### **Use of Capital receipts generated from disposal of Property with Potential for Community Benefit**

- 2.10 Officers are aware that some Members have made enquiries as to whether capital receipts (freehold sale proceeds or initial rent premiums above £10,000) received from disposal of property considered for Community Benefit in **Appendix 4** could be used to assist community schemes either by:
- 2.10.1 foregoing or repaying all or part of the capital receipt to the Community Group to assist a community scheme, or
- 2.10.2 providing financial assistance to other community schemes in the locality if the property is not disposed of to a community group .



- 2.11 The general presumption is that any capital receipts are used to repay debt and reduce revenue borrowing costs incurred by the Council. In the case of 2.20.1 this would effectively be a transfer at an undervalue and the protocol drafted in **Appendix 2** would need to be followed.
- 2.12 It could be agreed that assistance by the Council should be limited to agreeing a disposal at an undervalue unless a particular service benefits from making additional financial contributions to establish the scheme. Furthermore, property considered for County Benefit listed in **Appendix 4** reflects the Council's existing property portfolio with no property listed for many locations in the County. Offering further financial assistance to a community group benefiting from acquiring suitable Council property either at open market value, or an undervalue, seems inequitable creating a 'post code lottery'.
- 2.13 An alternative option could be to create a capital fund from all/part of any capital receipts generated by disposal of any property listed in **Appendix 4**. The capital fund could then be used to assist community schemes on a bidding basis assessing community Benefit needs and tangible benefits to the Council.

### **3.0 Issues to Consider:**

- 3.1 The Committee is asked to consider the revised protocols in **Appendix 1** and **Appendix 2** together with criteria to assess rent concessions in **Appendix 3**. **Appendix 3** has been drafted with a number of options. The opinion of the Committee is requested as follows:-

3.1.1 Comment on the revised draft Protocol for Disposal of Surplus Property **Appendix 1**

3.1.2 Comment on the revised draft Protocol for Disposal of Property at an Undervalue **Appendix 2**.

3.1.3 Comment on the assessment of rent for property considered to be leased at an undervalue in accordance with either **Appendix 3** Option 1: Market Rental Value, or Option 2: Restricted Market Rental Value. (This determines the base rental to which any rent concessions would then be applied)

3.1.4 Comment on Option 3 or Option 4 in **Appendix 3** for Stepped Rents to assist start-ups for community groups.

3.1.6 Comment on Option 5, 6 or 7 in **Appendix 3** to assess Social Value and calculate a rent discount/concession.

### **4.0 Next Steps**

- 4.1 That the comments of the Committee further inform the preparation of updated protocols for:

- 4.1.1 Protocol for Disposal of Surplus Property
- 4.1.2 Protocol for Disposals of Property at an Undervalue
- 4.1.3 Criteria to Assess Rent Concessions (Refining Our Approach and Assessing Social Value)

Background Papers:

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## PROTOCOL FOR DISPOSAL OF SURPLUS PROPERTY

- **Must be read in conjunction with:**  
“Protocol for Disposals of Property at an Undervalue”
- **This Protocol must be read before using the Checklist in Annex A**
- 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 protocols and procedures require revision to reflect new legislation which has impacted on the Council’s ability to dispose 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:
- 1.3.1 disposal of the freehold interest in a property
  - 1.3.2 assignment or subletting of a property held by the Council under a lease
  - 1.3.3 disposal of a leasehold interest in the whole, or major part of a property

The protocol does not include:

- 1.3.4 granting a lease of part or all of a Council property as part of a Service Tenancy
- 1.3.5 granting a lease of part of a Council property where benefits to Council services are realised by co-location
- 1.3.6 granting a lease of a Business Unit, part of a Country Park, or smallholdings/agricultural land.
- 1.3.7 granting a lease of part of a Council property where the property is not surplus to Council requirements
- 1.3.8 short term leases or occupation agreements granted to reduce property holding costs
- 1.3.9 disposal of smallholdings or Country parks land for redevelopment (Member/delegated powers to dispose are still required see **Annex C**)

#### 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 held by the Communities Group: ‘Education’ sites (i.e.; Schools, including Special Educational Needs Schools, Nurseries, Pupil Referral Units, and Sixth form colleges) and sites where the property is deemed to be integral to the service being provided (i.e.;

Business Centres, Country Parks, Household Waste Recycling Centres, Gypsy and Traveller sites, roads and bridges). 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. This has been reinforced by the decision at full Council to earmark capital receipts from Education properties for Education developments

- 1.6 This Protocol also 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:
  - 1.6.1 How to determine that a property is no longer required by the Council
  - 1.6.2 What happens once a property has been identified as being 'surplus' to the Council's requirements.
  - 1.6.2 The mechanism for securing appropriate authority for disposal of the property
  - 1.6.4 The funding and management of surplus property prior to its disposal.

### Key Drivers

- 1.7 The Council is committed to holding 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 Management Framework 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, increase rental income and delivery of capital receipts are key Council objectives and are critical to the delivery of savings.
- 1.10 Where a property is no longer required by a particular Business Unit (BU) or Service, consideration must first be given to the suitability of the property for continued use and ownership by the Council (i.e. 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 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 being exercised and it being declared it surplus to Council requirements. Details of transactions and the relevant forms of approval that are required are set out in **Annex C** of this Protocol.

## 2.0 Disposal of Property Assets – Processes

- 2.1 The processes 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 property falls within the centralised or the non-centralised portfolios and these are addressed in this Protocol.

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

#### **Centralised Properties**

- 2.2 Properties that are part of the centralised property portfolio can become available for disposal in two different ways:
- 2.2.1 When a BU/Service indicates that it no longer has a need for the accommodation (i.e. 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
- 2.2.2 When PA determines that the property should be released (e.g. as part of property rationalisation).
- 2.3 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 **Annex B of this Protocol**). This will be the formal confirmation from the BU/Service that the property is no longer required by it.
- 2.4 In practice, this notification should only be confirmation of an event that has already been planned and anticipated and that PA is already aware of through their interaction with the BU's.
- 2.5 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**

- 2.6 In the case of non-centralised properties, 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 specifying 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.
- 2.7 The SPN should be issued to PA at least six months in advance of the intended date of vacation.
- 2.8 In the case of Schools an SPN will not be accepted until the necessary consent to dispose are obtained from the Secretary of State for Education (S77 (Disposal of Playing Fields) and Schedule 1 (site not required for an Academy or Free School)).

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

- 2.9 Following the Stage 1 process, an assessment is carried out by PA via the Asset Strategy Board (ASB) to determine if there is any other viable alternative use for the property by the Council. This applies both to centralised or non-centralised property. Any proposals for

alternative Council uses should include a Business Case and financial appraisal addressing the loss of a capital receipt or rental income for the property. Council uses can include occupation or redevelopment of a property by a third party to assist meeting Council commissioning aims e.g. for the provision of extra care, or specialist housing with care secured by care and/or nominations agreements.

- 2.10 If more than one Council uses are proposed to ASB and a decision is not made, the decision to determine which use should be approved would be referred to Corporate Board.
- 2.11 If an alternative Council use is identified it is likely that a scheme to alter, refurbish and fit out the property will be required. Any scheme would need to be included in the Capital Programme. Use of a centralised property for a non-centralised use should include funding arrangements to cover the open market value of the property, either from capital programme funding or revenue reserves. This removes the potential practice of Services seeking retention of Council properties simply because they are available and the capital cost of a scheme is reduced by not acquiring a non-Council owned site or property. Without the need for funding to be identified to cover the open market value of a surplus Council property requests for property could be made on the basis of availability and reduced scheme costs, rather than satisfying location and property requirements and maximising benefit to the Council as a whole.
- 2.12 As part of Stage 2 the local member/s should be informed of potential uses of Council property and asked to comment. The proposed use may require redevelopment of the existing property. Such use would have priority over a Community use of the existing building.

**Stage 3 – Assessment of alternative Community and Voluntary Sector or Public Sector uses**

- 2.13 If no viable alternative uses of the property by the Council are identified, or approved, the following organisations should be consulted to determine if any of them have an interest to acquire the property (freehold or leasehold) giving 15 working days for an interest to be expressed:
- 2.14 Where the property is included in the list of Council Properties considered for Community Benefit in **Annex B** of the Protocol for Disposals of Property at an Undervalue):
  - 2.14.1 the Community and Voluntary sector (via the Localities and Partnerships Team and local member/s)
- 2.15 Where the property is not included in the list of Council Properties considered for Community Benefit in **Annex B** of the Protocol for Disposals of Property at an Undervalue), or an interest has not been expressed in 2.11.1 above within 15 working days:
  - 2.15.1 the relevant District/Borough Council
  - 2.15.2 Police
  - 2.15.3 Health
  - 2.15.4 Central Government/Agencies
  - 2.15.5 the relevant Parish/Town Council
- 2.16 For the avoidance of doubt this procedure is separate from, and will usually precede the “Assets of Community Value” procedure which is referred to in 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.

- 2.17 If the Council considers an expression of interest from any of the groups listed in Stage 3 the assumption should be that disposal will be at open market value with no new restrictions relating to the property imposed by the Council. Stage 3 simply gives public and community bodies the opportunity to purchase from the Council on a one to one basis where they have specific property/location needs. If a disposal (leasehold or freehold) at less than market value, or imposing new restrictions to a property transaction reducing value is considered by the Council, the Protocol for Disposals of Property at an Undervalue will apply.
- 2.18 Open market value can be determined by a valuation report from the District Valuation Service where possible acting on a joint instruction from the Council and the interested public body.

#### **Stage 4 – Assessment of alternative methods of open market disposal**

- 2.19 If no interest is expressed and approved by the ASB in Stage 2 above and no interest is expressed in Stage 3 above the presumption is that the property will be disposed of. Disposal could be by:
- 2.19.1 Disposal of a lease interest in the property on the open market
  - 2.19.2 Disposal of the freehold interest in the property on the open market
  - 2.19.3 Grant of an option with transfer of the freehold interest when the option criteria are triggered (usually grant of a satisfactory consents such as planning) on the open market (this would often be a transaction excluded from this Protocol in paragraph 1.3.9 above)
- 2.20 Alternatively the methods of disposal 2.19.2 and 2.19.3 above could be on a one to one basis if suitable justification exists such as the purchaser (or option grantee) having existing interests in adjacent land for site assembly, or ransom over the Council property. The Council would need to be satisfied that best consideration is achieved for any such transaction.

#### **Stage 5 – Determining the strategy for the future of an asset**

- 2.21 The assessment of alternative uses in Stages 2 to 4 for the property has four potential outcomes:-
- 2.21.1 To retain the property and re-use it for provision of another Council service (Stage 2)
  - 2.21.2 To dispose of the freehold or leasehold interest in the property to a public sector or community or voluntary sector body (Stage 3)
  - 2.21.3 To retain the property and lease it to a third party (Stage 4)
  - 2.21.4 To dispose of the freehold interest in the property to a third party (Stage 4)
- 2.22 The outcome of this assessment will be reviewed and reported to the Head of PA/ASB 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.
- 2.23 The remainder of the procedures set out in this protocol only apply if the property is to be leased to a third party, or the freehold interest disposed of.

#### **Stage 6 – Securing authority to declare surplus and dispose of asset**

- 2.24 An essential prerequisite to disposal of a freehold or leasehold asset is to obtain Member/delegated approval declaring that it is surplus to the Council's requirements and that a disposal can proceed. Marketing of a property shall not commence until the relevant authority has been obtained.
- 2.25 The relevant report (i.e. Portfolio holder/Cabinet/Council) will be prepared by PA (Estates) in conjunction with the relevant BU where appropriate. Issues to be addressed in the Report are outlined later in Section 3 of this Protocol.

### **Stage 7 – Disposal of the asset**

- 2.26 Disposal, or the release of a property, will differ depending on whether it is a freehold or a leasehold asset.
- 2.27 The procedures for disposing of leasehold and freehold assets are set out below.

### **Disposal of a Council Leasehold Property**

- 2.28 Where property is held by way of lease and it has been determined through Stages 1 – 5 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:-
- 2.28.1 issuing a notice to terminate the lease at the end of the contractual term
  - 2.28.2 triggering a break notice, in accordance with the lease provisions
  - 2.28.3 negotiation of the surrender of the lease
  - 2.28.4 securing a subletting of the property until such time as the contractual term of the lease expires or
  - 2.28.5 securing an assignment of the lease
- 2.29 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.

### **Disposal of Council Freehold Property**

- 2.30 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 (e.g. to a public sector body, partner or community group) identified as part of Stages 2 and 3 or a special purchaser reflecting the decision by the Head of PA/ASB included in Stage 4.
- 2.31 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").



- 2.32 The planning status of the property and its location are key factors in determining the open market value.

**Stage 8 – Management of surplus property prior to disposal**

- 2.33 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.
- 2.34 Decommissioning and security of the property will need to be addressed prior to the building being vacated.
- 2.35 In the case of centralised properties budget responsibility for the property will pass from the FM central property budget to the Surplus Property Budget on vacation of the property, or a decision by the ASB not to retain the property for Council purposes, whichever is the later.
- 2.36 In the case of non-centralised properties, the BU/Service will remain responsible for managing the asset, together with the associated costs (e.g. 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 for 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). The budget responsibility for the property will then pass to the Surplus Property Budget.
- 2.37 In the case of non-centralised property listed under Special Categories of Land (See Section B 2.0 of the Protocol for Disposals of Property at an Undervalue):

- 2.37.1 Open Spaces
- 2.37.2 Highway related land
- 2.37.3 Highway Land that has been stopped up

The costs for managing the asset will remain with the relevant BU / Service until disposal i.e. the budget responsibility for the property will not ever pass to the Surplus Property Budget.

**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.

**Compliance with Council protocols and policies**

- 3.2 The report should have regard to and expressly mention consideration of this Protocol, the Protocol for Disposals of Property at an Undervalue (where relevant) and other Council protocols and policies listed in Section 6.0, including if they are not considered to apply.

**Business Case**

- 3.3 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.

## Financial Implications

- 3.4 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 \*1, 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.

\*1 It may be more appropriate not to incorporate estimated capital receipts/rental income into reports in order for them to be public items, with income estimates reported by separate means.

## Recommendations

- 3.5 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". A recommendation should also be included confirming how the receipt, or rental income will be used or it will be assumed that the benefit is to the 'corporate pot'.

## 4.0 Financial Considerations

- 4.1 The primary objective of disposing of Council owned property assets is to:
- 4.1.1 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 (revenue).
- Or
- 4.1.2 Letting property to a third party to generate additional rental income (revenue).
- 4.2 The policy governing the use of capital receipts is set out in the Council's Capital Receipts Strategy.
- 4.3 A report seeking authority for property to be declared surplus and made available for disposal needs to address the following issues:
- 4.3.1 how the receipt will be used
  - 4.3.2 whether there is any necessary capital expenditure required to facilitate the disposal
  - 4.3.3. whether there are Capital Programme implications
  - 4.3.4 how interim costs relating to the surplus property will be funded
  - 4.3.5 any earmarking requirements
- 4.4 In accordance with the Capital Receipts policy it is assumed that receipts will be used to pay debt. For centralised property the consequent revenue savings will usually be linked to the PA One Organisation Plan savings targets.

## Earmarking

- 4.5 Earmarking is a mechanism for ring-fencing part or all of a receipt for a specific capital investment project.
- 4.6 To secure proceeds from a disposal for a specific project, full Council approval is required further to a recommendation to Council via a Cabinet or Portfolio holder report, supported by a business case. 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.
- 4.7 Any application for earmarking of a receipt must provide full justification as part of the business case. This should address:
- 4.7.1 How much of the receipt is required to fund the investment project \*2
  - 4.7.2 Whether temporary borrowing is required to finance the project prior to the receipt being obtained
  - 4.7.3 What other sources of finance are being used to fund the project that requires the earmarked receipt
  - 4.7.4 What will happen in the event of a shortfall/surplus in the anticipated capital receipt?
  - 4.7.5 Clarification on the current status of the asset (e.g. its current use, whether it has already been declared surplus and is part of the identified capital receipts programme)
  - 4.7.6 The rationale for disposing of the asset in this way and why the funding requirement is not already identified in the capital programme
  - 4.7.7 Why the earmarking is being linked to the specific capital investment project
  - 4.7.8 The reason for not bringing the scheme forward as part of the Medium Term Financial Planning/Budget process.

\*2 If the relevant reports are to be public, income estimates would need to be reported by separate means and the level of earmarking required confirmed as an amount less than the estimated income

- 4.8 All such reports requesting the earmarking of receipts must be cleared by the Head of Finance before the report is circulated to Members.
- 4.9 **The disposal of school sites** - The principal exception to the general earmarking procedure described above relates to the disposal of former school sites or parts of school sites and is outlined in the Capital Receipts Strategy (i.e. capital receipts from school sites are earmarked for Education Capital Schemes).

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

- 4.10 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 planning consent for redevelopment or change of use are two common items of expenditure that can be offset against the final capital receipt.
- 4.11 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.
- 4.12 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.

- 4.13 Expenditure of less than £1.5million can be approved by either Cabinet or Portfolio Holders or as part of the annual budget setting process. Council authority is required for expenditure in excess of £1.5million.

### **Capital Fund**

- 4.14 The Capital Fund is a revenue fund to which revenue costs that are directly attributable to disposals can be charged each year. Costs such as fees for work related to disposal of specific property carried out by property staff, legal staff and external contactors are charged to the Capital Fund.
- 4.15 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.
- 4.16 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.
- 4.17 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, fund approved earmarked capital expenditure 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.

### **Interim Disposal Costs**

- 4.18 When an asset is declared surplus there may be on-going costs attributable to the asset which are not directly linked to its disposal (e.g. decommissioning, maintenance and security costs). These cannot be funded from capital and will have to be met from the relevant revenue budgets until the asset is disposed of.
- 4.19 For centralised property assets, interim disposal costs will be met in accordance with Stage 8 2.35 above.
- 4.20 For non-centralised properties, interim disposal costs will be met in accordance with Stage 8 2.36 or 2.37 above.

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

### **The Listing Procedure**

- 5.1 It may be that a Council property is listed by the relevant District or Borough Council (Listing Council) as an 'Asset of Community Value'. The Listing Council is required to give the Council, as property owner, notification of any listing application and its decision. Listing could potentially occur at any stage in the disposal process and will only not apply if an application is sought after the Council has entered into a contract to dispose of the property, or contracts have been exchanged for a freehold disposal.

### **The Moratorium**

- 5.2 If the Council wishes to dispose of a property listed as an Asset of Community Value it has to notify the Listing Council. Any community groups then has a period of 6 weeks to request to be treated by the Council as potential purchasers of the property ("the Interim Moratorium").

- 5.3 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 Council's consideration. No sale can proceed during this period to another party **BUT** the 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.
- 5.4 However, the Council is not required to accept any bids made by community groups. When the Full Moratorium expires the 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.

### **Must the Council give preferential treatment to Community Bids?**

- 5.5 The Council should consider the Community Bids along with any others received in the disposal process and apply the Golden Rule to them all. If any Community Bid is the best according to the "Golden Rule" (defined in paragraph A.3 of the Protocol for Disposals of Property at an Undervalue) the Council should accept it. However, if any 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.
- 5.6 Neither the 2011 Localism Act nor 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.
- 5.7 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 Council applied when reaching that decision.
- 5.8 The Community Right to Bid procedure is complicated. Advice should be sought from Warwickshire Legal Services at an early stage if it appears likely that it will become relevant.
- 5.9 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>

### **What is "the Community"?**

- 5.10 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.).
- 5.11 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 will sometimes outweigh the aspirations of more local community bodies.
- 5.12 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.

### **Council Property considered for Community Benefit**

- 5.13 **Annex B** of the Protocol for Disposal of Property at an Undervalue lists Council owned property that may be considered for disposal, or has already been leased, to a Community Group rather than disposed of on the open market. Other Council owned property will be disposed of in the open market unless uses are identified and approved in Stage 2, or at open market value set out in Stage 3 or Stage 4 (one to ones)

## 6.0 COUNCIL POLICY

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

- 6.2 **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”

- 6.3 **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 open market value necessarily involves a departure from the Capital Strategy which must be justified in terms of the benefit generated.

- 6.4 **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 needs to be considered for all freehold or long ground lease disposals .

## Annexes

**Annex A CHECKLIST RE SURPLUS PROPERTY**

**Annex B Surplus Property Notice**

**Annex C Member/delegated powers**

Version 2 – April 2015

## ANNEX A

**CHECKLIST RE SURPLUS PROPERTY**  
**(for completion by Warwickshire Legal Services and Physical Assets)**

FILE REFERENCE (Physical Assets).....

FILE REFERENCE (Legal).....

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

Asset Strategy Board (ASB) report (date to circulate report by)

ASB approval received (date)

Assessment of alternative uses completed and note filed re issues arising

Local member/s consulted

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

If listed as Asset of Community Value:

Expiry of Interim Moratorium:

Expiry of Full Moratorium:

Protocol re Disposal of Surplus Property fully complied with?  
Inc. consultation with public and community/voluntary sector:

Is the proposed transaction at an undervalue/any new restrictions imposed by the Council on the transaction?

Yes/No

(If Yes refer to additional tasks Checklist in Protocol for disposal at an undervalue)

If Yes above has the Protocol re Disposal of Property at an Undervalue been 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

**ANNEX B – 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 Estates and Smallholdings Service Manager, Resources Group

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

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



## ANNEX C – Member/delegated powers

Action	Threshold	Authority required
Declare a property surplus and dispose at market value	Value less than £100,000	Delegated powers – Strategic Director
Declare a property surplus and dispose at open market value	Value more than £100,000 but less than £1 million	Delegated powers – Portfolio Holder for Customers
Declare a property surplus and dispose at open market value	Value in excess of £1 million	Cabinet
To grant at market rental 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
To grant at market rental value leases, easements and licences over County Council property or for the benefit of the County Council	Annual rent or fee is greater than £25,000 but less than £250,000	Delegated powers – Portfolio Holder for Customers
To grant at market rental value leases, easements and licences over County Council property or for the benefit of the County Council	Annual rent or fee is greater than £250,000	Cabinet
Earmark the whole or part of a capital receipt	All transactions	Council (further to a recommendation via Cabinet or Portfolio holder report)
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

## PROTOCOL FOR 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**

#### **1.0 WHEN WILL THIS PROTOCOL APPLY?**

1.1 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:

- 1.1.1 In connection with the delivery of services by a third party on behalf of the Council (e.g. by way of a service level agreement) requiring use of non-centralised property.
- 1.1.2 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.
- 1.1.3 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.
- 1.1.4 Complying with specific legal obligations applying to the Council e.g. the “Community Right to Bid” under the Localism Act 2011.
- 1.1.5 Considering any request by a School or Academy that the Council should forego its entitlement to claim all or part of the proceeds of sale generated by the sale of School land.

#### **2.0 MAIN DRIVERS**

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

- 2.1.1 Law
- 2.1.2 Council Policy

### 3.0 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 The 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**” (these are the essential criteria which need to be identified):  
[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 specific purposes e.g. disposal of land for affordable housing purposes.

### 4.0 “The Test”

- 4.1 To apply the Golden Rule properly it is necessary to consider three values:
- 4.1.1 Open Market Value of the Land
  - 4.1.2 Consideration (purchase price, rent premium or rental value) proposed to be paid by the acquiring party, which could be nil.
  - 4.1.3 Value of Social Benefits (Social Value) to the Council that would be generated by the proposed disposal. Valuing Social Benefits is dealt with below in Section B 3.0.

Once these values are known they can be balanced against each other.

- 4.2 Any report to dispose of a property at an undervalue must include the following elements demonstrating how the proposed disposal will:
- 4.2.1 fulfil the Council’s fiduciary duty
  - 4.2.2 explain the circumstances and justify this proposal together with capital and revenue implications
  - 4.2.3 assess how this proposal will further the Council’s corporate objectives

## **B. PARTICULAR ISSUES**

### **5.0 LOCALISM ACT 2011**

- 5.1 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 for Surplus Property”.
- 5.2 Community Right to Express an Interest (Sections 83-84) (“CRTEI”) – 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 for Surplus Properties have been complied with (Stages 1 and 2) it should become apparent at an early stage whether it is feasible for existing Council services to be continued from the property via a third party. If a definitive decision has been made not to continue services from that property CRTEI will no longer be relevant to the disposal process.
- 5.3 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 CRTEI this will not be relevant in most disposal scenarios unless the voluntary group is already occupying the property 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 group’s occupation:  
<https://www.gov.uk/government/publications/best-value-statutory-guidance--4>

### **6.0 SPECIAL CATEGORIES OF LAND**

- 6.1 **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 the 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>
- 6.2 **Entitlement to the Proceeds of Sale from Redundant (non-Council owned) 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 the 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 forego 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.

- 6.3 **Open Spaces** – There are additional publicity requirements in respect of proposed disposals of open space land. Notices must be published for two consecutive weeks in a local paper and consideration given by the Council to any objections submitted.
- 6.4 **Highway related land** – Land originally acquired for highway purposes and now surplus to Council requirements is likely to be affected by what are known as Crichel Down rules where the Council must offer to sell the land at Market Value back to the previous landowner, unless the nature or use of the land has been significantly altered.
- 6.5 **Highway Land that has been stopped up** – Where former highway land is ‘stopped up’ and thus no longer highway land the land reverts to the freeholder of the stopped up land. In some instances the Council does not own the freehold interest in highway land and so it will revert at nil cost to the freeholder, usually the owner of adjoining land up to the centre line of the former highway.

## 7.0 VALUING SOCIAL BENEFIT

- 7.1 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?
- 7.2 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.
- 7.3 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](http://www.thesroinetwork.org/sroi-analysis/the-sroi-guide)
- 7.4 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. SROI places a monetary value on Social Value as a whole as opposed to value, or savings specific to the Council.
- 7.5 A number of local authorities, including Birmingham City Council and Shropshire County Council have devised criteria to quantify Social Value again in monetary terms, but more simplistically than SROI. These criteria also address Social Value as a whole as opposed to value, or savings specific to the Council.
- 7.6 The Council has devised a set of scoring criteria to consider for disposal at an undervalue, considering Social Value to arrive at a monetary value calculated as a percentage discount of rent. (See **Appendix 3**).

## C COUNCIL POLICY

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

8.1.1 **Supporting Voluntary and Community Organisations** (Cabinet 17 February 2011 (Agenda 4), excluding the Protocol for the Lease or transfer of public Assets to community interests

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

“The Right Property, in the Right Place, at the Right Time”

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

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

8.2.1 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:

8.2.2 “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”.

8.2.3 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.

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

8.3.1 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.

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

8.4.1 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 needs to be considered for all freehold or long ground lease disposals .

**9.0 OVERLAP/ CONFLICT BETWEEN POLICY AND PROTOCOL**

- 9.1 Every effort has been made to develop policies in a consistent manner. However, policies and protocols often approach the same key 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.
- 9.2 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.

**D. PROCEDURES**

- 10.1 See the “Protocol re Surplus Property”. The Procedures for Disposal of Property Assets 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.

**ANNEX A**

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

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

**FILE REFERENCE (Physical Assets).....**

**FILE REFERENCE (Legal).....**

**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"/>
Asset Management Framework/ Property Strategy 2013-2018 considered and note filed re issues arising	<input type="text"/>
Criteria to consider for Disposal at an Undervalue considered	<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	<input type="text"/>
Capital Receipts Strategy considered and note filed	<input type="text"/>
Valuations for para 4.1 obtained to include in Cabinet Report	<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 Assess Rent Concessions (Refining Our Approach and Assessing Social Value)**

### **1.0 Introduction and Background**

- 1.1 Where a viable community interest has been expressed to the Council and it is appropriate to evaluate that interest, a Business Case will be brought to Cabinet explaining the proposed use of the property, the proposed terms of the arrangement, the social value and the viability of the proposal. This does not imply that this will be recommended as there may be other options which are recommended as preferable.
- 1.2 If Cabinet agrees to support a transfer to a community or voluntary group this would generally be in the form of a lease.

### **2.0 Transfer of Ownership**

#### **Leasehold**

- 2.1 Lease terms should be up to a maximum period of 25 years for use of an existing building. Longer ground leases may be granted for redevelopment of the site at an undervalue where Council needs are met.
- 2.2 The Council will seek to transfer all responsibilities relating to maintenance and up-keep of the property. Cabinet approval is required for the grant of a leasehold interest for more than 25 years.
- 2.3 Grant of a leasehold interest allows the Council as landlord to impose user clauses in the lease which can be enforced more fully than restrictive covenants included in a freehold transaction.

#### **Freehold**

- 2.4 If a freehold purchase is required by the community group and the Council is satisfied that continued community use of the property can be achieved via the sale contract the Council may decide to dispose of the freehold interest in the property. Such a disposal at an undervalue could range from nil consideration up to a consideration equating to a small discount from open market value, with restrictive covenants imposed as appropriate.
- 2.5 The Council could consider the maximum purchase that the community group can offer and provided that their proposed future use of the property satisfies the 'Golden Rule' disposal at an undervalue could be justified. The Council's position is weakened compared to the grant of a lease if the community group use the property differently to its intended purpose. Remedies available to the Council in the event of a purchaser being in breach of any sale covenants may have to be considered by the courts: Upper Tribunal (Lands Chamber) and in some cases relatively low monetary compensation could be awarded to the Council, rather than an injunction imposed for the breach to cease.

### 3.0 Rent arrangements (Method to value rent, rent review and Stepped Rents for initial assistance)

#### Assessment of Rent

- 3.1 Rent for non-commercial uses can be assessed in a number of ways. Market Rental Value (MRV) can be determined using rent that a commercial use would pay for the accommodation. E.g. a community library could be let as office space or a day nursery. A discount can then be applied to the MRV to reflect Social Value.
- 3.2 Alternatively a Restricted Market Rental Value (RMRV) can be determined for accommodation based on restrictions contained in the lease, particularly use restrictions. It could be argued that there is no market for community libraries and accordingly the RMRV is nil. Granting a lease with a rent assessed using RMRV would be considered a disposal at an undervalue when the restriction is imposed by the Council. The RMRV could range from nil to a small discount off MRV.
- 3.3 Other restrictions can affect MRV such as user clauses contained in the title or head lease and in accordance with planning policies. These would apply to the whole market and hence are reflected in the MRV.
- 3.4 MRV and RMRV rental value reflect any required maintenance works that the tenant will need to undertake on commencement of the lease and other general lease terms.

#### Rent Review

- 3.5 Usually rent reviews for commercial accommodation are assessed according to the current market rental value. In the case of leases of non-commercial accommodation at an undervalue to the community and voluntary sector market evidence to establish market rental value is not readily available and an Retail Price Index (All items) (RPI) increase is an appropriate alternative method to determine MR or RMRV and provides certainty to the parties. RPI rent reviews are generally applied every three years.

#### Option 1 - Market Rental Value (MRV)

- 3.6 The Assessed rent, to which any discount is applied will be the MRV. The lease would include provision that if any specific community use ceases, or is reduced the rent concession would be reduced, or removed. i.e. any rent reduction due to terms imposed by the Council would be minimised.

Or

#### Option 2 – Restricted Market Rental Value (RMRV)

- 3.7 The Assessed rent, to which any discount is applied will be the RMRV. The lease would include provision that if any specific community use ceases, or is reduced the rent concession would be reduced, or removed. The rent reduction would be more greater than in Option 1. If RMRV is assessed as nil any proposal to vary the user

clause would trigger a fresh assessment of the rent as only a nil rent will be recorded in the lease at commencement.

### **Rent Assistance for start-up of Community Groups from the Property**

- 3.8 In some cases the community group will require assistance by way of rent concession for a limited time period only to offset start-up costs and/or allow for forecast initial shortfalls in income whilst use increases. In some cases grant of a stepped rent could be followed by a permanent rent concession at different levels within the initial five year period.

#### **Option 3 – Stepped Rent (Version 1)**

- 3.9 Where a disposal (grant of lease) at an undervalue is agreed it may be appropriate to implement a stepped rent to assist the tenant with establishing the business, whilst paying rent from commencement. Current rent assistance has been to grant a concession period of up to 5 years generally at nil rent which has led to issues when the concession period expires with tenants unprepared or unable to pay rent and also creating uncertainty as to the rental amount that may be payable following the rent concession period.
- 3.10 It is proposed that the maximum rental assistance for stepped rents offered to tenants is as follows:

**Table 1**

<b>Period</b>	<b>Level of Rent Assistance</b>
Year 1	80% of assessed rent
Year 2	60% of assessed rent
Year 3	40% of assessed rent
Year 4	20% of assessed rent
Year 5	nil discount

- 3.11 To give tenants greater certainty and assist budgeting for rental levels the rent payable from year five would be determined before commencement of the lease and recorded in the lease with no rent review during any stepped rent period. After the stepped rent period rent can be reviewed on a 3 year basis based on the increase in the RPI. Using the above stepped rent discounts the first rent review would fall due at the start of Year 6.

Or

#### **Option 4 – Stepped Rent (Version 2)**

- 3.12 Alternatively, similar to existing a rent free period, or reduced rent, could be agreed based on the merits of individual cases as follows:

**Table 2**

<b>Period</b>	<b>Level of Rent Assistance</b>
Up to Year 5	up to 100% discount of assessed rent

- 3.13 To avoid uncertainty the rental payable at the end of the rent free, or reduced rent concession period should be recorded in the lease at commencement. An RPI rent review should also be incorporated every three years with the first review at the start of Year 6.
- 3.14 This Option would give greater flexibility , but is less transparent than Option 3. Similar to Option 3 the issue of uncertainty for tenants not knowing of rental levels payable after the concession period is addressed.

### **Triggers to amend / cancel rent concessions**

- 3.15 By granting a leasehold interest the Council can more effectively control use of the property in comparison to imposing covenants in a freehold disposal.
- 3.16 If a stepped rent is agreed the rent concession ceases at the end of the relevant period – generally five years.
- 3.17 Alternatively a continued concession could be granted for the full lease term reflecting Social Value (Options 5 to 7); provided that the tenant continues to use the property in accordance with the lease any rent concession will continue . If the tenant seeks to amend the use of the property; partially or fully, the Council will be able to review the rent and cease any rent concession if required. If the proposed change is significant the Council is not obliged to approve the change of use. The tenant can be required to pay open market rent (reflecting the lease terms) or exercise a break notice to terminate the lease – returning the property to the Council to dispose of the property. In some cases the tenant may not be prepared to exercise a break due to funding arrangements (e.g. outstanding loans for improvements to the property).

## **4.0 Assessing the social value of Property**

- 4.1 The Council's approach is to seek the maximum value possible from its assets, and any reduction in the purchase or rental price needs to be determined through an assessment of the potential 'social' value of transferring any property.
- 4.2 In considering this social value, a range of issues need to be considered (as detailed in Table 2 below). Where possible, the Council will seek to offer the property at a reduced cost only where the potential social, community and economic benefits are significant or there are high tangible benefits to the Council.
- 4.3 The Council will need to weigh these benefits up against the potential benefits of securing the market value of the property.
- 4.4 Where there is low social value, and/or little benefit to the Council, the Council will generally seek to secure the full market value.
- 4.5 For the Council to agree that the proposed transfer has a significant social value, each of the following factors would need to be assessed:



Table 3

<b>Factors to determine Social Value</b>	
1	The proposed use of the property addresses evidenced community needs and is supported by the local community
2	The proposed management of the property is through 'community governance', and any revenue generated through the property will be recycled into the community
3	The applicant has the capacity to manage the property and has a viable business plan
4	All alternative options have been considered
5	The property will benefit people facing disadvantage or is situated in an area with a lack of community facilities, or will enable the continuation of local services that would otherwise be withdrawn
6	The proposed use of the property is not restricted to a particular interest group
7	The proposed use of the property will be flexible to meet changing needs
8	The proposal will bring in additional funding and investment not available to the Council
9	The proposal will help to deliver the Council's priorities
10	The rental/purchase price would significantly reduce the potential benefits
11	There are mitigating factors (for instance if the applicant has made an historic investment in the property)

- 4.6 Some local authorities have attempted to use factors such as these to create a formula to produce a monetary value, which provides the basis for any discount on the purchase price, notably Birmingham City Council and Shropshire County Council. Both these tools consider wider community benefits calculating a monetary value, rather than focusing on quantifiable financial benefits to the particular authority. A more complex means of assessment on a similar basis is the use of Social Return on Investment calculations.
- 4.7 An alternative mechanism is to discount rental levels only if the proposal can demonstrate a direct saving to the Council of at least the level of the assessed rental.
- 4.8 A hybrid approach is suggested as follows for evaluation of discounting rents of Council property:

### **5.0 Rental Discounts allowing for Social Value**

- 5.1 There are a number of options available to the Council to discount rents where Social Value is demonstrated:

**Option 5**

- 5.2 A simplistic model based on the level of Social Value. Discounts to the assessed rent as set out in Table 3 would be applied using the definitions contained in Table 4.
- 5.3 **Significant Social Value**  
Where there is genuine community governance, the use of the property is to secure and provide services for the local community. Where there are no other local community facilities disposal at an undervalue will generally be seen as having a significant Social Value. This is likely to be the case with the business cases for community-run libraries and community youth centres.
- 5.4 **Medium Social Value**  
Where the proposed use has a narrow community benefit, or where there are other factors which reduce the potential social value, then any disposal will be considered to be of Medium or Low Social Value.
- 5.5 **Low Social Value**  
Where the proposed use of the property is essentially for a private enterprise, or where the Council is not satisfied that there is an evidenced community need – then the Transfer would have no Social Value, and the Council will seek market value.
- 5.6 The assessment of Social Value may differ depending on whether the proposal is short-term or more permanent. A short-term agreement could be made on the basis of the Council's immediate priorities, and the required outcomes may be more important than the governance arrangements. Any long-term agreement would need to demonstrate permanent community benefits, and robust community governance.
- 5.7 It is suggested that the following formula is used as a guide:

**Table 4 - Basis of rent discount (Option 5)**

Assessment of social value	Discount applied to Assessed Rent
Low	nil
Low/Medium	Nil - 25%
Medium	25% - 50%
Medium/ Significant	50% - 75%
Significant	75% - 100%

- 5.8 In making this calculation, the following should be used as a rough guide to estimating the social value of activities and governance models:

**Table 5 – Estimation of Social Value**

<b>Social Value</b>	<b>Activities</b>	<b>Governance</b>
<b>Significant</b>	Providing a multi-purpose hub for community provision Enabling people facing disadvantage to achieve positive outcomes Preserving the natural environment and/or heritage for future generations Enabling communities to help themselves to be less reliant on provision from public agencies Sustaining services which would otherwise be lost to the local community Activities which directly support the Council's priorities	Community Governance Parish Council Charitable Trust (for benefit of local community)
<b>Medium</b>	Recreational, sporting or cultural activities where these would otherwise be unavailable	Charitable Trust (for specific benefit)
<b>Low</b>	Recreational, sporting or cultural activities (unless these are in response to specific needs) Faith activity Services which are funded through mainstream budgets	Private enterprise

**Option 6**

- 5.9 Using the same principle as Option 5 but using different percentage discounts as contained in Table 5 below:

**Table 6 - Basis of rent discount (Option 6)**

<b>Assessment of social value</b>	<b>Discount applied to Assessed Rent</b>
Low	nil
Low/Medium	nil
Medium	Nil - 25%
Medium/High	25% - 50%
High	50% - 75%



**Option 7**

- 5.10 Using a scored and weighted criteria matrix to assess Social Value as a percentage discount, rather than a monetary value to deduct from capital value.

**Table 8 – Category definition**

<b>Key for Scoring Social Value Evaluation Matrix</b>	
<b>Score Category</b>	<b>Score</b>
S = Significant	2
D = Demonstrated	2
P = Partial	1
N = No / Not demonstrated	0

**Table 9 – Social Value Evaluation Matrix**

<b>Social Value Evaluation Matrix (1)</b>			
<b>General/About the Property</b>	<b>Score 2,1or 0</b>	<b>Weight</b>	<b>Sub Total</b>
Are there restrictions on the purposes for which the property can be used? (S,P,N)		1	
Are the plans for the property consistent with the Council's values and priorities, including environmental sustainability (D,P,N)		1	
Are there good reasons why the applicant cannot pay the full value of the property? (D,P,N)		1	
Has the applicant provided a medium term financial plan which is based on reasonable assumptions and shows the proposed use of the property to be financially viable? (D,P,N)		3	
Is any funding or support available to help facilitate the community asset transfer? (S,P,N)		1	
<b>Suitability of the applicant</b>			
Does the proposed use of the property address evidenced community needs? (D,P,N)		1	
Will the local community be directly involved in managing the property? (D,P,N)		1	
Does the applicant have the capacity to manage the property? (D,P,N)		1	
Has the applicant addressed any support needs? (D,P,N)		1	
<b>Social value and community benefit</b>			
Have all alternative options & premises been considered? (D,P,N)		1	
Is there evidence of public support for the proposed transfer? (S,P,N)		1	
Is there any local objection to the proposed transfer? (S,P,N)		(-2)	
Is the property situated in a disadvantaged neighbourhood? (D,N)		1	
<b>Social Value Evaluation Matrix (2)</b>			
<b>General/About the Property</b>	<b>Score 2,1or 0</b>	<b>Weight</b>	<b>Sub Total</b>
Is the property situated in an area with a lack of community facilities? (D,P,N)		1	
Does the proposal benefit a broad cross-section of the local community? (D,P,N)		1	
Will the proposed use of the property benefit people facing specific disadvantage, and help them to achieve positive outcomes? (D,P,N)		1	
Is the proposed use of the property flexible to meet changing needs? (D,P,N)		1	
Have community needs been thoroughly researched? (D,P,N)		1	
Will the proposed use of the property involve local		1	

volunteers? (D,P,N)			
Is there stronger evidence of community need, for instance identified through the Community Forum and Locality Plan? (D,P,N)		1	
<b>Social Value Evaluation Matrix (2)</b>			
Will the proposed use of the property bring additional funding or investment? (D,P,N)		1	
<b>Other benefits to the Council</b>			
Will the proposed use of the property help to deliver a Council service? (D,P,N)		3	
Does the proposal help to deliver one or more of the Council's priorities in a way which can be tangibly assessed? (D,P,N)		3	
Will the proposed use of the property save the Council money? in a way which can be tangibly assessed? (D,P,N)		3	
<b>Mitigating Factors</b>			
Is the Council withdrawing services from the local community? (S,P,N)		1	
Has the local community and/or the applicant invested in the property? (S,P,N)		1	
<b>Risk</b>			
Is the successful use of the property contingent on any other factors? (S,P,N)		(-3)	
<b>Total</b>			

### Using scores assessed using Table 9 the level of rent concession

**Table 10 – Basis of rent discount (Option 7--)**

<b>Basis of rent concession</b>	
<b>Assessment of Social Value</b>	<b>Discount applied to Assessed Rent</b>
Total Score over x	100%
Total Score between y and x (* 2.5% for each point)	25% to 97.5%
Total Score less than y	0%

5.11 Application of this scoring of Social Value has not been tested against real examples and different percentage discounts can be applied as alternative Options.

**APPENDIX 4**

**Council Property considered to be of Community Benefit if surplus to requirements**

**KEY** Property currently occupied at an undervalue as a Community Asset Transfer

UPRN	Property	Town	Current Use
1013	Bedworth Youth Centre Croxhall Street	Bedworth	Accommodation for PAYP Social Enterprise Co.
5264	The Emscote Centre Nelson Lane	Warwick	Accommodation for PAYP Social Enterprise Co.
1074	Bulkington Village Centre School Road	Bulkington	Community Centre
1126	Whitestone Community Centre Magyar Crescent	Nuneaton	Community Centre
2055	Grendon Community & Youth Centre Former Youth Club	Baddesley Ensor	Community Centre
1143	Horsa Building at Queen's CE Junior School (Academy) Bentley Road	Nuneaton	Community Centre
4223	Community Centre within Bishopton Primary School Drayton Avenue	Stratford-Upon-Avon	Community Centre
1077	Bulkington Community Library School Road	Bulkington	Community Library
1083	Keresley Newland Community Library & Information C Bennetts Rd North	Keresley	Community Library
2107	Dordon Community Managed Library Roman Way	Dordon	Community Library
2182	Water Orton Community Library & Community Centre Mickle Meadow	Water Orton	Community Library
3035	Dunchurch Community Managed Library The Green	Dunchurch	Community Library
4376	Bidford-on-Avon CE Primary School / Community Libr Bramley Way	Bidford On Avon	Community Library
3111	Hill Street Community Youth Centre Hill Street	Rugby	Community Youth Centre
4091	Henley in Arden Community Youth Centre Henley High School	Henley-In-Arden	Community Youth Centre
5242	Warwick Youth Centre 71, Coten End	Warwick	Community Youth Centre
5358	71 Coten End Former Area Community	Warwick	Community Youth Centre
5394	Kenilworth Youth & Community Centre Abbey Car Park	Kenilworth	Community Youth Centre
3266	Binley Woods Community Youth Club	Binley Woods	Community Youth Centre
1262	Family Community Care Centre Ramsden Avenue	Nuneaton	Health Centre (NHS)
2056	Baddesley Former Library & Information Centre Little Brum	Baddesley Ensor	Lease to commercial nursery
2142	Kingsbury Former Library & Information Centre Bromage Avenue	Kingsbury	Lease to commercial nursery
3009	Former Binley Woods Library & Information Centre Monks Road	Binley Woods	Lease to commercial nursery
1298	St. Nicolas Parish Church Hall Vicarage Street	Nuneaton	Lease to faith group
3116	Bilton Evangelical Church 27 Main Street	Rugby	Sub-Lease to faith group
5060	Waverley Centre 65 Waverley Road	Kenilworth	Service Contract Care Provider
1034	Former Bedworth Heath Library Heath Road	Bedworth	Temporary additional space for WCC Nursery
5137	Former Bath Place Community Venture Bath Place	Leamington Spa	To be developed for Specialist Housing with Care
4264	Studley Youth and Community Centre High Street	Studley	Vacant with community interest expressed
2048	The Atherstone Centre North Street	Atherstone	WCC use identified Specialist Housing with Care
2063	Coleshill Former Youth Wing Packington Lane	Coleshill	WCC use identified Specialist Education
4407	Badger Valley Childrens Centre Tilemans Lane	Shipston-On-Stour	WCC Childrens Centre
5389	Lillington Community and Children's Centre 3, Mason Avenue	Leamington Spa	WCC Childrens Centre and sub-lease to Community Centre
1114	Camp Hill Early Years Centre Hollystitches Road	Nuneaton	WCC Early Years Centre
1122	Stockingford Early Years Centre & Library (Maintd) St Paul's Road	Nuneaton	WCC Early Years Centre
2016	Atherstone Early Years Centre (Maintained) Kings Avenue	Atherstone	WCC Early Years Centre
4234	Stratford-Upon-Avon Library & Information Centre Henley Street	Stratford-Upon-Avon	WCC Library
5110	Lillington Library & Information Centre Valley Road	Leamington Spa	WCC Library
3225	Wolston Library & Information Centre Warwick Road	Wolston	WCC Library / Early Years Centre
4305	Wellesbourne Library & Information Centre Kineton Road	Wellesbourne	WCC Library / Early Years Centre
5293	Whitnash Library & Information Centre Franklin Road	Whitnash	WCC Library and Whitnash Town Council offices
1157	Hatters Space Community Centre Hatters Space	Nuneaton	WCC Youth Centre
2017	The Ratcliffe Youth & Community Centre Ratcliffe Road	Atherstone	WCC Youth Centre
1287	Camp Hill Education Sports & Social (CHESS) 460 Cedar Road	Nuneaton	WCC Youth Centre / Library
5105	Lillington Youth Club Mason Avenue	Leamington Spa	WCC Youth Club
5352	Coten End Music Block County Music Service	Warwick	WCC Youth Club

## Corporate Services Overview & Scrutiny Committee

15th July 2015

### County Farms and Smallholdings Strategy 2015 – 2025 Review

#### Recommendations:

That the Corporate Services Overview and Scrutiny Committee is asked to:

1. Consider this report and comment upon the draft revised Smallholdings Strategy appended to this report.
2. Recommend to Cabinet that the draft revised Smallholdings Strategy excluding paragraphs 7.3 to 7.12 is adopted.
3. Recommend to Cabinet that paragraphs 7.3 to 7.12 of the draft revised Smallholdings Strategy are adopted.
4. Note and comment on the financial performance of the Smallholdings Team and management of the Smallholdings Estate

#### 1.0 Introduction

1.1 At its meeting on 4<sup>th</sup> September 2014 the Corporate Services Overview and Scrutiny Committee (the Committee) received a report regarding the County Farms and Smallholdings Strategy 2010 - 2015 (the Strategy). Following discussions and questioning the Committee resolved:

- 1) That the 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.

1.2 The Committee also noted the following points:

- 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.

## 2.0 Purpose

- 2.1 The purpose of this report is to consider the financial performance for the Smallholdings Estate (the Estate), in particular including capital maintenance expenditure.
- 2.2 This report also seeks the views of the Committee to the draft revised Strategy for 2015 to 2025 (the Revised Strategy). There are 3 Appendices to this report:-

**Appendix A** The draft Revised Strategy (amendments to the existing Strategy are highlighted for ease of reference)

**Appendix B** Financial summary (Outturn performance including Capital Expenditure)

**Appendix C** Summary of Capital Receipts generated from disposal of smallholdings land and future forecasts

## 3.0 Financial analysis

- 3.1 An in depth financial analysis of the Smallholdings Service was requested by the Committee.

### Past Performance Revenue

- 3.2 Significant increases in rental income have been generated since 2008/9 as highlighted in Table 1. Rent debts have also been reduced over a similar period – see Table 1.

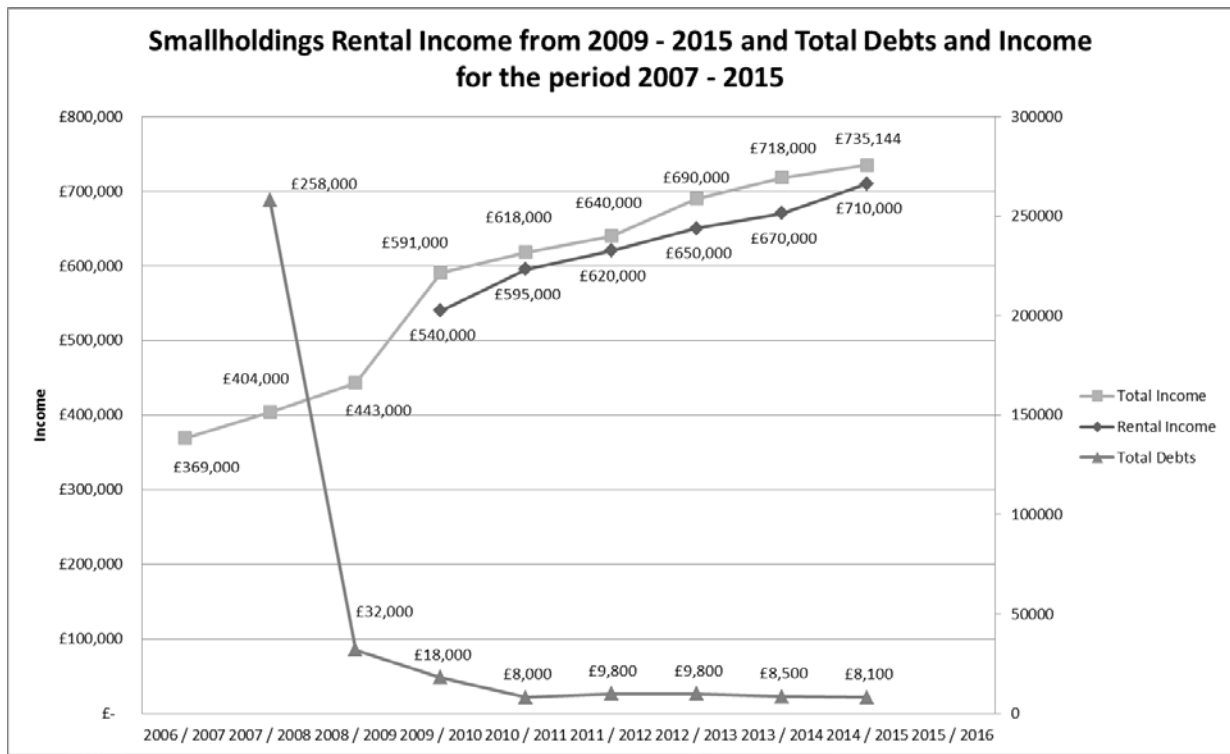
**Table 1 – Rental and other income from the Estate**

Year	Rental	Misc. Income	Total Income	Debt
2006 / 07	Only recorded total income		£369,000	
2007 / 08			£404,000	£258,500
2008 / 09			£443,000	£32,000
2009 / 10	£540,000	£51,000	£591,000	£18,000
2010 / 11	£595,000	£23,000	£618,000	£8,000*
2011 / 12	£620,000	£20,000	£640,000	£9,800*
2012 / 13	£650,000	£40,000	£690,000	£9,800*
2013 / 14	£670,000	£48,000	£718,000	£8,500*
2014 / 15	£710,000	£25,144	£735,144	£8,100*

\* Debt since 2011/12 is in respect of one former tenant. Debt + interest is being paid in instalments following court action.

3.3 Table 2 shows revenue performance in graph form. Appendix B provides a more detailed financial performance summary for the Estates Service.

**Table 2 – The rental income and total debts over the 2008 – 2015 period.**



3.4 Appendix B shows a more detailed financial analysis for the Estates Service. Net revenue has increased annually.

3.5 Employee costs have increased from 2012/13 due to the use of agency building surveyors delivering capital maintenance projects. This cost is recovered as internal income by charging their costs against capital maintenance projects.

### Capital Expenditure

3.6 The Council, as Landlord, has the responsibility to maintain landlord owned buildings in accordance with lease obligations. Capital expenditure to address backlog maintenance has been approved from 2012/13. In the first year, capital development funding was approved to address improvements to upgrade farmhouses and cottages to Decent Homes Standards with further funding to complete works required for Nitrate Vulnerable Zone (NVZ) compliance at the Estate dairy farms. Further funding has been approved up to 2017/18 which will address remaining backlog maintenance at non-sensitive sites (sensitive sites are those identified for potential strategic development in the short to medium term). Capital Expenditure is summarised shown in Table 3.

**Table 3 Capital Expenditure / reduction in backlog maintenance**

Description	Expenditure £000's				
	2010/11	2011/12	2012/13	2013/14	2014/15
Maintenance	£488.2	£879.3	£678.6	£1,035.1	£580.4
Decent Homes			£428.6	£84.6	
NVZ	£413.6	£454.1	£268.0	£21.4	£11.9
New Builds	£70.0		£8.4	£1.4	£29.9
Total Cap Ex	<b>£971.8</b>	<b>£1,333.5</b>	<b>£1,383.6</b>	<b>£1,142.4</b>	<b>£622.1</b>
<b>Estimated cost of remaining works</b>					
Backlog Maintenance Poor Condition	£1,128.0	Not recorded – new stock condition survey completed March 2015			£884.0
Backlog Maintenance Bad Condition	£2,123.0				£1,370.0
Total Backlog Maintenance	£3,251.0				£2,254.0

- 3.7 A revised stock condition survey of the Estate was completed in March 2015. This survey more accurately identifies condition and required repairs and estimates maintenance costs. Table 3 summarises the reduction in backlog maintenance from 2010/11. The revised stock condition surveys completed in March 2015 and more accurately reflects current condition and cost of repairs.

#### **Capital Receipts**

- 3.8 Disposal of parts of the Estate have generated capital receipts for the Council as shown in Table 4. The Smallholdings and Estates Team are seeking planning consent for development of a number of strategic development sites to generate significant receipts over the next five years.

**Table 4 Summary of Capital Receipts generated from disposal of smallholdings land and future forecasts**

	Outturn					Projection					
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Smallholdings Capital Disposals	£0.243M	£0.276M	£0.75M	£8,912M	£0.485M	£0.48M	£8.25M	£2.5M	£5.0M	£5.0M	£5.0M



## Future projections

### Revenue

- 3.9 Net Revenue surpluses have increased year on year see **Appendix B1 and Appendix B2**. This trend is forecast to continue but at a slower rate to reflect market predictions. Rental growth is more likely to fluctuate than follow a steady small increase with the possibility that nil growth, or a decrease in rent, may occur in some years. The Estate is currently let at good rental levels made possible by the current approach to building maintenance. Furthermore, with potential disposals of parts of the Estate for development there will be a corresponding reduction in rental income levels unless land is acquired as replacement. Replacement accords with the proposed Smallholding Strategy 2015-2025. Alternative income projections are shown on line 4 of **Appendix B1 and Appendix B2**.

### Net income (cash flow) including Capital expenditure

- 3.10 Capital maintenance funding continues to address the maintenance backlog in respect of the Estate – see lines 19 and 20 of **Appendix B1 and Appendix B2**. Maintenance expenditure is currently focussed on minimising risk to the Council and tenants, in accordance with statute and the Council's responsibilities as Landlord.
- 3.11 The Smallholdings Team are prioritising electrical, safe water, asbestos removal and heating maintenance requirements for the Estate. In addition external insulation cladding of solid wall farm houses and cottages is being progressed not only to reduce energy consumption and improve thermal insulation but also to address future maintenance of the existing external elevations.
- 3.12 Continued capital maintenance funding of £789,000 per annum up to March 2018 will significantly reduce outstanding backlog maintenance. From 2018/19 onwards capital maintenance funding requirements will be reduced. Alternative Total Expenditure is shown on lines 21 and 22 in **Appendix B1 and Appendix B2** reflecting previous years' actual costs and future approved costs up to 2017/18. Alternative forecasts for Capital Maintenance costs after 2017/18 are shown at levels of £150,000, or £600,000 per annum.
- 3.13 The continued reduction in backlog maintenance at a level of £789,000 per annum over the next three years will reduce the future capital maintenance requirements after March 2018 to an estimated £150,000 per annum. This reduction in maintenance expenditure would produce a surplus in the cash flow for the Smallholdings budget – shown on line 23 of **Appendix B1 and Appendix B2**. An alternative worst case forecast of £600,000 per annum is also shown on line 24 of **Appendix B1 and Appendix B2** this would produce a deficit in the cash flow for the Smallholdings budget. The current policy results in continued capital maintenance funding of the Estate from the Council's budget.

- 3.14 There will continue to be a level of backlog maintenance. It is proposed to reduce the Council's liability for maintenance by taking the following steps:
- 3.14.1 Tenant repairing obligations and tenant 'owned' buildings have now been accurately defined and recorded thus reducing the Council's maintenance costs for the Estate.
- 3.14.2 When new Farm Business Tenancies (FBT) are granted the opportunity to transfer more maintenance responsibilities to the tenant in the lease is being taken. Rent reductions to reflect responsibilities are expected to be less than the cost of maintenance to the Council if responsibility were not transferred. Tenants will be responsible for all decoration work with the Council retaining mechanical, electrical and structural maintenance to address risk issues.
- 3.14.3 To seek other opportunities to reduce the Council's maintenance responsibilities and costs by removing, rather than retaining, uneconomic farm buildings and disposing of properties not required as a result of any farm amalgamations.
- 3.15 As referred to in 3.12 backlog maintenance will significantly reduce over the next three years and therefore reduces the risk of tenants serving repair notices on the Council.
- 3.16 As part of the Resources Transformation review process a set of performance measures for the Smallholdings Service has now been approved, including financial performance. The relevant financial performance measures are as follows:
- 1) Achieve total net revenue surplus target
  - 2) Achieve gross revenue income target
  - 3) Zero overspend of revenue expenditure target
  - 4) increase (%) in net income for service over previous years (adjusted for disposals)
  - 5) Decrease % mgmt. costs against rent income
  - 6) Increase CIPFA £ rent per Acre
  - 7) Decrease CIPFA £ cost per £ rent
- 3.17 These performance measures will be recorded quarterly as part of the Resources Report Card.

## Revenue and Capital Strategic recommendations

3.18 The draft Revised Strategy sets out the commitments and policies for the Smallholdings Service. Financial aspects of the policy statement include:

- 1) Retaining the Estate and maximising net income.
- 2) Seeking opportunities for strategic development to generate capital receipts.
- 3) Reinvesting in the Estate to replace land disposed of for strategic development and thus maintaining income.
- 4) Seek to minimise revenue costs of the Estates Team in accordance with the Resources Transformation review.
- 5) Seek to reduce maintenance expenditure (capital and revenue) after addressing the maintenance backlog.
- 6) Seek to generate alternative income streams from the Estate such as renewable energy and minerals extraction.

### 4.0 Proposed revisions to the Strategy 2015 - 2025

4.1 Following the recommendation made by the Committee at its meeting on 4<sup>th</sup> September 2014 for the Council to retain the Estate, officers have considered the current Strategy. It is considered that the Strategy policies need to be prioritised to assist implementation and reflect the outcomes, performance measures and targets referred to in the previous section.

4.2 Proposed amendments (excluding minor grammatical or date related amendments) to the current Strategy are shown highlighted within the attached draft at **Appendix A**. The outcomes framework for the policy objectives are included as Annex 5 to the Revised Strategy. Also included are the key performance measures for the Smallholdings Service at Annex 6 to the Revised Strategy.

4.3 The proposed draft Strategy also considers replacement of smallholding land 'lost' as a result of disposal for residential, or commercial development. Acquiring replacement agricultural land would retain the current scale of the Estate, rental income and maintain a land bank into the future.

### 5.0 Request for comment by the Committee

5.1 The Committee is asked to:-

- 1) Consider and comment on the Revised Strategy in **Appendix A**.
- 2) Present its findings to Cabinet for adoption of the Revised Strategy in **Appendix A**.
- 3) Consider and comment on the more detailed financial information provided.

## 6.0 Next Steps

6.1 That the findings and recommendations of the Committee inform the preparation of a report to Cabinet to adopt the Revised Strategy.

## 7.0 Background papers

7.1 27 May 2010 Cabinet Report Agenda 6 “County Farms and Smallholdings Strategy 2010 – 2025”

7.2 4 September 2014 Corporate Services Overview and Scrutiny Committee “County Farms and Smallholdings Strategy 2010 - 2015 Review”

### List of Appendixes:

**Appendix A** County Farms and Smallholdings Strategy 2010-2025 draft revised

**Appendix B** Financial summary (Outturn performance including Capital Expenditure)

**B1** External Income based on maintaining the Estate at 5,000 acres

**B2** External Income based on reducing acreage following disposals

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# Warwickshire County Farms and Smallholdings

Strategy 2015 – 2025

**DRAFT Revised Strategy**



## For more information:

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**Warwickshire County Farms and Smallholdings:  
Estate Profile - published as separate document**

## Foreword by Portfolio Holder



The County Farms and Smallholdings Estate has been a part of Warwickshire County Council since the end of the nineteenth century. The key purpose of the Estate is to provide an entry into the industry for young aspiring farmers and to provide opportunities for rural enterprise. County Farms have an important role in providing such opportunities, enabling new entrants to build up stock and equipment. The Estate contributes significantly to the county in terms of promoting sustainable rural communities, biodiversity, local food production and the protection and enhancement of the Warwickshire landscape. The capital asset value of the Estate has increased significantly over the years and provides the Council with a regular and valuable source of capital receipts. This revised strategy for County Farms and Smallholdings balances these priorities, giving tenants and officers a clear sense of direction and, just as importantly, ensures value for money for the Warwickshire taxpayer.

**Cllr Alan Cockburn**

**Lead Portfolio Holder & Deputy Leader**



## **1.0 Executive Summary**

- 1.1 This Strategy makes statements regarding the policies for managing the Council's County Farms and Smallholdings Estate (the Estate) and is in line with the Council's One Organisation Plan and measures to address public sector austerity, is consistent with the principles of a Commissioning Council and supports the Council's Growth Agenda. It replaces the 2010 Strategy and incorporates various new policies approved since that date.

## **2.0 Background**

- 2.1 The 2010 Strategy set out the position of the Estate including its size, location, tenants and the activities undertaken. It also included a review of the wider national and global agricultural context. It set out a vision and strategy for the Estate over the next ten years in the context of the Council's current policies and its corporate priority to 'develop sustainable places and communities'. It lays out a set of policy principles for the management of the Estate and policies that the Council will apply in relation to tenants and the Council's day to day relationship with them, including the role of elected members.
- 2.2 Since the 2010 Review the Existing Strategy has proved successful, resulting in significantly improved holdings, which command good levels of interest when available to let and an improved financial return for the Council. The summary of enhancements to the Estate since 2010 comprise:
- 1) Farm houses and cottages that are to be retained have been brought up to Decent Home Standards
  - 2) All Dairy Farms that are to be retained are NVZ compliant
  - 3) Maintenance backlog is being addressed. Stock Condition Surveys completed in March 2015 show maintenance liability decreasing.
  - 4) Rental Income up by 30% since 2010.
  - 5) Reduction in protected tenancies and age profile of Tenants
  - 6) Surplus properties identified in the Estate Asset Plan
  - 7) Process of amalgamation started to make viable full-time holdings

## **3.0 Vision**

- 3.1 For the Council to hold a well-managed Estate with thriving and sustainable farms and rural businesses.

An Estate that places sustainable agriculture at the centre of its mission making a major contribution to local food and farming by supporting existing tenants.

Providing opportunities for new entrants into agriculture

Respecting and enhancing the landscape, biodiversity and historic environment of the county.

An Estate that is also a land bank providing the Council with opportunities to realise significant capital receipts from strategic development sales with the benefit of long term capital growth.

## 4.0 Corporate Policy Context

4.1 The purpose of this Strategy is to provide direction for the management of the Estate over the next ten years, in the context of the Council's existing policies and strategies including specifically, the Council's:

- 1) Asset Management Framework.
- 2) Capital receipts strategy.
- 3) Housing Policy.
- 4) Climate Change Strategy.
- 5) Biodiversity Strategy and
- 6) Environmental Sustainability Policy.

## 5.0 The Estate and the Agricultural Sector

5.1 The Council has had an interest in smallholdings and allotments since 1892 when an Allotments and Smallholding Committee was formed. A brief history of how the Estate was assembled, together with a summary of recent reviews of the Estate and the key national policy and legislation affecting smallholdings is set out in **Annex 1**.

5.2 The Estate is diverse and has a significant presence in Warwickshire's rural communities, extending to just over 2,000 hectares (5,000 acres); with forty eight fully equipped farms. It provides an opportunity for people without significant resources to start careers in agriculture, horticulture and rural enterprises by letting out farms and smallholdings, mostly small in size. The current Estate Profile **gives** a comprehensive picture of the Council's current holdings, including their location, the tenants who work on them and the activities they undertake.

Table 1 below provides a snapshot of the Estate as at June 2015.

<b>Table 1 – The Council's County Farms and Smallholdings Estate as at June 2015</b>
<ul style="list-style-type: none"><li>• Totals just over 2,000 hectares (5,000 acres) representing 1.3% of the agricultural land in the county.</li><li>• Has a capital asset value of £25.71million (subject to existing land use and tenancies). This has increased from £22.3million in 2009 but now accurately reflects the Council assets within the Estate.</li><li>• Is made up of forty eight fully equipped farms i.e. those comprising house, agricultural buildings and farm land.</li><li>• Has a further nineteen cottages.</li><li>• All of the farmhouses and cottages to be retained now meet Decent Homes Standard criteria apart from those that are listed.</li><li>• Includes twenty one 'land only' holdings. These account for 10% of the Estate the majority are let to Estate tenants with equipped farms to improve the size and viability of their holdings.</li><li>• Has an annual revenue income of £715,000 which represents an increase of £175,000 since 2010; including the loss of income from assets sold.</li><li>• Has a good mix of enterprises including dairying, mixed livestock, arable and horticulture.</li><li>• Is mainly composed of small 'entry level' holdings, typically 20-60 hectares.</li><li>• Has a reducing age profile of tenants with a reduction in the number of Agricultural</li></ul>

## Holdings Act Tenancies

- 5.3 The Council's Estate operates like all other farms, in a global market, with extensive regulatory and fiscal regimes including national and European Union subsidies and incentives. Several of these are relevant to the economic health of the Estate in the future.
- 5.4 The Single Farm Payment (SFP) was replaced in January 2015 by a new direct payment made up of a basic payment, a payment for greening and a further payment for young farmers. All farm tenants on the Estate meeting the Active Farmer criteria, except those below 5 ha (12.35Acres), will be in receipt of basic payment scheme support. A few of our tenants will be eligible to be part of the 'young farmers scheme' and will receive an additional payment. The payment will be approximately 25% of their payment under the Basic Payments Scheme for each of the first 5 years. Greening is the requirement to follow specific environmental farming practices. 30% of the direct payments to farmers will be linked to a new set of 3 greening requirements:
- 1) crop diversification
  - 2) maintenance of permanent grassland
  - 3) the need to establish Ecological Focus Areas on 5% of arable land
- 5.5 The aim of this scheme will be to support measures to restore, preserve and enhance our natural environment. The existing Environmental Stewardship and English Woodland Grant schemes will be replaced with a new environmental land management scheme (NELMS). The aim of this scheme will be to support measures to make farming, forestry and land-based businesses more competitive and efficient.
- 5.6 Market conditions within the sector can be volatile with commodity prices subject to world markets/harvests. For stock farmers the relative value of Sterling against the Euro is significant as is the disease status of the national herd(s)/flock(s). Some small producers manage to mitigate these fluctuations by maximising 'added value', for example by secondary processing of produce, 'farm gate' sales, niche marketing, becoming organic, and / or through 'farm diversification'.
- 5.7 There is an increasing interest in food traceability, 'food miles', local and seasonal produce, community growing, allotments, the organic movement and healthy eating which the estate is in a position to contribute to.
- 5.8 All land in the county is within a Nitrate Vulnerable Zone (NVZ) and this places duties on both landlord and tenant, e.g. adequate storage, handling and disposal of slurry and silage effluent, mainly from dairy farms. All of the Council's existing dairy holdings with a long term future are NVZ compliant.
- 5.9 The high levels of capital investment required to start in agriculture makes the Council's smallholdings a vital element within the tenanted sector locally. It is often these new entrants who become the innovators that revitalise the sector and ensure growth in years to come. The tenanted sector for small farms has generally been in decline due to the amalgamation of farms since the 1960's.

- 5.10 The farmhouses and cottages on the Estate have a similar status to other public sector residential properties. Decent homes are important for the health and well-being of those living in them. All of the farmhouses and cottages programmed to be retained in accordance with the Estate Asset Plan meet with the decent homes standard.
- 5.11 A pro-active approach to management of the Estate is being implemented. This includes seeking to encourage tenants who are no longer actively farming a smallholding themselves to surrender the tenancy, in order that it be made available for new entrants to the industry or enable an existing Estate tenant to step up to a larger holding. In some instances, this will require offering alternative accommodation e.g. through appropriate affordable housing developments or in refurbished cottages within the Estate.

## **6.0 Strategy**

- 6.1 This Strategy supports the core Council priorities.
- 6.2 The objectives that the Council seeks to pursue in maintaining the Estate are to:-
- 1) Generate a revenue income for the Council
  - 2) Act as a land bank.
  - 3) Maintain a stream of significant capital receipts from the selective disposal of land identified as having development potential through the planning process, to support the Council's wider objectives and in doing so provide value for money for the Warwickshire council tax payer.
  - 4) Promote rural resilience by identifying and developing successful farming and associated small business activities, identifying and bringing forward affordable housing opportunities, including rural housing exception sites, and enhancing local food links.
  - 5) Support sustainable development by promoting environmentally appropriate systems of farming, waste minimisation and renewable energy opportunities on farms.
  - 6) Promote good stewardship of the land and the enhancement of the landscape and biodiversity.
  - 7) Develop opportunities for Education for Sustainable Development in association with local schools and colleges.
  - 8) Provide community allotments
- 6.3 The objectives and policies of the Strategy have been summarised and prioritised as Smallholdings Outcomes, key performance questions and indicators as set out in Annex 5 of the Revised Report. Key performance measures and KPI targets have been developed as set out in Annex 6.

## 7.0 Policy Statement

- 7.1 The Estate will continue to be managed according to a set of principles that reflect these objectives. These General Policy Principles are:
- 7.2 The Estate will be managed to optimise benefits for the people of Warwickshire both as council taxpayers and as residents, to maximise their quality of life.
- 7.3 The Estate will be retained as an important strategic asset ('land bank') for the Council to maximise the benefit of the asset for the people of Warwickshire.
- 7.4 Strategic development of land within the Estate as part of its asset management framework and strategy will continue to be actively promoted. Upon securing planning permission for sites, disposals will provide a continuing source of significant capital receipts for the Council. (The Estate is forecast to provide the Council with a significant source of capital receipts and it is estimated that a further 411 acres, equating to just over 8% of the Estate has the potential for development in the next 15 years).
- 7.5 To retain an Estate of approximately 5,000 acres utilising part of capital receipts to acquire suitable land to replace strategic land when disposed. This will be done by earmarking and reinvesting some of the capital receipts received to acquire replacement land and not erode the 'land bank'. A proportion of capital receipts achieved from disposals within the Estate to be made available to facilitate amalgamations and future opportunities. This could include the purchase of land close to existing holdings with long term development potential. This land can be included within existing farm holdings and generate rental income, improving holdings viability, until such time as opportunities arise to maximise the receipts from development.
- 7.6 Restructure the Estate in line with the criteria specified in Annex 4, improving the standard and level of fixed equipment thereby enhancing the viability of opportunities that are offered and promoting movement through and off the Estate. This will assist in delivering a more sustainable service. Restructuring opportunities have been identified in the Estate Asset Plan.
- 7.7 Consider the construction of modern buildings to replace traditional buildings that have potential to be redeveloped and disposed of. (There are a number of traditional farm buildings across the Estate that require substantial refurbishment and are uneconomic to repair for farming purposes but may have future development potential).
- 7.8 The Estate will be managed in such a way as to contribute to the Growth Agenda' agenda by:-
- 1) Improving the housing stock (e.g. physical improvement such as external cladding insulation for solid walls)
  - 2) Supporting farm based businesses (e.g. redevelopment of traditional buildings)
  - 3) Enabling job opportunities and skills development (as part of business plans proposed by incoming tenants)

- 4) Developing community involvement (e.g. community allotments)
- 5) Promoting access to well managed countryside (as part of business plans proposed by incoming tenants)

7.9 The Estate will be managed to provide opportunities and encourage:

- 1) new and young entrants into agriculture
- 2) appropriate expansion of existing businesses
- 3) existing tenants to plan for moving on.

7.10 Alternative uses and opportunities for diversification will be considered as holdings become vacant, which reflect the Council's policies and priorities, as well as assisting in the process of rationalising and / or amalgamating holdings to maximise their viability.

7.11 The Estate will be managed in such a way as to promote good stewardship of the land, to enhance the Warwickshire landscape and to conserve and further biodiversity. (Prospective tenants will be asked to address stewardship in their Business Plans. Existing tenants will be encouraged to enhance the farms).

7.12 The Estate will be managed in such a way as to safeguard the historic landscape and environment including, Sites of Special Scientific Interest, archaeological sites, listed and vernacular buildings, wetlands, woodlands, hedgerows and ancient trees. (Safeguarding is secured via lease terms and monitored as part of the farm inspection process).

7.13 Farm houses and cottages within the Estate will be maintained to a Decent Homes Standard. Those tenants who sublet cottages will be assisted to improve those properties and achieve better rental returns.



*Top Farm, Weddington Taken 2013*

## 8.0 Smallholdings Policies

- 8.1 The implementation of these General Policy Principles will be supported by specific policies regarding tenants and the day-to-day relationship with them. There are three broad areas where policy translates into practice.

### Tenancy Lettings

- 8.2 The Council will seek to maximise the opportunities for new entrants to the farming industry by management of the Estate so as to ensure a regular turnover of tenancies. All new agricultural tenancies will be let as a Farm Business Tenancy (FBT), normally with a maximum duration of twenty years or until the Tenant reaches the age of 65, whichever shall be sooner.
- 8.3 Where a holding is available to let, consideration will be given to an existing Council tenant whose holding with the Council is to be disposed of for other purposes or substantially reduced and they hold a FBT that has five years or more remaining.
- 8.4 Where a holding is available to let and presents an opportunity for business growth for one or more of the Council's existing tenants, advertisement of the tenancy may in the first instance be confined to an internal competition for existing Estates tenants.
- 8.5 Where a tenancy is advertised (internally or externally), applications will be considered on their own merits in accordance with the tenants selection criteria contained in Annex 3.
- 8.6 Pre 1986 lettings granted by the Council do not entitle relatives to any succession rights. However, legislation dictates that where a County Farm was let before 1984, close relatives must be considered for the tenancy in the event of the tenant's death. They will however, have to meet the criteria for selection of tenants and be interviewed in the normal way, along with other candidates.
- 8.7 Where the incoming tenant satisfies the evaluation criteria for new Council smallholdings tenants, including providing a viable business plan to the Council a new FBT can be granted. This proposal also gives the Council the opportunity to seek to write off the existing tenant's capital improvements over the period of the FBT to minimise any compensation payments by the Council.

### Tenancy Management

- 8.8 Tenants will be expected to occupy the holding and carry out their business in a way that respects the terms of the tenancy agreement(s). The Council will not tolerate absentee tenants and/or the subletting of land and/or buildings without express permission.
- 8.9 Formal Farm inspection reports will be produced at least every three years in conjunction with rent review patterns utilising the recent Stock Condition Survey and visual inspection. Tenants will be made aware of their repairing obligations.

- 8.10 Breaches of tenancy agreements will be addressed by direct communication with the tenant in the first instance so as to encourage the remedying of such a breach and to foster goodwill and cooperation. However, serious and / or persistent breaches will result in formal enforcement; referral to arbitration and/or legal action as appropriate.
- 8.12 Significant breaches of animal welfare regulations will be subject to legal action via the Police, Trading Standards and/or other agencies as appropriate.
- 8.13 For those tenants with retirement clauses at age 65 on Agricultural Holdings Act (AHA) tenancies, the Council will generally seek to invoke these clauses where alternative residential accommodation is, or can be made, available. The aim is to free up farms and make them available for new entrants to the industry.
- 8.14 For AHA tenancies without retirement clauses, the Council will seek to enter into constructive dialogue with tenants, and their advisors, to explore retirement options. Decisions will be made taking account of the wishes of the tenant, availability of alternative residential accommodation, the level of the tenant's business activity on the holding, significant breaches and any other extenuating circumstances.
- 8.15 New tenants will be monitored against their business plan submitted when tendering for the smallholding. If after three years the business plan has not been followed then the tenant will be given 12 months to remedy this otherwise the five year break clause to end the tenancy will be utilised.

#### Tenant's Improvements under FBT's

- 8.16 Only improvements appropriate to the scale of the Council's holding will generally be agreed. Larger scale developments to facilitate the farming of other non Council land owned or leased by the tenant will be at the tenants risk and if necessary we will maintain this position to arbitration.
- 8.17 Compensation to outgoing tenants will be based upon the actual costs incurred by the tenant at the time of construction to be agreed by the parties in advance of any improvement.
- 8.18 Diversification of farm enterprises will generally be supported including through assistance with grant applications and 'signposting' to business development and training opportunities. Diversification outside the terms of the current tenancy agreement must be agreed in advance with the Council and all relevant consents and permissions obtained by the tenant. Where diversification is appropriate and represents business growth, the Council will seek a rent increase at rent review and when varying the terms of the tenancy. Where diversification is significant the Council, in giving its consent, will seek to negotiate a new agreement as an FBT if the existing tenancy is not already one.



## 9.0 Monitoring and Review

- 9.1 Rental levels, tenant turnover, participation in recognised environmental and stewardship schemes and other indicators of the health of the Estate will be monitored and benchmarked against the performance of comparable Smallholdings Authorities using DEFRA and CIPFA returns.
- 9.2 A County Farms and Smallholdings report indicating progress on implementation of the Strategy, financial performance, rent reviews, re-lettings and case studies will be produced annually in May with the offer of a day of farm visits in June/July given to Members.
- 9.3 The Strategy will be formally reviewed every five years by the Council's Overview & Scrutiny Committee and Cabinet structures.



*Poplars Farm, Hurley Taken 2013*

## **Annex 1 - History of the Estate, National Policy and Legislative Background**

1. The Council has had an interest in smallholdings and allotments since 1892 when an Allotments and Smallholding Committee was formed, with the aim of stimulating agricultural employment and arresting the decline of the small farm unit.
2. The 1908 Smallholdings and Allotments Act enabled local authorities to purchase land to create small farms to provide employment for ex-servicemen and other unemployed persons. Assembly of the Warwickshire Estate began in earnest in 1909 with the acquisition of Northfields Farm at Priors Marston, marking the start of The Council becoming a Smallholdings authority. This 198 acre farm was sub divided into several smallholdings. By 1914 a further twenty seven farms across the county totalling 1,899 acres had been acquired and divided into 5-15 acre plots which were farmed to supplement incomes for local people.
3. The 1919 Land Settlement (facilities) Act provided for the development of further smallholdings and the settlement of returning ex-servicemen from World War I. The objectives then were to create a 'farming ladder' for agricultural workers, and to address the fear of widespread post war unemployment. By the 1930's the Estate had grown to some 6,656 acres and 400 smallholdings, including one acre 'horticultural strips'. Despite the relative inexperience of tenants, many from non-farming backgrounds, and the agricultural depression of the 1930's, there were few failures. Another forty nine farms were added to the Estate up to the late 1930's
4. The next development of County smallholdings came with the Agriculture Act of 1947, post World War II and the 'Dig for Victory' Campaign. The general purpose of this Act was to promote stable and efficient agriculture. The provision of smallholdings was seen as 'a ladder by which experienced and otherwise suitable agricultural workers could rise from the ranks and become farmers on their own account'.
5. Regular purchases continued up to 1960 after which they tailed off, the last equipped farm purchased being Heathcote Farm, Warwick, in 1979. The Agriculture Act of 1970 made reference to the general aim of smallholdings and to the re-organisation of smallholdings estates; to amalgamate farms to provide more viable holdings. The Warwickshire estate saw holdings amalgamated to provide more viable units in line with increased mechanisation and changes in farming practice.
6. Tenants on the County farm estates enjoyed lifetime tenancies. However, the effect of this was to stifle opportunities for new entrants. The Agricultural Holdings Act 1986 provided for retirement clauses at age sixty five to be inserted into new tenancies.

7. The advent of the fixed term Farm Business Tenancies under the Agricultural Tenancies Act in 1995 changed the position by enabling authorities to enter into shorter, Agricultural term tenancies; rather than the lifetime tenancies under the previous acts. Current legislation is no longer an impediment to using county farms as starter holdings.
8. A series of reviews of the estate took place during the 1990's. A review by external consultants in 1996 resulted in a number of farm disposals to sitting tenants together with the disposal of some cottages. A review in 2001 recommended:
  - (i) Developing larger holdings through further amalgamation of holdings and land purchases.
  - (ii) Disposal of peripheral land.
  - (iii) Focusing on the most economic units which were identified as the dairy farms.
  - (iv) Identifying suitable areas for social housing.
9. In November 2008 Sir Donald Curry issued a report '*The importance of the County Farms Service to the rural economy*'. It recommended that:
  - (i) County council smallholdings should be considered as an important strategic national asset that should be retained.
  - (ii) More effort should be made to support existing and future tenants on these estates to sustain their businesses.
  - (iii) There should be greater collaboration between individual county farms to help effective management.
  - (iv) Local authorities should seek to manage their disposals of land from estates 'in a more patient and thoughtful way' to maximise revenue from development sales while not undermining the principal objectives of the estates.
  - (v) Local authorities should pay attention to the wider benefits derived from owning and managing their estates.
10. In March 2008 Nick Prince issued a report 'County Farms and Rural Restructuring: a review of the county farms estate in England and Wales. It shows that:
  - (i) The rental returns from the County farms sector have shown an increase over the past ten years and have out-performed the general tenanted sector.
  - (ii) Suggests that up to one third of new entrants enter farming through the County Farms system.
  - (iii) It has highlighted areas that need additional research.

11. In July 2013 Defra issued the 'Future of Farming Review Report 2013' which highlighted that:

- (i) The loss of county council farms is concerning. Government and industry should work together to identify how much these farms contribute to entry and progression in the industry and make further recommendations at that point. In the meantime they should issue guidance that will illustrate the value of these farms and encourage local authorities to both retain them and manage them in innovative ways.

## Annex 2 - Glossary

<b>Agricultural Holdings Act</b>	Former legislation that enabled County Council's to create and let <b>Smallholdings</b> . The act effectively created 'lifetime tenancies', many of which persist today. See also <b>Farm Business Tenancies</b> .
<b>Countryside Stewardship</b>	Scheme of grants made for farming and managing land in an environmentally sensitive manor, e.g. wide field margins for wildlife. Previously comprised of Entry Level Scheme and Higher Level Scheme (ELS and HLS respectively) and due to be replaced with a new environmental land management scheme (NELMS). Payments are to reflect the loss of income potential by farming land less intensively and/or to encourage biodiversity.
<b>Cross compliance</b>	The current scheme of regulation for farmers in receipt of the <b>Basic Payment Scheme</b> farm payment which replaced the Single Payment Scheme in January 2015. Failure to comply puts payments at risk.
<b>Decent Homes Standard</b>	The Government standard stating that a home should be warm, weatherproof and have reasonably modern facilities, recognising that decent homes are important for the health and well-being of those living in them. The standard applies to all local authority and social housing.
<b>Diversification</b>	Any non agricultural business enterprise operating from an agricultural premise, e.g. farm shops, horse livery, etc.
<b>Entry Level stewardship</b>	See <b>Countryside Stewardship</b>
<b>Farm Business Tenancies</b>	Modern fixed term farm tenancy under the Agricultural Tenancies Act 1995. See also <b>Agricultural Holdings Act</b> .
<b>Higher Level Stewardship</b>	See <b>Countryside Stewardship</b>
<b>Nitrate Vulnerable Zone</b>	Legal designation for land within water catchments at risk of high levels of nitrates, recognising that over 60% of nitrates entering water courses do so as run-off from agricultural land, reducing Oxygen levels and compromising plant and animal life. Applies to all of Warwickshire.
<b>Basic Payment Scheme</b>	Current scheme of agricultural support from the EU often referred to as the 'bps'. Payments are linked to a scheme of <b>cross compliance</b> .
<b>Site of Special Scientific Interest (SSSI)</b>	Conservation designation and legal protection for nature and geological sites in the UK.
<b>Smallholding</b>	A small farm, often run by a sole trader or family on a full or part time basis.
<b>Vernacular buildings</b>	Built with local resources and local traditions, often contributing to the local distinctiveness and sense of place of an area.

### **Annex 3 - Selection Criteria for Prospective Tenants**

1. The Council intends that no applicant shall receive less favourable treatment or be disadvantaged by any condition or requirement which cannot be shown to be justifiable. The Council's commitment is to Policies, Procedures and Practices which are non-discriminatory.
2. No person shall be selected as a tenant of a County Farm unless he/she shows to the satisfaction of the Council that for a period of not less than five years (whether continuous or not) he/she has been engaged in full-time practical farm work; provided that any period during which a person was attending a full-time course in agriculture at a University, College or other Further Education Establishment shall, up to a maximum of three years, be taken into account.
3. Prospective tenants should be able to demonstrate their health and fitness, aptitude and commitment to farm the holding.
4. Prospective tenants should be able to demonstrate that their personal circumstances do not impede their ability to manage the holding.
5. Prospective tenants will be expected to provide documentary evidence of sufficient working capital to run the holding and, where their own resources are inadequate, will be expected to make their own arrangements to make up any shortfall.
6. Preference may be given to prospective tenants who are able to show satisfactory evidence of some formal agricultural training.
7. Preference may be given to applicants who have immediate past experience in the form of agriculture to be practiced on the holding.
8. No undue preference will be given to applicants resident in the County at the date of submission of an application and the Council shall reserve the right to select an applicant irrespective of their present place of residence.
9. Whilst due regard will be had for the level of rental offers submitted, the Council shall reserve the right not to accept the highest or any offer made.
10. Prospective tenants will be expected to indicate their commitment to progressing from the County Farm system during the currency of their occupation of the holding.
11. No application will be entertained from applicants who are already in occupation of a holding unless a written commitment is given that their interest in that holding will be surrendered upon taking up occupation of the subject holding, unless it is in the interest of the Council.
12. The Council aims to not discriminate against ex-offenders whose convictions are spent but will not consider applications from person/s with an outstanding court order or debt register against him/her.
13. Prospective tenants will be expected to make provision for a private pension scheme to assist financing their eventual retirement.

## Annex 4 -Restructure Process

1. The physical criteria for the retention of full time holdings will include:
  - Compact blocks of land with good internal access between fields
  - Modern dwellings with basic accommodation and amenities
  - Located conveniently in relation to the dwelling with good access and yard
  - Modern farm buildings of a general purpose type with good eaves height and easy entry for the highest and widest vehicles.
2. Selection of holdings using these criteria will reduce the Councils maintenance liability in respect of
  - Farm buildings especially those of traditional construction which may have consequential Health and Safety liabilities;
  - Dwellings, including routine maintenance and periodic structural repairs.
3. The reduced number of holdings should lead to a gradual reduction, in real terms, in maintenance costs by selling surplus farmsteads
4. The economic criteria for the retention of land and property will be as follows
  - An overriding presumption against the premature sale of land which has long term development value and which might otherwise be sold.
  - Property will not be identified for sale where it would have a serious adverse effect on value or management of retained land.
  - Good and reasonable quality land in compact or closely related blocks will be retained.
5. Retirement holdings on the Estate will only be offered where property is retained for sound estate management reasons. The provision of retirement housing within the Estate is currently being pursued with nomination rights on affordable housing sites.

## Annex 5 – Smallholdings Outcomes, Key performance Questions and Indicators

OOP Outcome	Relevant Transformation Principles*	Outcome	Source of Outcome	Key Performance Question	Priority of Outcome	Proposed KPI	Freq. of Measure
Resources and services are targeted effectively and efficiently whether Delivered by the local authority, commissioned, or in partnership.	2 & 3	The Council's smallholding estate is well managed	Smallholdings Strategy	<p>Is the service meeting the objectives of the Smallholdings Strategy?:-</p> <p>Is the service maximising income and minimising management costs to realise the best net income for WCC?</p> <p>How does WCC Smallholdings compare to other Authorities?</p> <p>Is the condition of our smallholdings property improving?</p> <p>Is Smallholdings property maintenance managed effectively?</p>	High	<p>Achieve total net revenue surplus target</p> <p>Achieve gross revenue income target</p> <p>Zero overspend of revenue expenditure target</p> <p>% increase in net income for service over previous years (adjusted for disposals)</p> <p>Decrease % mgmt. costs against rent income</p> <p>Increase CIPFA £ rent per Acre</p> <p>Decrease CIPFA £ cost per £ rent</p> <p>Decrease £ Total backlog B, C D (1-3) less sensitive sites</p> <p>Decrease £ C2 and D2 condition &amp; % C2 and D2 against Total backlog less sensitive sites</p> <p>Zero D1 condition backlog</p> <p>Planned revenue and capital maintenance completed on time / budget</p>	<p>Monthly &amp; quarterly</p> <p>Quarterly</p> <p>Annually</p> <p>Annually</p> <p>Annually</p> <p>Quarterly</p> <p>Quarterly</p> <p>Quarterly</p> <p>Quarterly</p> <p>Annually</p> <p>Quarterly</p>



OOP Outcome	Relevant Transformation Principles*	Outcome	Source of Outcome	Key Performance Question	Priority of Outcome	Proposed KPI	Freq. of Measure
Resources and services are targeted effectively and efficiently whether delivered by the local authority, commissioned, or in partnership.	2 & 3	A valuable source of capital funding is provided to the Council	1. Smallholdings Strategy 2.Strategy for disposal of strategic land 17.10.13. 3. Capital Strategy	Are capital receipts identified from the smallholdings estate in the Rural Asset Management Plan meeting capital targets?	High	No. of hectares identified for strategic development via the Rural Asset Management Plan	Quarterly
				Are Capital receipts targets met?		Estates KPI	Quarterly
Resources and services are targeted effectively and efficiently whether delivered by the local authority, commissioned, or in partnership	2 & 3	Alternative income streams from the Smallholding Estate contribute to OOP Savings		What incomes have been delivered and at what cost?  Methods of alternative income generation e.g.: <ul style="list-style-type: none"> <li>• Larger scale renewable energy (Ground mounted solar)</li> <li>• Minerals extraction</li> </ul>	High / Medium	Increase net income from alternative income streams £ (reflecting cost of capital and lost rental income from smallholding tenant)	Annually
Our economy is vibrant, residents have access to jobs, training and skills development.	2	Opportunities for young aspiring farmers are maximised	Smallholdings Strategy	How many opportunities are we offering each year to young farmers?  What criteria do young, or other tenants need to meet to be granted a tenancy? (NB Young farmers defined as up to 35 years old in accordance with the Basic Payment Scheme)	High / Medium	Increase % of young tenants (at grant of lease) occupying smallholdings against no. of smallholdings tenancies	Annually

## Annex 6 – Key Performance Measures

<b>Smallholdings KPI (PA Report Card)</b>					
<b>KPI</b>	<b>Freq of Measure</b>	<b>Target</b>	<b>Figure</b>	<b>% Actual</b>	<b>Actual</b>
Achieve total net revenue surplus target	Quarterly	More than	£411,361	100.13%	£411,880
Achieve gross revenue income target	Quarterly	More than	£800,950	100.74%	£806,850
Zero overspend of revenue expenditure target	Quarterly	Less than	100.00%	101.45%	£5,651
% increase in net income for service over previous years (adjusted for disposals)	Annually	More than	5.00%	5.61%	£21,880
Decrease % mgmt. costs against rent income	Annually	Less than	10.00%	9.73%	£70,000
Increase CIPFA £ rent per Acre	Annually	More than	£140	8.30%	£144.54
Decrease CIPFA £ cost per £ rent	Annually	Less than	£0	-6.19%	£0.38
Decrease £ Total backlog less sensitive sites	Annually	Less than	£2,400,000	-12.50%	£-300,000
Decrease £ C2 condition Total backlog less sensitive sites	Annually	Less than	£833,916	-4.07%	£-33,916
Decrease £ D2 condition Total backlog less sensitive sites	Annually	Less than	£1,370,334	-27.03%	£-370,334
Zero D1 condition backlog	Annually		£0.00	0	£0
Planned revenue and capital maintenance completed on time	Quarterly		100%	100.00%	nil
Planned revenue and capital maintenance completed within budget	Quarterly		100%	100.00%	nil
No. of hectares identified for strategic development via the Rural Asset Management Plan	Quarterly	More than	0	nil	100
Increase net income from alternative income streams £ (reflecting cost of capital and lost rental income from smallholding tenant)	Annually	More than	0	nil	£0
Increase % of young tenants (at grant of lease) occupying smallholdings against no. of smallholdings tenancies	Annually	More than	9.84%	9.84%	nil

## External Income based on maintaining the Estate at 5,000 acres

Line No.		Outturn					Projection					
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/2020	2020/2021
		£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
1	Smallholdings - Cash Flow											
2	<b>Revenue:</b>											
3	Internal Income	1.8	25.4	92.7	113.4	51.8	53.1	54.4	55.7	7.1	7.3	7.5
4	External Income (based on replacement of land disposed of for strategic development)	642.4	623.9	707.1	694.7	758.8	777.8	797.3	817.2	837.6	858.6	880.0
5	<b>Total Cash Income (Revenue)</b>	<b>644.2</b>	<b>649.3</b>	<b>799.8</b>	<b>808.0</b>	<b>810.6</b>	<b>830.9</b>	<b>851.6</b>	<b>872.9</b>	<b>844.7</b>	<b>865.8</b>	<b>887.5</b>
6	<b>Expenditure</b>											
7	Employees	149.1	121.5	181.9	218.6	184.3	185.9	190.5	195.3	150.2	154.0	157.8
8	Premises-Related Expenditure	167.5	207.6	219.6	158.5	135.0	164.3	168.4	172.6	176.9	181.4	185.9
9	Transport-Related Expenditure	5.1	2.2	2.7	2.0	1.8	2.1	2.2	2.2	2.3	2.3	2.4
10	Supplies & Services	21.2	6.7	78.5	20.3	34.0	36.6	37.5	38.5	39.4	40.4	41.4
11	Third Party Payments	0.5	8.7	2.1	1.6	0.5	0.0	0.0	0.0	0.0	0.0	0.0
12	Depreciation and Impairment Losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	RCCO	40.0	0.0	0.0	40.6	40.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Capital Financing costs	28.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	<b>Revenue Expenditure</b>	<b>411.5</b>	<b>346.7</b>	<b>484.8</b>	<b>441.6</b>	<b>395.6</b>	<b>388.9</b>	<b>398.6</b>	<b>408.6</b>	<b>368.8</b>	<b>378.0</b>	<b>387.5</b>
16	<b>Net Revenue Surplus (Deficit)</b>	<b>232.7</b>	<b>302.6</b>	<b>315.0</b>	<b>366.5</b>	<b>415.0</b>	<b>442.0</b>	<b>453.0</b>	<b>464.3</b>	<b>475.9</b>	<b>487.8</b>	<b>500.0</b>
17	<b>Capital Expenditure</b>											
18	<b>Range provided £150k - £600k for Estimates</b>											
19	<b>Estimates @ £150k</b>	971.8	1,333.5	1,383.6	1,142.4	622.1	789.0	789.0	789.0	150.0	150.0	150.0
	OR											
20	<b>Estimates @ £600k</b>	971.8	1,333.5	1,383.6	1,142.4	622.1	789.0	789.0	789.0	600.0	600.0	600.0
21	<b>Total Expenditure (Capital &amp; Revenue) @ £150k per year Capex</b>	<b>1,383.3</b>	<b>1,680.2</b>	<b>1,868.4</b>	<b>1,584.0</b>	<b>1,017.7</b>	<b>1,177.9</b>	<b>1,187.6</b>	<b>1,197.6</b>	<b>518.8</b>	<b>528.0</b>	<b>537.5</b>
	OR											
22	<b>Total Expenditure (Capital &amp; Revenue) @ £600k per year Capex</b>	<b>1,383.3</b>	<b>1,680.2</b>	<b>1,868.4</b>	<b>1,584.0</b>	<b>1,017.7</b>	<b>1,177.9</b>	<b>1,187.6</b>	<b>1,197.6</b>	<b>968.8</b>	<b>978.0</b>	<b>987.5</b>
23	<b>Cash Flow - Surplus / (Deficit) before Disposals for Capex at £150k for estimated years</b>	<b>(739.1)</b>	<b>(1,030.9)</b>	<b>(1,068.6)</b>	<b>(775.9)</b>	<b>(207.1)</b>	<b>(347.0)</b>	<b>(336.0)</b>	<b>(324.7)</b>	<b>325.9</b>	<b>337.8</b>	<b>350.0</b>
	OR											
24	<b>Cash Flow - Surplus / (Deficit) before Disposals for Capex at £600k for estimated years</b>	<b>(739.1)</b>	<b>(1,030.9)</b>	<b>(1,068.6)</b>	<b>(775.9)</b>	<b>(207.1)</b>	<b>(347.0)</b>	<b>(336.0)</b>	<b>(324.7)</b>	<b>(124.1)</b>	<b>(112.2)</b>	<b>(100.0)</b>

## External Income based on reducing acreage following disposals

Line No.		Outturn					Projection					
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/2020	2020/2021
		£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
1	Smallholdings - Cash Flow											
2	Revenue:											
3	Internal Income	1.8	25.4	92.7	113.4	51.8	53.1	54.4	55.7	7.1	7.3	7.5
4	External Income (amended to account for reduction of the Estate by disposal for strategic development)	642.4	623.9	707.1	694.7	758.8	777.8	767.7	761.3	754.9	748.5	746.9
5	<b>Total Cash Income (Revenue)</b>	<b>644.2</b>	<b>649.3</b>	<b>799.8</b>	<b>808.0</b>	<b>810.6</b>	<b>830.9</b>	<b>822.0</b>	<b>817.0</b>	<b>762.0</b>	<b>755.7</b>	<b>754.3</b>
6	Expenditure											
7	Employees	149.1	121.5	181.9	218.6	184.3	185.9	190.5	195.3	150.2	154.0	157.8
8	Premises-Related Expenditure	167.5	207.6	219.6	158.5	135.0	164.3	168.4	172.6	176.9	181.4	185.9
9	Transport-Related Expenditure	5.1	2.2	2.7	2.0	1.8	2.1	2.2	2.2	2.3	2.3	2.4
10	Supplies & Services	21.2	6.7	78.5	20.3	34.0	36.6	37.5	38.5	39.4	40.4	41.4
11	Third Party Payments	0.5	8.7	2.1	1.6	0.5	0.0	0.0	0.0	0.0	0.0	0.0
12	Depreciation and Impairment Losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	RCCO	40.0	0.0	0.0	40.6	40.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Capital Financing costs	28.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	<b>Revenue Expenditure</b>	<b>411.5</b>	<b>346.7</b>	<b>484.8</b>	<b>441.6</b>	<b>395.6</b>	<b>388.9</b>	<b>398.6</b>	<b>408.6</b>	<b>368.8</b>	<b>378.0</b>	<b>387.5</b>
16	<b>Net Revenue Surplus (Deficit)</b>	<b>232.7</b>	<b>302.6</b>	<b>315.0</b>	<b>366.5</b>	<b>415.0</b>	<b>442.0</b>	<b>423.4</b>	<b>408.4</b>	<b>393.2</b>	<b>377.7</b>	<b>366.8</b>
17	Capital Expenditure											
18	Range provided £150k - £600k for Estimates											
19	Estimates @ £150k	971.8	1,333.5	1,383.6	1,142.4	622.1	789.0	789.0	789.0	150.0	150.0	150.0
	OR											
20	Estimates @ £600k	971.8	1,333.5	1,383.6	1,142.4	622.1	789.0	789.0	789.0	600.0	600.0	600.0
21	<b>Total Expenditure (Capital &amp; Revenue) @ £150k per year Capex</b>	<b>1,383.3</b>	<b>1,680.2</b>	<b>1,868.4</b>	<b>1,584.0</b>	<b>1,017.7</b>	<b>1,177.9</b>	<b>1,187.6</b>	<b>1,197.6</b>	<b>518.8</b>	<b>528.0</b>	<b>537.5</b>
	OR											
22	<b>Total Expenditure (Capital &amp; Revenue) @ £600k per year Capex</b>	<b>1,383.3</b>	<b>1,680.2</b>	<b>1,868.4</b>	<b>1,584.0</b>	<b>1,017.7</b>	<b>1,177.9</b>	<b>1,187.6</b>	<b>1,197.6</b>	<b>968.8</b>	<b>978.0</b>	<b>987.5</b>
23	Cash Flow - Surplus / (Deficit) before Disposals for Capex at £150k for estimated years	(739.1)	(1,030.9)	(1,068.6)	(775.9)	(207.1)	(347.0)	(365.6)	(380.6)	243.2	227.7	216.8
	OR											
24	Cash Flow - Surplus / (Deficit) before Disposals for Capex at £600k for estimated years	(739.1)	(1,030.9)	(1,068.6)	(775.9)	(207.1)	(347.0)	(365.6)	(380.6)	(206.8)	(222.3)	(233.2)

**Corporate Services  
Overview and Scrutiny Committee**

**15 July 2015**

**Work Programme 2015/16**

**Recommendations**

That the Corporate Services Overview and Scrutiny Committee:

- 1) Agrees the proposed 2015/16 Work Programme and makes any additional comments or changes, as required; and
- 2) Notes the scheduled future meeting dates.

**1.0 Work Programme**

- 1.1 The Work Programme for 2014/15 is attached at Appendix A and will show the committee what items were considered and what is still outstanding. Suggestions and ideas put forward at the Work Programme Event which were subsequently discussed and identified at a Chair and Spokes meeting as potential areas for reports, briefing notes and Task and Finish Group work, is attached at Appendix B.
- 1.2 The committee is asked to consider the proposals and make any additional suggestions or changes, and if agreed, prioritise and schedule reports to the committee over 2015/16.

**2.0 Briefing Notes**

- 2.1 A number of briefing notes were provided to the committee during 2014/15 as listed in Appendix A. The Chair and Spokes have identified some briefing notes and are included on the proposed Work Programme attached at Appendix B.

**3.0 Dates of Future Meetings**

- 3.1 Future meetings of the Committee have been scheduled for 2p.m. on the following dates:
  - 17 September 2015 at 2 p.m
  - 3 December 2015 at 2 p.m.

## Background papers

None

### Appendices:

Appendix A – Work Programme 2014/15

Appendix B – Work Programme 2015/16

	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**

**Item 7**

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.
Warwickshire County Council Property Protocol	To receive an update about the development of WCC's Property Protocol.	25 November 2014	15 July 2015
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. – <b>The report proposes an update to committee in September 2015</b>	N/A	11 February 2015
Transformation through Strategic Commissioning Programme	The Transformation through Strategic Commissioning Programme was completed at the end of the 2013/14 financial year. Is an update on the programme required?	26 February 2014	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**

**Item 7**

Item	Report detail	Date of last report	Date of next report
Libraries, Community Buildings and Peppercorn Rents	The impact of the withdrawal of peppercorn rents and the ability of providing community services from libraries and other community buildings.	N/a	September/ November 2015
Communications and Marketing	TBC	N/a	September/ November 2015
Law and Governance	TBC	N/a	TBC
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**

**Item 7**

<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
Treasury Management Mid-Year Report 2014/15	To consider the Actual results on cash investments from April to September 2014.	25 November 2014	N/A
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/ Steve Smith)	25 November 2014	An update report to be considered at May's committee meeting

**Briefing Notes**

<b>Item</b>	<b>Briefing Note detail</b>	<b>Date requested</b>	<b>Date circulated</b>
Rural Growth Network Grant Scheme	Information setting out the background to Micro-Enterprise Grants, composition of recipients of grants and application details.	04/09/2014	09/10/2014
Comparison of performance - Mid-Year and Qtr 3 of the OOP	A detailed paper providing a comparison of performance of Council services within the remit of the committee, between Mid – Year and Quarter 3.	N/A	03/02/2015

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

**Item 7**

Community Infrastructure Levy	Precis of the current system and explanation of rationale. Details are provided as to the current County Council arrangements.	25/11/2014	11/02/2015
People Group Action Plan	A plan detailing the timeframe for action with regard to achieving KPI's.	25/11/2014	09/02/2015
Slippage in the Capital Programme	Information detailing slippage and causation.	25/11/2014	11/02/2015

**Corporate Services Overview and Scrutiny Committee  
Work Programme 2015/16**

**Appendix B**

<b>Item</b>	<b>Report detail</b>	<b>Date of last report</b>	<b>Date of next report</b>
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.
People Group Systems	A report to update the committee on the procurement process for the Client Information System.in September 2015.	11 February 2015	17 September 2015
LEP/ City Deal	Brief update report to be presented to the committee.	N/A	17 September 2015
Internal Audit	Report to inform the volume of risks and their potential impact.	N/A	17 September 2015
Transformation through Strategic Commissioning Programme	The Transformation through Strategic Commissioning Programme was completed at the end of the 2013/14 financial year. Is an update on the programme required?	26 February 2014	TBC
Libraries, Community Buildings and Peppercorn Rents	The impact of the withdrawal of peppercorn rents and the ability of providing community services from libraries and other community buildings.	N/a	TBC

**Corporate Services Overview and Scrutiny Committee  
Work Programme 2015/16**

**Appendix B**

<b>Item</b>	<b>Report detail</b>	<b>Date of last report</b>	<b>Date of next report</b>
Customer Journey	A report to explain the Customer Journey approach and experience. This will include information about the complaints policy and how feedback is provided to customers.	N/A	TBC
WCC Consultations	Briefing note in the first instance (please see briefing note section of this report) which could lead to more in depth information being required.	N/A	TBC
One Organisation Plan	Review how information is presented to members and accessibility. This could involve a member seminar.	N/A	TBC
HR and Health & Safety	Report to discuss workforce health including levels of staff sickness.	N/A	TBC
HR and Property Rationalisation	Review of the Property Rationalisation Programme and its relationship with new ways of working.	N/A	TBC
Capital Slippage	Report to investigate why there has been reported underspend and overspend in services and what mechanisms have been identified/ put in place.	N/A	TBC
Project Management and Major Projects	Report to explain the process adopted across WCC when managing projects including those that are large scale.	N/A	TBC
IT Systems	Analysis of the IT systems in place; whether they are fit for purpose and capable of	N/A	TBC

**Corporate Services Overview and Scrutiny Committee  
Work Programme 2015/16**

**Appendix B**

Item	Report detail	Date of last report	Date of next report
	being able to share information across different services.		

**Proposed Briefing Notes**

Item	Briefing Note detail	Date requested	Date circulated
WCC Consultations	Information on how WCC consults - is there a policy/ protocol? Are consultations timely? Is there a schedule for consultations?	TBC	
Human Resources	General information on Workforce composition and staff surveys	TBC	