

Corporate Services Overview and Scrutiny Committee

17 September 2015

Agenda

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The Corporate Services Overview and Scrutiny Committee will meet in **CR2, Shire Hall, Warwick** on, **Thursday 17 September 2015 at 2 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 43).
- 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 15 July 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. Work Programme 2015/16

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

5. 2015/16 One Organisational Plan – Quarter 1

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

6. Capital Programme Slippage

To consider and comment on the information contained in the report.

7. County Council Borrowing Strategy

To consider and comment on the information contained in the report.

8. Client Information Systems – Process Update

To consider and comment on the information contained in the report.

9. Review of Warwickshire County Council's Performance in Bidding for External Resources

To consider and comment on the information contained in the report.

10. Treasury Management 2014/15

To consider and comment on the information contained in the report.

11. 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).

12. Date of Next Meeting

The next meeting of the Corporate Service Overview and Scrutiny Committee has been scheduled for 3 December 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

Tel: 01926 412323, e-mail: sallybaxter@warwickshire.gov.uk

**Minutes of the meeting of the
Corporate Services Overview and Scrutiny Committee
held on 15 July 2015**

Present

Members: Councillor John Appleton
Councillor Nicola Davies
Councillor Neil Dirveiks
Councillor Peter Fowler
Councillor John Holland
Councillor Keith Kondakor
Councillor Phillip Morris-Jones
Councillor Chris Saint
Councillor Matt Western (Chair)

Other Councillors: John Beaumont, Alan Cockburn, Jenny St John, June Tandy and John Whitehouse.

Officers: Elizabeth Abbott, Business Partner – Planning, Performance and Improvement (Acting)
Sally Baxter, Democratic Services Officer
David Carter, Strategic Director, Resources Group
Holly Hiorns, County Land Agent
Tricia Morrison, Acting Head of Service, Service Improvement & Change Management
Steve Smith, Head of Physical Assets
Geoff Taylor, Estates and Smallholdings Service Manager
Paul Williams, Democratic Services Team Leader.

1. General

(1) Apologies

None

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

- i) Councillor John Whitehouse declared a non-pecuniary interest in so far he was the Chairman of the trustees of Kenilworth Centre.
- ii) Councillor John Beaumont declared a non-pecuniary interest in Item 5 in so far he was involved in the Bulkington Community Centre, Bulkington Library and Whitestone Community Centre.

(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

The Committee agreed that the minutes of the meeting held on 11 February 2015 and the minutes of the Annual Council meeting held on 19 May 2015, be signed as a correct record.

It was noted that information regarding NUCKLE was still outstanding. This would be followed up by officers. **Sally Baxter to action.**

2. Public Question Time

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

3. Questions to Cabinet and Portfolio Holders

In response to a question, Councillor Alan Cockburn clarified that a public consultation had commenced with regard to Eastboro Way and the response to the consultation would dictate when it would be considered by Cabinet however, it was anticipated for Autumn 2015.

Further information was requested regarding the disposal of land at Orton Road; it formed part of the Smallholdings portfolio being considered by the committee. Information would be provided in due course.

4. 2014/15 One Organisational Plan – End of Year report

Elizabeth Abbott, Business Partner, introduced the One Organisational Plan End of Year report. She highlighted areas where performance targets had not been met and the overall position of the One Organisation Plan at the close of the first year of the 4 year plan in so far 4 of the 5 targets had been met and the savings planned for 2014/15 had been delivered. Progress had been made on taking forward the savings planned for future years. She explained the documents appended to the report which included the report considered by Cabinet on 11 June 2015, dashboard information and detailed business unit background information relevant to the remit of the Committee.

Some discussion ensued about the availability of information for committee members in which it was highlighted that the information is in the public domain upon the publication of the agenda and papers when considered by Cabinet. The committee suggested that a

presentation accompany the report at future meetings. The addition of the Head of Service commentary of variances outside of tolerances (Appendix B) was agreed to be a useful addition and the committee would welcome the presentation of more reports in a similar format.

Tricia Morrison, Acting Head of Service, Service Improvement and Change Management, raised awareness of the Member Dashboard which was available for members to use to look at performance measures and monitor progress. Officers would be available in the Ante Chamber before the meeting of Council on Tuesday 21st July 2015, to answer any questions and provide assistance.

The following responses were provided to member's questions and requests for further information:

- Data was collected from across Warwickshire to inform performance indicators and assess how well the authority is doing as a whole and recognises regional variance. The Member Dashboard would further assist members by giving them the tool to access information at a micro level so that they can drill down into performance data.
- High levels of sickness absence were reported with stress related illness being the reason. The Chair suggested that a comparison over a period of 3 years presented in a bar graph would be helpful so as to enable the identification of trends.
Tricia Morrison to provide for next committee meeting.
- Information was requested about the 5 districts/ borough council's arrangements to pool business rates. **To be provided to the committee.**
- The Cabinet received quarterly reports on 'uncontrollable elements' of the budget and this information would also be provided to the Corporate Services overview and Scrutiny Committee. **Information to be provided to the committee.**
- Funding had been secured to create a systems replacement reserve to help replace IT systems over the next 2 years. The committees' concerns regarding compatibility of systems had been recognised and thorough investigation of existing and potential systems, were taking place to ensure compatibility.
- In response to the reported slippage of projects, it was acknowledged it needed to be better managed and to achieve this, building projects would be managed in phases. The majority of projects were funded by the Capital Programme however, some utilised revenue and therefore could not be commence ahead of schedule to mitigate against slippage.
- Transport and Highways had reported an underspend (8.4%). Members discussed the service provision and the issue with delaying projects, especially those funded by Councillor delegated budgets. It had been suggested that inaction was attributed to the lack of staff because vacancies could not be

filled because the private sector offered more attractive opportunities. The Chair agreed to meet with the Chair of Communities Overview and Scrutiny Committee to discuss further. **Councillor Matt Western to meet with Councillor Philip Johnson and report back to committee.**

The committee noted the importance of monitoring performance and being aware of potential factors, in particular, changes to Social Care provision following the Social Care Act 2014 and the effect on council resources.

Resolved:

That the Corporate Services Overview and Scrutiny Committee note the report and appendices in the One Organisational Plan Year End progress report.

5. Property Disposal Protocols and Concessions according to Social Value

Steve Smith, Head of Physical Assets, introduced the report and appendices (1 – 4) which contained: the staged process for disposal, the concept of undervalue/concessions, a criteria to assess and a list of properties that has community interest or declared as surplus now or in the future and /or possible community transfer or undervalue.

He reported that following committee consideration on 25th November 2014, the protocol had been amended to take into consideration comments made by the committee. Councillor Alan Cockburn acknowledged that the community value aspect of the report stemmed from the interest in peppercorn rents. He assured the committee that there was no will to remove peppercorn rents; their importance for community value was understood.

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

- 1) The protocols identified that member engagement would be sought at an earlier stage to address inconsistencies with members awareness of disposals. Community interest would also be discussed at an earlier stage.
- 2) Property identified as being of community value is advertised and the Voluntary and Community Sector (VCS) are able to bid for any on the market. The list distributed with the report refers to property already identified as being of community benefit therefore does not limit opportunities or properties. The Golden Rule dictates that there is a balance between achieving the market value and the social value of the property and Steve Smith was confident that the test used satisfied this requirement. Other models were operated by neighbouring authorities such as Birmingham City Council their

model was based on freehold property and Warwickshire's model was based on leasehold. It was important to consider models already being used by other authorities and as such, Councillor Jenny St John was invited to explore the different models with Steve Smith, Head of Physical Assets. **Steve Smith to look at other models.**

- 3) The protocol was encouraging and a consistent approach would help the VCS plan for the medium term, not the short term, which could raise uncertainty for some organisations. It was highlighted that the VCS organisations could be consulted to gauge opinion and an appeals process might need to be factored into the protocol in the event an agreement cannot be made at the bidding stage.
- 4) Following consideration by the committee, VCS would be informed of the process following approval at Cabinet; any recommendations made by the committee would be considered.
- 5) Community groups would be informed of rent payable after any concessionary period before any lease commenced. This was to provide greater stability to the VCS and help them plan for the future.
- 6) The importance of being flexible on how VCS delivered services was important and the authority should give consideration to allowing several services operate out of the same building. This would help services share the cost.
- 7) A clear way of communicating with the VCS would be welcomed including a flow diagram of the process to ensure that the process was transparent and easy to understand.

Cabinet was scheduled to consider the report in September 2015 with implementation over Autumn 2015.

Resolved:

That the Corporate Services Overview and Scrutiny Committee note the report, the proposed protocols and criteria to assess rent concessions.

6. County Farms and Smallholdings Strategy 2015 - 2025

Steve Smith, Head of Physical Assets, provided a reminder of what the committee recommended when they considered the strategy in November 2013 in that they agreed to keep the portfolio and continue with the strategy however, they requested further information about the financial performance which was attached to the report at Appendix B.

Further information regarding performance was attached to the report; Appendix A contained the draft revised Strategy and Appendix C provided a summary of capital receipts generated from the disposal of smallholdings land and future forecasts. It was reported that the levels

of rental income was rising and the amount of outstanding debt was reducing.

Councillor Alan Cockburn reported that performance of the smallholdings had been successful in so far it supported the rural economy and provided a start for young people coming into the farming industry. Furthermore, houses on smallholdings had been brought up to the 'Decent Homes' standard which would result in less investment in future years in terms of maintenance, and provide a good level of accommodation for tenants.

In summary, the smallholdings and County Farms Estate was performing well with substantial capital receipts expected from Smallholdings within the next 12 months. Estate maintenance would still be required.

The committee acknowledged good performance and capital receipts and with this in mind suggested that the expansion of smallholdings might be a consideration for a long term strategy. It was clarified that the use of proceeds from capital receipts would be for the council to decide on an annual basis and that it was intended that an area of 5,000 hectares would be retained.

The committee urged a more collaborative approach to working with districts and boroughs to ensure that Local Plan's did not conflict with the approach taken by the council. It was important to maintain geographical diversity and it was expected that the strategy supported this.

Resolved:

That the Corporate Services Overview and Scrutiny Committee note the report and supports the draft revised Smallholdings Strategy.

7. Work Programme 2015/16

The Work Programme Event held on 24 June 2015 gave committee members in attendance the opportunity to speak with Heads of Service and Councillor Kam Kaur, Portfolio Holder for Customers, to ascertain potential areas within the committees remit, to be added to the work programme. Advice was provided on ongoing areas within services and projects that would benefit from member input.

The importance of timely consideration of projects was highlighted and with this in mind, the Chair and Spokes met to devise a draft work programme for 2015/16 including outcomes from the Work Programme Event. The committee was asked to look at the attached draft work programme for 2015/16, approve and make any additional comments or changes as required.

The committee provided support for the proposed work programme and in particular welcomed the inclusion of looking at how the One Organisational Plan (OOP) was reported and that it should be prioritised on the work programme. More information and work on Capital Slippage was of interest as was looking at HR and Health and Safety, and Project management and major projects. Councillor Whitehouse added context to this area informing the committee that a review into the Rugby Western Relief Road project was held in 2012 and resulted in policy formulation. The committee, if inclined, could use this as a starting point.

The Chair and Spokes would schedule the timing of reports for committee consideration and report back to the committee meeting scheduled for 17 September 2015.

Resolved:

That the Corporate Services Overview and Scrutiny Committee agree the additions to its work programme, as contained in Appendix B, to the Work Programme 2015/16 report.

8. Urgent Matters

There were no urgent matters raised for discussion.

9. Date of Next Meeting

The date of the next Corporate Services Overview and Scrutiny Committee was confirmed as 17 September 2015 at 2p.m. in CR2, Shire Hall.

Closed 5.15 p.m.

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Chair

Corporate Services Overview and Scrutiny Committee

17 September 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 7th September 2015.
(* Key decision)

Decision	Description	Date due	Cabinet / PfH
A423 Coventry Road Southam (Taylor Wimpey) - new priority junction and cycleway improvements	This is a report to add the A423 Coventry Road new priority junction and cycleway improvements in Southam scheme to the 2015/16 capital programme at an estimated cost of £380,000. This is a Developer funded scheme who will provide 100% of the funding in order for WCC to deliver their planning conditions regarding highway matters	18 September 2015	Deputy Leader
Energy Plan Task and Finish Group	Following a motion at Council, the Communities Overview and Scrutiny Committee appointed an Energy Plan Task and Finish Group (TFG). The report of the TFG and its recommendations will be presented to the Overview and Scrutiny Committee for consideration on 15th September, with a recommendation that this report be submitted for approval by Cabinet.	8 October 2015	Cabinet
*ERDF Application	Report to seek approval for the submission of a full application to the Department for Communities and Local Government [DCLG] for funding of £3.8 million from the European Regional Development fund [ERDF]. To deliver extended broadband deployment	8 October 2015	Cabinet

	and the roll out of a high speed network which supports the adoption of emerging technologies and networks for the digital economy.		
(Exempt) Former Manor Park School, Beaumont Road, Nuneaton	Cabinet approval has previously been given to dispose of surplus land at the former Manor Park School. This report is to seek a further Cabinet approval to dispose of part of the surplus land for an Extra Care Housing Scheme for older people aged 55 years plus.	8 October 2015	Cabinet
Integrated Peer Review Action Plan: Quarterly Progress Report	Provide Mid -Year Progress Report on the Delivery of the Integrated Peer Review Action Plan	12 November 2015	Cabinet
*Framework Contract for Building Responsive and Planned Maintenance and Improvement Works	To competitively tender a Framework contract for the provision of responsive and planned maintenance and improvement works from 1st October 2016	12 November 2015	Cabinet
One Organisational Plan Mid -Year Progress Report 2015-16	Sets out the Mid -Year (Year 2 of 4) Progress on the delivery of the One Organisational Plan and covers the period April - September 2015 -16	12 November 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
One Organisational Plan Progress Report Qtr 3 2015 - 16	Sets out the progress on delivering the One Organisational Plan at the end of Qtr 3 2015/16 (Year 2 of 4)	10 December 2015	Cabinet
One Organisation Plan 2016/17 Financial Refresh - An Update	To inform Members of the latest information to be included in the 2016/17 budget	26 January 2016	Cabinet

	Name	Contact details
Report Author	Sally Baxter	sallybaxter@warwickshire.gov.uk
Head of Service	Sarah Duxbury	sarahduxbury@warwickshire.gov.uk
Strategic Director	David Carter	davidcarter@warwickshire.gov.uk
Portfolio Holder	Councillor Seccombe Councillor Cockburn Councillor Kaur	cllrmsseccombe@warwickshire.gov.uk cllrcockburn@warwickshire.gov.uk cllrkaur@warwickshire.gov.uk

**Corporate Services
Overview and Scrutiny Committee**

17 September 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 2015/16 is attached at Appendix A and will show the committee what items have been considered and what is still outstanding. Following the meeting of the committee on 15 July 2015, the Chair and Spokes have allocated reports to be considered at future meetings as contained in Appendix A.

2.0 Briefing Notes

- 2.1 A number of briefing notes have been provided or scheduled to be provided to the committee during 2015/16 as listed in Appendix A.

3.0 Dates of Future Meetings

- 3.1 Future meetings of the Committee have been scheduled for 2p.m. on the following dates:
 - 3 December 2015 at 2 p.m.
 - 25 February 2016 at 2 p.m.

Background papers

None

Appendices:

Appendix A – Work Programme 2015/16

	Name	Contact details
Report Author	Sally Baxter	sallybaxter@warwickshire.gov.uk 01926 412323
Head of Service	Sarah Duxbury	sarahduxbury@warwickshire.gov.uk 01926 412090
Strategic Director	David Carter	davidcarter@warwickshire.gov.uk 01926 412564
Portfolio Holder	Councillor Kam Kaur	cllrkaur@warwickshire.gov.uk

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

Appendix A

Item	Report detail	Date of last report	Date of next report
Questions to the Portfolio Holders / Forward Plan decisions	Report which includes Forward Plan decisions relevant to the remit of the Committee. (Sally Baxter)	N/A	* Standing item for every meeting
One Organisational Plan	To receive performance information on a quarterly basis, relevant to the remit of the committee.	N/A	*Standing item for every meeting.
People Group Systems	A report to update the committee on the procurement process for the Client Information System in September 2015. – Marcus Herron	11 February 2015	17 September 2015
Capital Slippage	Report to investigate why there has been reported underspend and overspend in services and what mechanisms have been identified/ put in place. – Virginia Rennie	N/A	17 September 2015
Capital Bonds	Request came from Council, 21 July 2015 for Corporate Services OSC to investigate what WCC is doing to take advantage of the current low interest rates to borrow more through long-term bonds and to raise debt ratios and so ensure Warwickshire emerges from this deep recession in better shape than its peers. – Virginia Rennie	N/A	17 September 2015
WCC Process for designing bids	Report containing the review of the last 10 bids made by WCC for funding focussing on Mark Ryder/ John Betts/ Virginia Rennie	N/A	17 September 2015

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

Appendix A

Item	Report detail	Date of last report	Date of next report
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 – Kushal Birla	N/A	3 December 2015
HR and Property Rationalisation	Review of the Property Rationalisation Programme and its relationship with new ways of working – Sue Evans/ Steve Smith	N/A	3 December 2015
IT Systems	Analysis of the IT systems in place; whether they are fit for purpose and capable of being able to share information across different services – Tonino Ciuffini	N/A	3 December 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	25 February 2016
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.	Information on Peppercorn rents was received July 2015.	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	25 February 2016

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

Appendix A

Item	Report detail	Date of last report	Date of next report
One Organisational 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	25 February 2016
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

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?	September 2015	October/ November 2015
Human Resources	General information on Workforce composition and staff surveys	September 2015	Anticipated circulation: October 2015
Internal Audit	Report to inform the volume of risks and their potential impact.	July 2015	September 2015

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

Appendix A

LEP/ City Deal	Ongoing – updates to be provided in accordance with the committee meeting cycle	July 2015	Ongoing - Updates to be circulated in sync with Corporate Services committee meeting cycle.
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Corporate Services Overview & Scrutiny Committee

17th September 2015

One Organisational Plan Qtr 1 (Year 2) Progress Report:

April 2014 – June 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 Progress Report for April – June 2015 was considered by Cabinet on 10th September 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
 - Finance
 - Human Resources & Organisational Development
 - Information Assets
 - Law & Governance
 - Physical Assets
 - Service Improvement & Change Management

2. Background Papers

- 2.1 Report and Appendices, and supporting Business Background Information relevant to the remit of this Committee, which went to Cabinet 10th September 2015.

	Name	Contact Information
Report Author	Elizabeth Abbott	elizabethabbott@warwickshire.gov.uk 01926 41 6885
Head of Service	Tricia Morrison	triciamorrison@warwickshrie.gov.uk 01925 41 6994
Strategic Director	David Carter	davidcarter@warwickshire.gov.uk 01926 41 2564
Portfolio Holder	Alan Cockburn	Cllrkaur@warwickshire.gov.uk

Cabinet

10 September 2015

One Organisational Plan Quarterly Progress Report April – June 2015











Recommendations

That Cabinet:

- a) Note the progress on the delivery of the second year of the One Organisational Plan (2014-18) as at the end of June 2015 as summarised in Sections 1 to 3 of the report and detailed in Appendix A.
- b) Remind Corporate Board and Heads of Service of the importance of delivering a balanced budget both collectively and individually and that proposals for action to bring those budgets overspending back on track should be discussed with Portfolio Holders as a matter of urgency.
- c) Approve the net transfer of £1.004 million from Business Unit reserves to support the delivery of services in 2015/16, as outlined in section 3.2.
- d) Approve the use of £0.288 million of Transport and Highways forecast underspend to facilitate the early repayment of self-financed borrowing as detailed in paragraph 3.1.4.
- e) Approve the revised capital payments totals and the revised financing of the 2015/16 capital programme as detailed in the table in section 3.3.

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

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

OOP: Outcomes	Organisational Health	Revenue (Variance)	Savings
			
Capital Spend & Slippage in to future Years	Strategic Risks	Workforce	 Overall Delivery
 			

1.2. It demonstrates that against a very difficult landscape the authority continues to deliver on most of its priority outcomes, whilst successfully managing key risks. Whilst a net overspend is being reported on the revenue budget plans are being developed to ensure, overall, the authority comes in under budget by the end of the financial year. As a result of these actions the financial standing of the authority and the forecast of resources available to deliver the OOP Outcome Framework remain robust. But this does require a focussed discipline on priorities and maintaining pace in the delivery of the agreed plans.

2. Performance Commentary

2.1 OOP Outcome Framework

2.1.1 The OOP Outcome Framework contains 5 specific key outcomes. At the end of Quarter 1, we are reporting that all five are within tolerance to be delivered and the overall status of the OOP is amber. Details of how the associated themes are performing 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
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Overall Status	Amber	Amber	Amber	Green	Amber	Amber
Red	0	1	0	0	0	1
Amber	4	4	3	0	5	16
Green	1	0	1	2	0	4
N/A	0	0	0	1	0	1
Total	5	5	4	3	5	22

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.

2.1.2 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.

2.1.3 Positively, at quarter 1 we are able to report that we are successfully delivering on the following themes which are all reporting a green status:

- Our economy provides quality jobs and unlocks entrepreneurship
- Our integrated sustainable transport networks are fit for the future and meet the needs of residents and businesses
- Our planning infrastructure delivers strategic solutions for partners and ourselves.
- Our Councillors are strong community leaders

2.1.4 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 all of the 5 themes reporting they are amber or green at the end of quarter 1.

2.1.5 For the outcome “The health and well being of all in Warwickshire is protected”, we are on track to deliver on the outcome, with 4 out of the 5 themes reporting they are amber at the end of quarter 1. 1 theme is red which is “Young people understand the choice available to lead healthy lives”. This theme consists of three measures, one is red and detailed in the table at 2.1.9, the of the other two indicators, one is not yet available, and one is amber.

2.1.6 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 all 4 themes reporting they are amber or green at the end of quarter 1.

2.1.7 For the outcome “Warwickshire’s communities are supported by excellent communications and transport infrastructure”, we are on track to deliver on the outcome, with 2 of the 3 themes reporting they are green at the end of quarter 1. The outcome “The digital divide in Warwickshire is addressed and opportunities from new technologies are maximised” and the supporting measure will be reported at the mid year point.

2.1.8 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 quarter 1.

2.1.9 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 2015/16.

OOP Theme	Key Business Measures	Reason
Young people understand the choice available to lead healthy lives	<ul style="list-style-type: none"> % of Looked After Children aged under 16 who have been looked after continuously for at least 2.5 years, who are living in the same placement for at least 2 years, or are placed for adoption 	<ul style="list-style-type: none"> This is an area to be reviewed due to the dip in performance and in light of new statutory guidance. We need to understand the ratio of children within independent sector placements as well as those that are placed internally.

2.1.10 The table below sets out the comparative performance of the delivery of the outcomes, when comparing against the year-end position and the end of quarter 1 2014/15:

	Q1 2014/15	Year End	Q1 2015/16*	Comparison to Q1 2014/15
Red	11%	18%	5%	↓
Amber	37%	64%	76%	↑
Green	52%	18%	19%	↓
Overall OOP Delivery Status	Amber	Red	Amber	↔

*based on 21 themes, where “The digital divide in Warwickshire is addressed and opportunities from new technologies are maximised” theme is not yet available.

2.1.11 When compared to the same time last year, although the themes with a green status have decreased, the number of red themes have also decreased which is encouraging. The number of amber themes have increased greatly, and overall the OOP delivery status has remained at amber, which is positive and a more realistic approach to target setting.

2.2 Organisational Health Outcomes

2.2.1 Overall, we are forecasting that, at quarter 1, we are within tolerance to deliver all of the high level Organisational Health Outcomes.

2.2.2 We are reporting five amber and three green outcomes, which equates to an amber status for the overall delivery of the One Organisational Health outcomes.

2.2.3 The table below sets out the comparative performance of the delivery of the Organisational Health outcomes, when comparing against the year-end position and the end of quarter 1 2014/15:

Organisational Health outcomes	Q1 2014/15	Year End	Q1 2015/16*	Comparison to Q1 2014/15
Red	0	25%	12.5%	↑
Amber	25%	12.5%	50%	↑
Green	25%	50%	25%	↔
NA	50%	12.5%	12.5%	↓
Overall Status	Amber	Amber	Amber	↔

2.2.4 When compared to the same time last year, the overall status for the Organisational Health outcomes have remained as amber and although the direction of travel for the reds has increased, the ambers have also improved and the greens have stayed the same.

2.3 Management of HR and Risk

2.3.1 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.

2.3.2 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.

2.3.3 During quarter 1, absence has decreased slightly to 2.22 working days lost and is reflective of the same period last year. Reports show that Stress and Musculo-Skeletal remain the top reasons for absence and viral related absences have reduced significantly.

2.3.4 As we continue to move through significant organisational change, the total number of people employed by the County Council stands at 5328 at the end of Q1 and sees a small increase of 13 posts since the end of Q4 2014/15, however it is a decrease on the same time last year (5528). However, the age profile of our workforce remains stable with an average age of 45.8 years.

2.3.5 We continue to manage the number of significant risks to the organisation, and there is only one net red risk in the corporate risk register 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.

2.3.6 Further details of the actions being taken to reduce the likelihood/ impact of risk is detailed in the risk section of Appendix A.

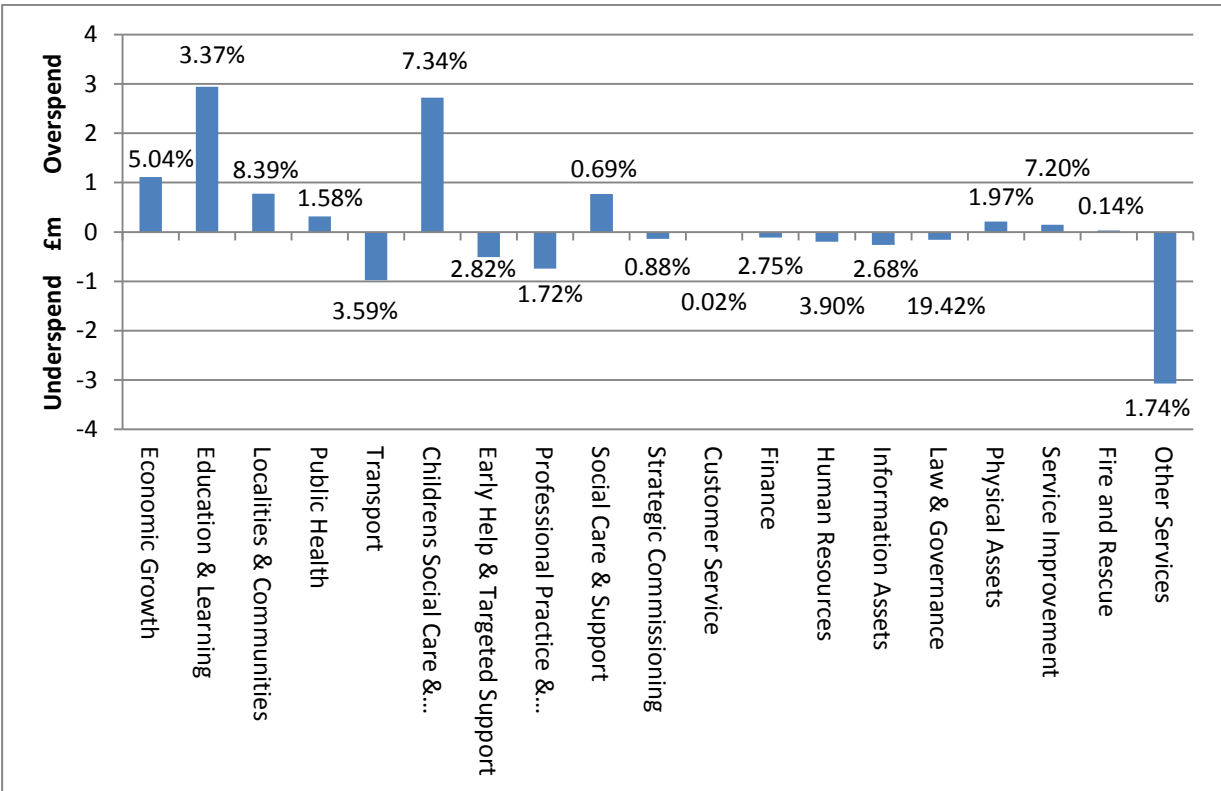
3. Financial Commentary

3.1. Revenue Budget

3.1.1. The approved revenue budget for 2015/16 is £236.665 million. Against this, at Quarter 1, an overspend of £3.502 million or 1.48% is forecast.

3.1.2. The agreed tolerance for overspends is 0% which means the overall forecast falls outside of this tolerance. Business Units are requesting to draw down a net £1.004 million of their reserves to fund specific expenditure projects, which, if approved by members, will bring the overall overspend down to £2.498 million or 1.06%.

3.1.3. The following table shows the forecast position for each Business Unit and those which are outside of the tolerances agreed for reporting purposes of no overspends and a less than 2% underspend. To supplement the assessment of financial performance against these tolerance levels monthly forecasting reports are considered by Group Leadership Teams and forecasting is a standing item on all Corporate Board agendas to allow issues of concern to be escalated quickly. Any issues raised through this process are reported to Members as part of these quarterly reports.



3.1.4. At Quarter 1 nine Business Units are forecasting that they will overspend and a further six are forecasting underspends greater than the -2% tolerance agreed. The main reasons and the proposed management action to rectify the position is set out below. The analysis is split between those Business Units overspending and those underspending. The size of the variation (in cash

terms) is also included to allow Members to reflect on the materiality of the issues raised.

Overspends

- Economic Growth – The forecast overspend of £1.115 million is due to the delayed start on a number of projects last year meaning spending will now take place in 2015/16. Funding for these projects is currently held in the Business Unit's reserves and the Business Unit is requesting to draw down £0.935 million to fund these projects. If approved this would reduce the forecast overspend to £0.180 million.
- Education & Learning – The forecast overspend of £2.939 million is mainly due to the known deficit of £4.148 million on the DSG budget when the details were finalised at the start of the financial year. Underspends in other areas of the service have reduced the total underspend but it is unlikely the Business Unit's forecast overspend will be completely resolved by the end of the financial year. Finding a long-term solution to balance the DSG and deliver the school transport savings has already been identified as an issue that will need to be resolved as part of the 2016/17 OOP financial refresh.
- Localities & Communities – Of the forecast overspend of £0.774 million £0.626 million is for Phase 2 of the Priority Families Programme. The service is requesting to draw down £0.461 million of the Family Intervention Project reserve to meet this overspend. Most of the remaining overspend, £0.125 million, is expenditure providing additional independent domestic abuse advisors. This spending will be met from Business Unit reserves at the end of the year.
- Public Health – The forecast overspend of £0.317 million relates to the Family Nurse Partnership Programme, which the service plan to draw down from reserves in line with the approach agreed by Corporate Board and the Portfolio Holder in 2014/15.
- Children's Social Care & Safeguarding – The forecast overspend is £2.720 million, of which just over £2 million is due to residential care costs. The remaining overspend is from rising costs associated with Foster Carers and Adoption Services. The Business Unit has no reserves and finding a solution to the financial difficulties in Children's Social Care and Safeguarding has already been identified as an issue that will need to be resolved as part of the 2016/17 OOP financial refresh.
- Social Care & Support – The forecast overspend is £0.766 million, this is due to an overspend in both Physical and Learning Disabilities services of £1.989 million which is being offset by underspends in the Older People £1.019 million and Mental Health £0.239 million. Projects are in place to address the areas that are overspending and it is anticipated that once completed the level of the forecast overspend will begin to decrease.

- Physical Assets – The forecast overspend is £0.319 million, however the service is requesting to draw down £0.320 million from the Planning Application reserve to meet these costs.
- Service Improvement and Change Management – The forecast overspend of £0.148 million is a £0.198 million planned overspend on Resources transformation offset by a £0.050 million underspend across the rest of the Business Unit. It is proposed that the spending on transformation will be met from a transfer from the Resource Group Transformation Fund.

Underspends

- Transport & Highways – The underspend of £0.978 million is due to increased income from utilities in respect of street works and the latest consultants projections on the cost of providing concessionary travel. The Business Unit is seeking approval to use £0.288 million of this underspend to facilitate the early repayment of self-financed borrowing.
- Early Help & Targeted Support – The underspend of £0.510 million has been planned as a contingency against the financial impact of demand-led residential Integrated Disability Service placements.
- Finance – The underspend of £0.114 million is due to a reduction in staffing cost through restructuring and temporarily holding vacancies open.
- Human Resources – The underspend of £0.200 million is due to delays in recruiting to vacancies.
- Information Assets – The underspend of £0.261 million is the net of the £0.186 million traded services surplus and £0.075 million from holding vacancies open.
- Law & Governance – The underspend of £0.162 million is due to an increase in demand for services generating additional income, and also holding vacancies open.

3.1.5. Whilst half of the Business Units are reporting overspends at Quarter 1 we would expect this position to improve through the year, based on previous trends. Corporate Board and Heads of Service are aware of the importance of delivering a balanced budget both collectively and individually and that proposals for action to bring those budgets overspending back on track are being developed. Most of the Business Units have sufficient reserves to meet any residual overspends. There are only two Business Units that are a cause for concern at present – Children’s Social Care and Safeguarding and Education and Learning, with a combined forecast of a £5.659 million overspend. The difficult financial position of both of these Business Units is a continuation of the position at the end of 2014/15 and it has already been identified as the critical issue to be resolved in the 2016/17 OOP financial refresh, as reported to Cabinet in July.

3.1.6. Notwithstanding finding a medium term solution, even with concerted management action, it is unlikely there will be a sufficient turnaround in the financial position to bring them fully back on an even keel. As these Business Units have no reserves and remaining overspend will need to be made good from a reallocation of resources from elsewhere across the authority. For 2015/16 Corporate Board is proposing a first commitment on any Other Services underspend for funding, followed by a top-slice from reserves.

3.2. Reserves

3.2.1. Business Units are seeking Members' approval to put £1.272 million into reserves to support the delivery of services in future years. The specific proposals Members are asked to approve are:

Traded Services (£0.838m)

- £0.838 million towards the creation of a reserve for Warwickshire Education Services traded services at the level of their increased surplus targets for the year.

Other Services (£0.434m)

- £0.236 million contribution towards funding the 2017 Local Elections.
- £0.198 million transfer to the Resources Group Transformation Fund to support transformation across the Group.

3.2.2. Business Units are also seeking approval to drawdown £2.276 million from reserves to support the delivery of their plans in the current financial year:

Economic Growth (£0.935m)

- £0.006 million for Ecology and Archaeological grant funding received in 2014/15 which will be spent in 2015/16.
- £0.036 million for spending in 2015/16 relating to the Going 4 Growth Apprentice Hub.
- £0.150 million to supplement this year's £0.500 million budget for the Skills for Employment initiative.
- £0.743 million for Rural Growth Network grant funding towards meeting the forecast expenditure of £0.991 million.

Localities (£0.461m)

- £0.461 million as a contribution towards phase two of the Priority Families Programme.

Public Health (£0.317m)

- £0.317 million to fund Family Nursing Activity in line with the approach agreed by Corporate Board and the Portfolio Holder.

Transport & Highways (£0.103m)

- £0.051 million to fund Bridge Maintenance pressures.
- £0.052 million to fund updates to the traffic model.

Information Assets (£0.140m)

- £0.140 million from the PFI for School Reserve to meet planned expenditure.

Physical Assets (£0.320m)

- £0.320 million from the Planning Application Reserve to meet planned expenditure.

3.2.3. At 1 April 2015 the authority held reserves of £129.470 million. The proposed movements in reserves outlined above and approved previously as part of setting the 2015/16 budget (£3.398 million) and the 2014/15 outturn report (£4.336 million), combined with the effect of the forecast outturn (£3.502 million) would decrease the total level of reserves to £118.234 million.

3.2.4. Of this funding about half is held for specific purposes and cannot be used to support the budget more generally. The remaining reserves are held to cover known financial risks or to cash-flow timing differences between when spend is incurred and savings are delivered. Financially this continues to place us in a strong position as we face the challenge of delivering the 2014-18 Plan.

3.3. Capital Programme

3.3.1. The total forecasted level of capital payments is £109.488 million in 2015/16, with a further £111.250 million of payments over the medium term. In addition, the remaining Capital Growth Fund allocation is £4.661 million for 2015/16 with a further £12.512 million over the medium term.

3.3.2. Managers forecasts indicate that £12.088 million of the spend planned for 2015/16 is now expected to slip into future years.

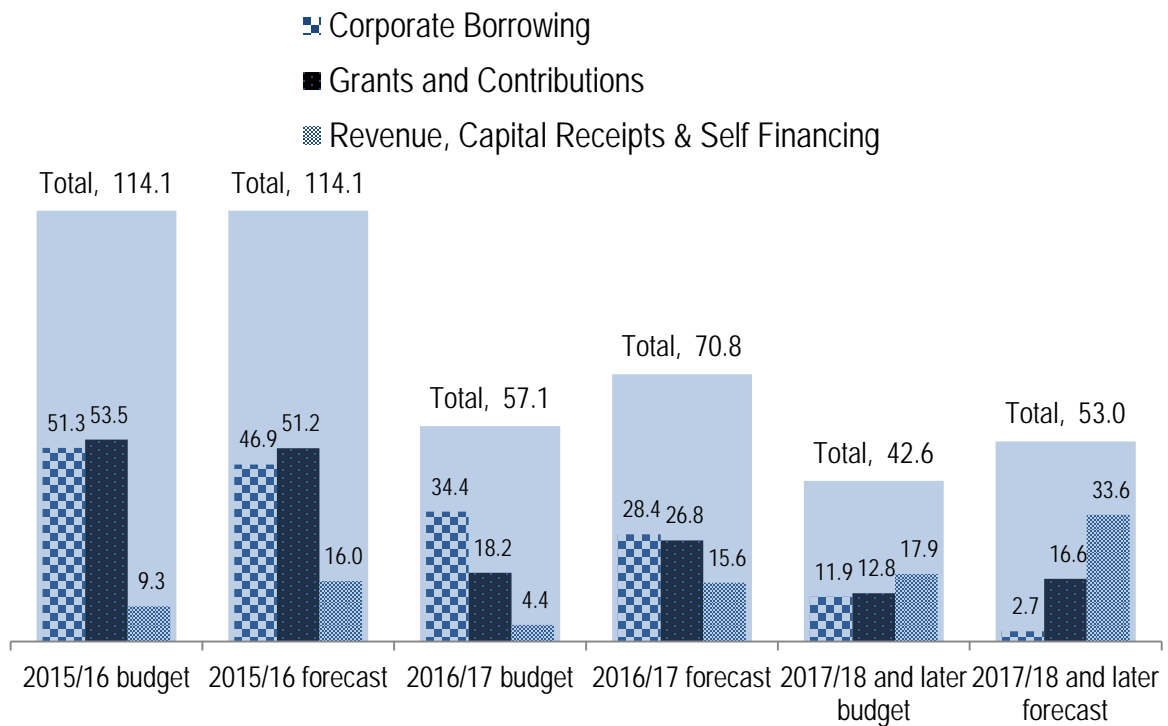
3.3.3. The main reasons for the £12.088 million slippage compared to the approved budget are:

- Education and Learning – The slippage of £1.501 million is due in the main to a revised schedule for the Bishopton School Extension (£843,000) and also other smaller changes across various other targeted basic need schemes.
- Transport – There has been slippage of £5.669 million from 2015/16 into future years due to issues across numerous schemes. Within this figure there has been £1.5m slippage on the Kenilworth Station project, £0.721m on the Bermuda connectivity project, £0.343m on the Rugby Western Relief road project, £1m on the safer routes to schools project and £1.45m slippage on the School Safety Zones project. Further details on the reasons for the slippage are available in the background annexes.
- Fire and Rescue – The slippage of £2.435m relates in the main to the New Training Centre project where major works are unlikely to take place before 2016/17.
- Information Assets – The slippage of £2.591 is on the BDUK project and is due to a change in the contracts by BDUK and BT. This has resulted in a re profiling of the payments schedule.

3.3.4. As well as approving the revised spending in the capital programme, the County Council must also ensure it has sufficient funding available to meet its capital payments in each financial year. The chart below shows how the planned and forecast capital expenditure is to be financed. These figures include the remaining growth fund allocation of £17.173 million.

3.3.5. The overall level of new borrowing remains within the approved envelope of £20 million. Although the borrowing figures shown in the table are above the £20 million limit this is due to slippage on schemes originally approved to take place in earlier years. Therefore there is no impact on the Medium Term Financial Plan.

Estimated Financing to 2017/18 & Later Years (£m)



	2015/16 Budget	2015/16 Forecast	2016/17 Budget	2016/17 Forecast	2017/18 and later Budget	2017/18 and later Forecast
	£'000	£'000	£'000	£'000	£'000	£'000
Total	114,115	114,149	57,087	70,750	42,619	53,012
<i>Corporate Borrowing</i>	51,295	46,907	34,432	28,368	11,899	2,725
<i>Self-Financed Borrowing</i>	3,254	5,279	1,400	1,400	5,938	5,938
<i>Grants and Contributions</i>	53,507	51,198	18,213	26,775	12,770	16,647
<i>Capital Receipts</i>	1,836	6,048	2,400	13,228	11,664	26,813
<i>Revenue Contribution</i>	4,223	4,716	642	979	348	889

3.3.6. Financial Regulations require Cabinet to approve changes to schemes where the figures have a variance of more than 5% or are greater than £25,000 on any individual scheme. These schemes are included in all tables and figures within this report and are identified in the background documentation, with reasons for the variations provided. All of these changes are fully funded and do not require any additional use of corporate capital resources.

4. Background Papers

4.1 Annexes A-S (the detailed returns from each Business Unit of their Quarter 1 position). This information is available on the Council's website and hard copies of the information have also been placed in the Group rooms.

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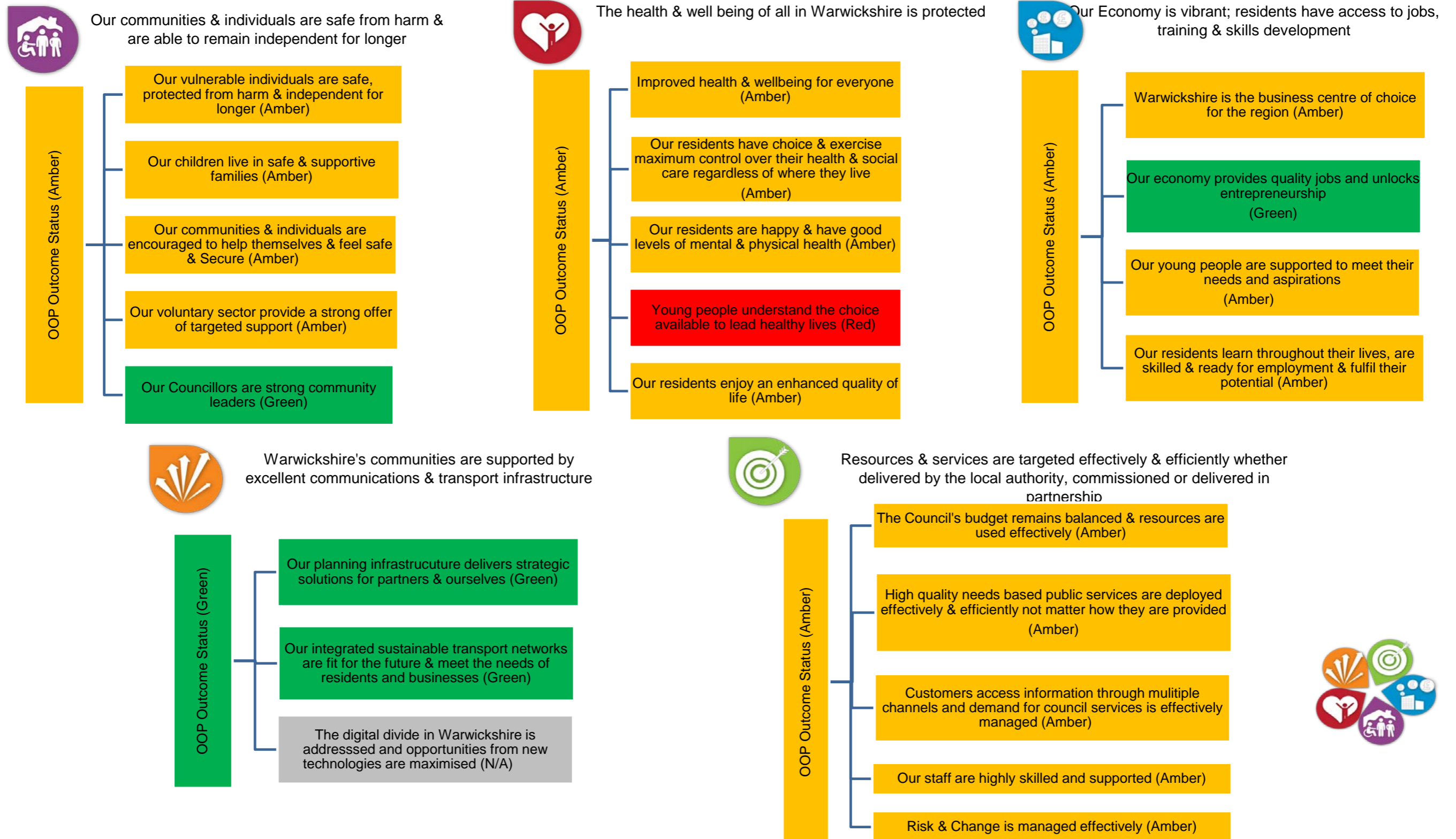
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Appendix A One Organisational Plan Quarterly Progress Report: Delivery of One Organisational Plan Outcomes April – June 2015

Overall, at the end of quarter 1 2015/16 of the One Organisational Plan, we are reporting that we are within tolerance (Amber) or on target (Green) to deliver on all of the high level Outcomes as set out in the One Organisational Plan

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 16 within tolerance (Amber) to be achieved at the end of 2018.



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



Customers

A 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

N/A The Council adopts a commissioning approach to service delivery (see below)

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

A The Council operates within the law

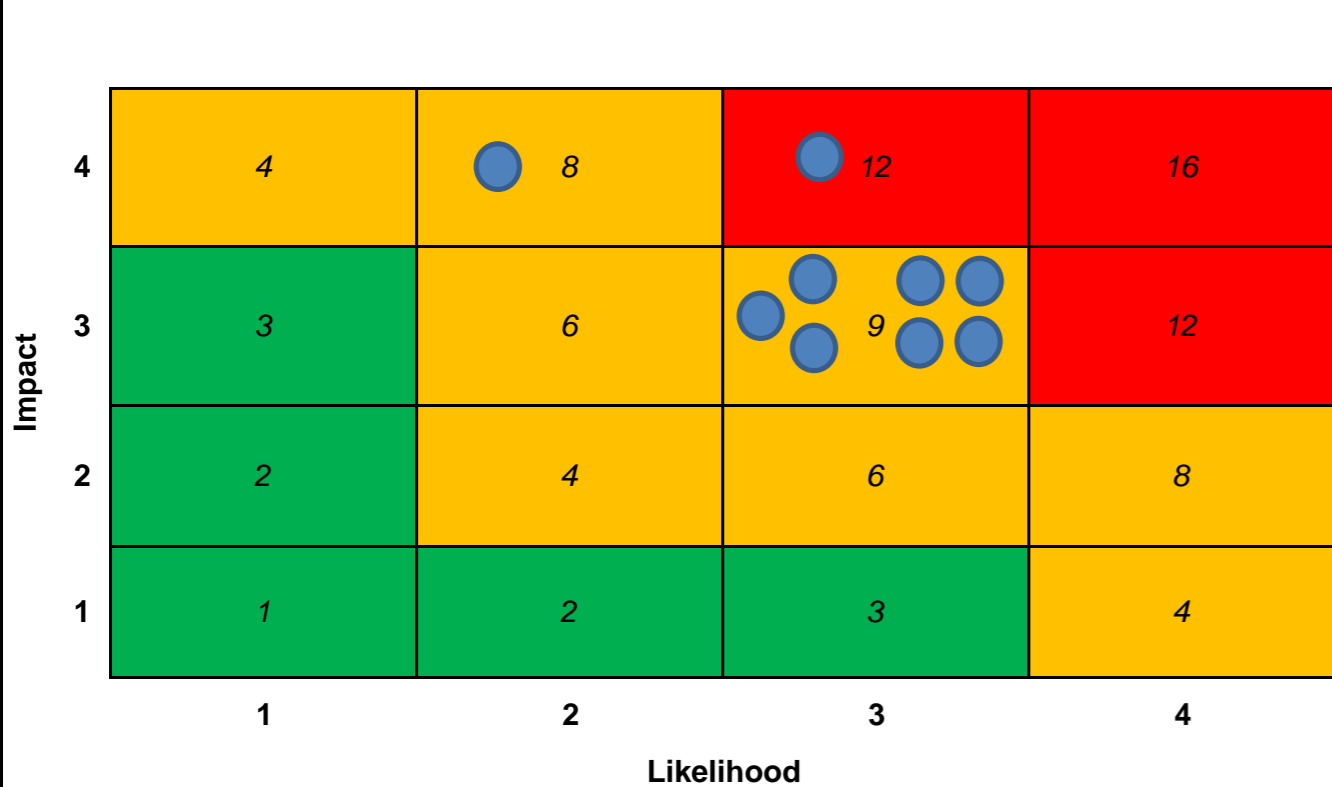


A Delivery of the One Organisational Health Outcomes: Actual of April - June 2015

As of 30th June 2015, we are reporting four amber outcomes, two green and one red, which equates to an amber status for the overall delivery of the One Organisational Health outcomes.

We are currently unable to provide a Q1 forecast for the Organisational Health Outcome "The Council adopts a commissioning approach to service delivery, as it is currently being defined.

WCC Strategic Risks - Performance Update April - June 15



● Net Risk Level

Net Amber Risks

- R0840 Continuing pressure on Adult Social Services resources
- R0842 Loss or corruption of personal or protected data held by the Council
- R0843 C&W LEP and City Deal arrangements, fail to achieve optimum funding levels and economic benefits
- R0844 Sustaining risk critical fire and rescue support functions during times of austerity
- R0845 Development of Business Continuity Plans and procedures
- R0846 Ensuring sufficient number of school places across the county
- R0847 Inability to manage or influence the impact of HS2 on Warwickshire
- R0839 Government policies, new legislation and sustained austerity measures present immediate challenges and further significant

Gross Risk Level Net Risk Level

16 (R)	9 (A)
12 (R)	9 (A)
12 (R)	9 (A)
12 (R)	9 (A)
12 (R)	9 (A)
16 (R)	9 (A)
16 (R)	8 (A)

Net Red Risk

- R0841 Safeguarding Children & Vulnerable Adults in our community

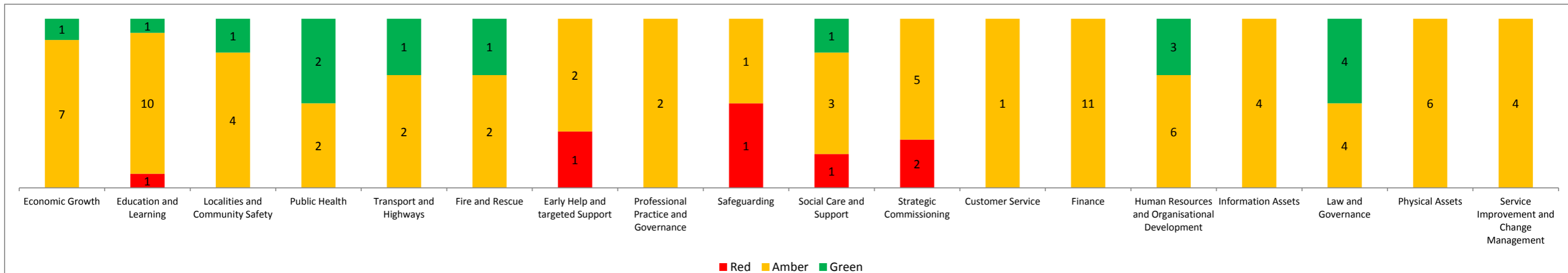
16 (R)	12 (R)
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Definitions taken from WCC Risk Management Strategy:

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 - June 15



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

Home to School Transport cannot be managed back to budget or savings delivered. Risk Owner: Nigel Minns (Head of Education and Learning). The Council is currently consulting on proposals to cease to provide, or charge for, significant elements of discretionary transport. These proposals, which will be subject to a Cabinet decision in October 2015, will meet a proportion of the planned savings. Any phasing of the proposals (in line with statutory guidance) will result in shortfalls. Additional proposals are being developed to make further savings.

The Reablement Strategy and OOP fail to deliver intended objectives. Risk Owner: Hugh Disley (Head of Early Help and Targeted Support). This risk is reliant on the appropriate referral pathway where reablement can be undertaken. There is a D2A Integration Board that is overseeing a joint Health / Social Care integrated model that should maximise on the reablement potential with a possible S75 agreement

Children and Young People and vulnerable adults suffer injury or death. Risk Owner: Sue Ross (Interim Head of Safeguarding). The risk of this type of incident happening will always remain despite controls in place which are under constant review

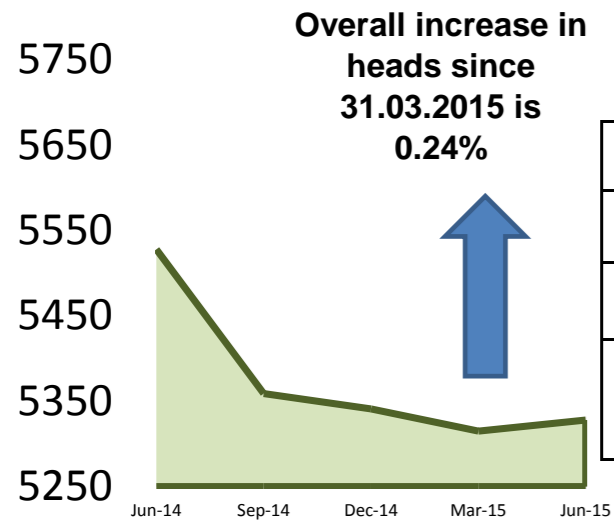
Care Act implementation delays mean council fails to meet its statutory duties to deliver social care and support services: Risk Owner: Jenny Wood (Head of Social Care & Support). This has seen the establishment of Oversight Group to oversee implementation across all relevant council services and the establishment of Assessment, Support Planning and Review Project. With the recent announcement of the delay in the second phase of implementation of the Care Act the situation is now being reviewed

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.

Service continuity of commissioned support services including payroll support for customers with Direct Payments until a re-tender . Risk Owner: Becky Hale (All Age Disabilities Commissioning Service Manager). Fast tracking pre-procurement activity. On going provider discussions and monitoring.

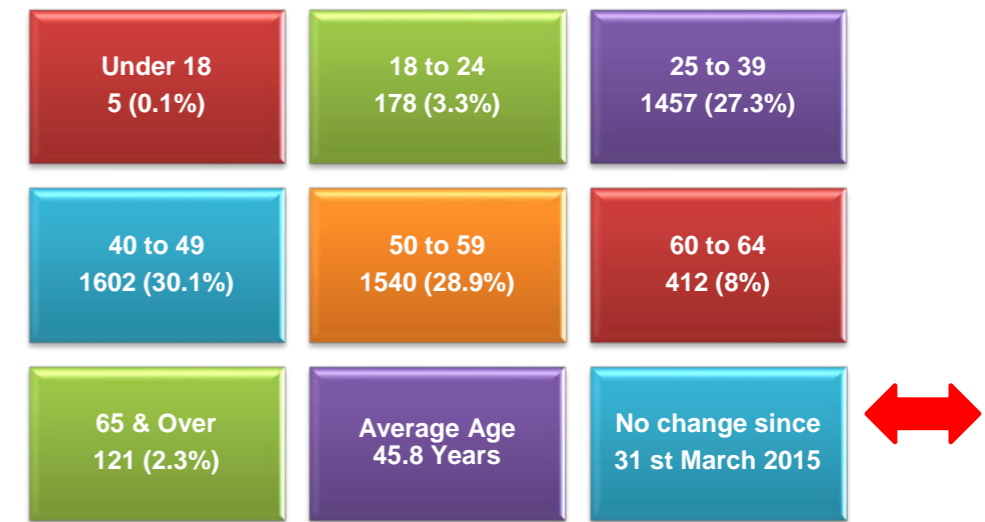
One Organisational Plan Quarter 1 April - June 2015 Progress Report: Headline HR Information

Number of employees



	End of Qtr 1 2014/15	End Mid Year	End of Qtr 3	End of Qtr 4	End of Qtr 1 2015/16
Head Count	5528	5359	5341	5315	5328
Full Time Equivalents	4268.1	4150.6	4165.6	4158.3	4154
Whole Time Equivalents	4199.3	4083.7	4094.6	4086.4	4087
Number of Posts	5845	5647	5634	5613	5630

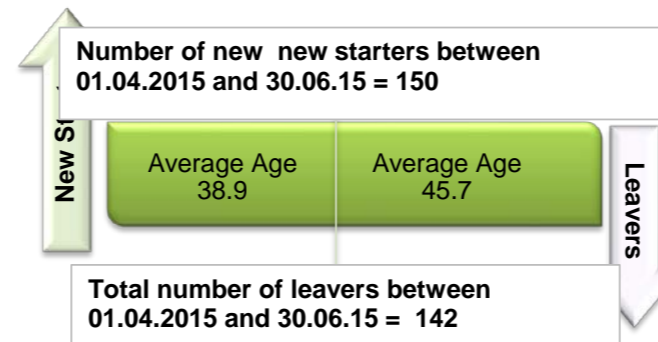
April to June 2015 Age profile of our workforce as at 30.06.2015



Turnover of workforce 1st April 2015 - 30th June 2015.

	New starters	Leavers & % turnover	Overall Turnover (Heads)
Heads	150	142 2.7	2.67%
Full Time Equivalents	104.5	107.5 2.6	
Posts	152.0	147 2.6	

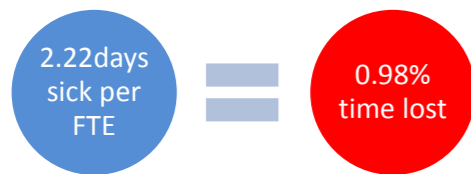
Average age of new starters and leavers



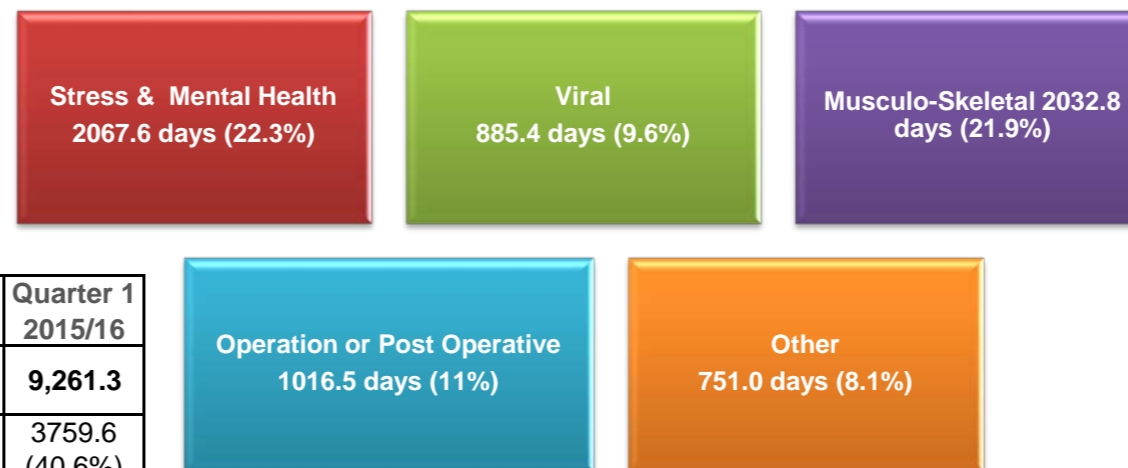
Number of posts by the reasons for leaving (% of leavers)



Sickness Headline Statistics Financial Year Q1 2015/16



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	Quarter 1 2015/16
Days lost through sickness	9,316.7	10,532.1	11,112.4	11,158.2	9,261.3
of which short-term	3828.2 (41%)	3453.4 (33%)	5284.3 (48%)	5145.3 (46.1%)	3759.6 (40.6%)
of which long-term	5488.5 (59%)	7078.6 (67%)	5828.1 (52%)	6013 (53.9%)	5501.6 (59.4%)

One Organisational Plan: Use of Financial Resources: Quarter 1 April - June 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 2015/16 into Future Years	Comments
Customer Service	3,654	0	3,654	13	
Early Help & Targeted Support	0	25	75	0	
Economic Growth	1,441	0	1,441	123	The increase in spending for this financial year is due to the re-profiling of a project to bring forward the purchase of an additional compactor at Princes Drive.
Finance	0	0	0	0	
Fire & Rescue	12,439	0	12,296	(2,435)	£2m slippage on the new training centre. Overall reduction in resources due to estimated costs being finalised on another scheme. Abortive costs for New Fire and Rescue Centre have been adjusted out of the capital programme.
Information Assets	17,142	0	17,142	(2,591)	BDUK and BT have negotiated an acceleration of Contract 2 deployment. However, the knock effect of this is to merge parts of Contract 1 into Contract 2 and parts of Contract 2 into Contract 1. This will require a significant re-profile of the payment schedule and a re-allocation of funding throughout the next few years of the project.
Education & Learning	29,452	17,955	46,549	(1,501)	£857k returned to the Education pot for re-distribution to different schemes due to up to date estimates. Bishopton School extension has slipped by £843k in year.

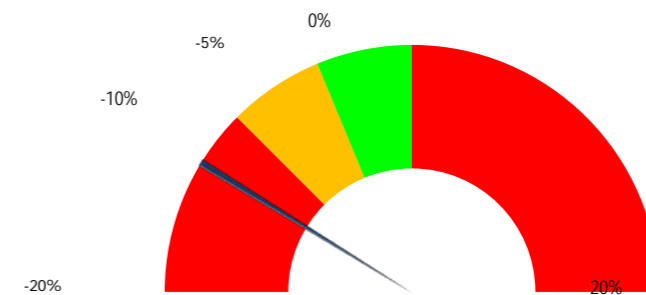
Service	All Current and Future Years Approved Budget £'000	New Approved Funding / Schemes £'000	All Current and Future Years Forecast £'000	Slippage from 2014/15 into Future Years	Comments
Localities & Communities	664	1,086	1,751	(27)	Schedule timings changed by HS2
Physical Assets	36,777	2,450	39,228	(1)	
Safeguarding	238	0	238	0	
Social Care & Support	1,176	0	1,176	0	
Strategic Commissioning	1,262	0	3,187	0	
Transport	91,379	2,114	92,978	(5,669)	£1.5m slippage on Kenilworth Station, £721k on Bermuda connectivity, £343k on Rugby Western Relief Road, £1m on safer routes to schools, £1.45m slippage on School Safety Zones. Safer routes to schools overstated by £500k at outturn.
Professional Practice & Governance	1,024	0	1,024	0	

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 2015/16 into Future Years - Total



One Organisational Plan: Use of Financial Resources: Quarter One 2015 / 16 Revenue Position by Business Unit

Service	2015/16 Budget £'000	2015/16 Outturn £'000	Revenue Variance £'000 %	Retained Reserves £'000	Financial Standing £'000
Economic Growth	22,103	23,218	1,115 5.04% Overspent	(3,907)	(2,792)
Education & Learning	87,120	90,059	2,939 3.37% Overspent	(1,250)	1,689
Localities & Communities	9,220	9,994	774 8.39% Overspent	(2,870)	(2,096)
Public Health	20,077	20,394	317 1.58% Overspent	(1,371)	(1,054)
Transport & Highways	27,268	26,290	(978) 3.59% Underspent	(2,874)	(3,852)
Total Communities Group	165,788	169,955	4,167 2.51% Overspent	(12,272)	(8,105)
Children's Social Care & Safeguarding	37,062	39,782	2,720 7.34% Overspent	2,734	5,454
Early Help & Targeted Support	18,103	17,593	(510) 2.82% Underspent	(1,449)	(1,959)
Professional Practice & Governance	4,291	4,217	(74) 1.72% Underspent	(2,825)	(2,899)
Social Care & Support	111,392	112,158	766 0.69% Overspent	(10,544)	(9,778)
Strategic Commissioning	15,988	15,848	(140) 0.88% Underspent	(4,850)	(4,990)
Total People Group	186,836	189,598	2,762 1.48% Overspent	(16,934)	(14,172)

Service	2015/16 Budget £'000	2015/16 Outturn £'000	Revenue Variance £'000 %	Retained Reserves £'000	Financial Standing £'000
Customer Service	8,585	8,583	(2) 0.02% Underspent	(740)	(742)
Finance	4,139	4,025	(114) 2.75% Underspent	(205)	(319)
Human Resources & Organisational Development	5,129	4,929	(200) 3.90% Underspent	(843)	(1,043)
Information Assets	9,755	9,494	(261) 2.68% Underspent	(1,817)	(2,078)
Law & Governance	834	672	(162) 19.42% Underspent	(156)	(318)
Physical Assets	10,533	10,741	208 1.97% Overspent	(319)	(111)
Service Improvement and Change	2,056	2,204	148 7.20% Overspent	(42)	106
Total Resources Group	41,031	40,648	(383) 0.93% Underspent	(8,861)*	(9,244)
Fire & Rescue	19,614	19,641	27 0.14% Overspent	(987)	(960)
Other Services	(176,604)	(179,675)	(3,071) 1.74% Underspent	(86,331)	(89,402)
Total Whole Authority	236,665	240,167	3,502 1.48% Overspent	(125,385)	(121,883)

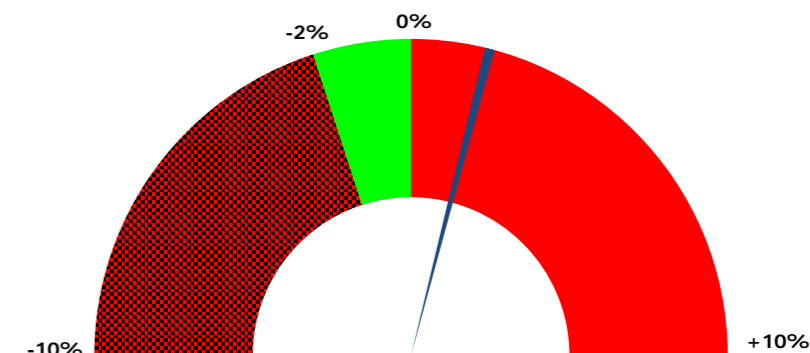
Notes

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: Quarter 1 April - June 2015
Savings Plan Position by Business Unit

Service	2015/16 Target	2015/16 Actual to Date	2015/16 Forecast Outturn	Comments	Implementation Status
Economic Growth	1,287	1,027	1,287	Whilst delivery of savings in 2015/16 is on target there are risks going forward of waste tonnages increase as the economy moves out of recession.	A
Education & Learning	1,568	1,268	1,268	The reduction in spending on out of county SEN transport has been cancelled out by spending on additional pupil numbers in special schools. This will be covered by one off savings in the BU in 2015/16.	R
Localities & Communities	626	626	626		G
Public Health	0	0	0		
Transport	2,185	2,162	2,162	Forecast income for Stratford Park & Ride in 2015/16 is £23k lower than expected. Anticipated that long-term savings will be addressed through alternative delivery model for Stratford Park and Ride.	G
Total Communities Group	5,666	5,083	5,343		A
Childrens Social Care & Safeguarding	1,661	1,725	2,909		A
Early Help & Targeted Support	1,537	1,532	1,537		A
Professional Practice and Governance	1,610	1,456	1,610		A
Social Care & Support	11,676	10,570	13,134		A
Strategic Commissioning	696	187	696		A
Total People Group	17,180	15,470	19,886		A

Service	2015/16 Target	2015/16 Actual to Date	2015/16 Forecast Outturn	Comments	Implementation Status
Customer Service	650	650	650		G
Finance	501	501	501		G
Human Resources & Organisational Development	561	561	561		G
Information Assets	1,067	1,067	1,067		G
Law & Governance	57	57	57		G
Physical Assets	1,092	780	1,092		G
Service Improvement & Change Management	540	540	540		A
Total Resources Group	4,468	4,156	4,468		A
Fire & Rescue	1,129	727	1,077	Control programme implementation now scheduled for early 2016/17. Shortfall in 2015/16 will be mitigated by one-off funding and underpends elsewhere.	A
Other Services	1,550	1,550	1,550		
Total Whole Authority	29,993	26,986	32,324		A

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.

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

2015/16 Revenue Budget

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Marketing and Communications	381	0	381	400	19	
Customer Service Centre	2,091	(43)	2,048	2,045	(3)	
Customer Relations	382	0	382	382	0	
Face to Face (including Libraries and Registration Service)	3,884	0	3,884	3,883	(1)	
Head of Service and Business Unit Projects	1,038	100	1,138	1,118	(20)	
E Services and Business Development	774	43	817	829	12	
Traded Services - Educational	(37)	0	(37)	(37)	0	
Traded Services - Non Educational	(55)	27	(28)	(37)	(9)	
Net Service Spending	8,458	127	8,585	8,583	(2)	

2015/16 Reserves Position

Reserve	Opening Balance 01.04.15 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.16 £'000	Transfer Request To / (From) Reserves £'000	Reason for Request
Savings	0	0	0	0	0	
Traded Reserve	0	0	4	0	4	Transfer to a Resources Group Traded Reserve
Warwickshire Local Welfare Scheme	742	0	(2)	740	0	
Total	742	0	2	740	4	

2015/16 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	
	Savings delivered in 2014/15	420	420	420	420		420		
OOP/CS-B	Applying additional income targets to the Registration Service.	55	55	55	55		155		
OOP/CS-C	Reduction in the Customer Service Improvement & Development programme.	40	40	40	80		80		
OOP/CS-D	Reduction in the Customer Services Projects.	50	50	50	50		80		
OOP-CS-F	Redesigning the Customer Relations Service which may include a reduction in staffing numbers	25	25	25	25		25		
OOP-CS-E	Exploring the potential for income generation through a more targeted communications approach and also include a reduction in staffing	60	60	60	60		60		
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	150		346		
OOP-CS-I	Improve the effectiveness of the whole library network	0	0	0	100		100		
OOP-CS-J	Management restructure to reflect the changes and realignments of responsibilities across the Business Unit	0	0	0	112		112		
	Total	650	650	650	1,052	0	1,378	0	
	Target		650	650		1,052		1,378	
	Remaining Shortfall/(Over Achievement)		0	0		1,052		1,378	

2015/16 to 2018/19 Capital Programme

Agresso Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2015/16 £ 000's	2016/17 £ 000's	2017/18 and later £'000	Total £ 000's	Earlier Years	2015/16 £ 000's	2016/17 £ 000's	2017/18 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	453	0	501	48	0	453	0	501	0	(0)	
10645000	One-Stop Shops Expansion Programme 2009/10	0	205	65	0	270	0	205	65	0	270	0	0	
11040000	Improving the Customer Experience/One Front Door Improvements	182	400	2,467	0	3,049	182	413	2,454	0	3,050	13	0	
11293000	Community Information Hubs	47	64	0	0	111	47	64	0	0	111	0	0	
		277	669	2,985	0	3,931	277	682	2,972	0	3,931	13	(0)	

Results for Key Business Performance Measures April 2015 to June 2015

Measure	2015/16 Target	2015/16 Q1 Actual	2015/16 Year-End Forecast	Status	Commentary	
No. of decisions deferred by decision making committee (KBM)	3	0	3	Green		
Proportion of all change activity benefits identified are delivered (KBM)				N/A	We are not yet in a position to report against this indicator. Benefits to be realised as a result of change will be identified and actively monitored following implementation	
Resources Group demonstrates value for money (KBM)				N/A	This Measure is still currently underdevelopment for the whole of Resources Group. Once the final methodology has been agreed by Resources GLT we will be able to identify a suitable reporting process and update the Dashboard accordingly	
Net variation to budget - Percentage (KBM)	-2	- 0.01%	-0.01	Green	£ variance: £1,084	
Standards for complaint handling are met (KBM)	1	0	0	Red	We are working with all Groups to address this	Known problem with timeliness - Customer Services and Transformation Board are co-ordinating actions to resolve
Average number of days lost due to sickness per FTE	8.2	2.24	8.86	Red	We are working with HR colleagues to reduce sickness levels in the Service	
% Delivery of Corporate Learning and Development Plans (KBM)	100	100	100	Green		
% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process (KBM)	80		80	Green		
% customer satisfaction with access to services and advice (KBM)	65		65	Green		
% increase in staff engagement (KBM)	70.1		70.1	Green		
% of services that are commissioned to deliver against clearly defined set of outcomes (KBM)	100			N/A	This is currently being defined for the whole Group and will be based on the definition of the Organisational Health Measure. Once this has been completed it will be shared and agreed with GLT as part of the broader work to define all key business measures for Resources Group	
% of telephone abandonments (KBM)	5	8.9	5	Green		
% reduction in face to face and CSC transactions for services which have been digitised and available through self service (KBM)	30	0	30	Green	We have not yet put any services live in 'self' that are currently delivered through Face-to-Face or CSC. During the course of the year this will be happening and we will be measuring take-up at this stage.	
% staff expressing satisfaction with their manager as a leader (KBM)	34.7		34.7	Green		
% staff expressing satisfaction with their manager				N/A	Awaiting staff survey results.	
All Resources Group Business Unit key activities are delivered on time and within budget (KBM)			100	N/A	Data not currently available	
% staff satisfaction with access to the resources and information which allow them to do their job(KBM)	68.9		68.9	Green		
% staff satisfied with the council as an employer (KBM)	71		71	Green		
Adverse decisions about Council complaint handling by Local Government Ombudsman (KBM)	10	0	10	Green	We have had 5 complaints not upheld by the LGO in this quarter and 2 which have not been counted as a complaint decision either because they were premature or were closed after initial enquiries	
Average time taken by Members to make formal decisions(KBM)	30	30	30	Green		
Information required by decision makers is dispatched in a timely manner and to timescales set (KBM)	1	1	1	Green		
Maintain Customer Excellence Accreditation to ensure effective management of customer expectations (KBM)	Yes	N/A	Yes	Green	The accreditation is due for renewal in March 2016 with results available at the end of 2016	
Proportion of Service Standards met (KBM)	100	100	100	Green		
Service standards published for all services (KBM)	100	100	100	Green		
The Customer Journey programme is delivered on time and to budget (KBM)	100	100	100	Green		
Average competency score for Leadership Team (KBM)	3	3.2	3.2	Green	This is a new key business measure and the baseline will be determined from the current round of appraisals.	
Savings are delivered to plan (Org Health)	1		1	Green		

Annex K Customer Service

Measure	2015/16 Target	2015/16 Q1 Actual	2015/16 Year-End Forecast	Status	Commentary	
% of customer satisfaction with the quality of services provided (Organisational Health Measure)	64		64	Green		
Capital Programme delivered on time & to budget	100		95	Amber		
All business unit key activities are delivered on time and within budget	Yes	Yes	Yes	Green		
% staff who consider Council's rules to be clear and understandable				N/A	Awaiting staff survey results. Baseline and targets to be determined.	
All Resources Group change activity is delivered on time & within budget	Yes		Yes	Green		
Risks identified are managed & reviewed monthly	Yes	Yes	Yes	Green		
Number of risks identified in the risk register which materialise	0		0	Green		

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

2015/16 Revenue Budget

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Head of Service	315	0	315	279	(36)	The underspend in Communities Finance relates primarily to vacancies in Procurement (which are required next year) and a restructure of support for Fire. The underspend in People Group finance relates to delays in recruitment and slippage in planned work for the replacement Social Care system. The overspend in Resources Finance relates to some unanticipated expenditure on software systems to support changes in Payroll. The overspend on traded services relates to an under recovery of income from schools, where we had anticipated generating more custom.
Corporate Finance and Advice	678	0	678	675	(3)	
Treasury, Exchequer, Finance Systems, Pensions	190	0	190	197	7	
Communities Group Local Finance, Fire and Rescue Local Finance, Procurement	827	0	827	740	(87)	
People Group Local Finance, Financial Benefits and Advice	1,917	0	1,917	1,858	(59)	
Resources Local Finance, Schools Strategy and Support, Payroll	639	0	639	676	37	
Traded Services - Education	(238)	0	(238)	(209)	29	
Traded Services - Non Education	(189)	0	(189)	(191)	(2)	
Net Service Spending	4,139	0	4,139	4,025	(114)	

2015/16 Reserves Position

Reserve	Opening Balance 01.04.15 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.16 £'000	Transfer Request To / (From) Reserves £'000	Reason for Request
Savings	0	0	110	110	0	
Traded Reserve	0	0	4	0	4	Transfer to a Resources Group Traded Reserve
Finance Training Reserve	95	0	0	95	0	
Total	95	0	114	205	4	

2015/16 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	
	Savings delivered in 2014/15	251	251	251	251		251		
OOP/FIN-C	Better use of financial systems to generate efficiencies, maximise income and minimise transaction costs.	0			250		327		
OOP/FIN-D	Improvements in procurement, treasury management, debt management and redemption and cash flow / reserves to reduce cost.	250	250	250	250		422		
	Total	501	501	501	751	0	1,000	0	
	Target		501	501		751		1,000	
	Remaining Shortfall/(Over Achievement)		0	0		751		1,000	

2015/16 to 2018/19 Capital Programme

Agresso Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2015/16 £ 000's	2016/17 £ 000's	2017/18 and later £'000	Total £ 000's	Earlier Years	2015/16 £ 000's	2016/17 £ 000's	2017/18 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's	
11334000	Share purchase in Local Capital Finance Company	200	0	0	0	200	200	0	0	0	200	0	0	
		200	0	0	0	200	200	0	0	0	200	0	0	

Results for Key Business Performance Measures April 2015 to June 2015

Measure	2015/16 Target	2015/16 Q1 Actual	2015/16 Year-End Forecast	Status	Commentary
% of services that are commissioned to deliver against clearly defined set of outcomes (KBM)		100	100	N/A	This is currently being defined for the whole Group and will be based on the definition of the Organisational Health Measure. Once this has been completed it will be shared and agreed with GLT as part of the broader work to define all key business measures for Resources Group.
% staff who consider Council's rules to be clear and understandable(KBM)		0	0	N/A	To be determined
No. of decisions deferred by decision making committee (KBM)	3	0	3	Green	
Proportion of all change activity benefits identified are delivered (KBM)				N/A	We are not yet in a position to report against this indicator. Benefits to be realised as a result of change will be identified and actively monitored following implementation
Resources Group demonstrates value for money (KBM)		0	100	N/A	This Measure is still currently under development for the whole of Resources Group. Once the final methodology has been agreed by Resources GLT we will be able to identify a suitable reporting process and update the Dashboard accordingly
The Capital Programme is delivered on time and to budget (Educational & Corporate Programmes) (KBM)	100	25	75	Red	This is the responsibility of individual capital project service managers - the responsibility of the Finance BU is to highlight major variations and suggest where remedial action needs to be taken.
Net variation to budget - Percentage (KBM)	0	-2.74	-2.74	Red	£ variance: £113,420 - see detailed comments above relating to reasons.
% increase in staff engagement (KBM)	75.8	0	72.8	Amber	Awaiting advice from SICM / HR on the definition and how to collect this data.
% of customer satisfaction with the quality of services provided (KBM)	68		66	Amber	
% Delivery of Corporate Learning and Development Plans (KBM)	100	100	100	Green	
% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process (KBM)	90	90	90	Green	To be defined. Definition to be agreed by Resources Group GLT
% customer satisfaction with access to services and advice (KBM)	72	72	72	Green	
% staff expressing satisfaction with their manager as a leader (KBM)	69	69	69	Green	Assumes staff survey will be run this year. In 2014 the score for Q21 was 68.5%
% staff satisfaction with access to the resources and information which allow them to do their job(KBM)	82	82	82	Green	Assumes staff survey will be run this year. In 2014 the score for Q21 was 82.5%
% staff satisfied with the council as an employer (KBM)	80	80	80	Green	Based on 2014 staff survey (Q38)
All Resources Group Business Unit key activities are delivered on time and within budget (KBM)	100	100	100	Green	The status assumes that this only relates to Finance Business Unit key activities.
All Resources Group change activity is delivered on time & within budget (KBM)	100	100	100	Green	
Average time taken by Members to make formal decisions(KBM)	30	30	30	Green	
Information required by decision makers is dispatched in a timely manner and to timescales set (KBM)	1	1	1	Green	
Number of risks identified in the risk register which materialise (KBM)	0	0	0	Green	
Proportion of Service Standards met (KBM)	100	100	100	Green	
Risks identified are managed and reviewed monthly (KBM)	1	1	1	Green	
Savings delivered (KBM)	100	100	100	Green	
Service standards published for all services (KBM)	100	100	100	Green	Completed relating only to the Finance Business Unit
Average competency score for Leadership Team (KBM)	3	3	3.2	Green	This is a new key business measure and the baseline will be determined from the current round of appraisals.
Average number of days sick per year (FTE working days lost per FTE) (KBM)	6.3	1.4	5.6	Green	
% staff expressing satisfaction with their manager				N/A	Awaiting staff survey results.

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

2015/16 Revenue Budget

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Employee Relationships	1,514	0	1,514	1,412	(102)	Long term sickness and vacancies.
Human Resources Service Centre	1,143	9	1,152	1,161	9	
Business Partners and Learning and Organisational Development	1,803	0	1,803	1,754	(49)	Delay in recruitment
Human Resources Head of Service and Internal Apprenticeship Programme	742	(9)	733	699	(34)	Recruitment timing
Traded Services - Education	(87)	0	(87)	(105)	(18)	
Traded Services - Non Education	14	0	14	8	(6)	
Net Service Spending	5,129	0	5,129	4,929	(200)	

2015/16 Reserves Position

Reserve	Opening Balance 01.04.15 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.16 £'000	Transfer Request To / (From) Reserves £'000	Reason for Request
Savings	0	0	174	174	0	
Traded Reserve	0	0	15	0	15	Transfer to a Resources Group Traded Reserve
Growing for Growth Apprenticeship Scheme	658	0	11	669	0	
Total	658	0	200	843	15	

2015/16 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	
	Savings delivered in 2014/15	296		296	296	0	296	0	
OOP/HR-A	Business redesign of the HR Service Centre to review processes across pay and pensions for WCC (including schools), employment records and HR data management	86	86	86	129	0	129	0	
OOP/HR-B	Redesign corporate learning and development with a reduction in demand and increased self-service and e-learning	57	57	57	80	0	172	0	
OOP/HR-C	Redesign employee relations (including HR and equalities and diversity advisory services), policy development and manage demand by increasing self-service	61	0	61	190	0	230	0	
OOP/HR-D	Redesign HR business partnership, realigning support for services	61	61	61	98	0	98	0	
OOP/HR-E	Redesign health and safety services, increase self service and consider alternative delivery models	0	0	0	75	0	75	0	
OOP/HR-F	Additional savings to be identified	0	0	0	40	0	50		
	Total	561	204	561	908	0	1,050	0	
	Target		561	561		908		1,050	
	Remaining Shortfall/(Over Achievement)		357	0		908		1,050	

Results for Key Business Performance Measures April 2015 to June 2015

Measure	2015/16 Target	2015/16 Q1 Actual	2015/16 Year-End Forecast	Status	Commentary	Action to be taken
% of customer satisfaction with the quality of services provided (KBM)	62		62	Green		
% of services that are commissioned to deliver against clearly defined set of outcomes (KBM)				N/A	This is currently being defined for the whole Group and will be based on the definition of the Organisational Health Measure. Once this has been completed it will be shared and agreed with GLT as part of the broader work to define all key business measures for Resources Group.	
All Resources Group change activity is delivered on time & within budget (KBM)	100			N/A		
No. of decisions deferred by decision making committee (KBM)	3	0	3	Green		
Proportion of all change activity benefits identified are delivered (KBM)				N/A	We are not yet in a position to report against this indicator. Benefits to be realised as a result of change will be identified and actively monitored following implementation	
Resources Group demonstrates value for money (KBM)				N/A	This Measure is still currently underdevelopment for the whole of Resources Group. Once the final methodology has been agreed by Resources GLT we will be able to identify a suitable reporting process and update the Dashboard accordingly	
Net variation to budget - Percentage (KBM)	-2	-3.9	-3.9	Red	£ variance: £199,785. Holding vacancies and long term sickness	
% Delivery of Corporate Learning and Development Plans (KBM)	100	100	100	Green		
% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process (KBM)	68	68	68	Green		
% customer satisfaction with access to services and advice (KBM)	62	62	62	Green		
% increase in staff engagement (KBM)	84.3	84.3	84.3	Green		
% staff expressing satisfaction with their manager as a leader (KBM)	45.7		45.7	Green		
% staff satisfaction with access to the resources and information which allow them to do their job(KBM)	74.6		74.6	Green		
% staff satisfied with the council as an employer (KBM)	72		72	Green		
% staff who consider Council's rules to be clear and understandable(KBM)	100		100	Green	Indicator and target to be defined	
All business unit key activities are delivered on time and within budget (KBM)	1	1	1	Green		
Average time taken by Members to make formal decisions(KBM)	30	30	30	Green		
Information required by decision makers is dispatched in a timely manner and to timescales set (KBM)	1	1	1	Green		
Number of risks identified in the risk register which materialise (KBM)	0	0	0	Green		
Proportion of Service Standards met (KBM)	1	1	1	Green		
Risks identified are managed and reviewed monthly (KBM)	1	1	1	Green		
Savings delivered (KBM)	1	1	1	Green		
Service standards published for all services (KBM)	1	1	1	Green		
Average competency score for Leadership Team (KBM)	3	3.2	3.2	Green	This is a new key business measure and the baseline will be determined from the current round of appraisals.	
Average number of days sick per year (FTE working days lost per FTE) (KBM)	8.5	1.62	6.48	Green		
% staff expressing satisfaction with their manager				N/A	Awaiting staff survey results.	

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

2015/16 Revenue Budget

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Head of Service	780	0	780	393	(387)	The underspend relates to the traded services surplus H57in 2015/16. It is proposed to transfer this to a traded services reserve.
Members Support	35	0	35	33	(2)	
Strategy and Programme and Innovation	846	0	846	808	(38)	Currently forecasting an underspend due to a vacancy however reviewing resourcing options
Corporate ICT Development	1,415	0	1,415	1,415	0	
Customer and Supplier Services	1,740	1	1,741	1,741	0	
Production Services	2,636	0	2,636	2,636	0	
Systems Design and Architecture	1,188	0	1,188	1,153	(35)	Currently forecasting an underspend due to a vacancy however reviewing resourcing options
Network Services	1,155	0	1,155	1,155	0	
Information Management	357	0	357	357	0	
Traded Services - Education	(398)	0	(398)	(197)	201	£140,000 of over spend is due to expenditure incurred that should be funded from the PFI for School reserve and is requested to be drawn down at Q1. £60,000 is currently forecast as the shortfall against the WES Traded Service Target
Net Service Spending	9,754	1	9,755	9,494	(261)	

2015/16 Reserves Position

Reserve	Opening Balance 01.04.15 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.16 £'000	Transfer Request To / (From) Reserves £'000	Reason for Request
WAN Investment	325	0	0	325		
Information Assets - Savings	0	0	14	14		
Going for Growth - IA	1,031	0	0	1,031		
PFI for School	200	0	(140)	60	(140)	To cover expenditure planned for this reserve that will be incurred in 2015/16
Traded Reserve	0	0	387	387	387	Transfer to a Resources Group Traded Service Reserve
Total	1,556	0	261	1,817	247	

2015/16 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	
	Savings delivered in 2014/15	559	559	559	559	0	559	0	All 2015/16 savings were taken from the budgets at the start of the year and all OOP Cost Centres on target to deliver within budget
OOP/IA-A	Reduction in the expenditure on specification, building or procurement, implementation, support and enhancement of information systems for WCC and partners.	117	117	117	234	0	351	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.	79	79	79	79	0	129	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	70	70	70	174	0	279	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	107	107	107	215	0	273	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	100	100	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	35	35	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	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	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	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	17	0	
	Total	1,067	1,067	1,067	1,634	0	2,100	0	
	Target		1,067	1,067		1,634		2,100	
	Remaining Shortfall/(Over Achievement)		0	0		1,634		2,100	

2015/16 to 2018/19 Capital Programme

Agresso Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2015/16	2016/17	2017/18 and later	Total	Earlier Years	2015/16	2016/17	2017/18 and later	Total	Variance in Year	Total Variance	
			£ 000's	£ 000's	£'000	£ 000's		£ 000's	£ 000's	£'000	£ 000's			
10363000	Property Systems Development	201	70	0	0	271	201	70	0	0	271	0	0	
11121000	Development of Rural Broadband	5,177	7,278	4,276	5,518	22,249	5,177	4,687	4,276	8,109	22,250	(2,591)	0	BDUK and BT have negotiated an acceleration of Contract 2 deployment. However, the knock effect of this is to merge parts of Contract 1 into Contract 2 and parts of Contract 2 into Contract 1. This will require a significant re-profile of the payment schedule and a re-allocation of funding throughout the next few years of the project.
11238000	Infrastructure e - government	413	0	0	0	413	413	0	0	0	413	0	0	
		5,792	7,348	4,276	5,518	22,934	5,792	4,757	4,276	8,109	22,934	(2,591)	0	

Results for Key Business Performance Measures April 2015 to June 2015

Measure	2015/16 Target	2015/16 Q1 Actual	2015/16 Year-End Forecast	Status	Commentary	Action to be taken
% of customer satisfaction with the quality of services provided (KBM)	58		58	Green		
Major IT development projects are delivered on time and to budget (KBM)				N/A	To be measured against those projects which are clearly defined, both in terms of time and budget.	Work underway to identify relevant projects
No. of decisions deferred by decision making committee (KBM)	3	0	3	Green		
Proportion of all change activity benefits identified are delivered (KBM)				N/A	We are not yet in a position to report against this indicator. Benefits to be realised as a result of change will be identified and actively monitored following implementation	
Resources Group demonstrates value for money (KBM)	1			N/A	This Measure is still currently underdevelopment for the whole of Resources Group. Once the final methodology has been agreed by Resources GLT we will be able to identify a suitable reporting process and update the Dashboard accordingly	
All Resources Group change activity is delivered on time & within budget (KBM)	100		90	Red	More realistic estimate of year end outturn	
Average number of days sick per year (FTE working days lost per FTE) (KBM)	4.4	1.64	6.56	Red	Although we are exceeding this years target. We have set a very challenging target to improve on last years excellent figures. We are still well below the WCC average for 2014/15	
Net variation to budget - Percentage (KBM)	-2	2.67	2.67	Red	£ variance: -260,751 but this include reserve transfers	
All business unit key activities are delivered on time and within budget (KBM)	1		0.9	Red	More realistic estimate of year end outturn	
Service standards published for all services (KBM)	100	100	100	Green		
% Delivery of Corporate Learning and Development Plans (KBM)	100	100	100	Green		
% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process (KBM)	60.8		60.8	Green		
% customer satisfaction with access to services and advice (KBM)	100		100	Green	This measure will be picked up via the Resources Customer Survey. We will explore if this can be used alongside the SOCITM Survey.	
% increase in staff engagement (KBM)	70.1		70.1	Green	We are looking to increase this by 5% to 70.1 in the Pulse survey	
% of services that are commissioned to deliver against clearly defined set of outcomes (KBM)	100			N/A	This is currently being defined for the whole Group and will be based on the definition of the Organisational Health Measure. Once this has been completed it will be shared and agreed with GLT as part of the broader work to define all key business measures for Resources Group.	
% staff expressing satisfaction with their manager as a leader (KBM)	69.8		69.8	Green		
% staff satisfaction with access to the resources and information which allow them to do their job(KBM)	100		100	Green	Assuming it is wider staff and will be assessed by wider Resources Survey else we will use a SOCITM style measure	

Annex N Information Assets

Measure	2015/16 Target	2015/16 Q1 Actual	2015/16 Year-End Forecast	Status	Commentary	Action to be taken
% staff who consider Council's rules to be clear and understandable(KBM)	100		100	Green	Looking at how we can formally measure this.	
Average time taken by Members to make formal decisions(KBM)	30	30	30	Green		
Capital Programme delivered on time & to budget (KBM)	1		1	Green	Relates to the BDUK Project	
Information required by decision makers is dispatched in a timely manner and to timescales set (KBM)	1	1	1	Green		
Number of risks identified in the risk register which materialise (KBM)	0		0	Green		
Proportion of Service Standards met (KBM)	100		100	Green	Need to formalise standards as part of CI review before measuring meeting them	
Risks identified are managed and reviewed monthly (KBM)	1		1	Green		
Savings delivered (KBM)	100	100	100	Green	All 2015/16 have already been removed from Budgets and we are working to delivering against the revised Budgets	
% staff satisfied with the council as an employer (KBM)	69.3		71.3	Green	Will look to increase this by 6.2% as part of increased engagement score	
Average competency score for Leadership Team (KBM)	3	3.2	3.2	Green	This is a new key business measure and the baseline will be determined from the current round of appraisals.	
Overall availability of ICT network (Hours unavailable) (KBM)	14	0	12	Green		
% staff expressing satisfaction with their manager				N/A	Awaiting staff survey results.	

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

2015/16 Revenue Budget

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Democratic Services	468	0	468	439	(29)	Staffing levels not to budget due to staffing vacancies
School Governor Services	82	(82)	0	0	0	
Insurance, Internal Audit and Risk Management	470	47	517	517	0	
Legal Core	459	0	459	405	(54)	This underspent budget is being transferred to a Traded Service Reserve
Traded Services - Educational	(121)	52	(69)	(78)	(9)	
Traded Services - Non Educational	(542)	1	(541)	(611)	(70)	Increased demand for legal services
Net Service Spending	816	18	834	672	(162)	

2015/16 Reserves Position

Reserve	Opening Balance 01.04.15 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.16 £'000	Transfer Request To / (From) Reserves £'000	Reason for Request
Savings	0	0	108	108	0	
Traded Reserve	0	0	54	0	54	Transfer to a Resources Group Traded Service G69Reserve
Warwickshire Counter Fraud Partnership	48	0	0	48	0	
Total	48	0	162	156	54	

2015/16 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	
	Savings delivered in 2014/15	19	19	19	19	0	19	0	
OOP/LG-B	Reduce cost of the Civic Office (Chair of the Council)	20	20	20	20	0	20	0	
OOP/LG-C	Scale back the level of Corporate Risk Management support to the Council.	12	12	12	12	0	12	0	
OOP/LG-D	Increase External Income Potential through Legal Services	6	6	6	12	0	20	0	
OOP/LG-F	Reduce Elected Member Support and Development	0	0	0	24	0	24	0	
OOP/LG-G	Increase income generation target for School Governor Development and Training	0	0	0	3	0	3	0	
	Total	57	57	57	90	0	98	0	
	Target		57	57		90		98	
	Remaining Shortfall/(Over Achievement)		0	0		90		98	

Results for Key Business Performance Measures April 2015 to June 2015

Measure Short Name	Actual	YE Forecast	YE Target	Rag	COMMENTS	ACTIONSTOBETAKEN
% residents able to influence local decision making (KBM)	50	50	45	Green		
% of services that are commissioned to deliver against clearly defined set of outcomes (KBM)				N/A	This is currently being defined for the whole Group and will be based on the definition of the Organisational Health Measure. Once this has been completed it will be shared and agreed with GLT as part of the broader work to define all key business measures for Resources Group.	
% staff who consider Council's rules to be clear and understandable(KBM)				N/A	Awaiting staff survey results. Baseline and targets to be determined.	
All Resources Group change activity is delivered on time & within budget (KBM)		1	1	Green		
Proportion of all change activity benefits identified are delivered (KBM)		1		N/A	Reporting against this indicator is being considered further.	
Resources Group demonstrates value for money (KBM)				N/A	This Measure is still currently underdevelopment for the whole of Resources Group. Once the final methodology has been agreed by Resources GLT we will be able to identify a suitable reporting process and update the Dashboard accordingly	
Average sick days per FTE (KBM)	2.03	8.12	6.7	Red	Managers in service engaging in active sickness absence management	
Net variation to budget - Percentage (KBM)	-19.48%	-19.48	-2	Red	£ variance -£162,000 <ul style="list-style-type: none"> · £29k underspend is due to staffing vacancies within Democratic Services. · £54k underspend relates to the additional WES Traded Income target which is to be transferred to the Resources Group WES Traded Service Reserve · £79k traded forecast surplus is due to additional work being undertaken. 	
Number of adverse decisions from legal challenges is low (KBM)	1	1	0	Red	Decision from the First Tier Tribunal in respect of the requestor's appeal of the ICO's decision to uphold the Council's view that his request for information was vexatious under Section 14(1) of the Act. The Tribunal decided that the request was not vexatious and therefore ordered the Council to respond to the request within 28 days of the Decision	Response to be sent to the requestor within 28 days of the FTT decision - this has been done.
% Delivery of Corporate Learning and Development Plans (KBM)	100	100	100	Green		
% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process (KBM)		79	79	Green	Awaiting staff survey results.	
% increase in staff engagement (KBM)		70.4	70.4	Green	Awaiting staff survey results.	
% of customer satisfaction with the quality of services provided (KBM)	97	95	95	Green		
% residents able to influence local decision making (KBM)	50	50	45	Green		
% residents able to influence local decision making (KBM)	50	50	50	Green		
% staff expressing satisfaction with their manager as a leader (KBM)		88	88	Green	Awaiting staff survey results.	
% staff satisfaction with access to the resources and information which allow them to do their job(KBM)		79	79	Green	Awaiting staff survey results	
% staff satisfied with the council as an employer (KBM)		71	71	Green	Awaiting staff survey results.	
Adverse decisions about Council complaint handling by Local Government Ombudsman (KBM)	0	10	10	Green	We have had 5 complaints not upheld by the LGO in this quarter and 2 which have not been counted as a complaint decision either because they were premature or were closed after initial enquiries	
All Resources Group Business Unit key activities are delivered on time and within budget (KBM)		1	1	Green		
Average time taken by Members to make formal decisions(KBM)	30	30	30	Green		
Information required by decision makers is dispatched in a timely manner and to timescales set (KBM)	1	1	1	Green		
No. of decisions deferred by decision making committee (KBM)	3	0	3	Green		
Number of risks identified in BU risk register which materialise (KBM)	0	0	0	Green		
Proportion of Service Standards met (KBM)		100	100	Green		
Risks identified are managed and reviewed monthly (KBM)	1	1	1	Green	Process has been put in place to review BU register	

Annex O Law and Governance

Measure Short Name	Actual	YE Forecast	YE Target	Rag	COMMENTS	ACTIONSTOBETAKEN
Service standards published for all services (KBM)		100	100	Green	Standards need to be finalised and published	
Average competency score for Leadership Team (KBM)	3.2	3.2	3	Green	This is a new key business measure and the baseline will be determined from the current round of appraisals.	
Savings delivered (KBM)	19000	57000	1	Green		
% staff expressing satisfaction with their manager				N/A	Awaiting staff survey results.	

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

2015/16 Revenue Budget

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Physical Assets General	1,176	121	1,297	1,103	(194)	The surplus is to be transferred to a Traded Reserve
Construction Services	1,822	53	1,875	1,898	23	Overspend shown against Maintenance & Minor works
Facilities Management	9,948	(1,263)	8,685	8,695	10	
Estates and Smallholdings	(265)	140	(125)	194	319	Overspend reflects request to draw down remaining balance from Planning Application reserve (£320k)
Asset Strategy	232	0	232	229	(3)	
Property Rationalisation Savings *	(853)	857	4	4	0	
Traded Services - Education	(1,139)	0	(1,139)	(1,123)	16	£49k surplus on Construction Services, £113k deficit on Catering (to be covered by Catering Equalisation Fund), £32k surplus on Cleaning, £16k surplus on Property Risk / Safety & Premises
Traded Services - Non Education	(296)	0	(296)	(259)	37	£10k deficit on Construction Services, £23k deficit on Catering, £4k deficit on Cleaning
Net Service Spending	10,625	(92)	10,533	10,741	208	

2015/16 Reserves Position

Reserve	Opening Balance 01.04.15 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.16 £'000	Transfer Request To / (From) Reserves £'000	Reason for Request
Planning Reserve	320	0	(320)	0	(320)	All funds required for 2015/16
Catering Equalisation Account	401	0	(113)	288	0	Forecast income lower than usual for 2015/16 due to reduced number of trading days (2 Easter breaks during 2015/16), actual figure to be drawn down will be confirmed later in the year
Traded Reserve	0	0	194	0	194	Transfer to a Resources Group Traded Services Reserve
Savings	0	0	31	31	0	
Total	721	0	(208)	319	(126)	

2015/16 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	
	Savings delivered in 2014/15	406	406	406	406	0	406	0	
OOP/PA-B	Disposal of surplus properties (both urban sites and smallholdings) to accrue capital receipts that will be earmarked for the purposes of reducing the council's debt charges.	40	0	40	40	0	790	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 Saltisford Car Park.	40	40	40	70	0	90	0	
OOP/PA-D	Reduce the cost of Corporate Contracts and Specifications for Cleaning Contracts	6	6	6	10	0	12	0	
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.	32	32	32	72	0	112	0	
OOP/PA-F	Develop an increased take up of school meals within existing and new customer base, targeting increasing turnover in already established schools.	6	6	6	13	0	18	0	
OOP/PA-H	Reduce the level of administrative support necessary to support construction and maintenance services with a view to reducing posts	20	20	20	20	0	20	0	
OOP/PA-I	Return responsibility for cleaning contracts back to schools and design services to help them manage their arrangements	30	30	30	35	0	35	0	
OOP/PA-J	Reduce staff numbers in the Asset Strategy team commensurate with the reduction in the portfolio.	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.	75	0	75	100	0	100	0	
OOP/PA-L	Deliver a 2nd phase of Property Rationalisation known as PRP2 which will see a reduction in the number of Council buildings and their associated running costs	350	190	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	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	50	0	80	0	
OOP/PA-O	Additional building maintenance for three years	50	50	50	50	0	50	0	
	Total	1,092	780	1,092	2,153	0	3,750	0	
	Target		1,092	1,092		2,153		3,750	
	Remaining Shortfall/(Over Achievement)		312	0		2,153		3,750	

2015/16 to 2018/19 Capital Programme

Agresso Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action	
		Earlier Years	2015/16 £ 000's	2016/17 £ 000's	2017/18 and later £'000	Total £ 000's	Earlier Years	2015/16 £ 000's	2016/17 £ 000's	2017/18 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's		
Building & Construction															
10972000	Planning Consent For Europa Way	445	0	0	0	445	445	60	0	0	505	60	60	Submission of planning application deferred at the request of Warwick District Council. Planning consent now achieved on 31st March 2015	
11134000	Wark Shire Hall - Refurb Of Old Shire Hall	30	500	220	0	750	30	500	220	0	750	0	0		
Property Rationalisation Programme															
11041000	Rationalisation Of The Council's Property	719	49	0	0	768	719	49	0	0	768	0	0		
11335000	Rationalisation of County Storage	2,695	1,305	400	0	4,400	2,695	1,305	400	0	4,400	(0)	(0)		
11338000	Re-wire & refurbishment of Pound Lane	479	20	0	0	499	479	19	0	0	499	(1)	(1)		
11400000	Globe House Alcester - Remodelling of Globe House	0	0	0	0	0	0	240	0	0	240	240	240	New Scheme approved by Cabinet 16 April 2015	
11416000	Bedworth King's House - Purchase of Long Lease	0	0	0	0	0	0	2,000	0	0	2,000	2,000	2,000	On 16 April 2015 Cabinet approved the acquisition of the remaining 247 years of the lease on Kings House, Bedworth. It further approved that £2m should be added to the Physical Assets capital programme for 2015/16 to meet the cost of acquiring the property.	
Structural Maintenance															
11142000	Non Schools Asb & Safe Water Remedials 2014/15	253	13	0	0	266	253	13	0	0	266	0	0		
Agresso Project Code															
Agresso Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action	
		Earlier Years	2015/16 £ 000's	2016/17 £ 000's	2017/18 and later £'000	Total £ 000's	Earlier Years	2015/16 £ 000's	2016/17 £ 000's	2017/18 and later £'000	Total £ 000's	Variance in Year £ 000's	Total Variance £ 000's		
11143000	Schools Asbestos & Safe Water Remedials 2014/15	1,129	106	0	0	1,235	1,129	141	0	0	1,270	35	35	£35000 moved from 11225000 due to increase forecasted spend on final accounts	
11144000	Non Sch - Planned Bldg, Mech & Elect Backlog 2014/15	2,205	376	0	0	2,581	2,205	376	0	0	2,581	0	0		
11145000	Schools Planned Bldg, Mech & Elect Backlog 2014/15	5,763	22	0	0	5,785	5,763	22	0	0	5,785	(0)	(0)		
11224000	Non-Schools Capital Asbestos And Safe Water Remedial Works 2015/16	0	353	0	0	353	0	353	0	0	353	(0)	(0)		
11225000	Schools Asbestos & Safe Water Remedials 2015/16	0	1,329	0	0	1,329	0	1,294	0	0	1,294	(35)	(35)	£35000 moved to 11143000	
11226000	Non Sch - Planned Bldg, Mech & Elect Backlog 2015/16	0	2,537	0	0	2,537	0	2,587	0	0	2,587	50	50	£50000 increase from initial estimate of capitalisation of revenue spend	
11227000	Schools Planned Bldg, Mech & Elect Backlog 2015/16	0	5,576	0	0	5,576	0	5,676	0	0	5,676	100	100	£100000 increase from initial estimate of capitalisation of revenue spend	
11283000	Non Schools Asb & Safe Water Remedials 2016/17	0	0	311	0	311	0	0	311	0	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	2,524	0	2,524	0	0	2,524	0	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	1,292	0	1,292	0	0	1,292	0	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	2,569	0	2,569	0	0	2,569	0	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	12	0	0	0	12	12	0	0	0	12	0	0		
Facilities															
10592000	Small Scale Reactive / Minor Improvements County-Wide	149	140	0	0	289	149	140	0	0	289	(0)	(0)		
11318000	Universal Free School Meals Programme	1,156	91	0	0	1,247	1,156	91	0	0	1,247	0	0		
Energy															

Annex P Physical Assets

Agresso Project Code	Description	Approved Budget					Forecast					Variation		Reasons for Variation and Management Action
		Earlier Years	2015/16	2016/17	2017/18 and later	Total	Earlier Years	2015/16	2016/17	2017/18 and later	Total	Variance in Year	Total Variance	
			£ 000's	£ 000's	£'000	£ 000's		£ 000's	£ 000's	£ 000's	£'000	£ 000's	£ 000's	
10400000	Climate Change 2009/10	291	63	0	0	354	291	63	0	0	355	0	0	
10410000	Climate Change 2007/08	352	1	0	0	353	352	0	0	0	352	(1)	(1)	Project closed and balance moved to 11136000
11135000	Various Properties - Reducing Energy	63	337	500	1,344	2,244	63	337	500	1,344	2,244	(0)	(0)	
11136000	Various Properties - Renewable Energy	145	255	500	4,500	5,400	145	257	500	4,500	5,401	2	2	Balance from 10410000 moved over
Smallholdings														
11139009	Lower Tysoe/Hopkins Farm, New Farm House - Pre Contract Consultants Costs / Enabling Works	40	310	0	0	350	40	310	0	0	350	0	0	
11141000	Rural Services Capital Maintenance 2014/15	582	156	0	0	738	582	148	0	0	730	(8)	(8)	£8429 transferred out to project 11141000
11228000	Rural Services Capital Maintenance 2015/16	0	805	0	0	805	0	813	0	0	813	8	8	£8429 transferred in from project 11141000
11291000	Rural Services Capital Maintenance 2016/17	0	0	789	0	789	0	0	789	0	789	0	0	
11292000	Rural Services Capital Maintenance 2017/18	0	0	0	789	789	0	0	0	789	789	0	0	
		16,507	14,344	9,105	13,329	53,285	16,507	16,793	9,105	13,329	55,735	2,450	2,450	

Results for Key Business Performance Measures April 2015 to June 2015

Measure	2015/16 Target	2015/16 Q1 Actual	2015/16 Year-End Forecast	Status	Commentary	Action to be taken
% of services that are commissioned to deliver against clearly defined set of outcomes (KBM)				N/A	This is currently being defined for the whole Group and will be based on the definition of the Organisational Health Measure. Once this has been completed it will be shared and agreed with GLT as part of the broader work to define all key business measures for Resources Group.	
% staff who consider Council's rules to be clear and understandable(KBM)		tbd	90	N/A	Awaiting outcome 2015/16 Staff Survey	
Average competency score for Leadership Team (KBM)				N/A	This is a new key business measure and the baseline will be determined from the current round of appraisals	
No. of decisions deferred by decision making committee (KBM)	0	3	3	Green		
Proportion of all change activity benefits identified are delivered (KBM)				N/A	We are not yet in a position to report against this indicator. Benefits to be realised as a result of change will be identified and actively monitored following implementation	
Resources Group demonstrates value for money (KBM)				N/A	This Measure is still currently underdevelopment for the whole of Resources Group. Once the final methodology has been agreed by Resources GLT we will be able to identify a suitable reporting process and update the Dashboard accordingly	
% staff satisfied with the council as an employer (KBM)	75.3	tbd	75.3	Green	Awaiting outcome of 2015/16 staff survey	
Net variation to budget - Percentage (KBM)	0	1.98%	0	Green	£ variance: £208,038	
Capital Programme delivered on time & to budget (KBM)	100	40%	95	Amber	MMW / Eng Capital Programme 40% committed as per 01/07/15 work programme download output	
% Delivery of Corporate Learning and Development Plans (KBM)	100	100	100	Green		
% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process (KBM)	73.2	tbd	73.2	Green	Information is not currently available	
% customer satisfaction with access to services and advice (KBM)	75	To plan	75	Green	Linked to the Resources Customer Survey, overall satisfaction rating in Facilities Service.	Awaiting outcome of 2015/16 Resources Customer Satisfaction Survey
% staff satisfied with the council as an employer (KBM)	75.3	tbd	75.3	Green	Awaiting outcome of 2015/16 staff survey	
%age of urgent maintenance (category D1) outstanding and held within Condition Reports requirements	0	0	0	Green		
All business unit key activities are delivered on time and within budget (KBM)	100	To plan	100	Green	Currently on target	
Average time taken by Members to make formal decisions(KBM)	30	30	30	Green		
Information required by decision makers is dispatched in a timely manner and to timescales set (KBM)	1	1	1	Green		
Number of risks identified in the risk register which materialise (KBM)	0	0	0	Green		

Annex P Physical Assets

Measure	2015/16 Target	2015/16 Q1 Actual	2015/16 Year-End Forecast	Status	Commentary	Action to be taken
Proportion of Service Standards met (KBM)	100	100	100	Green	Service Standards are as published in 2014/15	Service Standards/Offers and measures to be reviewed and aligned to revised Structure.
Risks identified are managed and reviewed monthly (KBM)	100	100	100	Green		
Savings delivered (KBM)	686000	To plan	686000	Green	Savings accounted for via reduction in Budgets at the start of year. Currently on target to meet other savings targets at year end.	Aligned to OOP's Quarterly reporting process.
Service standards published for all services (KBM)	100	100	100	Green	Service Standards are as published in 2014/15	Service Standards/Offers and measures to be reviewed and aligned to revised Structure.
The Property Rationalisation Programme is delivered on time and to budget (KBM)	349999.99	305738	350000	Green		
% increase in staff engagement (KBM)	72.8	tbd	73	Green	Awaiting outcome of 2015/16 staff survey	
% staff satisfaction with access to the resources and information which allow them to do their job(KBM)	55.7	tbd	56	Green	Awaiting outcome 2015/16 Staff Survey	
% staff expressing satisfaction with their manager as a leader (KBM)	72		75	Green	Awaiting outcome 2015/16 Staff Survey	
Average number of days sick per year (FTE working days lost per FTE) (KBM)	8.2	1.70	6.8	Green		
% staff expressing satisfaction with their manager				N/A	Awaiting staff survey results.	
% of customer satisfaction with the quality of services provided (KBM)	61		61	Green		

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

2015/16 Revenue Budget

Service	Agreed Budget £'000	Agreed Changes £'000	Latest Budget £'000	Forecast Outturn £'000	Variation Over/ (Under) £'000	Reason for Variation and Management Action
Performance and Planning	780	0	780	737	(43)	Underspends relates to staff vacancies
Observatory	316	20	336	341	5	
Service Improvement and Change Management Admin	172	0	172	157	(15)	Lower than budgeted staffing costs primarily due to part time coverage of full time PA post
Development and Support	560	0	560	555	(5)	
Commercial Enterprise	208	0	208	216	8	
Resources Transformation	0	0	0	198	198	Transformation fund projects to be funded from Resources Group Reserves
Net Service Spending	2,036	20	2,056	2,204	148	

2015/16 Reserves Position

Reserve	Opening Balance 01.04.15 £'000	Movement in Year £'000	Effect of Outturn £'000	Closing Balance 31.03.16 £'000	Transfer Request To / (From) Reserves £'000	Reason for Request
Savings	0	0	(148)	(148)		
SICM Reserves	190	0	0	190		
Total	190	0	(148)	42	0	

2015/16 to 2017/18 Savings Plan

OOP Reference as per Service Estimate Report	Savings Proposal Title	2015/16			2016/17		2017/18		Reason for financial variation and any associated management action
		Target £'000	Actual to Date £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	Target £'000	Forecast Outturn £'000	
	Savings delivered in 2014/15	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.	68	68	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.	50	50	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.	25	25	25	25	0	25	0	
OOP/SICM-E	Further savings from expenditure budgets across the service commensurate with changes across the Business Unit.	40	40	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.	60	60	60	60	0	60	0	
OOP/SICM-G	Increase income generation activities	40	40	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	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	100	0	100	0	
OOP/SICM-J	Reduction in inflation budget commensurate with changes across the Business Unit.	0	0	0	20	0	20	0	
OOP/SICM-K	Rationalisation of performance management and business support	10	10	10	40	0	40	0	
	Total	540	540	540	740	0	740	0	
	Target		540	540		740		740	
	Remaining Shortfall/(Over Achievement)		0	0		740		740	

Results for Key Business Performance Measures April 2015 to June 2015

Measure	2015/16 Target	2015/16 Q1 Actual	2015/16 Year-End Forecast	Status	Commentary	Action to be taken
No. of decisions deferred by decision making committee (KBM)	3	0	3	Green		
Proportion of Service Standards met (KBM)				N/A	We are currently developing appropriate collection arrangements to report against this measure for Quarter 2	
Proportion of all change activity benefits identified are delivered (KBM)				N/A	As part of the wider work on projects and programmes, a more robust approach to the identification of benefits to be realised is being developed to ensure we can actively monitor change following implementation	
Resources Group demonstrates value for money (KBM)				N/A	This measure is currently under development for the whole of Resources Group, the final methodology will be considered by Resources GLT in September and the identification of a suitable reporting process and update to the Dashboard will be developed accordingly	
Net variation to budget - Percentage (KBM)	0	7.2	7.2	Red	SI&CM forecast outturn includes £198k of transformation project expenditure which is expected to be funded through the Resources Group Reserves.	
% Delivery of Corporate Learning and Development Plans (KBM)	100		100	Green		
% Resources Group staff who have accessed appropriate learning and development training identified in appraisal process (KBM)	100		100	Green	Learning & Development Plans are in place. Staff have attended appropriate training and development as required to deliver SICM services	
% customer satisfaction with access to services and advice (KBM)	32		32	Green	This data will be collected as part of the Staff Pulse Survey.	
% increase in staff engagement (KBM)	81.8		81.8	Green		
% of customer satisfaction with the quality of services provided (KBM)	57		68	Green		
% of services that are commissioned to deliver against clearly defined set of outcomes (KBM)	100		100	Green		
% staff expressing satisfaction with their manager as a leader (KBM)	62		72.9	Green		
% staff satisfaction with access to the resources and information which allow them to do their job(KBM)	65		65	Green		
% staff satisfied with the council as an employer (KBM)	72		72	Green	This information will be gathered from the Staff Pulse Survey and will be available in time for Quarter 2 reporting	
% staff who consider Council's rules to be clear and understandable(KBM)	90		90	Green		
All Resources Group change activity is delivered on time & within budget (KBM)	100		100	Green		
All business unit key activities are delivered on time and within budget (KBM)	100		100	Green		
Average time taken by Members to make formal decisions(KBM)	30	30	30	Green		
Information required by decision makers is dispatched in a timely manner and to timescales set (KBM)	1		1	Green		
Number of risks identified in the risk register which materialise (KBM)	0		0	Green		
Risks identified are managed and reviewed monthly (KBM)	100		100	Green		
Savings delivered (KBM)	1	1	1	Green	OOP Savings for 15-16 identified and implemented from 1st April.	
Service standards published for all services (KBM)	100		100	Green		
Average competency score for Leadership Team (KBM)	3	3.2	3.2	Green	This is a new key business measure and the baseline will be determined from the current round of appraisals.	
Average number of days sick per year (FTE working days lost per FTE) (KBM)	8.2	0.71	2.84	Green		
% staff expressing satisfaction with their manager				N/A	Awaiting staff survey results.	

Corporate Services Overview and Scrutiny Committee

17 September 2015

Capital Programme Slippage

Recommendations

The Corporate Services Overview and Scrutiny Committee is recommended to:

- (i) Note the analysis of slippage outlined in the report,
- (ii) Refer any individual projects, where the Committee believe further scrutiny is required, to the relevant Overview and Scrutiny Committee, and;
- (iii) Comment on any further actions they believe are needed.

1. Introduction

1.1. When the end-of-year 2014/15 One Organisation Plan Progress Report was considered by the Committee in July the extent of slippage in the capital programme was raised. It was agreed a report would be brought back to this Committee that enabled Members to understand why slippage had occurred and the mechanisms put in place to manage and monitor that slippage.

1.2. This report provides the information requested by Members. It covers:

- Understanding what is meant by the term 'slippage'
- The level of slippage in Warwickshire
- Consideration of whether it matters if there is slippage in the capital programme
- Why slippage can occur, and
- The current governance arrangements around the management of the capital programme.

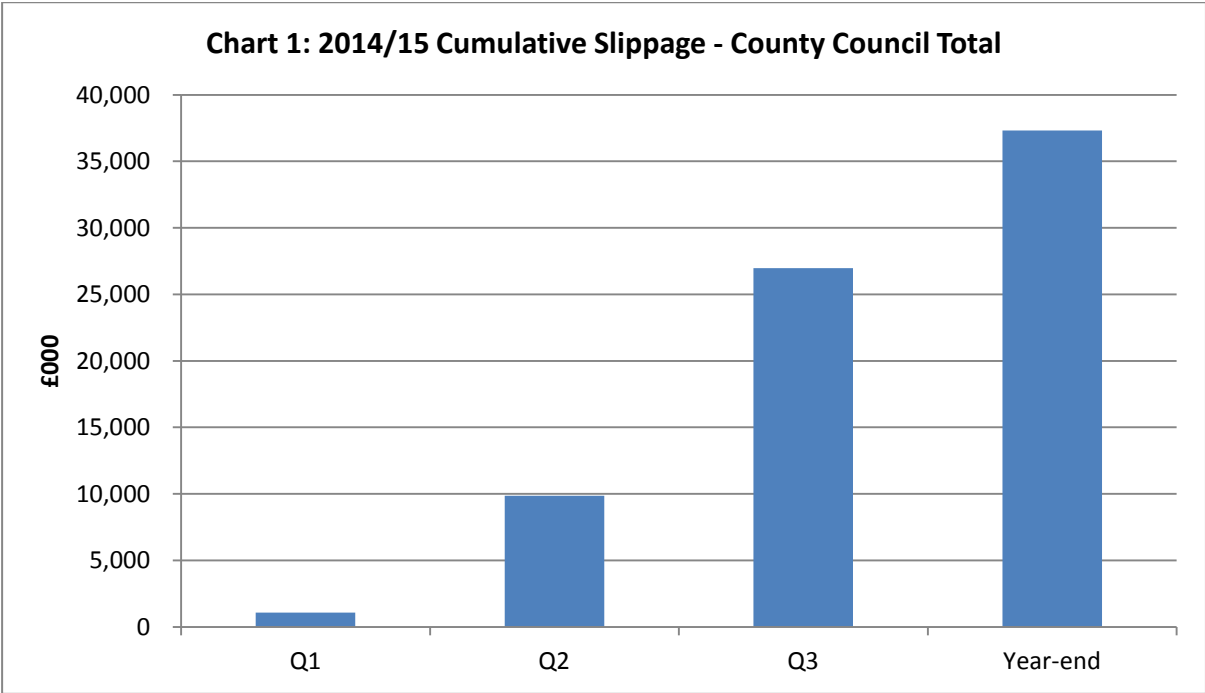
2. Definition of Slippage

2.1. When capital schemes are approved their inclusion in the capital programme is based on a 'best estimate' of when completion should be achieved and a profile of expected spending across the financial years. Slippage reflects delays in the physical progress of a project against this approved profile and is measured in financial terms by comparison of actual against anticipated payments. The end of each financial year (i.e. 31 March) is used as the fixed point in time against which the extent of progress on the delivery of a project is assessed.

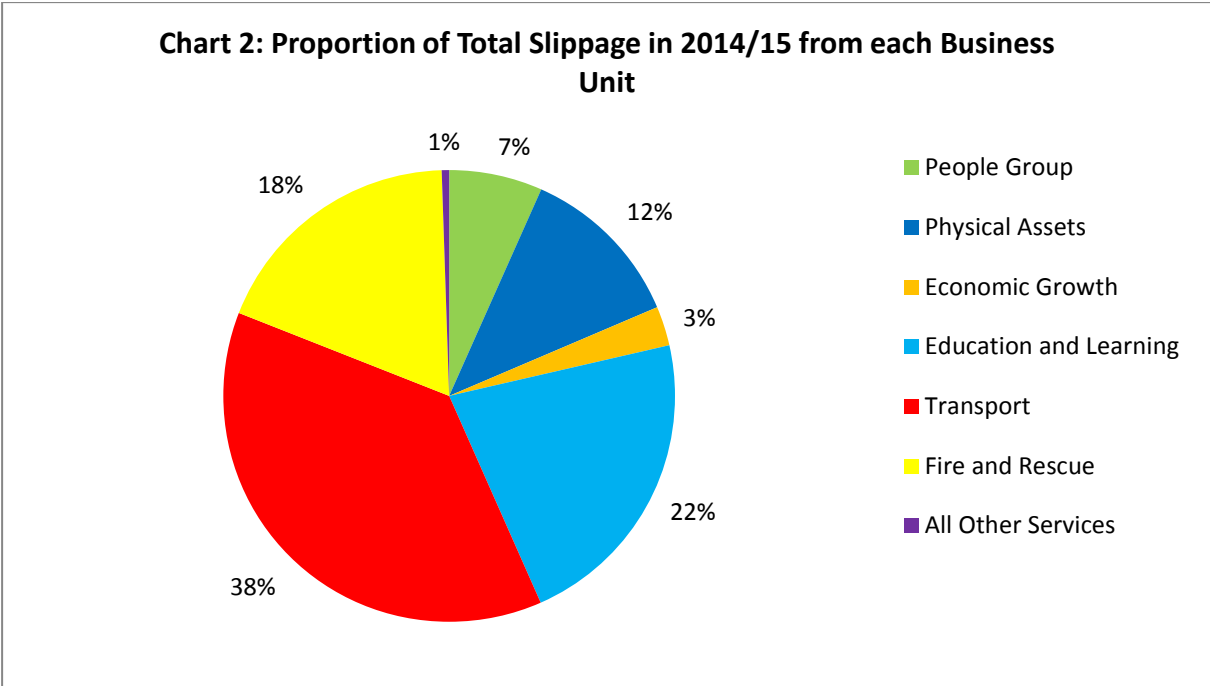
3. Level of Slippage in Warwickshire

3.1. Like most public sector bodies the County Council has experienced significant slippage in capital projects in most financial years. We know this because at the end of the financial year the level of borrowing needed has been less than planned, even after adjusting for changes in the amount of external grant funding or capital receipts. However, it was not until developments in the financial systems and reporting that were introduced in April 2014 that it has been possible to calculate slippage on a service-by-service and scheme-by-scheme basis in a systematic way. Therefore the detailed analysis in this report is based on the 2014/15 financial year only.

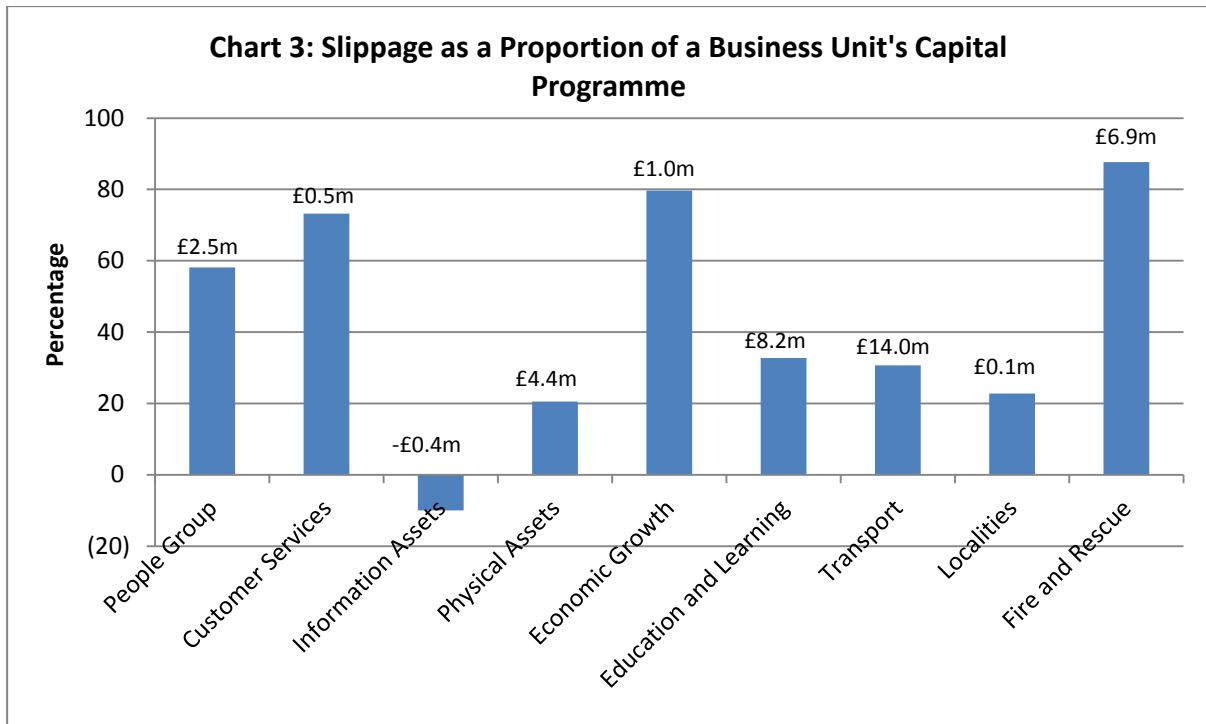
3.2. Last year the total slippage of capital spending from 2014/15 into later years was £37.3 million, equivalent to 33% of the budget.



- 3.3. As shown in Chart 1 these delays in capital spending increased on a quarterly basis each time a revised capital forecast was prepared. The reasons why this may have occurred are discussed more fully in Section 5 below. To scrutinise this slippage in a systematic way it is necessary to break it down further beyond the overall total first to Business Unit and then to project level.
- 3.4. The importance of the performance of an individual Business Unit to the county-wide position is a combination of two factors: the overall size of the Business Unit’s capital programme and then the level of slippage in that capital programme. This is expressed in the two charts below.
- 3.5. Chart 2 shows the contribution to total slippage in 2014/15 from each Business Unit. This is directly linked to the size of the programme as Transport and Highways, Education and Learning and Physical Assets have the biggest capital programmes and would therefore, if slippage occurred evenly across the authority, be expected to have the highest levels of capital slippage.



3.6. Chart 3 shows slippage as a proportion of each individual Business Unit’s 2014/15 capital programme. Four Business Units/Groups – People Group, Customer Services, Economic Growth and Fire and Rescue had slippage of over 50% of the budgeted spend for the year. However, the impact of these figures on overall slippage is partly due to the relative size of their programme. For example, Economic Growth’s capital slippage was 80% of their £1.3 million capital budget, but as their budget was only 1.8% of the County total the Business Unit only made up 3% of the total slippage.



3.7. To fully examine the pattern of slippage it is also important to consider it at individual scheme level. It is at this level that the starkest picture emerges. Analysis shows £27.4 million or 73% of financial slippage was attributable to just 18 schemes that each had slippage of at least £500,000. The slippage on these schemes was an average of 77%, compared to 13% across the rest of the capital programme. These 18 schemes are listed in **Appendix A**, including a brief summary of the reasons for the slippage.

4. The Consequences of Slippage

4.1. Section 3 quantified and analysed the financial slippage in 2014/15. However, before going on to consider why slippage happens and the arrangements in place to manage and monitor it; it is important to consider whether, and if so why, capital slippage matters. There are a range of financial consequences that arise as a result of slippage in the capital programme but, much more significant, is the effect on the organisation and the services we provide. This section considers both of these aspects.

4.2. Financial Planning

Uncertainty and risk is inherent in long term capital planning, making it difficult to estimate both the scale of expenditure and its timing at the outset of projects. However, there are a number of things we must be able to do in relation to the financial aspects of capital planning:

- We need to have a reasonably accurate profile of capital projects and their related expenditure to allow us to make decisions about new investments in light of the financial resources available.
- We need to be able to estimate our likely borrowing requirements to allow the treasury management team to then action the borrowing at the time and rates most advantageous to the authority.
- We need to be able to estimate with reasonable accuracy the impact of capital spending on the revenue budget. The impact arises from three sources: the costs of servicing any debt used to finance capital spending, any consequent running costs and the loss of interest on funds, such as capital receipts, used to fund capital expenditure.

All of these factors require planned capital spend to be phased across financial years, ideally as closely to the pace of actual delivery as possible, to enable the most appropriate decisions to be taken.

4.3. Impact on the Revenue Budget

The need to be able to estimate the impact on the revenue budget for financial planning purposes has already been mentioned. The impact of these on the revenue budget can be both positive and negative.

In financial terms slippage in the delivery of the capital programme is not necessarily a bad thing. In recent years slippage has resulted in one-off revenue savings in capital financing costs as a result of borrowing being lower than anticipated. These savings have been used for a range of purposes including meeting the revenue overspends in the Safeguarding and Education and Learning Business Units and before that funding Going for Growth projects such as the apprenticeship programme, investment in skills and the initial County Council contribution to delivering superfast broadband across Warwickshire. Without this revenue funding there would have been a need to increase savings targets to ensure the One Organisation Plan remains in balance and/or the one-off investment would not have taken place.

On the negative side, although it has not been an issue in recent years, slippage (and hence the deferral of borrowing) can carry a longer term risk of increased revenue costs should the cost of borrowing increase through higher interest rates. On the other hand, where we take out additional borrowing and then it is not needed for a period because spend is delayed there is a cost because the interest we can earn on any temporary cash surplus is lower than the interest cost of borrowing.

4.4. Construction Inflation

If a project is delayed, with the ongoing buoyancy of the market and increased costs from the supply chain, the overall cost of a project can increase. The

cost of a project that was estimated at a point in time can exceed its budget as a result of delays. Also delays due to access issues around the occupier's normal business can result in increased costs due to the need to pay for out-of-hours working.

4.5. Temporary Accommodation

For some projects, especially in relation to the provision of school places, the required completion date for a project remains fixed. If a project is delayed, in order to accommodate the occupiers to the original timescales, temporary accommodation may be required, resulting in increased costs for the project, less than optimum accommodation for a temporary period through which the service is delivered and the subsequent second upheaval when the move to permanent accommodation is possible.

4.6. Increased Consequential Works

If planned maintenance projects are delayed due to the asset (primarily property assets) having an uncertain future there can be 'maintenance blight'. This can result in increased deterioration, additional costs for short term minor patch-up work and may eventually result in works becoming urgent and attracting a premium cost due to the short lead in time.

4.7. Reputational Damage

There can be reputational damage to the authority where projects are not delivered as publicised or where they seem to take longer on site than expected. The late delivery can result in end user dissatisfaction, creating tensions both externally with service users but also internally with service providers. This can result in poor client feedback and impact on the overall Key Performance Indicators for the service.

5. The Causes of Slippage

- 5.1. Section 4 outlined why delivering the capital programme as planned is important and the potential impacts of not doing so. Many of these impacts can be managed or adjusted for as schemes progress, but this requires knowing a delay is occurring and understanding why, so mitigating action can be taken. The following two sections outline those issues that may cause slippage in the delivery of the capital programme and then the arrangements currently in place for monitoring and reporting on progress in the delivery of the capital programme. The issues raised here are consistent with the explanations provided for the schemes with most slippage in 2014/15 that are detailed in Appendix A.

5.2. Planning Consent

Receiving planning consent can be a lengthy process and it can be hard to predict timescales due to potential objections, the time needed to respond to requests for additional information being requested and referrals by the Regulatory Committee and the appeals process.

5.3. Timing of Third Party Funding Contributions

A significant proportion of the capital programme is funded from third party contributions, primarily from developers. We receive funding from developers via planning obligations and Section 106 or Section 278 agreements for the construction of infrastructure. The start of work on such projects is dependent on when funding is received from developers. Slippage can occur when such funding is not received as expected when the scheme was added to the capital programme and therefore work is paused until the funding arrives. Slippage of this nature has no financial impact on the authority.

5.4. Central Government Intervention

More recently, in relation to schools, there has been Central Government intervention to cancel projects and require funding to be reallocated where schools have received poor Ofsted inspections. This can result in abortive work on the original project and time to identify, consult, design and seek approval for an alternative project.

5.5. Tender Returns and Value Engineering Exercise

Following receipt of tenders, in some instances these are outside of the allocated funding and therefore a significant (and sometimes, protracted) value engineering exercise is required. This can result in increased timescales for redesign, costing and validation.

5.6. Access Issues

Access to carry out works when it is taking place alongside the continuation of full-time normal service delivery can be an issue and result in slippage/delays. For work in schools the holiday period is a prime time for capital works to be carried out. If a window of opportunity is missed this can result in compounded delays. Access to work on operational property is an ongoing issue which cannot always be fully anticipated and planned for.

5.7. Final Accounts and Snagging

Following practical completion of a project there can be snagging/defects to attend to. Where these are not resolved in a timely manner, this can result in holding back small amounts of funding for final payments and resolution of defects. This can appear as small amounts of slippage in the overall programme.

5.8. Pre-project Planning and Timelines

The factors that cause slippage in the delivery of the capital programme outlined above are all technical/operational issues. Sitting alongside these are a range of behavioural and cultural issues present in Warwickshire in common with other local authorities and indeed most major capital investment projects.

There is a natural tendency to be optimistic when making assumptions about project start and end dates at the outset of a project. For example, the risks to receiving a smooth and relatively quick planning consent may be included in a project risk register but not the project financial timeline because on most occasions the risk is not expected to materialise and therefore funding needs to be available for the optimistic timeline.

Secondly, costs identified at an initial feasibility stage can result in a scheme being re-briefed after it has initially been added to the capital programme causing delays. There is, however, a 'balance' between ensuring that as much work as possible is done upfront and undertaking feasibility work in advance of knowing whether there is wider Member support to taking the project forward. There is a general underestimate of the time required for the detailed design work and tender process.

Thirdly, for individual project managers there is an emphasis on getting any project through the approval process, with the accurate phasing of spend between financial years and the imposed cut-off of 31 March being seen as a technical issue of relevance for finance and not the delivery of the project. This is reinforced by the fact that although in recent years there has always been an underspend against the approved capital programme, subject to Member approval, funds are rolled forward into the next financial year in order to complete projects with little scrutiny and challenge.

6. Monitoring and Reporting on Delivery of the Capital Programme

- 6.1. Capital spending and its financing are probably some of the most regulated areas of local authority finance, with many of the rules and best practice guidance which should be followed specified in legislation. Projects pass through six broad steps from inception to completion. These steps include undertaking initial feasibility studies; budget approval (by Members); approval for work to be carried out on detailed design; approval for tenders to be let/construction begin (by Members); on-going monitoring and approval of any budget/spending profile changes (by Members); handover and post contract review.

- 6.2. Unlike the revenue budget, where judgements can be made about the forecast year end position based on previous analysis and year to date expenditure, capital monitoring is heavily reliant on the professional advice of project managers on anticipated spend within the financial year. Project managers are required to provide new forecasts for the multi-year spending on their projects and propose new sources of funding to cover any overspends that they predict, at least on a quarterly basis.
- 6.3. At a corporate level monitoring of the capital programme takes place on a quarterly basis as part of the One Organisation Plan Progress report. This provides a high level summary of capital expenditure against budget and highlights any significant variation. The report is reviewed every quarter by Corporate Board, Cabinet and Overview and Scrutiny Committees. Significant projects also report to Project Boards and some programmes of investment are overseen by service-led scrutiny groups. As part of this process Project Managers are required to provide an explanation of any slippage from the current financial year into future years of over £100,000 and this commentary is included as part of the background information to the quarterly One Organisation Plan Progress report.
- 6.4. Finally to ensure the capital programme remains focussed on the corporate priorities, as part of the development of the One Organisation Plan there is a 'carry forward' regime for capital, similar to that for revenue, whereby, at the end of each financial year, Heads of Service and Strategic Directors review the reasons for capital slippage and recommend to Members which are legitimate and the resources are still required and which are no longer a priority and funding could be returned to corporate resources.
- 6.5. Through this process all significant variations to the capital programme that result in slippage or cost overruns have been fully and appropriately reported to Cabinet.
- 6.6. Earlier in 2015 Internal Audit undertook a review to provide an assurance opinion on the management of capital spending as part of the 2014/15 Annual Audit Plan. The scope of this audit included: the process for allocating and approving the capital programme, the process for monitoring the expenditure and the overall capital programme, authorisation and allocation of expenditure to include how variations to the budget are approved and capital expenditure programme reporting to Senior Management and Members. Overall, their opinion was that controls provide **Substantial Assurance** that risks are being managed.

7. Summary and Next Steps

7.1. The conclusions from the analysis in the report are:

- The level of financial slippage in the delivery of the capital programme is significant
- It is more than likely that some slippage will occur across the entirety of the capital programme on an on-going basis, primarily as a result of issues outside the control of individual project managers.
- The absolute level of slippage is dominated by the performance on the delivery of a small number of major capital investment projects.
- Slippage is not necessarily a bad thing as, whilst it may result in additional costs, it does allow for the reappraisal of capital spending plans in light of the current corporate priorities on a regular basis and provides access to short term revenue funds to manage financial pressures or meet urgent one-off investment needs.
- It is important for financial planning and to ensure the most appropriate long term treasury management decisions are made that the best estimate of spend in any financial year at any point in time is known and is accurate in the best professional judgement of project managers.

7.2. Given that the controls in place to manage and monitor the programme are assessed as providing reasonable assurance there is little more that can practically be done in terms of additional controls and rules. Instead, except where slippage is the result of unforeseen and externally driven changes in circumstances, it is primarily about changing behaviours and mind-sets so the importance of pace in the delivery of the capital programme is raised.

7.3. There are a range of possible approaches Members may wish to consider:

- To reiterate to Corporate Board:
 - That priority should be given to the timely delivery of the capital programme and that slippage is not an acceptable way of operation in normal circumstances
 - The importance of ensuring strong project management in place, including the need for an independent review and challenge of the project timelines, allowing sufficient time for key procedures such as approval, procurement and consultation
 - The importance of ensuring there is adequate supervision of project managers by project and programme boards
 - The expectation that sufficient work is done at the feasibility stage to anticipate risks and potential problems, to reduce the risk of having to redesign at a later stage.
 - Ensure that even where there has been no change to the project itself cost assessments are updated on a regular basis.

- Recommending that the relevant Overview and Scrutiny Committee be asked to scrutinise major projects where material slippage occurs.
- Any additional ways of incentivising the prompt delivery of projects.

8. Background Papers

8.1. None

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Slippage on Major Capital Investment Schemes in 2014/15

Business Unit	Scheme Title	Annual Budget £'000	Slippage £'000	Commentary and Explanation
Fire and Rescue	Fire and Rescue Centre, Leamington Spa and Training Centre	6,514	6,514	The original project was for the refurbishment and/or relocation of Fire Service HQ and Leamington Fire Station and the provision of a new training centre. In 2014/15 a decision was taken to remain at the current site and the programme was redesigned to meet the current and future needs of the service. As a result the spending was rephased, with the major works are now expected to commence in 2016/17. The training centre is still being progressed but has been delayed due to difficulties in securing a suitable site with a realistic chance of planning permission.
Transport and Highways	M40 Junction 12	5,070	3,094	This slippage occurred because of a delay in obtaining a license from Natural England to carry out ecology work. The delay doesn't have any service implications for the Council.
Education and Learning	New Additional Educational Need School, Nuneaton	2,742	2,530	When the 2014/15 budget was set, the project was a new-build school on the playing fields site, programmed to start on site in November 2014. However, there were delays caused by significant ground contamination issues. Project options were then re-assessed to find alternative solutions. A final options report was taken to Cabinet on 11 December 2014 where Cabinet approved to change the project to the refurbishment of former Manor Park School site. The effect is that overall programme slipped and didn't start on site until April 2015. The School will open as planned in September 2015 in temporary accommodation and the main works will be completed for February 2016.
Transport and Highways	Kenilworth Station	2,594	1,789	The project has incurred some delays to the original programme due to the concerns over the availability of rolling stock and the delivery of infrastructure works by Network Rail. This change to the programme has resulted in the start of construction works being delayed. Although the delays have re-programmed

Business Unit	Scheme Title	Annual Budget £'000	Slippage £'000	Commentary and Explanation
				the spend profile, the opening of the station is still planned for December 2016.
Physical Assets	Renewable Energy – various properties	1,677	1,608	<p>The approved funding is self-financed borrowing meaning the Physical Assets Business Unit is required to meet the financing costs from the savings generated. As a result spend will only be incurred when the Business Unit is confident sufficient savings can be made.</p> <p>To date no single project has been able to meet all the necessary investment criteria:</p> <ul style="list-style-type: none"> • Low gas prices, sites having no traditional caretaker and insistence that every biomass heating system should have full gas or oil boiler back up have meant that no further biomass heating systems have proven viable. • A lack of revenue capacity for design and feasibility work slowed going out to tender for the metering needed for claiming the Renewable Heat Incentive. • Wind projects have proven politically too difficult to deliver. • An anaerobic digestion project is on hold as small holding tenancy arrangements would need to change to minimise risk to the farmer. • 12 Building Integrated Photovoltaic (BIPV) schemes have gone ahead but many others were not possible where roofs were not strong enough. • 20-25 possible sites for Ground Mounted Solar (GMS) were identified. Initial screening reduced this down to 8–10 sites. There could have been more but for grid capacity and connection issues. A further 4-6 sites are likely to be excluded because of costs of available connection, planning constraints, public consultation, exclusion of agricultural grade land and ecological reasons. <p>A report on Ground Mounted Solar Report is planned for Cabinet in September 2015. When a significant project can go ahead a majority of the available self-financing monies will be required.</p>
Physical Assets	Rationalisation of County Storage	4,000	1,305	The space planning process with users has taken longer than planned to reach

Business Unit	Scheme Title	Annual Budget £'000	Slippage £'000	Commentary and Explanation
				an agreed solution. Despite the delay plans are still on target to vacate the Montague Road depot, as originally planned.
Education and Learning	Cawston Grange extension	1,838	1,241	When 2014/15 budget was originally set, the project was programmed to start on site in July 2014. However, there were delays caused by value engineering exercise to redesign the project to ensure it could be delivered within the resources available. As a result works were delayed and started on site in November 2014. The required classrooms have been completed as planned for September 2015 and the remainder of the works will be completed for January 2016.
Transport and Highways	Ansty Business Park Phase 3	1,265	1,220	This is a developer funded scheme which was added to the capital programme to meet the developer's timescales. Since that time, further design work has identified significant issues which need to be addressed before construction can commence. This will not have any implications to the Council as any increase in costs will be borne by the developer.
Social Care and Support	CAF Development Team - Social Care IT	1,176	1,176	The Common Assessment Framework system developments across health and social care originally aspired to facilitate delivery of integrated health and social care assessments and recording. Unfortunately, the national building blocks were not in place at the time and so investment in local solutions was delayed, as it was nationally. A new integrated health and social care ICT infrastructure vision has now been developed through the Department of Health's Framework for Action: 'Personalised Health and Care 2020 - Using Data and Technology to Transform Outcomes for Patients and Citizens'. It is anticipated that significant capital investment will be needed in the next few years, to progress these integration ambitions and those associated with the Better Care Fund. Elements include integrated health and care records, kit upgrades, citizen access, and the

				development of integrated health and care assessment tools. This funding remains necessary to progress these developments.
Business Unit	Scheme Title	Annual Budget £'000	Slippage £'000	Commentary and Explanation
Professional Practice and Governance	Client Information Systems Review	1,360	1,024	The project scope for the client information systems review includes a social care system and an education system. Following the successful procurement of Corelogic Mosaic as the social care system, detailed scoping and configuration work has further clarified the project scope and facilitated the refinement of the project plan. This has led to some rephrasing of the capital spend allocated to the project. In addition, the outcome of the education procurement was inconclusive with no preferred supplier. Further work is therefore required to identify a solution for the education areas of functionality which has also impacted on phasing of the capital spending profile. The funding is therefore still required to support the reshaped project plan.
Physical Assets	Reducing Energy – various properties	1,044	981	The approved funding is self-financed borrowing, with the financing costs to be met by Physical Assets. As with the renewable energy projects spend will only be incurred when the Business Unit is confident sufficient savings to cover the financing costs can be made.
Education and Learning	Bishopton School extension	870	772	When the 2014/15 budget was originally set, the project was programmed to start on site in January 2015. However, there were delays caused by the contractor during the value engineering exercise to redesign the project to budget, which resulted in a non-feasible outcome. The decision was then taken to change contractor and restart value engineering and redesign project. Also, trying to obtain planning permission for the project has been a lengthy process. The effect is that works have been delayed and are now due to start on site in October 2015. The works and additional classrooms are now programmed to be complete for September 2016.
Transport and Highways	Safer routes to schools and 20mph	750	743	Now known as Home to School Routes. A safe routes policy must be adopted

	school safety zones 2014/15			before progress can be made on this project. Education and Learning are currently consulting on this as part of the Home to School Transport policy which Cabinet will consider in October 2015.
Business Unit	Scheme Title	Annual Budget £'000	Slippage £'000	Commentary and Explanation
Education and Learning	Paddox School extension	1,028	738	When the 2014/15 budget was originally set, the project was programmed to start on site in November 2014. However, there were delays caused in obtaining planning permission and resulting redesign work, which was a lengthy process and involved reporting to two separate Regulatory Committee meetings. The effect was works were delayed, starting on site in February 2015. The school will have temporary accommodation ready for September 2015 as planned and the main works and additional classrooms will be completed for January 2016.
Physical Assets	Refurbishment of Old Shire Hall	750	720	The external tender process is under way, with presentations from tenderers on 12th August. It is envisaged that a preferred bidder will be identified by the end of September 2015. Old Shire Hall works should commence in Spring 2016, with spend committed by end March 2016.
Transport and Highways	Footbridge at Stratford Town Station	943	653	The contractor failed to meet Network Rail design standards leading to a significant delay in approval of design and construction.
Education and Learning	Henry Hinde Infant School extension	523	532	After it had been included in the programme the project was cancelled, as the school withdrew their support. The funding was reallocated to another project at Cawston Grange Primary School, as reported to Cabinet on 27 January 2015. The effect is that no works took place on site at Henry Hinde Infant School.
	Total	34,144	26,640	

Corporate Services Overview and Scrutiny Committee

17 September 2014

County Council Borrowing Strategy

Recommendation

That the Corporate Services Overview and Scrutiny Committee is recommended to note and comment on the information on the Council's borrowing detailed in the report.

1. Purpose of the report

- 1.1. Following a motion to Council 21 July 2015 it was resolved that the Corporate Services Overview and Scrutiny Committee should investigate taking advantage of current low interest rates to borrow more through long term bonds and to raise debt ratios with a view to investing to ensure Warwickshire emerges from the recession in better shape than its peers.
- 1.2. This report provides the background information to allow the Committee to consider the issue in more detail. It outlines:
 - The legislative background against which all decisions about borrowing to fund capital investment take place,
 - Our current level of borrowing
 - Our relative debt levels compared to other shire counties
 - The affordability of additional capital investment
 - The alternative options available for raising funding, and
 - The relative priority of capital investment compared to other spending needs.

2. Legislative background

- 2.1. As a result of changes introduced in the Local Government Act 2003 local authorities are able to borrow funds for capital investment provided the plans

are prudent, affordable and sustainable. Essentially this means we can borrow to invest provided the following criteria are met:

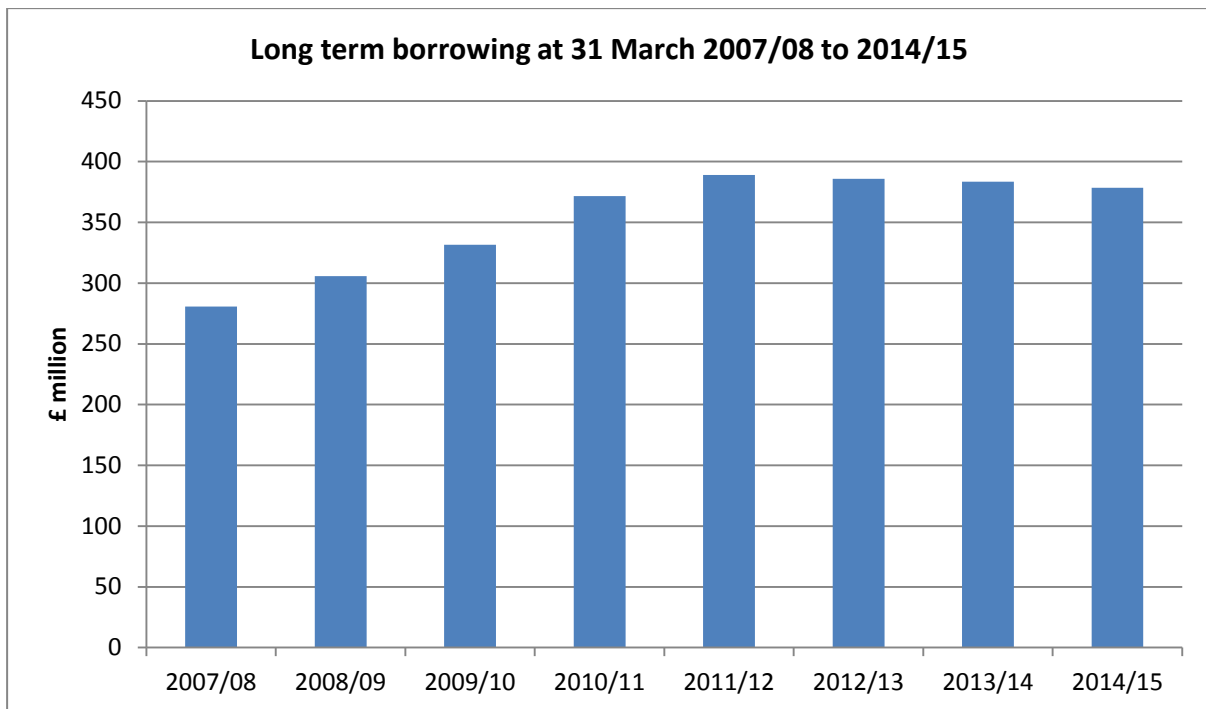
- The investment results in the creation of a long term asset (we are not permitted to borrow to fund revenue spending).
- The revenue costs that flow from the investment (interest charges from the additional borrowing or additional running costs as a result of the capital projects) are fully provided for within the revenue budget.
- The on-going liabilities created, including putting sufficient funding aside to repay the loan over the medium/long term, is sustainable and affordable given future plans and financial projections.

2.2. The money we put aside to repay the loan is known as the 'Minimum Revenue Provision' and enables the spreading of the cost of the capital spend (equivalent to the repayment of the 'principal' element of any loan). The number of years over which this spreading is allowed to take place has to be prudent and this is measured as broadly spreading the cost over the number of years the community benefits from the asset that is created. For example, the capital cost of a vehicle which is expected to have a useful life of 5 years is spread over 5 years whereas for a building the capital cost may be spread over 25 or 30 years. On average the useful life of our assets is 20 years.

2.3. Whilst the legislation provides a framework, it is ultimately a matter of judgement as to whether the size of the capital programme is prudent, affordable and sustainable. Members will have a view as to where that level is, or should be, and this level has to be acceptable to the Head of Finance. There is no right or wrong answer and therefore the following sections outline some of the factors for a local authority to take into account when making that judgement.

3. Absolute level of long term borrowing

3.1. Our long term borrowing (as at 31 March 2015) is £378 million. The level of borrowing has been on a slight downward trajectory since reaching a peak of £389 million at the end of 2011/12 but this is still significantly above historic levels. The annual position from 2007/08 is shown in the chart below.

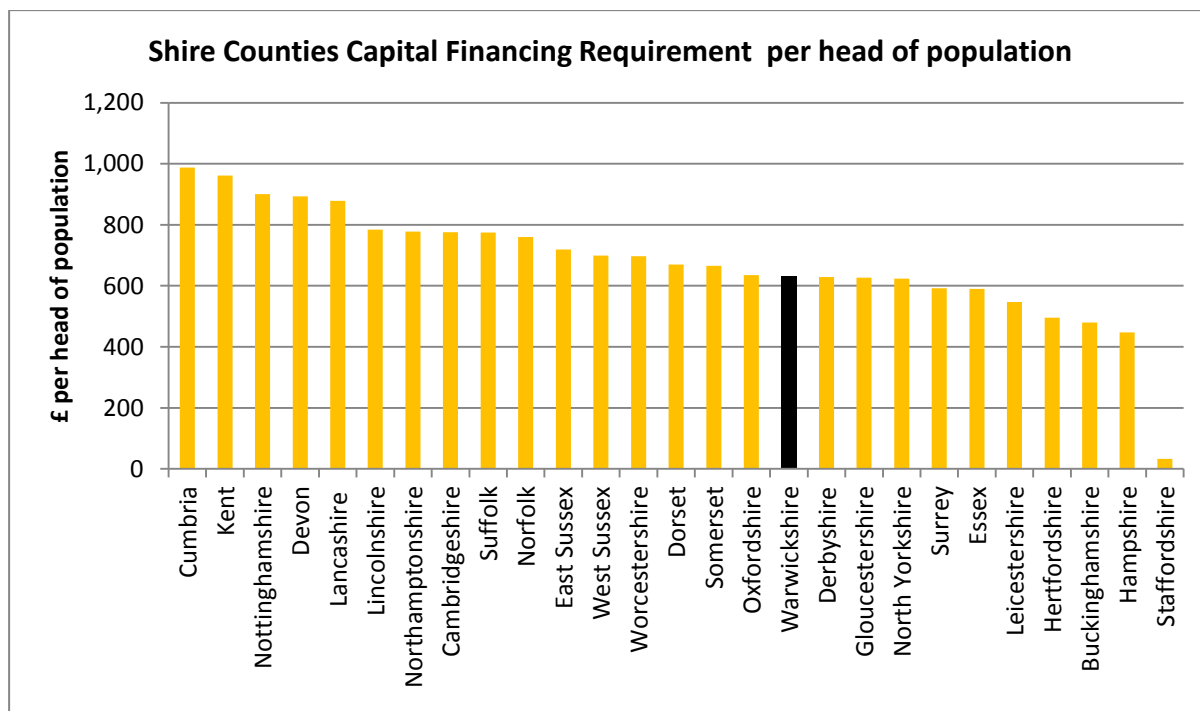


3.2. At £378 million our level of long term debt outstanding is significantly less than the £1.3 billion value of the assets it has helped to finance. We therefore have a healthy debt to asset value ratio that would not preclude taking out additional borrowing, subject to the borrowing being for a purpose which takes priority over other potential uses of the revenue funding required to service the capital debt.

4. Relative level of borrowing

- 4.1. Whilst as a local authority we are not allowed to borrow in advance of spending needs in order to profit from the investment, it is a matter of judgement as to when it is most financially advantageous to borrow in light of current and future known borrowing requirements.
- 4.2. At all times this means any local authority is more than likely to be under/over borrowed compared to the actual level of capital spend that needs to be financed. The level of capital spend that has to be financed is called the Capital Financing Requirement (CFR). Currently, as a result of slippage in the capital programme, running down of surplus cash balances (due to minimal scope for earning interest) and the level of capital receipts generated as a result of property rationalisation we are over borrowed. At 31 March 2015 our CFR was £305 million. At the current time this a common position for local authorities to be in. It also allows us to mitigate credit and interest rate risk.

4.3. Our CFR is £630 per head of population. This places the authority just below average in terms of the CFR per head of population across all shire counties, as shown in the chart below. We are in the same ranking position when you look at the ratio of our CFR to the level of income we generate from council tax.



4.4. This would suggest that there is nothing in our relative level of borrowing compared to other shire counties that would indicate taking out additional borrowing to support capital investment would be imprudent, subject to the borrowing being for a purpose which takes priority over other potential uses of the revenue funding required to service the capital debt.

5. Affordability

5.1. The affordability of additional capital investment funded from borrowing is determined by looking at the impact on the revenue budget. The 2015/16 budget for capital financing costs is £39.8 million. This is both affordable and sustainable with borrowing at its current level of £20 million a year. The £39.8 million is equivalent to 12% of our budget requirement (council tax plus business rates plus revenue support grant).

5.2. Any borrowing above this level would need to be provided for in the revenue budget as a commitment against the provision for new spending pressures in the OOP Medium Term Financial Plan. The MTFP currently has £5 million a

year included for new spending pressures or for the alleviation of savings targets. If the increase in the revenue cost as a result of the capital investment is above this level additional savings or income would need to be identified.

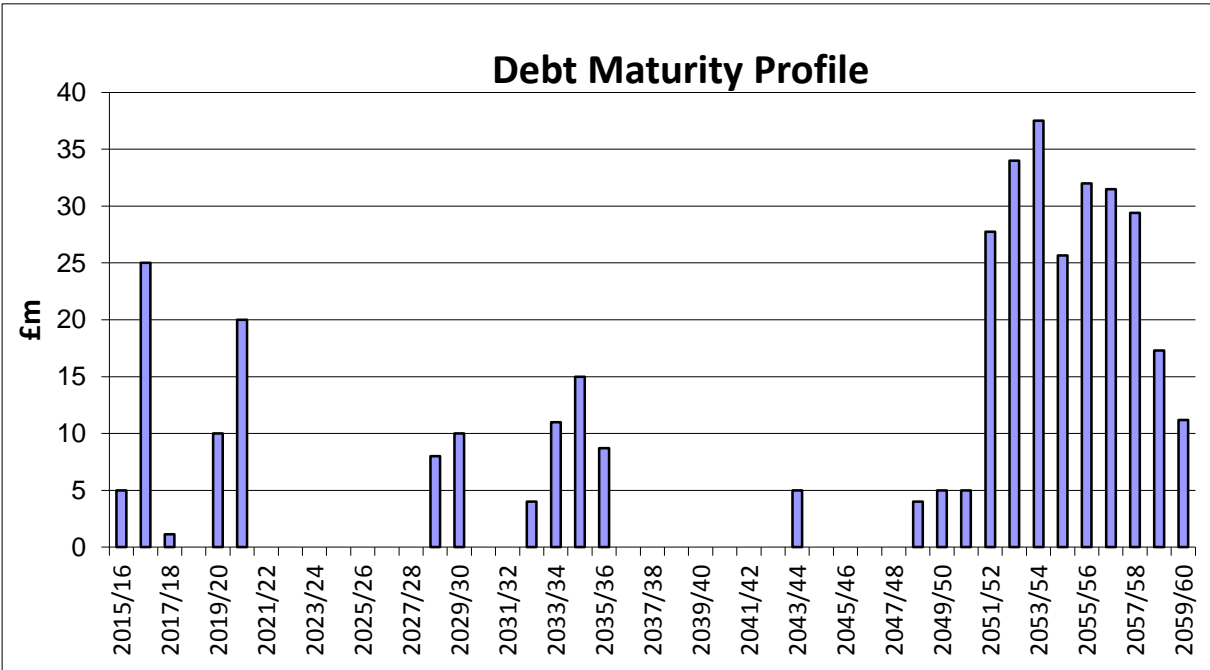
- 5.3. Currently, we can borrow at low interest rates, depending on the period of time over which we take out the loan. However, in budgeting terms we also need to spread the cost of the principal repayments over the period of the useful life of the asset.
- 5.4. Assuming we spend £10 million purchasing/constructing an asset which will have a useful life of 20 years then the additional allocation needed in the revenue budget would be:

Period of Loan	Interest rate	Annual Interest Payment £m	Annual Principal Repayment £m	Total Cost £m
1 year	1.31%	0.131	0.500	0.631
5 years	2.35%	0.235	0.500	0.735
10 years	3.06%	0.306	0.500	0.806
20 years	3.29%	0.329	0.500	0.829
25 years	3.66%	0.366	0.500	0.866

- 5.5. This would suggest on cost terms a 1 year or short term loan should be taken out initially to finance the spend. However, to do this at the lowest costs relies on being able to refinance the loan at the same interest rate every twelve months for 20 years. Taking short term loans increases the financial risk and uncertainty. From a long term sustainability and affordability perspective it is therefore often an option to take out a slightly higher cost loan where the cost is certain for a longer period. The exception to this would be where it is known that additional income as a result of the investment or a material capital receipt means the loan would not need to be refinanced at the end of the loan period or would be available to mitigate any higher costs at the point of refinancing the loan.
- 5.6. The final judgement on whether additional capital investment is affordable is a complex mix of assessing not only the revenue cost of the investment itself and any additional income that it would generate but also what other pressures there are on the Council's scarce resources at the time the decision is made. There is nothing, in terms of affordability, that would automatically preclude additional capital investment, if it is of sufficient value to the authority.

6. Options for raising finance – Public Works Loans Board

- 6.1. All our current loan finance is from the Public Works Loans Board (PWLB). This is common with most local authorities, with three quarters of all local authority loans from the PWLB. The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. PWLB's function is to lend money from the National Loans Fund to local authorities, and to collect the repayments. The reason it is so widely used is that it provides loans at lower rates of interest than authorities could obtain from commercial banks.
- 6.2. The PWLB also provides almost instant access to finance. The interest rate is the published daily rate on offer on the day you arrange the loan and the funds are received two business days after the deal is arranged.
- 6.3. PWLB loans also provide flexibility as they are not linked to the purchase of a specific asset. As with all local authority's we do not generally borrow to finance individual assets but rather on the entirety of the planned capital programme over the medium to long term. We also take out loans at fixed rates for long periods, including up to 50 years, as this provides stability and certainty. Historically this has also been financially advantageous as long term rates are usually lower than short term rates. It is only in the current recession that this pattern has been reversed.
- 6.4. The chart below shows the debt maturity profile of our current loans.



6.5. As can be seen we have £61.150 million of loans due for repayment before the end of March 2021. This comprises 8 individual loans of varying amounts, loan periods and interest rates, as shown in the table below. The smaller of these loans were originally taken out when interest rates were high and we expect to be able to re-finance them, when the loans become due, at a lower rate of interest, so reducing the authority’s interest costs. However, with interest rates likely to rise before the majority of the loans become due it may be that refinancing the other loans more than offsets any savings.

Year of final repayment	Loan period (years)	Amount £m	Interest rate %
2015/16	27.5	5.000	9%
2016/17	6.5	10.000	2.74%
	28.5	5.000	9%
	7	10.000	2.88%
2017/18	26	1.150	9.75%
2019/20	9.5	10.000	2.99%
2020/21	9.5	10.000	3.71%
	10	10.000	3.81%

6.6. In terms of the cost of any new PWLB borrowing, in addition to maintaining the current loan portfolio, PWLB currently provide a new loan rate which is 1% above the UK gilt rate for the relevant loan period. They also currently offer a ‘certainty rate’ which is set at 0.2% below the new loan rate (or 0.8% above the UK gilt rate) which we currently qualify for.

7. Options for raising finance – bonds

7.1. The main alternative to using the PWLB as a source of loan financing is bond issues. Interest in these has increased particularly as the banks, excluding PWLB, are no longer lending for long maturity periods. There are two ways to do this as a sole issuer or via a pool.

7.2. Sole Issue Bonds

There is scope to go to market as a sole issuer and seek funding from institutional investors who have an appetite for our credit quality and longer dated lending. To go down this route would require us to engage some form of market maker to build a book of investors and create the funding needed. This process would include agreement on the loan structure and an indicative funding rate. The rate would only be indicative as the actual rate will only be

determined when all the paperwork has been agreed and funding is in place. This process could take up to 3 months with the cost linked to the size of the bond being issued.

In advance of starting this process we would probably need to get a separate credit rating. A credit rating is an evaluation of the credit worthiness of a company or a government. The evaluation is made by a credit rating agency and is assessed on the ability to pay back the debt and the likelihood of default. There would be a cost to gaining a credit rating of up to £50,000.

A small number of authorities have credit ratings. Some do this for status and others to raise their profile when they are seeking funding as this will provide the investor with a clearer understanding of the credit quality they are lending to. If the County Council were to issue a bond we would probably need to do this to achieve the best funding rate. However, obtaining an individual credit rating is a risk. Without one we would probably be assigned the UK Government rating of AA+ but if we were to seek our own rating it may fall below this and increase the cost of funding. For example, Woking BC has an AA rating which is below the UK Government rating of AA+. Cornwall Council has an AA+ credit rating.

The only current example of a local authority that has gone down the route of a sole bond issue is the GLA who issued a bond for £600 million to raise funding for Transport for London's investment in cross-rail in 2011. The GLA initially raised the funding at 0.8% above the gilt rate, but these bonds now trade slightly higher at 0.85% above the gilt rate. This indicates institutional investors want a better return than they would get if they lend below current PWLB certainty rates.

In practical terms to issue a sole bond and achieve rates at or below the PWLB certainty rate and make the additional costs of going down this route worthwhile we would need to be looking to raise upwards of £100 million for a specific project.

7.3. Pooled Bond Issue

An alternative is to go to the market with other local authorities and form a pool of borrowers. This would get a synthetic rating which would then determine the bond pricing which the book of investors agree to lend at. Again this would require a similar/the same funding process as the individual bond and may require each authority in the pool to agree to cover any credit losses which arise on the bond. This may mean we could be asked to cover someone else's debt.

7.4. The Municipal Bond Agency

The Local Government Association's Municipal Bond Agency is a similar arrangement, specifically designed to allow local government to access the bond markets to raise capital funds as an alternative to using the PWLB. Council have already approved our membership as one of the founders of the Municipal Bond Agency.

The underlying assumption is that the market will price any bonds offered competitively and so will increase the diversification of the local government financing market and potentially drive down the cost of borrowing either directly or by encouraging the PWLB to bring down its prices.

The added benefit of the going through the Agency is that it allows individual authority's to defray the costs of compliance and infrastructure and makes use of wider expertise than available to an individual authority. However, using the Agency approach does require an element of risk sharing, as with all bond agencies/pooling arrangements and this is part of the trade-off of the reduced costs of an Agency solution.

The Municipal Bond Agency has yet to issue its first bond and their credit rating is still pending. It is anticipated that this source of funding will be cheaper than the PWLB certainty rate but until the first issue this will not be known.

8. Priority of additional capital investment

- 8.1. In the previous sections this report has outlined the range of issues that would be taken into account when considering if additional capital investment would be prudent, sustainable and affordable. It has also considered the main options available for raising the necessary loan finance. The analysis has shown that there is nothing technically or financially that would preclude the authority undertaking at least some degree of additional capital investment.
- 8.2. It is current Council policy to restrict borrowing and use capital receipts to repay debt as a way of releasing revenue resources to reduce the level of savings needed. As a result the decision on the level of capital borrowing is one for Members based on a balance of political and service priorities, taking into account the advice of the Head of Finance on the prevailing market conditions at the time and would mean a change of Council policy.
- 8.3. In deciding to make such a change and increase the level of capital investment there are two key factors that need to be evaluated:

- Is there a sufficiently defined capital scheme to invest in?
- Is the relative benefit/value of that scheme greater than the alternative uses for the revenue funding needed to finance servicing the borrowing?

8.4. To answer these questions, any projects to be funded either by a bond or additional scheme-specific PWLB borrowing would need to be significant (£20 million plus??) or be part of an infrastructure fund and would need to meet, as a minimum, a number of prerequisites:

- A business planning approach to the identification of need, including a thorough assessment of costs, timing, funding streams and responsibilities for delivery
- The existence of identified revenue schemes through which the authority would be able to recoup its up front capital investment and/or the identification of additional savings to meet the revenue costs.
- Robust and transparent governance arrangements to ensure appropriate levels of public accountability and scrutiny

9. Background Papers

9.1. None

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Corporate Services Overview and Scrutiny Committee

17 September 2015

Client Information Systems Project– Progress Update

Recommendation

That the Corporate Services O&S Committee is asked to note and comment on the progress made to date with the Client Information Systems Review.

1.0 Background

- 1.1 The Client Information System project was established to replace existing legacy systems across Social Care, Education, Strategic Commissioning and related support Services. The project's aim is to support the ongoing change agenda by enabling the Council to meet strategic change objectives (such as the Care Act, Better Care Fund and Children's and families Act), modernising our systems to be agile in the support of change and to join up customer information.
- 1.2 The scope of the project covers circa 160 information systems and data sources, 2000 users, 66 business areas and over 20 years of customer data (circa 300,000 records).
- 1.3 The Client Information Systems Review Project reported the successful procurement and installation of a new Social Care System to replace Carefirst to O&S in February 2015 i.e. Mosaic, a product of Corelogic, who supply systems widely across the UK.
- 1.4 The report outlined the further work and associate risks required to progress the configuration and implementation of the system (due for completion in December 2015) and for the procurement of an Education System.
- 1.5 This update therefore provides Corporate Services O&S with a further update on progress as previously agreed.

2.0 Progress to date

- 2.1 The Social Care Implementation has continued to make sound progress with:

- Forms and process development in Mosaic is now well underway across a number of business areas including Fostering, Children in Need, Common Assessment Framework, Reablement and Adults Safeguarding, Hospital Discharge, OT, Priority Families & Adopters.
- Early Help Business Processes are on track to be configured and signed off by the business in August 2015.
- A completed and agreed Privacy Impact Assessment has defined how customer information will be protected in the new environment.
- A role based security model has been agreed offering increased security benefits (not available in our current system). This is now being configured for the Early Help workflow.
- The project team have let a contract to Sirena (an external training provider) to deliver the training content required for go live. Sirena are now onsite and are developing the material for Early help go live in August
- Benefits profiles are being established for Early Help to identify the tangible and non-tangible improvements the system change will deliver.
- A data migration test successfully transferred 15,000 person records with basic demographic data from ShareCare into Mosaic.

Despite this progress, the project implementation has experienced delays. These are as a result of the impact of wider organisational changes, national strategy implementation and staff turnover across the organisation and not unusual in a project of this size and complexity. The consequence (despite the good business engagement and the tenacity and commitment of the people involved) has been to limit business capacity and availability to support change.

To mitigate these delays a re-planning exercise was delivered and a revised plan agreed which aims to deliver Early Help in November 2015 and Adults and Children's Social Care in March 2016 (the originally planned dates were for the three areas to be implemented by December 2015)

2.2 The procurement exercise for an Education System was successfully completed but was inconclusive with no preferred supplier identified.

A key challenge for the procurement of an Education System is integration with Social Care to create a single view of the customer. This functionality is required to deliver requirements such as an integrated Education, Health and Social Care Plan.

As a consequence of the procurement outcome a further exercise was commissioned to explore the reuse of functionality in existing systems in line with the ICT Strategy. This exercise is to focus on functionality to ensure information is held or integrated across systems to reduce the need for double keying. (This is a very significant drawback).

A position has therefore been agreed to progress a further detailed mapping exercise to provide assurance that any solution can deliver the authorities

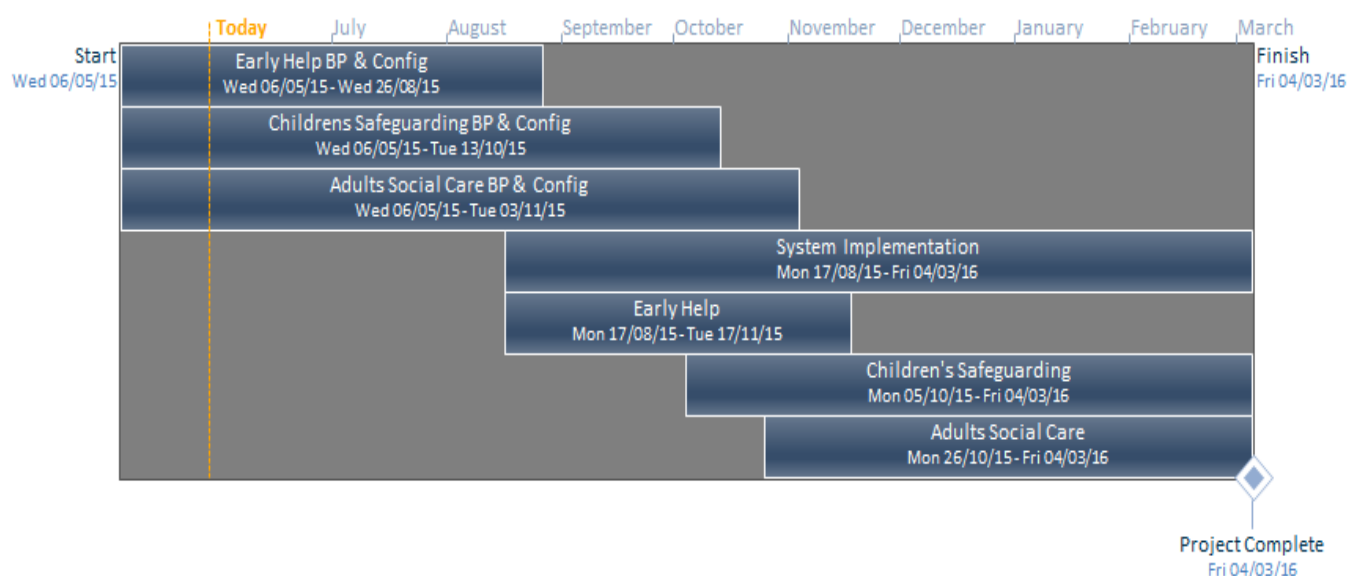
requirements before any contractual decision is made. As a result the project will be delivered in 2016/17.

- 2.3 The replanning exercise has impacted on the project forecasts indicating an overspend on the original budget. The current overspend is offset by agreed contingency in reserves.

Current Budget = £2.9M
 Predicted Spend = £3.2M

3.0 Timescales associated next steps

- 3.1 A copy of the revised project plan for Social Care Implementation is below:



- 3.2 Activity remains firmly focused on the revised project plan and delivery of Early Help for go live in November 2015. Key milestones include business sign off in August, testing through September and training delivery through October 2015.

- 3.3 Given the complexity of the project the Project Board have asked for a project review based on lessons learned in November 2015 to assess the viability of going live for Adults and Children's in March 2016 following the implementation of Early Help.

4.0 Key Risks, Issues and Mitigations

- 4.1 Change Context and Business Capacity to support change: As reported previously the wider availability of the appropriate resources due to the

strategic change agenda is now impacting the project timelines. Despite mitigation such as development of allocated project teams, forward planning and appropriate budget being made available to release or recruit staff to support the project has already experienced delays.

Further mitigation is underway to refine and clarify the scope of the project (and what therefore what can be delivered after go live) and to look at contractual contingency arrangements with our existing supplier. The project board have also commissioned a project review post Early Help go live to reassess the viability of the current project plan and associated contingency.

- 4.2 Integration: A key project outcome is the requirement to capture and hold information in a single place, to reuse information and integrate processes across systems. The benefit is to the customer (through a single customer view) and to the authority (by delivering efficient internal processes). Mosaic integration functionality is key to this approach. As more detailed work progresses, there is a risk that the required integration functionality isn't available from the supplier to meet the authorities requirements. The potential impact is inefficient processes or manual rework.

Mitigation: Further work is underway with Mosaic to clarify functionality currently available, future release dates for new functions and to explore opportunities to work collaboratively to fulfill the authorities requirements. The outcome of this work will feed into the review decision referenced in 3.4.

- 4.3 Data Migration: The task of understanding our data and the process to migrate is progressing well. However as the team work through the detail the complexity and diversity of 20 years of information is revealing new challenges and potential for scope change. This may impact the project timelines.

Mitigation: The team have expanded capacity to cope with this, put in place a clear delivery plan and six stage test plan as well as regular reporting to the Project Board.

Background Papers

None.

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Corporate Services Overview and Scrutiny Committee

17 September 2015

Review of Warwickshire County Council's Performance in Bidding for External Resources

Recommendation

That the Corporate Services Overview and Scrutiny Committee is asked to note and comment on the performance of the authority in bidding for external resources.

1. Introduction

- 1.1. Arising from discussion at the Council meeting in July, the Chair requested that a report was brought to this Committee that looked at the performance of Warwickshire County Council when bidding for external funding. This report fulfils that request. The report outlines the bids made in the last two years, the success of these and the financial control and governance arrangements in place when a service manager is considering bidding for external resources. Finally, in Section 4, the report documents where arrangements are in place for ensuring we are able to respond quickly when any funding initiatives are announced.

2. Funding Applications

- 2.1. In conducting the review, information on all bids for funding submitted over the last two years has been collated. In total £58.3 million funding has been secured. The total amount requested in the 37 bids made was £89.2 million. The amount awarded therefore represents 65% of the total bid value, with only 5 of the 37 bids submitted completely unsuccessful.

2.2. A list of all the bids is included at **Appendix A**. It shows amounts bid for and awarded and where bids were wholly or partially unsuccessful commentary on why this may have been the case.

2.3. Communities Group

Across the authority most of the bids were made by the Communities Group. The Group itself made 21 bids for funding, totalling £66.5 million. 100% of the funding requested was awarded in 14 cases, partial funding was received for a further 4, with 3 bids unsuccessful. The total amount awarded was £36.9 million (56%).

Minimal feedback has been received on those bids that were only partially successful or were unsuccessful. The main feedback received is that the amount of funding was oversubscribed and bids were either scaled back or did not sufficiently meet the success criteria.

In addition to the above bids, the Economic Development Business Unit contributed to 10 bids made in conjunction with other partners. These bids totalled £9.2 million.

There is inevitably a time lag between when bids for funding are made and the outcomes are known. Currently there are a further 8 bids totalling £22.5 million that have been submitted where the outcome is not known. These are listed in the Appendix for completeness but are not included in the totals.

2.4. Resources Group

Resources Group has made four bids over the last two years totalling £9.8 million. Three were 100% successful, with the amount applied for awarded in full. One was rejected as, at the time, the LEP did not want to support broadband infrastructure through the Local Growth Fund.

2.5. Fire and Rescue

Fire and Rescue have made 2 bids totalling £3.6 million were submitted and both were awarded 100% of the amount bid for.

2.6. People Group

People Group have made no bids for external funding over the last two years. This is because most relevant bid-based funding is targeted at the voluntary sector. Funding for social care initiatives is usually allocated on a formula basis across all authorities.

3. Governance of External Funding Applications

- 3.1. As a local authority it is important we have controls and governance arrangements in place to manage any risks inherent in bidding for external resources, to ensure that any conditions attached to funding are carefully considered to ensure that the bid is consistent with and supports the delivery of the authority's priorities.
- 3.2. The authority to approve the submission of bids for external funding is delegated to Portfolio Holders. This requirement then flows through into the detailed financial rules that underpin the authority's internal control framework. There are four key aspects to this control framework that it is worth noting:
- The Head of Service is responsible for obtaining Portfolio Holder permission to bid for grant funding.
 - This reflects the delegated authority from the Leader and also ensures Elected Members are aware of and support the application being made.
 - The Head of Service must have agreed plans in place on how the grant funds will support service plan objectives.
 - This should be part of the information provided to the Portfolio Holder so they can make an informed decision as to whether to support the bid.
 - Where match funding is required, approval must be sought from Cabinet for such funding.
 - This is required because in approving the detail of the budget at the start of the financial year Members have approved how the resources allocated by Council should be used. If the match funding requirement changes this, then this is a decision for Members.
 - Cost Centre Managers are required to adequately monitor and record grant expenditure, and maintain appropriate records of all documents, arrangements and agreements.
 - This ensures we can meet any reporting requirements from the grant issuing body and do not put the resources of the authority at risk by being required to repay funding.

3.3. There is no evidence from the review that these rules are not complied with. The only area where there appears to be a lack of clarity is the extent to which the agreement of the Portfolio Holder to submit the bid needs to be recorded as a formal decision. The Committee may wish to reflect on whether they think this is appropriate and in light of this discussion request that Corporate Board remind Heads of Service of the approval requirements when bidding for external resources. Any review of a specific bid would need to be undertaken by the relevant Overview and Scrutiny Committee, if they wished to do so.

4. Preparation for Future Funding Applications

4.1. There are two main reasons for bidding for external resources:

- To substitute or increase the authority's own funding to deliver investment that is necessary to maintain service delivery or to meet new service delivery requirements. This is primarily the case when bidding for resources to support investment in schools infrastructure.
- To invest in activities that support the delivery of the organisations priorities but that without external funding would be unaffordable.

4.2. In respect of the former then preparation for future funding applications is part of 'normal' service planning. For example Members have approved a school sufficiency strategy which will underpin the determination of the future need to deliver additional school places. The level of need is known and work is continuously underway to turn these needs into specific projects. If external funding becomes available then existing plans can, subject to fine-tuning to meet the funding conditions, be advanced and brought forward.

4.3. For those areas where, without external funding, investment would be unaffordable are more difficult. In many cases there is not the capacity to develop bids on the chance that at some point an external funding opportunity may become available. For these cases bidding tends to be sporadic and proposals are only developed once the funding is announced.

4.4. However, for other areas there is a continual stream of external funding opportunities from a variety of sources. In these areas it is possible to develop a pipeline of potential schemes. Investment to support and drive economic growth in particular is an area where this occurs. Our approach is outlined more fully below.

4.5. Economic Growth Plan

To reflect the central government interest seeing economic-led strategic growth programmes rather than one off projects, the authority has been developing an Economic Growth Plan. This is an area where the authority is being proactive in preparing projects ahead of anticipated funding opportunities.

The Warwickshire Economic Growth Plan has five key aims, which relate back to the main economic opportunities and challenges facing the county. Underneath these key aims are a number of strategic programmes, which seek to link together a range of identified and potential projects, bringing together transport and infrastructure schemes, business support interventions, employment and skills projects, and regeneration initiatives to present a more coherent and transformational approach. This work is being developed in close partnership with the District and Borough Councils.

The Growth Plan will help identify where funding gaps exist, and to filter and prioritise projects depending on the type of funding opportunity available. Different funding streams often have different priorities and different requirements. With a suite of pipeline projects within the plan, we can link the right ones to the most suitable and appropriate funding stream at any given time.

5. Conclusion

- 5.1. The analysis has shown that in excess of 65% of funds applied for by the authority have been granted, that most bids were 100% successful in that we are awarded what we ask for and that where bids are over-subscribed we are still partially successful. It is only on the rare occasion that bids are entirely unsuccessful. The authority will never be successful with every bid made and, if it was, this would suggest that a very prudent approach was being undertaken which might have led to missed opportunities. If the success rate is very low then it would suggest that bids may be too speculative and not an effective use of the organisation's limited capacity. The 'right' level of bidding will always be a matter of judgement but the conclusion from the review is that there is nothing to suggest that the authority is making the wrong decisions when it comes to bidding for external funding.

6. Background Papers

6.1. None.

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List of Bids for External Funding Submitted April 2013 to July 2015

Grant awarding body/regime	Capital / Revenue	Title of project bid for	Amount bid for £'000	Amount awarded £'000	Success %	Outcomes delivered	Commentary
Resources Group							
BDUK	Capital	Superfast Broadband	8,125	8,125	100%	Assist in rolling out broadband to rural communities	
LEP Local Growth Fund	Capital	Superfast Broadband	1,230	0	0%	Assist in rolling out broadband to rural communities	LEP did not wish to support broadband infrastructure at the time.
DCLG	Revenue	Warwickshire Counter-fraud Partnership Grant	239	239	100%	To support local authorities during the implementation of the Single Fraud Investigation Service and increase the capacity and capability of local government to tackle losses from non-benefit fraud.	
Home Office	Revenue	Police & Crime Panel Grant	185	185	100%	Annual bid for funding to support the Police & Crime Panel in carrying out its functions as set out in the Police Reform and Social Responsibility Act 2011	
	4	Total Resources Group	9,779	8,549	87%		
Fire and Rescue							
CLG Transformation Grant	Capital	Transformation Programme	1,837	1,837	100%	To provide two new response locations and enhance on-call firefighter arrangements. This will support the delivery of quicker attendance to life risk incidents across the whole of Warwickshire.	
CLG Fire Control Grant	Capital	Joint Control with Northamptonshire Fire and Rescue Service	1,800	1,800	100%	Joint and resilient control facilities with NFRS to allow savings and greater resilience across two locations.	
	2	Total Fire and Rescue	3,637	3,637	100%		

List of Bids for External Funding Submitted April 2013 to July 2015

Grant awarding body/regime	Capital / Revenue	Title of project bid for	Amount bid for £'000	Amount awarded £'000	Success %	Outcomes delivered	Commentary
Communities Group							
Local Transport Board (LEP)	Capital	Kenilworth Station	3,490	3,490	100%	Will deliver a new station in Kenilworth	
Growth Deal 1 Plus	Capital	A444 Coton Arches	2,000	2,000	100%	Addressing a serious congestion issue which will facilitate employment and housing growth (including at the flagship Bermuda Park) and improve access to Nuneaton town centre.	
Access for All Funding	Capital	Stratford Station Footbridge	1,000	1,000	100%	New footbridge at Stratford upon Avon Station	
Pinch Point	Capital	Rugby Gyratory	1,000	1,000	100%	Improvements to traffic flow on Rugby Gyratory	
Heritage Lottery Fund	Capital / Revenue	Our Warwickshire	967	967	100%	Improvements to Market Hall Museum and development of community based website.	
Rural Development Programme for England	Revenue	Micro Enterprise Grant Scheme	500	500	100%	<u>Outputs in Defra-WCC grant agreement:</u> 20 micro-enterprises supported, 15 jobs created, 10 jobs safeguarded <u>Actual outputs - performance to-date:</u> 21 micro-enterprises supported, £681,000 private sector investment, 42.5 jobs created, 81 jobs safeguarded	
ERDF	Capital	Bermuda Connectivity Project	1,164	0	0%	Establishment of a new road link in Nuneaton, via Bermuda Bridge and associated highway works.	Funder prioritised other projects due to the limited funds available and concerns about the deliverability within the timescales available (all projects had to be delivered by December 2015).
Growing Places	Capital	Bermuda Connectivity Project	500	500	100%	Establishment of a new road link in Nuneaton, via Bermuda Bridge and associated highway works.	

List of Bids for External Funding Submitted April 2013 to July 2015

Grant awarding body/regime	Capital / Revenue	Title of project bid for	Amount bid for £'000	Amount awarded £'000	Success %	Outcomes delivered	Commentary
Growing Places	Capital	M40 Junction 14	250	250	100%	Major congestion alleviation scheme at M40 J14 connected with safety concerns on M40 and future growth of the Warwick/ Leamington area.	
Total Transport Pilot Fund	Revenue	Total Transport Pilot Fund	119	119	100%	Work to identify and confirm arrangements for a potential pilot scheme focused on transport provision for non-emergency hospital appointments. Joint ticketing on cross boundary journeys with Stagecoach and National Express West Midlands	
DEFRA	Revenue	Small Flood and Coastal Erosion Risk Management Scheme Pathfinder initiative	83	83	100%	Will be used for small schemes in local communities to help with flood alleviation	
Natural England	Capital	Reed creation at Kingsbury Water Park	50	50	100%	Creation of reed bed at Kingsbury Water bed for ecological benefit. WCC bid to do the work on behalf of Natural England.	
Pinch Point	Capital	M40 Junction 12	3,314	3,300	100%	Major congestion alleviation scheme at M40 J12 connected to JLR Growth site	
Regional Growth Fund	Capital	M40 Junction 12	500	0	0%	Further phase to major congestion scheme at M40 J12 connected to JLR Growth site.	Surplus RGF that was expected to be available at national level to support additional activity in existing, well-performing projects did not materialise despite BIS/ DCLG having invited CCC and WCC to apply.
New Stations Fund	Capital	Kenilworth Station	5,000	4,900	98%	Will deliver a new station in Kenilworth	Although we only were awarded £4.9m cash, a £100k liability was bought out by the DfT.
LEADER	Capital/ Revenue	Central & South Warwickshire LEADER	2,295	0	0%	Programme for rural businesses and communities.	Competitive national process - funder considered the delivery framework to be inadequately developed.
Growth Deal 1	Capital	A46/A425/A4177 Stanks Island	3,200	3200	100%	Highway improvements at the key junction of A4425 / A46	

List of Bids for External Funding Submitted April 2013 to July 2015

Grant awarding body/regime	Capital / Revenue	Title of project bid for	Amount bid for £'000	Amount awarded £'000	Success %	Outcomes delivered	Commentary
Highways Maintenance Challenge Fund	Capital	Street Lighting Lamp Replacement with LED technology	15,106	0	0%	Cost savings on Street lighting	Bid team included specialist consultant resource from Atkins. Rejected by DfT with minimal feedback.
Department for Education	Capital	Universal Infant Free School Meals	666	499	75%	Ensure all schools with infant age children can provide the new 'Universal Infant Free School Meals' i.e. there is enough dining space, dining equipment and kitchen facilities to provide hot meals to all infant age children	Bids were submitted for schools where initial DfE allocations were insufficient i.e. whole new kitchen was required. Schools supplied the expression of interest; WCC did not filter these. No feedback received.
Department for Education	Capital	16-19 Demographic Growth Capital Fund	1,291	885	69%	Provide additional school places for young people (age 16-19) with learning difficulties / disabilities	There was no success criteria or guidance published. Schools prepared the bids since they know their premises and learners requirements best.
Department for Education	Capital	Targeted Basic Need Funding	24,000	14,170	59%	Provide additional school places to respond to population growth	DfE timescale was extremely tight for submitting the bid. This was for exceptional growth, and required subjective assessment of the bid. No specific feedback received.
	21	Total Communities Group	66,495	36,913	56%		

In addition to these bids Communities Group submitted two successful applications to the 'Severe Weather Recovery Scheme' and the 'Pothole Fund'. These are not included in the totals as no specific amounts were bid for. We received £1.970 million and £1.708 million respectively.

List of Bids for External Funding Submitted April 2013 to July 2015

Grant awarding body/regime	Capital / Revenue	Title of project bid for	Amount bid for £'000	Amount awarded £'000	Success %	Outcomes delivered	Commentary
Communities Group - joint with other partners							
Leader/ NWBC	Capital/ Revenue	North Warwickshire and Hinckley & Bosworth	1,416	1,416	100%	Programme for rural businesses and communities.	
Regional Growth Fund/ CCC	Capital/ Revenue	Coventry and Warwickshire Wave 2 City Deal	2,700	2,700	100%	Major business support project across Coventry and Warwickshire (and Hinckley & Bosworth).	
Big Lottery/ CSWP	Revenue	Talent Match Coventry and Warwickshire	3,167	3,167	100%	Programme for long term unemployed young people across Coventry, Nuneaton & Bedworth and North Warwickshire	
DCLG Transformation Grant	Revenue	Youth Employment Support Partnership - Coventry and Warwickshire	100	100	100%	Research and development into a partnership for the transition of young people from education to sustainable employment.	
ERDF/ CCC	Capital/ Revenue	C&W Enterprise and Business Growth Package - Extension	748	748	100%	Extension to business support package inc. support for start-ups in Nuneaton & Bedworth and grants for sub-regional businesses.	
ERDF/ CCC	Capital/ Revenue	C&W Enterprise and Business Growth Package - Extension	500	500	100%	Extension to access to finance strand of sub-regional business support package.	
Growth Deal/ SDC	Capital	Progress House	450	450	100%	Conversion of empty property into new business centre for start-up and early stage businesses.	
Growing Places/ WDC	Capital	26 HT Gaming Incubation Unit	108	108	100%	Conversion of disused property into incubator hub for start-up and new gaming companies.	
ERDF/ CCC	Revenue	C&W Enterprise and Business Growth Package - Extension	39	39	100%	Funding to allow extension to Rural Growth Network start-up support programme.	
ERDF/ CCC	Revenue	ERDF Technical Assistance - Extension	20	20	100%	Funding to provide technical support to ERDF applicants and projects as well as support development of new ESIF programme.	
	10	Total Joint Bids	9,248	9,248	100%		
	37	Total Bids	89,159	58,347	65%		

List of Bids for External Funding Submitted April 2013 to July 2015

Grant awarding body/regime	Capital / Revenue	Title of project bid for	Amount bid for £'000	Amount awarded £'000	Success %	Outcomes delivered	Commentary
Bids/ Outline Applications Submitted with Outcome Pending							
ERDF	Revenue	Coventry & Warwickshire SME Growth Programme - Warwickshire County Council	1,677	pending		302 new businesses supported, 139 start-up and early stage businesses supported, 119 businesses supported including 89 innovation-led/ knowledge-based SMEs, 89 new jobs created	Outline application approved. Full application in development. Portfolio Holder approval to submit full application being sought on or after 18 September 2015.
Growth Deal 1 Plus	Capital	A426 Avon Mill / Hunters Lane	4,500	pending		Promoting economic growth by reducing traffic congestion problems at bottle neck on A426 / Leicester Road	
ERDF/ CCC	Revenue	ERDF Technical Assistance	238	pending		Funding to provide technical support to ERDF applicants.	Outline application approved. Full application in development.
ESF/ CCC	Revenue	ESF Technical Assistance	238	pending		Funding to provide technical support to ESF applicants.	Outline application approved. Full application in development.
ERDF	Capital/ Revenue	CSW Broadband - Extended Rollout	3,803	pending		Support for further phase of roll-out of superfast broadband in rural Warwickshire.	Outline application approved. Full application in development. Cabinet approval to submit full application being sought in October 2015.
ERDF/ CCC	Capital/ Revenue	C&W Low Carbon Economy Programme	5,800	pending			Outline application approved. Full application in development.
ERDF/ CCC	Capital/ Revenue	Innovative Coventry and Warwickshire	1,700	pending			Outline application approved. Full application in development.
ERDF/ CCC	Revenue	Coventry and Warwickshire SME Growth Programme - Coventry City Council	4,500	pending			Outline application approved. Full application in development.
Total - outcome pending			22,455	0			

Corporate Services Overview and Scrutiny Committee

September 2015

Treasury Management Monitoring Report 2014/15

Recommendation

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

1 Introduction

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

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

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

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

"The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks

associated with those activities; and the pursuit of optimum performance consistent with those risks.” (CIPFA Code of Practice).

2 Investments

2.1 The Council has an investment portfolio consisting of reserves and cash arising from daily receipts being in excess of payments on a short term basis.

2.2 The Council's investment portfolio at the end the financial year 2014/15 was as follows:

Table 1: Investment Position at 31 March 2015

	Invested at 31 March 2015
	£m
In house deposits	49.8
Money Market/External Funds	195.5
Total	245.3

2.3 Performance of the Council's investments (weighted) versus the benchmark is:

Table 2: Investment Performance to 31 March 2015

	Average Interest rate year to date	Target rate: 7 day LIBID	Variance
	%	%	%
In house deposits	0.57	0.36	0.21
Money Market/External Funds	1.23	0.36	0.87
Total	0.91	0.36	0.55

2.6 The interest earned on the Council's investments was as follows:

Table 3: Interest Earned to March 2015

	Year to date
	£000
In house deposits	730.0
Money Market/External Funds	1,773.0
Total	2503.0

- 2.8 The table below details our consultant's view on interest rates. Based on this opinion, the money market will continue to be at current levels until late 2016 when rates are predicted to rise.

Table 4: Interest Rate Forecast

	Present – Jun 2016 %	To Jul 2016 %	To Dec 2016 %	To Jun 2017 %
Interest Rate Forecast	0.50	0.75	1.00	1.25
	To Sep 2017 %	To Mar 2018 %		
Interest Rate Forecast	1.50	1.75		

Source: Capita

3 Borrowing

- 3.1 The County did not undertake any long term borrowing in 2014/15. The total amount of borrowing held with The Public Works Loans Board (PWLB) was £ 383.5m at 31 March 2015.

4 Compliance with Treasury Limits and Prudential Indicators

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

Background Papers

None

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Appendix A

PRUDENTIAL INDICATOR	2013/14	2014/15	2015/16	2016/17	2017/18
(1). AFFORDABILITY PRUDENTIAL INDICATORS					
	Actual	Actual	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	75,633	91,458	76,190	67,388	20,239
	%	%	%	%	%
Ratio of financing costs to net revenue stream	9.97	9.23	9.33	9.01	9.68
Gross borrowing requirement	£'000	£'000	£'000	£'000	£'000
Gross Debt	396,043	393,485	388,424	363,424	382,274
Capital Financing Requirement as at 31 March	320,926	332,825	317,275	359,767	361,931
Under/(Over) Borrowing	(75,116)	(60,660)	(71,149)	(3,657)	(20,343)
In year Capital Financing Requirement	£'000	£'000	£'000	£'000	£'000
	(16,727)	11,899	(15,550)	42,492	2,164
Capital Financing Requirement as at 31 March	£'000	£'000	£'000	£'000	£'000
	320,926	332,825	317,275	359,767	361,931
Affordable Borrowing Limit	£	£	£	£	£
Position as agreed at March 2015 Council	-7.76	-5.98	1.90	11.22	12.13
Increase per council tax payer					
Updated position of Current Capital Programme	-7.76	-5.96	1.90	-6.09	13.03
Increase per council tax payer					
PRUDENTIAL INDICATOR	2013/14	2014/15	2015/16	2016/17	2017/18
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS					
	approved	approved	estimate	estimate	estimate
Authorised limit for external debt -	£'000	£'000	£'000	£'000	£'000
Borrowing	505,536	501,915	447,594	535,099	509,076
other long term liabilities	12,000	12,000	12,000	12,000	12,000
TOTAL	517,536	513,915	459,594	547,099	521,076
Operational boundary for external debt -	£'000	£'000	£'000	£'000	£'000
Borrowing	421,280	418,263	372,995	445,916	424,230
other long term liabilities	10,000	10,000	10,000	10,000	10,000
TOTAL	431,280	428,263	382,995	455,916	434,230
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%	100%
Upper limit for variable rate exposure					
Net principal re variable rate borrowing / investments	25%	25%	25%	25%	25%
Upper limit for total principal sums invested for over 364 days	£	£	£	£	£
(per maturity date)	£0	£0	£0	£0	£0
Maturity structure of new fixed rate borrowing during 2014/15	upper limit	lower limit			
under 12 months	20%	0%			
12 months and within 24 months	20%	0%			
24 months and within 5 years	60%	0%			
5 years and within 10 years	100%	0%			
10 years and above	100%	0%			

PRUDENTIAL INDICATORS

Ratio of financing costs to net revenue stream

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

Gross Borrowing

Gross borrowing refers to the Authority's total external borrowing and other long term liabilities versus the Capital Financing Requirement.

Actual and Estimated Capital Expenditure

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

Capital Financing Requirement

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

Authorised Limit

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

Operational Boundary

The Operational Boundary for external debt is based on the same estimates as the authorised limit but reflects the Head of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The

operational boundary represents a key management tool for in-year monitoring. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified.

Limits on Interest Rate Exposure

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