

Agenda for a meeting of the WARWICKSHIRE COUNTY COUNCIL to be held at the SHIRE HALL, WARWICK on THURSDAY 24 SEPTEMBER 2015 at 10.00 AM.

Please note that this meeting will be filmed for live broadcast on the internet. Generally, the public gallery is not filmed, but by entering the meeting room and using the public seating area you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. All recording will be undertaken in accordance with the Council's protocol on filming and use of social media.

AGENDA

1. General

(1) Apologies for absence.

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

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

- Declare the interest if s/he has not already registered it
- Not participate in any discussion or vote
- Must leave the meeting room until the matter has been dealt with.
- 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

To confirm the minutes of the following meetings:

- (i) 21 July 2015
- (ii) Extraordinary Meeting 3 September 2015

(4) Announcements

To receive any announcements from the Chair of the Council, Leader, Cabinet Members or Chief Executive.

(5) Public Speaking

To note any requests to speak in accordance with the Council's Public Speaking Scheme.

2. Housing Related Support (Supporting People)- Report of the Chair of the Adult Social Care and Health Overview and Scrutiny Committee

Chair of the Adult Social Care & Health OSC: Councillor Maggie O'Rourke

Cabinet, on 18 August 2015, considered a report on proposals for changes to Housing Related Support Services along with recommendations from the Adult Social Care and Health Overview and Scrutiny Committee. The decision made by Cabinet on 18 August was then called-in by four members on the grounds that they considered the Cabinet report failed to provide enough detail and clarification around the assessment process.

The Adult Social Care and Health Overview and Scrutiny Committee met on 9 September to consider the call-in and resolved to refer the issue to Council. The resolution agreed by the Committee is as follows:

"That, given the uncertainties around the level of assessments required and the ability to undertake these in the timescale, Council defers the planned saving of £300,000 in 2015/16 to be found from housing related support budgets and instead uses £300,000 from General Reserves in 2015/16 to balance the Council's budget".

Council is invited to consider the enclosed report.

3. Warwickshire County Council -Statement of Accounts 2014/15

Cabinet Portfolio Holder: Councillor Alan Cockburn

The Council is invited to approve the annual statement of Accounts for 2014/15. The accounts were considered by the Audit and Standards Committee on 9 September who have recommended that they be approved by Council.

4. Annual Governance Statement 2014/15

Cabinet Portfolio Holder: Councillor Kam Kaur, Portfolio Holder for Customers

Council is requested to approve the Annual Governance Statement. This was approved by the Audit and Standards Committee on 9 September and by Cabinet on 10 September.

5. Warwickshire Pension Fund Statement of Accounts and Governance Report 2014/15

Cabinet Portfolio Holder: Councillor Alan Cockburn

The Council is invited to approve the Warwickshire Pension Fund Statement of Accounts and Governance Report. These were considered by the Audit and Standards Committee on 9 September who have recommended that they be approved by Council.

6. Health & Wellbeing Board

Cabinet Portfolio Holder: Councillor Kam Kaur

The Health and Wellbeing Board has considered the outcome of the Local Government Association peer challenge, including a recommendation that the membership of the Board be reviewed. The enclosed report seeks Council's approval to a revised membership for the Board. The proposals take into account the views of a wide range of partners and is supported by the Health and Well-being Board.

7. Governance Review

Cabinet Portfolio Holder: Councillor Kam Kaur

Council on 25 September 2014 requested that Leaders Liaison Group undertake a review of the Council's governance arrangements. The enclosed report from the Leaders Liaison Group sets out proposals for changes to the Council's current arrangements.

8. Education and Learning (Schools) Capital Programme

Cabinet Portfolio Holders: Councillor Alan Cockburn & Councillor Colin Hayfield

Cabinet on 15 July 2015 considered proposals for allocating resources in the Education and Learning (Schools) Capital Programme to specific projects where other income streams are either not able to cover the whole costs of specific projects or where income streams will be receipted once projects are completed. Cabinet recommended that the proposals be approved by Council.

Those projects that were proposed to be completed for the start of the school term, and that were within the portfolio holder's delegated powers to approve, have been approved by the Deputy Leader on 11 August and a further one was approved under the urgency procedure by the Leader on 20 August.

The enclosed report invites the Council to approve the remaining proposals recommended by Cabinet for inclusion in the Capital Programme.

9. Urgent Decisions Taken Since the Last Meeting

Council is invited to note two urgent decisions taken since the last meeting of Council.

10. Notice of Motions

(1) Competitive Tendering of NHS services

‘That, given the current priority is for the NHS and local government to focus on the integration of health and social care services, this Council makes an urgent representation to the three CCGs to reconsider their decision to put NHS services in Warwickshire out to competitive tendering and asks that the Leader of the Council calls an urgent meeting with the South Warwickshire CCG, as the lead for the region, to put forward this request of Council.’

Proposer: Councillor John Holland

Seconder: Councillor Chris Clark

(2) West Midlands Combined Authority Proposal

‘In the light of the news that the Shadow Board representing a West Midlands Combined Authority (WMCA) comprising authorities from Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton (which expects to be established by April 2016) has submitted proposals for devolved powers to the government, this Council agrees that the WMCA option should continue to be explored by the new Member Working Group and formally consulted on along with any other options eventually put forward.’

Proposer: Councillor Alan Webb

Seconder: Councillor Richard Chattaway

11. Member Question Time

A period of up to one hour is allocated for question time. Extension beyond this time is at the discretion of the Chair.

11.1 Questions on Notice (Standing Order 7.2)

Cabinet Portfolio Holders and Chairs of Overview and Scrutiny Committees will be invited to respond to any written questions from Members.

11.2 Questions without Notice to Leader of the Council and Cabinet Portfolio Holders (Standing Orders 7.7 and 7.8)

The Leader of the Council and Cabinet Portfolio Holders will be invited to respond to any oral questions from Members. Supplementary questions will not be permitted.

12. Any other items of urgent business.

To consider any other items that the Chair considers are urgent.

JIM GRAHAM
Chief Executive
Shire Hall
Warwick
September 2015

Public Speaking

Members of the public who are resident or working in Warwickshire may speak for up to three minutes on an item in the public part of the agenda. Notice of a request to speak must be made to the Chief Executive at least three working days before the meeting.

For advice on the public eligibility to speak and the procedure, or any enquiries regarding this agenda, please contact Janet Purcell, Democratic Services Manager, Law & Governance, Resources Group Tel: 01926 413716
E-mail: janetpurcell@warwickshire.gov.uk

Minutes of the Meeting of Warwickshire County Council held on 21 July 2015

Present:

Councillor Bob Stevens (Chair)

Councillors John Appleton, John Beaumont, Mike Brain, Les Caborn, Richard Chattaway, Jonathan Chilvers, Chris Clark, Jeff Clarke, Alan Cockburn, Jose Compton, Yousef Dahmash, Corinne Davies, Nicola Davies, Neil Dirveiks, Richard Dodd, Sara Doughty, Peter Fowler, Jenny Fradgley, Bill Gifford, Mike Gittus, Brian Hawkes, Colin Hayfield, Bob Hicks, John Holland, John Horner, Philip Johnson, Kam Kaur, Danny Kendall, Bernard Kirton, Keith Kondakor, Joan Lea, Keith Lloyd, Phillip Morris-Jones, Peter Morson, Brian Moss, Maggie O'Rourke, Dave Parsons, Mike Perry, Caroline Phillips, Wallace Redford, Clive Rickhards, Howard Roberts, Kate Rolfe, Jerry Roodhouse, Chris Saint, Izzi Seccombe, Dave Shilton, Jenny St. John, June Tandy, Heather Timms, Angela Warner, Alan Webb, Mary Webb, Matt Western, John Whitehouse and Chris Williams.

The Chair, on behalf of Council, welcomed Councillor Bernard Kirton to the meeting following his period of absence from the Council.

1. General

(1) Apologies for absence

Apologies for absence were submitted on behalf of Councillors Sarah Boad, Peter Butlin, Julie Jackson and Bill Olnier.

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

Councillor Jeff Clarke, Councillor Colin Hayfield and Councillor Mike Gittus each declared a non-pecuniary interest in item 3 (Warwickshire Youth Justice & Family Intervention Service Strategic Plan) as members of the Coventry and Warwickshire Magistrates Bench.

(3) Minutes

Resolved

That the minutes of the meeting held on 19 May 2015 be approved as a correct record.

(4) Announcements

30,000th Sounding of the Last Post.

The Chair reported that he had attended the ceremony on 9th July, given by the Warwickshire Fire & Rescue Service, to mark the 30,000th sounding of the last post at the Menin Gate, Ypres. The sounding of the last post at Menin Gate takes place every evening, with buglers drawn from Ypres volunteer fire brigade, and dates back to 1928 when the people of Ypres

wished to record their gratitude for the sacrifice of allied soldiers. Many Fire and Rescue services and other organisations also took part in ceremonies across the world.

Warwick University Graduation

The Chair had attended one of the graduation ceremonies at the university and put on record his congratulation to the estimated 3000 students who would be graduating from the university this year.

Members of the Youth Parliament

The Chair reminded members that Warwickshire MYPs would be attending this meeting and would give a presentation following Council.

Federation of Small Businesses Award

The Chair announced that the County Council has been awarded 'Best Small Business Friendly Programme' for 2015 by the Federation of Small Businesses. The award had been given in recognition of the Council's work to regenerate and support small businesses, including through the Small Business Saturday campaign. The Chair, on behalf of Council, thanked officers for their help in putting plans and activities in place to support economic growth and in particular welcomed the recognition given by those that matter, the businesses of Warwickshire. The Chair presented the award to Dave Hill from the Economic Growth Business Unit, whose team had supported much of the work on the FSB Keep Trade Local programme.

(5) Public Speaking

There were no public speakers.

2. Notification of casual vacancy – Nuneaton Whitestone Division

Council noted the vacancy in Nuneaton Whitestone Division following the resignation of Councillor Martin Heatley and that the by-election would be held on 13 August 2015.

3. Warwickshire Youth Justice & Family Intervention Service Strategic Plan 2015-2016

Councillor John Horner, Cabinet Portfolio Holder for Community Safety, presented the Warwickshire Youth Justice and Family Intervention Service Strategic Plan and proposed that it be adopted by the Council. The proposal was seconded by Councillor Philip Johnson, Chair of the Communities Overview and Scrutiny Committee.

Councillor Horner reminded members that the Service is a combined service that adopts a whole family approach to the work undertaken with young people who have

offended and that the Service has been recognised nationally as one of the best in the field. It is also a multi-agency service with funding provided by a number of partners, including the Police and Crime Commissioner, Warwickshire Police, Probation and the County Council's People Group, Communities Group and Public Health (who collectively provide around 50% of the funding).

Councillor Horner drew members' attention to the high performance of the service in 2014/15 and the national and local objectives and priorities for 2015/16. Councillor Horner commended the Service's national lead on the use of restorative justice, which avoids custodial sentences and is the key to avoiding reoffending. Councillor Jonathan Chilvers added his support to the restorative justice approach which he considered could be an approach that may be appropriate in other areas of work.

Councillor Philip Johnson, in seconding the proposal, noted that the performance of the service was, in a number of areas, significantly better than other authorities in the West Midlands and nationally. He added that part of the success is due to the Troubled Families Programme, the success of which is reflected in the invitation to be an 'early adopter' of Phase 2 of the programme.

The proposal to adopt the Plan was put to the vote and was supported unanimously.

Resolved

That the County Council adopts the Warwickshire Youth Justice & Family Intervention Service Strategic Plan 2015/16 as set out in Appendix 1 of the report.

4. Capital Growth Fund Application: Business Loans and Grants

Councillor Izzi Seccombe, Leader of the Council, presented a report from Cabinet that sought Council's approval to use of a maximum of £3.m of the Capital Growth Fund to fund three projects. Councillor Kam Kaur, Cabinet Portfolio Holder for Customers, seconded the proposal.

Councillor Izzi Seccombe commended the projects as providing opportunities for both start up and growth of businesses in Warwickshire. Councillor Seccombe also drew attention to the evaluation that had been undertaken in assessing the projects and the alignment with the Council's objectives in delivering growth.

Councillor Keith Kondakor, Leader of the Green Group, welcomed the principle of providing small business loans and grants and supported the first two projects in the report. Councillor Kondakor expressed concern, however, with regard to the Coventry and Warwickshire Investment Fund project as the £1m will be allocated through the CWLEP and that the governance arrangements of the LEP would mean that such allocation will not be transparent. Councillor Kondakor requested that the regular reports that will be available to members are also available for the public. Councillor Izzi Seccombe appreciated the concerns regarding transparency of the CWLEP but advised that this was improving, for instance the minutes of the CWLEP were now public.

Councillor Kondakor also requested that projects focus on areas of decreasing working population, such as in Nuneaton and Bedworth, where there had been a net loss of 480 people in 2014/15 which meant a loss of young people and potential

entrepreneurs to surrounding areas. Councillor Izzi Seccombe agreed that it is important to retain skills within the County and advised that the CWLEP has a skills group which is concerned with lifting the skills base and tackling the issue of lower productivity, although some of this is due to the age of the population in the County. Councillor Seccombe added that there is an increase nationally in the number of people starting businesses post-retirement and there may be opportunities to support this growth locally.

In welcoming the use of small business loans and grants, Councillor Kondakor noted that the cost benefit analysis of these types of projects is measured over 10 years, unlike large capital projects that may be measured up to and over 60 years. He expressed his support for these small projects which, if done well, see positive returns in a much shorter timescale.

During the debate Councillor Jerry Roodhouse, Leader of the Liberal Democrat Group and Councillor John Whitehouse welcomed the support for both grants and loans and questioned whether the support for grants was now Council policy. Councillor Izzi Seccombe replied that grants had always been given and that these grants can lever out matched funding.

Councillor Matt Western asked whether there may be opportunities to take an equity stake in those businesses that give higher returns on the Council's investment. Councillor Izzi Seccombe replied that this approach had not been taken in the past and was uncertain whether it would be appropriate, but it could be an approach that overview and scrutiny could explore.

The recommendation was put to the vote and agreed unanimously as set out below.

Resolved

That Council approves the use of a maximum of £3.0 million of the Capital Growth Fund to fund the three projects making up the programme of Business Grants and Loans investment.

5. Urgent Decision Taken Since the Last Meeting

Councillor Izzi Seccombe, Leader of the Council, presented a report on an urgent decision taken since the last meeting. The recommendation to note the report was seconded by Councillor Alan Cockburn, Deputy Leader.

Resolved

That the report be noted.

6. Motions

(1) Publication of Traffic Data

A Councillor Keith Kondakor, Leader of the Green Group, proposed the following motion and was seconded by Councillor Jonathan Chilvers:

‘That, given the council already undertakes traffic surveys and produces detailed models for Warwickshire’s highways network (which developers pay a contribution for in order to simulate the possible impacts of their developments), the County Council investigates the practicability of:

- publishing its baseline highways traffic data sets for traffic flows and network configuration via the Open Data website so that the public is better able to assess the impact of development on their communities, and
- providing support to communities to model the impact of highway changes at near cost price.’

Councillor Kondakor explained that the purpose of his proposal was to enable public access to all traffic data and to enable communities to produce viable alternative plans and to get better designed projects.

Councillor Jonathan Chilvers, (in responding to the debate set out below), explained that the intention of the motion is to lead to better schemes and to work with communities through an engaging and solutions form of democracy. Councillor Chilvers added that the motion recognised that not all communities would have people who could interpret data and come up with schemes on their own. It was for this reason that the motion included a proposition to provide support to communities for modelling, at a reasonable charge.

B Councillor Richard Chattaway, Deputy Leader of the Labour Group, moved the following amendment and was seconded by Councillor Philip Johnson, Chair of the Communities Overview and Scrutiny Committee:

Amend the motion at A to read:

‘That, given the Council already undertakes traffic surveys and produces detailed models for Warwickshire’s highways network. Given that developers pay a contribution to assess the possible cumulative impact of their developments, that the County Council asks Overview and Scrutiny to investigate the practicality of publishing this data’.

Councillor Chattaway, in moving the amendment, expressed his support for the principle of providing access to data but wished to ensure that the data is accessible. Councillor Philip Johnson added that the quality of some of the data is difficult to verify at the moment and that there is a need to counter the cynicism that is sometimes expressed by the public when data is made available to them. He therefore wished to take this to Overview and Scrutiny to find the best way to provide this information.

- C** Councillor Bill Gifford moved the following amendment, and was seconded by Councillor John Whitehouse:

Delete the final word 'and' from the second paragraph and delete the third paragraph of the motion at A, to read:

' That, given the Council already undertakes traffic surveys and produces detailed models for Warwickshire's highways network (which developers pay a contribution for in order to simulate the possible impacts of their developments), the County Council investigates the practicability of publishing its baseline highways traffic data sets for traffic flows and network configuration via the Open Data website so that the public is better able to assess the impact of development on their communities.'

Councillor Bill Gifford, in moving the amendment, expressed the view that the public may be cynical if not all data is published and he therefore supported the publication of raw data so that the public can make use of it as they wish, which may include using others to analyse it. Councillor Gifford added that he did not, however, support the proposal in the motion that the council supports communities in modelling the impact of highway changes as this could put the Council in an invidious position. Councillor John Whitehouse added that he did not see the need for the Labour Group amendment (at B above) as there is no requirement to seek Council approval to take an issue to Overview and Scrutiny and that it would be possible for Overview and Scrutiny to look at this issue should the Liberal Democrat Group amendment at C be agreed.

DEBATE

Councillor Alan Cockburn advised that the current system was being updated and a new system will be available in approximately 12 months that will automatically process traffic count information into a mapping based format and that will be open to the public through Open Data. Councillor John Horner observed that it is possible to present data to the public and for this to lead to the withdrawal of opposition to a scheme. He added that many people do not have time to analyse raw data and that it is preferable for information to be in the form of a report that is accessible to everyone.

The following issues were also raised in relation to the last part of the motion that proposed providing support to communities to model the impact of highway changes at near cost price:

Against the proposition:

- Communities already have input through the planning consultation process.
- The Council has limited resources to undertake additional work outside its core modelling activities
- The Council has a duty to provide an impartial view of development proposals and their impact, whilst ensuring highway changes produce the best possible outcome for all users of the highway. Modelling is one tool for this and the results of the modelling process is made available through the planning process or consultation. There is therefore no need for communities to commission their own modelling of highway schemes.

- Developers may stop paying for the data if it becomes freely available so the investigation of this should include whether it will be accessible by payment.
- The identification of solutions and production of schemes requires professional skill and a holistic view of the wider area, both of which may not be present in a solution put forward by the community.

For the proposition

- The proposition should be investigated. The advance in IT applications means the next generation of community campaigners will be looking at solutions in a different way and communities need to be trusted to come through with solutions. There are already traffic engineers living in Warwickshire communities who are capable, and do, put forward proposed solutions.
- Data should be made freely available but communities and developers should be expected to pay for any modelling.
- The purpose of the motion is to enable communities to be engaged in providing solutions and for this to result in better schemes.

Councillor Bill Gifford accepted the suggestion put forward by Councillor Alan Cockburn that the words 'through overview and scrutiny' be included after 'investigates' in the amendment at C above. Councillor Richard Chattaway withdrew the Labour amendment at B on the basis of this agreement that Overview and Scrutiny investigate this issue.

VOTE

The amendment at C (with the addition of the words 'through overview and scrutiny') was put to the vote and was CARRIED.

The substantive motion was put to the vote and was CARRIED

Resolved

That, given the Council already undertakes traffic surveys and produces detailed models for Warwickshire's highways network (which developers pay a contribution for in order to simulate the possible impacts of their developments), the County Council investigates, through Overview and Scrutiny, the practicability of publishing its baseline highways traffic data sets for traffic flows and network configuration via the Open Data website so that the public is better able to assess the impact of development on their communities.

(2) Council Borrowing Strategy

A Councillor Matt Western proposed the following motion and was seconded by Councillor Philip Johnson:

'That, given one of the roles of the Council is to invest in its communities (people and infrastructure) and that failure to do so may lead to long-term higher maintenance costs, higher underemployment, lower productivity and greater health,

education and social issues, the Council investigates taking 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.'

Councillor Matt Western explained that the purpose of the motion is to ensure long term investment in communities and that, although it is a time of significant challenge, it is also a time of historically low interest rates. Councillor Western cited projects where bond issues have been used such as the building of the Hoover Dam that provided water and municipal supply of electricity and Munich who are investing in an energy plan to provide renewable energy for Munich by 2025. He added that corporate bodies (such as Apple) are also borrowing money on bonds for over 30 years at interest rates of around 3.45%. These rates provide opportunities to invest in communities and to also generate revenue. Other councils, for example Lancashire County Council, are also exploring the use of bonds and given that Warwickshire's debt ratio is 29% lower than some other councils, this is a good time to invest.

Councillor Western added, in response to the debate below, that the intention of the motion was to investigate the principle of this method of investment and he added that despite economic growth there is under employment and that there are countries with good economic growth that also use this form of investment. He envisaged that it would be a mix of types of investment, including the possibility of generating revenue, which is important as grant funding declines.

Councillor Philip Johnson, in seconding the proposal and responding to the debate set out below, noted that most secondary schools were now academies and that the presence of a local plan did not mean development happens, at least not in the short term, and he considered this is not a good way of predicting school places. Councillor Johnson added that it is the right time to look at the use of bonds to undertake schemes to improve infrastructure and also provide employment.

B Councillor John Whitehouse proposed the following amendment and was seconded by Councillor Clive Rickhards:

Add the following sentence:

'A particular focus for higher borrowing for investment should be in our schools, to ensure that Warwickshire has the right quality of school buildings in the right locations to meet the needs of its growing population, and to provide the best possible learning environment for all its school children.'

Councillor John Whitehouse supported the investigation of opportunities to invest for the public good but expressed concern that the motion was too general and high level and would not get progressed quickly, whilst the Council has a significant funding problem now with regard to school buildings.

Councillor Clive Rickhards, in seconding the motion, supported the pump priming of economic growth and that it would appear timely to explore borrowing given the comparative low debt ratio and the low rate of interest. Councillor Rickhards added that he considered the primary focus should be on the immediate problem of funding

the school programme.

DEBATE

Councillor Alan Cockburn, Deputy Leader, advised that the current policy of the Council is to use capital receipts to repay debt. It is costing £40m a year to service the Council's debt (which is around £380m). Keeping the debt low is releasing money for services and if it increased then the savings level required would be higher. Councillor Cockburn agreed that there is a problem in meeting the pressure for school places that is putting pressure on the capital programme but there are also other pressures on the budget so he could not support the Liberal Democrat amendment.

The following points were also raised in debate:

- There are many areas of pressure in addition to the schools programme (such as highways, health) and therefore the motion should be accepted as it stands
- The economy is no longer in recession and is now in a period of growth. Therefore the Council should be cautious about putting money into the economy at this time.
- There is a duty of ensuring sufficient school places but the Council is going to be in a better position to predict need in future. This will be aided by the local plans being in place.
- The lack of a local plan (as in Nuneaton and Bedworth) means that developers are putting in applications without providing funding need for schools, health services etc.
- Nuneaton and Bedworth is still in recession. It is losing its wage earning population and there is a 'two speed' Warwickshire in terms of growth.
- The population is not growing to the level in the local plans. Investment is needed in places of need, in particular in education.
- There is a danger of developing a 'cash bank'
- Academies have their own funding streams but there will be funding gaps, despite CIL, but the LEPs and devolution bodies will have funding streams. The Council will need to tap into the funds that will be available.
- There is no indication of how much might be borrowed and there is a danger that borrowing will result in increased debt in future.

C Councillor John Whitehouse welcomed the debate and explained that he supported the broad proposal put forward in the motion at A, but wished the schools issue to be looked at. He therefore revised his amendment by replacing the words 'A particular focus' with the words 'An initial focus'

VOTE

The Council voted on the amendment at B (with the amendment at C) which was LOST.

The Council voted on the motion at A which was CARRIED as set out below.

Resolved

That, given one of the roles of the Council is to invest in its communities (people and infrastructure) and that failure to do so may lead to long-term higher maintenance costs, higher underemployment, lower productivity and greater health, education and social issues, the Council investigates taking 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.

(This investigation will be undertaken by Corporate Services Overview and Scrutiny Committee).

7. Member Question Time

7.1 Questions on Notice (Standing Order 7.2)

1. Early Years Education

Councillor Clive Rickhards asked Councillor Colin Hayfield, Cabinet Portfolio Holder for Education & Learning whether he could confirm that the 15 hours of free early education is accessible by all qualified parents in Warwickshire and that top-up fees are not being demanded.

Councillor Colin Hayfield replied that they are entitled to 15 free hours. Providers can charge extra if they provide extra provision (such as extra hours, activities or meals). Councillor Hayfield asked that Councillor Rickhards forward to him if there are any examples of where the provision is not being provided.

Councillor Clive Rickhards asked that the Portfolio Holder guarantee that these issues be reviewed as the offer is expanded to 30 hours.

Councillor Hayfield said that the move to 30 free hours would be monitored and that it was likely to be a challenge for some providers who may not have the capacity, and who may have already been charging for the extra 15 hours.

2. Safety for students crossing road to Avon Valley School

Councillor John Whitehouse asked why the Rugby Western Relief Road project had not made adequate provision for the students of Avon Valley School to cross safely on the way to and from school.

Councillor Alan Cockburn, Deputy Leader, replied that there are various crossings, both formal and informal. There is a formal crossing on the B4112 at the main pedestrian access to the school. There are various other footways along the Relief Road and Park Field Road and safety audits have shown that crossings were considered adequate at both the planning and implementation stage of the Rugby Western Relief Road.

Councillor John Whitehouse asked that his disappointment be relayed to Councillor Butlin that he had not received a reply to this question until today, although he had submitted on 23rd June and there had been lobbying locally. Councillor Cockburn agreed to do so but repeated that the safety audits had concluded that the crossings

were adequate. He added that officers are, however, investigating whether there could be a pedestrian crossing where the Black Path meets Park Field Road.

Councillor Cockburn also undertook to pass on the concerns expressed by Councillor Maggie O'Rourke who also awaited a response from Councillor Butlin.

4. Portobello Crossroads, near Shipston

Councillor John Whitehouse asked Councillor John Horner, Cabinet Portfolio Holder for Community Safety where the Portobello Crossroads near Shipston sits in the priority ranking of Warwickshire accident locations, as used to determine Casualty Reduction priorities.

Councillor John Horner replied that the Safety Team revise the rankings every year and that Portobello Crossroads (the junction of the A429 with the B4035) is currently ranked at 6.

Councillor John Whitehouse asked for details on the projects ranked 1-5 and whether they would be going ahead during the current financial year.

Councillor Horner replied that:

- Nuneaton Park Lane Junction, B4102 (this has been completed)
A444/M6 junction 3 roundabout (has traffic lights and the next stage is to rebuild the junction which will cost millions)
- Fillongley B4098 (cost is around £200,000 and is going ahead)
- B4109 at Wolvey (is going ahead)
- B4455 Harbury crossroads – requires a roundabout (costing between £1-£1.6m) and the Council does not have the funding for this.

The Council has funded £350,000 to the Road Safety Team this year and £251,000 was carried forward from last year. There is a further £2m that is at the discretion of the councillors (around £32,000 each). These are not for identified schemes but are at the discretion of the councillor and often it is perceived safety issues rather than data evidence. The Road Safety Team prioritises schemes according to personal injury collisions and the number of repeatable incidents (rather than deaths). The level of accidents at Portobello last year meant that the scheme went up the ranking from 23rd to 6th. The only way to fund a large scheme such as Harbury would be for all councillors to pool their money.

5. Combined Authority

Councillor Neil Dirveiks asked the Leader of the Council whether, in the light of Coventry City Council's decision to join the West Midlands Combined Authority, the Leader of the Council can inform the Council of the position Warwickshire County Council is taking with regard to joining a Combined Authority.

Councillor Izzi Seccombe replied that any decision that is required will be made by the full Council. Councillor Seccombe advised that the current position is that Coventry City Council has issued a letter of intent signed by the three LEP Regions. A prospectus is available on the website (but is being amended) and as soon as that

is finalised it will be made available to all members. The prospectus is expected to be available for 'engagement' with an end date at the beginning of September. Councillor Seccombe added that at present the proposal is that the body could include Warwickshire as a 'non-constituent' body, able to engage but not with full voting rights.

An extraordinary meeting of the Council will be arranged for consideration of this.

6. Cycling

Councillor Matt Western asked Councillor Alan Cockburn, Deputy Leader (on behalf of Councillor Peter Butlin, the Cabinet Portfolio Holder for Transport and Planning):

'It is great the Warwickshire County Council has been encouraging more people to cycle between Warwick and Leamington and elsewhere through the Cycle Challenge initiative. Can the Portfolio Holder advise how many Council staff based in Warwick actually live in a) Warwick and b) Leamington and what proportion 1) cycle or 2) would cycle if cycle routes were improved? Does he agree that these statistics could be extremely useful also from other major employers such as National Grid, Warwick Hospital and others to help establish a basis for investment?'

Councillor Alan Cockburn replied that the Staff Travel Survey indicates that 18% of staff live within two miles of work, 5.7% travel to work by bicycle and when asked what improvements there could be, 48.5% wanted showers and lockers (which have been provided in Warwick) and 47.6 % wanted improvements to routes (and work is completed on the cycle development plan for Warwick and Leamington which includes proposed links to all major employment sites).

Councillor Matt Western asked whether there could be more precise information from major employers and also asked whether Councillor Peter Butlin would join him in a cycle from Leamington to Warwick during the rush hour (8.30 am on a weekday, in September) to experience how difficult it is.

Councillor Alan Cockburn undertook to pass this request to Councillor Peter Butlin. Councillor Cockburn added that there was no resource to undertake traffic surveys of all employers, but officers do collect survey data as part of projects provided it can be done by low cost methods, such as on-line survey.

Councillor Keith Kondakor requested that improvements be made in Bedworth to enable cycling on routes and to make improvements at King's House, Bedworth.

7. Chancellor's Summer Budget

Councillor John Beaumont asked Councillor Izzi Seccombe, Leader of the Council:

'As part of the budget on July 7th, the Government stated that further cuts would be required from the public sector. Can the Leader of the Council (or Deputy Leader) please explain or circulate copies of any correspondence to Government / DCLG since May 2013 to demonstrate how WCC is challenging these cuts to important public services?'

Councillor Izzi Seccombe undertook to circulate any letters and added that there has been a continuing campaign on school places.

8. By-Election

Councillor Keith Kondakor asked Councillor Izzi Seccombe, Leader of the Council, what is the estimated cost to this authority of the Whitestone by-election. Councillor Seccombe replied that she would make that available when the cost is known.

9. Minerals Plan

Councillor Keith Kondakor asked the following question:

‘It seems that this authority is about to progress its new minerals plan. The immediate threat of fracking in Warwickshire is low, but in the medium term the county could be subjected to fracking and Underground Coal Gasification (UCG) planning applications. Due to the long duration of the Minerals Plan it is important to consider threats to our county over many years. Will you allow this plan to robustly protect the Warwickshire Countryside from the future prospects of fracking and UCG?’

Councillor Alan Cockburn, Deputy Leader, replied in the absence of the Portfolio Holder for Highways and Planning, that he considered the threat was low, noting that the British Geological Society had said that the reserves in Warwickshire are not economically viable. The Minerals Plan does refer to fracking and UCG but that we could not accept something that has an unacceptable adverse effect on the environment, transportation or residential amenities.

Councillor Keith Kondakor asked whether the portfolio holder could say there will never be fracking in Warwickshire.

Councillor Alan Cockburn said it would require looking very carefully at this and would have to look at any planning application that came forward but if it has an adverse effect then he would have serious concerns.

7.2 Questions without Notice to Leader of the Council and Cabinet Portfolio Holders

1. Implementation of the Second Stage of the Care Act

Councillor Maggie O'Rourke asked the Leader of the Council whether, given the decision of Government to delay the implementation of the second stage of the Care Act to 2020 whether she believes that the proposed £72,000 cap on social care payments for self-payers will be delivered by that date and, if so, how it will be paid for.

Councillor Izzi Seccombe replied that the LGA has been running a campaign for social care to be properly funded and, with reluctance, had asked for delay to phase two of the Care Act for up to two years (the Government has chosen to delay for four years). The LGA will be looking to Government to use the savings they make from the delay in implementation to fund social care properly.

2. Living Wage

Councillor Angela Warner asked Councillor Kam Kaur, Cabinet Portfolio Holder for Customers, what progress had been made in meeting the Council's request to investigate the possibility of introducing a Living Wage.

Councillor Kam Kaur replied that the council had agreed a budget of £50,000 to undertake this work but, given the recent Government announcement, this work had to be revisited. A full report will be shared with members as soon as available.

3. Light Rescue Pump

Councillor Dave Shilton asked Councillor John Horner, Cabinet Portfolio Holder for Community Safety what are the benefits of the Light Rescue Pumps as seen on display outside Shire Hall.

Councillor John Horner replied that these pumps are a significant step forward, are lighter, narrower and shorter and more manoeuvrable. They are 40% cheaper to operate and 90% cheaper to buy than regular pumps. Councillor Horner also referred to the car that was on display, which is equally important as it is a Watch Commander's car that is almost a mobile office that enables the Commander to oversee more than one watch and also offer support. It was bought using Police procurement and at 40% cheaper than list price.

It was agreed that the Chief Fire Officer would circulate a briefing note to all members regarding the Light Rescue Pump.

4. Impact of the Government proposed wage increase

Councillor Kate Rolfe asked how many WCC workers will be affected by the proposed increase in the minimum wage and how will this impact on the budget going forward. Can we have assurances that it will come to Cabinet on 8 October.

Councillor Kam Kaur, Cabinet Portfolio Holder for Customers, replied that there is work being undertaken currently and will be circulated to members as soon as possible and on to Cabinet.

5. Housing Related Support

Councillor Dave Parsons asked Councillor John Horner, Cabinet Portfolio Holder for Community Safety, whether he was monitoring the impact of the 43% reduction in the Housing Related Support Service on youth crime that could happen due to increase in homelessness.

Councillor John Horner replied that he was unqualified to say there would be an impact and that he would wait until more is known in September.

6. Public Health

Councillor Jerry Roodhouse asked Councillor Izzi Seccombe, Leader of the Council, whether she would write to the LGA, Secretary of State and the Chancellor opposing the £200m in year cut to public health services which could result in Warwickshire losing out by £1.4m.

Councillor Izzi Seccombe replied that she would write, and had already done so on behalf of the LGA, and in particular had asked that the Government to at least not be prescriptive and allow local authorities to manage the reduction themselves in the best way that they can.

7. Reduction in Budget

Councillor Matt Western referred to the Chancellor's announcement that he expects a further £20bn in cuts for all Government departments (except for defence) and asked the Leader whether she agreed that this would, as stated by the Chancellor, see no reductions in public services?

Councillor Izzi Seccombe responded that local authorities have been innovative in finding savings and keeping services to date but she did not believe that it is possible to keep squeezing budgets into the future.

8. Bermuda Park Railway Station

Councillor Keith Kondakor referred to the forthcoming opening of the Bermuda Park Railway Station and asked when the rolling stock would be available and when the opening date will be?

Councillor Alan Cockburn replied that he was unaware of the opening date and had also not been invited.

9. Procurement from Local Businesses

Councillor Mike Perry asked Councillor Alan Cockburn whether it is the Council's policy to employ local businesses wherever possible and whether the Council pays invoices to them in a short time period as cash flow is important to them.

Councillor Alan Cockburn replied that the Council does employ local business where this is possible and have always paid promptly on 28 days. The Council has just entered into agreement with Oxygen Finance Ltd, which is a voluntary scheme,

whereby agreement is made to pay within 7 days in exchange for a discount. This helps the companies cashflow and provides a benefit to the Council.

10. Living Wage

Councillor Richard Chattaway asked that the Cabinet Portfolio Holder share with officers, the brief given to officers for them to look into the application of the living wage.

Councillor Kam Kaur repeated that members will get the report, but that there is delay due to the announcement from the Chancellor. As soon as the report is ready it will be shared with everyone.

8. **Any other items of urgent business**

None.

The Council adjourned at 12.30 pm and reconvened at 12.55 p.m.

9. **Report Containing Exempt Information**

Resolved:

That members of the public be excluded from the meeting for the item mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972.

10. **Exempt Minutes of the meeting held on 19 May 2015**

Resolved

That the exempt minutes of the meeting held on 19 May 2015 be agreed as a correct record.

The Council rose at 1.00 p.m.

.....
Chair

Minutes of the Meeting of Warwickshire County Council held on 3 September 2015

Present:

Councillor Bob Stevens (Chair)

Councillors John Appleton, John Beaumont, Mike Brain, Peter Butlin, Jonathan Chilvers, Chris Clark, Jeff Clarke, Alan Cockburn, Jose Compton, Yousef Dahmash, Corinne Davies, Neil Dirveiks, Richard Dodd, Peter Fowler, Bill Gifford, Mike Gittus, Brian Hawkes, Bob Hicks, John Holland, John Horner, Julie Jackson, Philip Johnson, Bernard Kirton, Keith Kondakor, Joan Lea, Keith Lloyd, Jeff Morgan, Phillip Morris-Jones, Peter Morson, Brian Moss, Bill Olnier, Maggie O'Rourke, Dave Parsons, Caroline Phillips, Wallace Redford, Clive Rickhards, Howard Roberts, Kate Rolfe, Jerry Roodhouse, Izzi Seccombe, Dave Shilton, Jenny St. John, June Tandy, Heather Timms, Alan Webb, Mary Webb, Matt Western, John Whitehouse and Chris Williams.

Invitees

Councillor David Humphreys, Leader of North Warwickshire Borough Council
Councillor Andrew Mobbs, Leader of Warwick District Council
Ron Ball, Warwickshire Police and Crime Commissioner
Dr Eric Wood OBE, DL, Warwickshire Deputy Police and Crime Commissioner
Jonathan Browning, Chair of the Coventry and Warwickshire Local Enterprise Partnership (CWLEP)
Paula Deas, Executive CWLEP
Louise Bennett OBE, Chief Executive of Coventry & Warwickshire Chamber of Commerce
Ian O'Donnell, Chair of Solihull & Coleshill Branch of the Federation of Small Businesses.

The Chair welcomed Councillor Jeff Morgan, recently elected member for Nuneaton Whitestone, to his first meeting and wished him well in his time as a county councillor.

1. General

(1) Apologies for absence

Apologies for absence were submitted on behalf of Councillors Sarah Boad, Les Caborn, Richard Chattaway, Nicola Davies, Sara Doughty, Jenny Fradgley, Colin Hayfield, Kam Kaur, Danny Kendall, Mike Perry, Chris Saint and Angela Warner.

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

None

(3) Former County Councillor Martin Heatley

The Chair formally announced the death of former County Councillor Martin Heatley who died on the 1st of August having been an extremely active and enthusiastic member since his election to the Council in May 1993. Martin

served on most committees, both before and after the introduction of the Cabinet system, and he had particularly enjoyed working within the areas of planning, transport and environment for which he had been Cabinet member for over six years. Martin had also been Chair of the Environment Scrutiny Committee and represented the Council on the Centre for Public Scrutiny. Although his health had started to deteriorate some four years ago, Martin continued to be very active in whatever role he undertook, including as Vice Chair of Council in 2014/15. Martin was known for his love of sport, including diving, climbing and marathon running, and for his sense of humour and would be missed as a dear friend and colleague.

Councillor Izzi Seccombe reminded Council that Martin Heatley's Cabinet roles had included Finance and Corporate Services and that he had also served for many years with the LGA, including on the European Commission, where he was very well regarded. Councillor Seccombe added that Martin had many friends across all political parties and that she was deeply saddened by his passing and expressed her condolences for Martin's family and friends.

Councillor June Tandy added that she had been very saddened by the news and paid tribute to Martin's enthusiasm and continuing hard work during his illness. Councillor Jerry Roodhouse paid tribute to Martin's strength of character, political abilities and his passionate support for scrutiny. Councillor Peter Fowler expressed his sadness and paid tribute to Martin's enthusiasm as a councillor and for his support of the Freemasons and for the fundraising they undertook. Councillor Jeff Clark paid tribute to Martin's hard work as a local councillor and for the many friendships he had built and for his personal friendship.

The Council stood in silent tribute and remembrance of Martin Heatley.

Former County Councillor Peggy Joslin

The Chair announced the recent death of former County Councillor Peggy Joslin. Peggy Joslin had been elected to the Council in 1977 and had served for 20 years representing Wootton Wawen, including being Vice Chair of Council in 1992/3. Councillor Phillip Morris-Jones added that Peggy had also served with great distinction on the County Council and for many years on Stratford on Avon District Council (including as Vice Chair and Chair) and on Snitterfield Parish Council. He added that she was a very community minded person and had attracted widespread respect from all who knew her.

The Council stood in silent memory of Peggy Joslin.

2. Election of County Councillor for Nuneaton Whitestone Division.

The Council formally noted the election of Councillor Jeff Morgan to represent Nuneaton Whitestone Division.

3. Combined Authority & Devolution – Engagement on the West Midland Combined Authority Proposal

The Chair welcomed guests to the meeting. Their contributions are summarised below.

Councillor David Humphreys, Leader of North Warwickshire Borough Council

Councillor Humphreys prefaced his statement by expressing his concern at the lack of information about the proposal for the West Midlands Combined Authority and the manner in which information has been released in parts over time. He added that, as North Warwickshire has a large boundary with Birmingham, many of the people he had spoken to in the Borough perceived that North Warwickshire would become part of Birmingham.

Councillor Humphreys stated his specific concerns and questions:

- There is uncertainty as to how a non-constituent member (i.e. a District Council) will not be forced to accept whatever the metropolitan authorities want to do.
- North Warwickshire's voice in relation to HS2 (including ensuring effective mitigation of the impact for local people) is in danger of being lost amongst the other authorities who are in support of HS2. Strategically the combined authority will have more influence on this in the future.
- What will be the position with regard to transport, especially if Warwickshire County Council are not in the Combined Authority, as it is already difficult to access other areas (e.g. from Atherstone to Leicester) and this will continue.
- The possible impact of the proposed Strategic Land Commission on North Warwickshire
- The likelihood of increasing the pressure on North Warwickshire to provide for more housing to meet regional housing needs.
- Effectively the current LEPs will become one 'Super LEP' and North Warwickshire will have even less of a voice.
- There is uncertainty with regard to voting rights.
- The current understanding is that, if there is a mayor, the mayor will only cover metropolitan areas so who will be representing the interests of other areas?
- What funding will be available and what will be in it for us?

Ron Ball, Warwickshire Police and Crime Commissioner

Ron Ball welcomed the opportunity to raise the issue of the impact of proposals on policing, which had not so far been recognised or discussed. Police and crime commissioners had not been identified as statutory consultees. Ron Ball raised the following issues:

- Crime reduction and prevention are the priority for policing and the relationship between police and local government is going to be ever more important
- Current working relationships are good and this needs to continue into the future

- The form of the proposals to date indicate that decisions are likely to be Birmingham-centric. Decisions on policing for Warwickshire should be taken in Warwickshire.
- What is on offer is unclear and appears to change daily and there is a danger of rushing into a decision without looking at options.

Councillor Andrew Mobbs, Leader of Warwick District Council

Councillor Mobbs reminded members that he had some time back proposed with authority leaders that the possibility of a Coventry and Warwickshire Combined Authority be investigated. The response he received was that Coventry and Warwickshire remain together. Councillor Mobbs outlined the arguments for this:

- Coventry and Warwickshire is a unique special area, it is a unit with regard to health and is a 'brand' that business and residents believe in.
- Coventry and Warwickshire has different skills need from other areas of the West Midlands.
- Coventry and Warwickshire is big enough to be a viable option.
- Finance is important. There will be a smaller amount of money to go round more authorities and specific asks for Warwickshire and for Warwick District could be lost.
- Decision making could be difficult with such a large membership.
- At present, based on current facts, it does not look likely that Warwick District Council will join the West Midlands. Warwick District Council will be considering the option of pursuing a Coventry and Warwickshire option but is not currently looking at proposals that include any other neighbouring areas.

Jonathan Browning, Chair of CWLEP

Jonathan Browning emphasised the importance of Coventry and Warwickshire staying together for economic and business growth. The CWLEP has been rated the top Midlands LEP for innovation and nationally amongst the top three LEPs in terms of jobs and growth creation.

Jonathan Browning outlined the proposals and benefits:

- The three LEPs across the proposed West Midlands Combined Authority have been engaged to produce a Super Strategic Economic Plan, in addition to the individual strategic economic plans for individual areas.
- There will be economic uplift from this 'economic plus model'.
- The three LEPs will continue so that there is a mechanism to focus on local economic issues.
- Coventry and Warwickshire is better together.
- The Combined Authority and devolution represents an opportunity for economic growth beyond what could be achieved separately by Coventry and Warwickshire because of scale, leverage and access to additional instruments
- Whilst opportunities have yet to be absolutely defined, this could represent, in 15 years, growth in GDA of between 5 and 10%, worth £2bn - £3bn.
- Non-constituent members do have the opportunity to have voting rights but this will depend on the constitution of the Combined Authority.

Louise Bennett OBE, Chair of CW Chamber of Commerce & Ian O'Donnell
Branch Chair, Solihull & Coleshill Federation of Small Businesses

Louise Bennett explained that her contribution is based on business intelligence (surveys, discussion with businesses and business events held on this issue).

Louise Bennett made the following points:

- The business community believe in a united Coventry and Warwickshire, recognising the strength of that partnership and wishing to see it continue in some form, whatever the governance model.
- Most business leaders understand the arguments for combined authorities in terms of critical mass (particularly in a time of restricted resources) and see the need to come together and ensure efficiency and effectiveness of services.
- Any deal does need, however, to be the right one and there must be a good business case.

Ian O'Donnell added:

- There is a concern that there may be more bureaucracy.
- There needs to be a full understanding of the benefits.
- There needs to be a level playing field and not continuous change.
- Combined authorities are an opportunity to bring improvements in cross - regional infrastructure (broadband, transport etc.).
- It is an opportunity to be part of the wider 'Midlands Engine' brand, recognising that it is a good place for national/international business.
- A combined Coventry and Warwickshire is a great brand for businesses.

Proposals from Groups

A Conservative Proposal

Councillor Izzi Seccombe, Leader of the Council, moved the following proposal and was seconded by Councillor Alan Cockburn:

"That Warwickshire County Council:

- (1) Does not enter into the West Midlands Combined Authority as proposed.
- (2) Continues to support and pursue the Coventry-Warwickshire Combined Authority as its preferred devolution model.
- (3) Supports a Member Working Group consisting of the Leaders of the Conservative, Labour and Liberal Democrat Groups to task officers to engage with Government on the devolution issue and develop proposals for alternative devolution models for Warwickshire. These models to include a stand-alone Warwickshire model and alternatives with neighbouring non-metropolitan councils.

(4) The work of the member group should be as open and transparent as practicable and should be underpinned by effective consultation to inform final decisions.”

Councillor Izzi Seccombe advised that this was one of the most important debates for the Council and one of the most important decisions she had faced and made the following points in moving her proposal:

- Warwickshire has an enviable record for economic growth and the CWLEP area is one of the top performing in the country. This is not, however, the only priority for the Council. The Council has also agreed that to deliver services that are sustainable and safe and look after people in need. The public has not asked the council to pass this responsibility on to others who have not been elected by them.
- The Combined Authority involves the Council handing over its budget and policy development for transport, economic development and skills to metropolitan authorities who have not been elected by Warwickshire citizens.
- It would create a fourth tier of government and would involve extra cost. The cost of a mayor would be met from a top-slice of the budgets of authorities within the Combined Authority (but would move to a precept in the long term).
- It is uncertain what the creation of a mayor would mean for Warwickshire’s Fire & Rescue Service and for Warwickshire Police.
- There are now proposals to move the criminal justice system to combined authorities. Warwickshire has a good system and in particular the Youth Justice Service has been recognised as excellent. It is uncertain what impact the proposals would have.
- There is concern amongst Health colleagues about the transfer of health and social care into the Combined Authority.
- There is a proposal to pool prudential borrowing into a central fund for distribution to central priority schemes. It is uncertain what this would mean for Warwickshire but Warwickshire’s borrowing costs are not as high as those of metropolitan areas.
- The latest message is that there may be an opportunity for non-constituent authorities to have voting rights but it is not clear what that will mean.
- The impact of the three proposed commissions is unclear but likely to be negative for Warwickshire.
- There is no new money and the Government is looking for savings.
- There has not been enough transparency and more public discussion would be welcomed.
- It is untrue that I have not been attending meetings on this as I have had many discussions with other leaders and partners over the last six months.

Councillor Seccombe concluded that there is no clear business case for the Combined Authority and no clear objectives, risk analysis or finance. The timetable is also too fast.

Councillor Alan Cockburn, in seconding the proposal later in the debate, added the following points:

- The consultant's analysis in appendix 4 of the report to Council demonstrates that there are no benefits for Warwickshire but is benefit for others if Warwickshire join.
- The level of debt of Birmingham City Council is high and would impact on Warwickshire.
- The Combined Authority will be Birmingham-centric with Warwickshire as net contributors. (In a similar way as Coventry City Council contributes £18m each year to the integrated transport authority and gets a maximum of £6m back).
- The Combined Authority option is just a proposal to Government. Warwickshire is entitled to offer an alternative option to Government and to submit one that makes geographical sense.

B Labour Group Proposals

Councillor June Tandy, Leader of the Labour Group, moved the following proposal and was seconded by Councillor Philip Johnson:

"Warwickshire County Council acknowledges that our future as well as our past is intrinsically linked to the West Midland Region. Although our local economy and culture are strongly linked around the nucleus of Coventry, our wider interests are Regional.

We therefore, in the absence of a realistic prospect of a Coventry and Warwickshire Combined Authority, propose as a preferred option that this Council agrees in principle to move toward a West Midlands Combined Authority".

Councillor June Tandy made the following points in presenting the proposal:

- Warwickshire has had a strong link with the West Midlands in the past and has been proud to be part of the West Midlands.
- The Council has not been represented at a senior level at meetings to discuss the West Midlands Combined Authority proposal, indicating that there has never been an intention to support it.
- There are no other options as surrounding shire authorities are looking to others for combination options.

- There are already examples of working with others in the West Midlands (e.g. the Police Alliance).
- Warwickshire needs to retain its links with Coventry and the only option available is to go with them into the Combined Authority.
- The business community support the Combined Authority proposal.
- Coventry City Council have undertaken consultation.
- There is uncertainty about what will happen if Warwickshire County Council does not go into the Combined Authority.
- The Labour Group would support the proposed working group (referred to C below) if it includes looking at all options.

Councillor Philip Johnson raised the following points in seconding the proposal, later in the debate:

- The proposal does not say that Warwickshire will be run by Birmingham. Birmingham will have one vote as will other local authorities.
- The proposal is about having strategic overview, not giving up powers.
- England currently has one of the most centralised forms of Government and Warwickshire should welcome this opportunity for the devolution of powers to a local level.
- There is a lack of transport integration in Warwickshire, including no current power to take decisions on bus services. There may be good levels of employment overall but in the north of the county many unemployed cannot access work due to the poor transport system. Being part of discussion within the Combined Authority may provide the opportunity to tackle this.
- There has been no progress on this issue since the February Council and no discussion on this option.

C Liberal Democrat Group Proposal

Councillor Jerry Roodhouse, Leader of the Liberal Democrat Group, moved the following proposal and was seconded by Councillor John Whitehouse:

“ That:

- (1) Warwickshire County Council should not seek to enter into the West Midlands Combined Authority as currently proposed.
- (2) It should continue to pursue the Coventry-Warwickshire Combined Authority as its preferred devolution model.
- (3) It should establish a cross-party commission of elected members to work with officers, to continue to engage with Government on the Devolution issue, and to develop and evaluate alternative devolution models – to include Warwickshire stand-alone options or forming combined authorities with other neighbouring non-metropolitan councils.

(4) The work of the cross-party commission should be in the public domain as far as possible, and reported back to Full Council on a regular basis. Its proposals and recommendations should be subjected to the widest possible consultation with the citizens of Warwickshire before any final decisions are taken by this Council.

Councillor Jerry Roodhouse made the following points in presenting the proposal:

- Warwickshire is punching above its weight economically and could survive without the Combined Authority.
- The focus of the Government's spending review (which does not mention combined authorities) is about savings, efficiencies and integration.
- Nobody has identified what will have to go as part of ensuring the proposals are fiscally neutral.
- Housing distribution will impact on Warwickshire.
- It is unlikely that, down the line, the 3 LEPs and 7 Leaders will be retained as it is not efficient or workable. The next step would be combined blue light services
- The introduction of the Mental Health Commission is the start of pulling in NHS and Acute Trusts etc. under one umbrella and a metro-mayor.
- Metropolitan authorities do not have an understanding of Shire, two tier areas. The skills we need here are not the same as in other parts of the West Midlands.
- There needs to be more debate on proposals and more discussions in this council on what the future may be.

Councillor John Whitehouse raised the following points in seconding the proposal later in the debate:

- Liberal Democrats support devolution but does not support cuts to local government under the guise of devolution. There is nothing in the West Midlands Combined Authority proposal that demonstrates that Warwickshire will be better off as a subservient part of the arrangements.
- The last minute offer of voting status appears to be just one vote for the whole of Warwickshire.
- The latest Government advice is that the city region option is not the only one and that they will look at other models.
- There should be more open and wider discussion and therefore the council should support the establishment of a member group and clear consultation.

Debate

The following points were raised against the proposal to join the West Midlands Combined Authority (and also in support of proposals A and C above):

- The lack of understanding of how two tier authorities operate is a concern if entering a partnership.
- There is agreement across the Council membership that Warwickshire and Coventry are naturally linked together and this is probably the view of those in Coventry.
- Efforts should be made to persuade Coventry City Council to consult with their electorate to see who they would choose. At present Coventry are already a net contributor and could lose out from joining the Combined Authority.
- The West Midlands Combined Authority will have a very urban focus and this could result in Warwickshire being 'brought down' to their level of debt or taking on financial problems that are not of Warwickshire's making.
- Warwickshire does not have to be part of the Combined Authority to play an active economic role in the region.
- There is no apparent benefit or advantage for Warwickshire residents.
- Warwickshire would be giving up its policy and powers over transport, land and borrowing for a vague promise of economic leverage.
- The indices of deprivation indicate that Warwickshire residents in areas of deprivation would suffer as more of resource from Warwickshire would go to those in higher deprivation areas outside of Warwickshire.
- The one thing that could be gained from a Combined Authority would be integrated transport and that could be obtained with a combination with Coventry.
- The proposals should be coming through in a transparent way and there should be public consultation.
- It is not possible to pin point the advantages for local people and we are accountable to them.
- Warwickshire is largely rural and has little in common with the other local authorities in the proposed Combined Authority and has more in common with, for example, Gloucestershire and Staffordshire.
- There are no compelling reasons for Warwickshire to join and detailed information is lacking.
- This would be relinquishing responsibilities to our electorate.

The following points were raised in support of the proposal to join the West Midlands Combined Authority (as set out at B above).

- This is the only option on the table at present and it should not be ruled out without giving it some consideration. The proposals at A and C suggests exploring options but rules this one out completely.
- Warwickshire is intrinsically linked to Coventry and should stay with Coventry and if this means joining the Combined Authority then we should.
- There is a danger of 'demonising' people on our doorstep with the 'anti-Birmingham' stance emerging.

- The stage between a strategic overview and a functional combination is massive, does not happen quickly and it is a false conclusion to assume it will happen.
- The Government is driving the agenda and it is unclear what will happen to those authorities who chose not to take part in developing proposals. It is better to be at the table and part of the discussions. The alternative may be that Warwickshire's councils are forced into being a unitary authority in order to meet the savings required of local government.
- The proposal at B keeps the option open to be with Coventry and, if this is not possible, to join the Combined Authority.
- The options in the proposal at A are not viable and excludes metropolitan authorities, even though they are the income generators. This will do businesses and workforce a disservice.
- The legislation does not take away any powers but it does allow Government, (if it accepts the model presented to it) to devolve additional resources and powers. If this model is rejected then it is likely that Warwickshire will not be part of an authority that will get those benefits.
- Warwickshire is late to the game and lacks a strategy. We should have looked at options earlier as requested at the earlier Council meeting.
- The Council should look at options, not close off options, and find out from the public what their views are.
- Warwickshire needs to be at the table in order to help design what we want.
- Although Warwickshire is punching above its rate, it does so because of companies such as JLR and the University of Warwick. Warwickshire should look at wider opportunities and our natural partners are in the West Midlands.
- The Combined Authority has potential for generating vast amounts of prosperity and jobs and Warwickshire should be open to opens or risk missing opportunities.

The Council adjourned at 12 pm and reconvened at 12.05 pm.

D. Councillor Izzi Secombe moved the following revised proposal (replacing A and C above) and was seconded by Councillor John Whitehouse:

“That Warwickshire County Council:

- (1) Does not enter into the West Midlands Combined Authority as proposed.
- (2) Continues to support and pursue the Coventry-Warwickshire Combined Authority as its preferred devolution model.
- (3) Establishes a Member Working Group consisting of the Leaders and one other Member of the Conservative, Labour and Liberal Democrat Groups (plus one member of the Green Group and one member of the Independent Group as observers) to task officers to engage with Government on the devolution issue and develop proposals for alternative devolution models for Warwickshire. These models to include a stand-alone Warwickshire model and alternatives with neighbouring non-metropolitan councils.

- (4) Agrees that the work of the member group should be as open and transparent as practicable and should be underpinned by effective consultation. Its proposals and recommendations should be subjected to the widest possible consultation with the citizens of Warwickshire before any final decisions are taken by this Council”.

Vote

Councillor June Tandy, Councillor Philip Johnson and Councillor Bill Olnier, requested a recorded vote in accordance with standing order 33.4:

The following members voted for the Labour Group proposal at B above:

Councillors John Beaumont, Chris Clark, Corinne Davies, Neil Dirveiks, Brian Hawkes, Bob Hicks, John Holland, Julie Jackson, Philip Johnson, Peter Morson, Brian Moss, Bill Olnier, Maggie O'Rourke, Dave Parsons, Caroline Phillips, Jenny St John, June Tandy, Alan Webb, Mary Webb and Matt Western.

The following members voted against the proposal at B above:

Councillors John Appleton, Mike Brain, Peter Butlin, Jonathan Chilvers, Jeff Clarke, Alan Cockburn, Jose Compton, Yousef Damash, Richard Dodd, Peter Fowler, Bill Gifford, Mike Gittus, John Horner, Bernard Kirton, Keith Kondakor, Joan Lea, Keith Lloyd, Jeff Morgan, Phillip Morris-Jones, Wallace Redford, Clive Rickhards, Howard Roberts, Kate Rolfe, Jerry Roodhouse, Izzi Seccombe, Dave Shilton, Bob Stevens, Heather Timms, John Whitehouse and Chris Williams.

The Labour proposal at B was lost, the voting being 20 votes for and 30 against.

Councillors Izzi Seccombe, Alan Cockburn and Jose Compton requested a recorded vote on the substantive motion at D.

The following members voted for the motion at D:

Councillors John Appleton, Mike Brain, Peter Butlin, Jonathan Chilvers, Jeff Clarke, Alan Cockburn, Jose Compton, Yousef Damash, Richard Dodd, Peter Fowler, Bill Gifford, Mike Gittus, John Horner, Bernard Kirton, Keith Kondakor, Joan Lea, Keith Lloyd, Jeff Morgan, Phillip Morris-Jones, Wallace Redford, Clive Rickhards, Howard Roberts, Kate Rolfe, Jerry Roodhouse, Izzi Seccombe, Dave Shilton, Bob Stevens, Heather Timms, John Whitehouse and Chris Williams.

The following members voted against the motion at D:

Councillors John Beaumont, Chris Clark, Corinne Davies, Neil Dirveiks, Brian Hawkes, Bob Hicks, John Holland, Julie Jackson, Philip Johnson, Peter Morson, Brian Moss, Bill Olnier, Maggie O'Rourke, Dave Parsons, Caroline Phillips, Jenny St John, June Tandy, Alan Webb, Mary Webb and Matt Western.

The motion was carried, the vote being 30 for and 20 against.

Resolved

“That Warwickshire County Council:

- (1) Does not enter into the West Midlands Combined Authority as proposed.
- (2) Continues to support and pursue the Coventry-Warwickshire Combined Authority as its preferred devolution model.
- (3) Establishes a Member Working Group consisting of the Leaders and one other Member of the Conservative, Labour and Liberal Democrat Groups (plus one member of the Green Group and one member of the Independent Group as observers) to task officers to engage with Government on the devolution issue and develop proposals for alternative devolution models for Warwickshire. These models to include a stand-alone Warwickshire model and alternatives with neighbouring non-metropolitan councils.
- (4) Agrees that the work of the member group should be as open and transparent as practicable and should be underpinned by effective consultation. Its proposals and recommendations should be subjected to the widest possible consultation with the citizens of Warwickshire before any final decisions are taken by this Council.

The meeting rose at 12.30 pm

.....
Chair

Council

24 September 2015

Report of the Chair of the Adult Social Care and Health Overview and Scrutiny Committee – Housing Related Support

Recommendation from the Adult Social Care and Health Overview and Scrutiny Committee

That, given the uncertainties around the level of assessments required and the ability to undertake these in the timescale, Council defers the planned saving of £300,000 in 2015/16 to be found from housing related support budgets and instead uses £300,000 from General Reserves in 2015/16 to balance the Council's budget.

1.0 Background

- 1.1 On 15 July 2015, the Adult Social Care and Health Overview and Scrutiny Committee (ASC&H OSC) held a select committee to consider the outcomes of the consultation on Housing Related Support and the proposals for the future. The ASC&H OSC agreed a set of recommendations to the Cabinet (see **Appendix A**).
- 1.2 On 18 August, the, Cabinet held an extraordinary meeting to consider the recommendations of the ASC&H OSC, as well as the recommendations for changes to the Housing Related Support Services. A copy of the report to Cabinet and the draft minutes are set out at **Appendix B**.
- 1.3 Following the Cabinet meeting, this item was called-in by Councillors Richard Chattaway, Maggie O'Rourke, Clive Rickhards and Jerry Roodhouse (he reasons for the call-in were given as: *"The Cabinet report failed to provide enough detail and clarification around the assessment process"*).

2.0 Views of the Committee

- 2.1 On 9 September 2015 the ASC&H OSC held the call-in meeting to consider this item. During the debate the following points were made
 1. The Committee were disappointed that they had made a number of substantial recommendations to the Cabinet, which had been "acknowledged where appropriate" but not implemented.

2. The risks relating to assessments had been highlighted by the Committee at their select committee and it was noted that assessments had been identified as a risk in the report to Cabinet. This remained a concern with members of the Committee, particularly in light of the fact that the cost of any additional assessments would come from the remaining budget provision for Housing Related Support.

Chris Lewington informed members that within the original principles and philosophies of Supporting People, which had been introduced by Government in 2003, the assessment of individuals had never been a requirement. Under the new proposals assessments would be done on a wider footprint, including under the Joint Strategic Needs Assessment, and the current responsibility on providers to assess users would continue. Anyone eligible for social care would continue to be referred through the current system and where appropriate offered an assessment. The proposals included an approximate calculation within the social care budget, based on the known client group, and as such had been identified as a small risk.

3. Eligibility for housing related support services would be based on those with genuine and absolute eligibility for social care (as defined in the Care Act 2014) and those considered to be 'on the edge of care' i.e. people who are at risk of becoming eligible for social care without support being provided.
4. The eligibility criteria proposed included Looked After Children.
5. Officers would work with providers and commissioners to mitigate the impact of the reduced funding. Chris Lewington noted that this was an opportunity to improve current services by making a different offer.
6. Members agreed that the Committee would need to receive update reports to monitor the impact on vulnerable groups.

2.2 Chris Norton advised the Committee that when considering making a recommendation they should be aware that whilst the use of reserves was possible to enable a temporary delay in implementing the proposals, it was not possible if a permanent delay was anticipated. There are a number of significant overspends across the organisation as reflected in the Quarter 2 monitoring report, that would result in a direct call on the Council's reserves. In addition there is the current forecast and uncertainty around the current Government Spending Review (due to be published in November 2015). On this basis it is not recommended to be using general reserves to delay the implementation of a savings plan. Any decisions on the use of reserves would have to be made by the full Council.

The Chair responded that the role of scrutiny was to consider the impact on people using these services.

- 2.3 Chris Lewington reminded the Committee that further delays would result in delays to the redesign and the ability to work with providers to redesign and improve services.
- 2.4 Councillor Jose Compton noted that she was required to deliver One Organisational Plan savings in line with the budget that had been agreed by the full Council in February 2015. Officers were working to achieve this, but continued to protect the most vulnerable. She added that this was a good opportunity to look at all services and redesign services for the better.
- 2.5 Councillor Bob Hicks proposed, seconded by Councillor Kate Rolfe that the Committee agreed to option 2) to refer the matter to full Council on 24 September with the following resolution “that given the uncertainties around the level of assessments required and the ability to undertake these in the timescale, Council defers the planned saving of £300,000 in 2015/16 to be found from housing related support budgets and instead uses £300,000 from General Reserves in 2015/16 to balance the Council’s budget”.
- 2.6 Councillor Mike Perry proposed, seconded by Councillor Wally Redford, that the Committee take no further action, but request a further report in six months’ time, setting out details on the number of assessments, how these had gone and how much they had cost.
- 2.7 A vote was taken for Councillor Mike Perry’s recommendation, with four votes for and four against, the Chair took a casting vote to defeat the recommendation.

A vote was taken for Councillor Bob Hicks’ recommendation and it was carried with five votes for and four against.

3.0 Comments from Statutory Officers

Financial Implications

- 3.1 Currently the One Organisation Plan has a total savings target of £3.725m for Housing Related Support (HRS) savings to be delivered by 2017/18. Of this, £0.300m is to be delivered this year (that is, in 2015/16) and £1.828m in 2016/17.
- 3.2 The One Organisation Plan does not have any flexibility. If a saving is dropped then something has to be identified to replace it on a permanent basis. Reserves can only be used for one-off things – in this case, a temporary delay in implementing savings, rather than a permanent removal of that saving.

- 3.3 Any delay in implementing 2015/16 savings plans for Housing Related Support Services will also delay implementation of savings in 2016/17 if work on contracts that are to be renegotiated, re-let or decommissioned is stopped, pending decisions on the 2016/17 Budget at Council on 4 February 2016. If this occurs, the £0.300m delayed from 2015/16 will still need to be found in 2016/17, but in a tighter timescale, as lead-in times are squeezed. Similarly, if there are delays in implementing changes originally planned for implementation on 1st April 2016 they will need to be found by either accelerating HRS savings planned for 2017/18 into 2016/17, or by accelerating other savings plans forward.
- 3.4 Any use of General Reserves will feed into 2016/17 budget setting considerations. When the 2015/16 budget was set, this was in the context of a risk assessment influencing the level of reserves that only covered £2.5 million for overspends. The latest One Organisation Plan update report (considered by Cabinet on 10th September 2015) identified two Business Units with accumulated overspends of £5.700 million that will need to be funded from reserves. All other things remaining equal, this will take General Reserves below the required adequate minimum and will need to be replenished.
- 3.5 The level of reserves set is based on having a medium term financial plan and agreed annual budgets that are adhered to. This minimises the level of reserves needed, as the provision to be set aside for additional, in-year budget allocations made by Elected Members to Services to offset savings targets has been low. This provision will need to be increased if the risk materialises and Members do make additional in-year allocations to offset savings, as is suggested for Housing Related Support. The additional provision will be a first call on any 2016/17 budget resources.

Legal Issues

- 3.6 Whilst the Council is responsible for setting the budget the Leader and the Cabinet are responsible for the implementation of the budget. Provided the Leader/Cabinet stay within the budget and policy framework which has been set by the Council decisions on how the budget is implemented remain a matter of discretion for the Leader/Cabinet.
- 3.7 Whilst it is possible for the Council to pass the resolution recommended by the Overview and Scrutiny Committee (as that is a budget decision) it is still for the Leader/Cabinet to decide how the budget or any revision to it is implemented. Although the Council can make recommendations to the Leader/Cabinet about how the budget for Housing Related Support Services

is implemented, the Council cannot give directions about how that budget is implemented. For the avoidance of doubt there is nothing within the Policy Framework which affects the proposals for Housing Related Support Services.

Background papers

None

Councillor Maggie O'Rourke
Chair of the Adult Social Care and Health Overview and Scrutiny
Committee

**Recommendations from the Adult Social Care and Health OSC
Select Committee held on 15 July 2015**

Having considered all the evidence presented at the select committee, the Adult Social Care and Health Overview and Scrutiny Committee agreed the following recommendations for approval by the Cabinet:

1. There needs to be more clarity around assessments, the costs of those assessments, and assessments should precede commissioning.
2. Our role as Corporate Parents should be emphasised in any changes affecting young adults.
3. Attention to those 'most in need' should not deny attention to those 'in need'. To ensure this, the timescales of implementation should be adjusted to help facilitate re-assessment of the implications to Warwickshire County Council and its partners.
4. A clear definition of eligibility criteria should precede savings assumptions, and funds may need to be re-distributed to meet the concerns expressed by the Committee.
5. Joint commissioning has some potential to reduce overheads but there needs to be clarity by how much against the risk of future demand on services.
6. If a generic service is to be used to eliminate specialist services, the new service must be robust enough to cover all areas of need.
7. Cabinet should be aware that reducing this service area is likely to put a strain on other public services (not limited to Warwickshire County Council).
8. As a strategic document the report leaves many specific concerns that have not been addressed. This lack of clarity has led to understandable anxiety for many customers and members.
9. Future monitoring should include the Partnership Board and other monitoring bodies e.g. Adult Social Care & Health Overview and Scrutiny and Heathwatch. A monitoring group should also be set up to ensure no duplications or ill-effect of changes, and to ensure that value for money is being obtained.
10. Cabinet are asked to examine these recommendations and report progress against the recommendations to full Council on 24 September 2015.

Minutes and Report – Cabinet 18 August 2015

Minutes of the extraordinary meeting of the Cabinet held on 18 August 2015

Present

Cabinet Members:

Councillors

Izzi Seccombe	Leader of the Council and Chair of Cabinet
Peter Butlin	Transport & Planning
Les Caborn	Health
Alan Cockburn	Deputy Leader
Jose Compton	Adult Social Care
Colin Hayfield	Education & Learning
Kam Kaur	Customers

Non-Voting Invitees:

Councillor Jerry Roodhouse	Leader of the Liberal Democrat Group
Councillor Richard Chattaway	Deputy Leader of the Labour Group

Other Councillors:

Councillors Sarah Boad (for part of meeting), Clive Rickhards and Maggie O'Rourke

Public attendance:

None

1. General

Before the commencement of the meeting Councillor Izzi Seccombe (Leader of the Council and Chair of Cabinet) informed members of the death of former County Councillor Martin Heatley. Members and officers extended their sympathy to Councillor Heatley's family.

(1) Apologies for absence

Apologies for absence were received from Councillor Jeff Clarke (Cabinet Portfolio Holder for Environment) and Councillor John Horner (Cabinet Portfolio Holder for Community Safety) and from Councillor June Tandy, Leader of the Labour Group.

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

David Carter, Strategic Director for Resources explained the outcome of the meeting of the Council's Dispensations Sub-Committee held on 10 August. It was explained that as a consequence of the resolution of the sub-committee elected members who would otherwise have been excluded could now participate fully in the Cabinet meeting. The exception to this is where a councillor's interest extends beyond the receipt by them or a spouse of an allowance through membership of a district or borough council.

There were no declarations beyond those already addressed by the Dispensations Sub-Committee.

2. Re-structure of Housing Related Support (Supporting People) – One Organisational Plan Savings

a) Report of the Chair of the Adult Social Care and Health Overview and Scrutiny Committee

b) Report with Proposed Service Changes

a) Report of the Chair of the Adult Social Care and Health Overview and Scrutiny Committee

Councillor Izzi Seccombe introduced this item explaining why, owing to timing issues, it had been necessary to call an extraordinary meeting of Cabinet. The select committee meeting of the Adult Social Care and Health Overview and Scrutiny Committee held on 15 July 2015 was referenced. Councillor Seccombe thanked the select committee for its work adding that Cabinet and officers had taken account of the recommendations resulting from that meeting, reflecting on and adjusting proposed service changes where appropriate.

Councillor Maggie O'Rourke Chair of the Adult Social Care and Health Overview and Scrutiny Committee explained that Councillor Bob Hicks who had chaired the select committee meeting was unable to attend the Cabinet meeting. Councillor O'Rourke stated that the select committee meeting had been productive and that it had explored the pertinent questions around the Council's proposals.

b) Report with Proposed Service Changes

Councillor Jose Compton (Portfolio Holder for Adult Social Care) thanked the select committee and officers for their work. Councillor Compton reiterated that the recommendations of the select committee had been taken into account where appropriate. Councillor Compton summarised the proposals in the published report, highlighting the consultation that had been undertaken

as well as the development of an Equality Impact Assessment. It was stressed that the proposals before Cabinet sought to:

- Introduce eligibility criteria based on the Care Act 2014
- Re-commission services for single homeless people (including adult offenders, young people at risk of homelessness (including young parents and care leavers), non-specialist floating support services, and disability services.
- Stop services for gypsy and travellers, homeless families with support needs, floating support for adult and young offenders and lifeline alarm services in sheltered housing.
- Continue to fund services for substance misuse until the end of the contract and then re-commission with the Warwickshire Drug and Alcohol Action Team, continue to fund domestic violence services until the end of the contract and then re-commission with the Communities Group and partners.

Councillor Compton moved the published recommendations.

Councillor Les Caborn (Portfolio Holder for Health) thanked Councillor Compton for her hard work on this matter and asked what actions other local authorities are undertaking to address similar matters. In reply the meeting was informed that Warwickshire County Council has consulted other local authorities to obtain benchmarking information. For example, Birmingham City Council has reduced its Housing Related Support budget from £51.9m in 2010 to £28.6m for 2015-116. By 2017 the budget will have been reduced by 54.1 % from its 2010 figure. The older people services contract ceased in 2013 and community alarms are now funded in Birmingham by a combination of increased service charges and by revised business models being implemented by providers.

In response to a question from Councillor Kam Kaur (Portfolio Holder for Customers), Cabinet was informed that the service redesign in Warwickshire will meet the requirements of the Care Act 2014. It was suggested that all services will need to be reviewed in the light of the Care Act. This is already being undertaken in the case of domiciliary care.

Cabinet members stressed that Housing Related Support services are non-statutory. There is significant pressure on the Council's finances and if savings are not realised in this service area it is likely that cuts in other areas e.g. social care will be required.

In response to a question from Councillor Clive Rickhards regarding recommendation four of the select committee meeting, Cabinet was informed that eligibility criteria for the receipt of support had already been agreed through the partnership group (paragraph 1.15 of the report to Cabinet refers). With a focus on vulnerable people the Care Act imposes a duty on the County Council to assess all individuals where necessary.

Chris Lewington (Head of Strategic Commissioning) noted that it is important to remember those people who are on the edge of care i.e. those who may not yet meet the set criteria but who may in the future. Members recognised the diversity of issues facing people and stressed the need to ensure that whatever form the re-designed service took it met the needs of as many as possible.

Resolved

1. That Cabinet approves proceeding with the proposals to re-structure Housing Related Support services to deliver the One Organisational Plan savings target from 2015 to 2018 (STC-G) as detailed in the published report.

2. That Cabinet agrees to the delegation of the implementation of the proposals; method of procurement for and any de-commissioning of, Housing Related Support services; and the subsequent award of contract to the Strategic Director of People Group on terms and conditions acceptable to the Strategic Director of Resources Group.

The meeting rose at 11.37 a.m.

..... Chair

Report considered by Cabinet 18 August 2015

Re-structure of Housing Related Support (Supporting People)

One Organisational Plan Savings – Report with Proposed Service Changes

Recommendations

1. That Cabinet approves proceeding with the proposals to re-structure Housing Related Support services to deliver the One Organisational Plan savings target from 2015 to 2018 (STC-G) as detailed in this report
2. That Cabinet agrees to the delegation of the implementation of the proposals; method of procurement for and any de-commissioning of, Housing Related Support services; and the subsequent award of contract to the Strategic Director of People Group on terms and conditions acceptable to the Strategic Director of Resources Group.

1.0 Background

- 1.1 Housing Related Support (HRS) is non-statutory service provision offered to adults aged 16 years and over across Warwickshire.
- 1.2 This service provision, previously known as Supporting People, was introduced as a national programme in April 2003. The scope of the programme was to fund, monitor and improve frontline Housing Related Support services for disadvantaged and vulnerable people.
- 1.3 The Supporting People Grant brought together seven housing-related funding streams from across central government into a single programme. This funding was ring-fenced within the local authority to provide housing-related support services.
- 1.4 In 2009, the ring-fence around this funding was removed, which meant that local authorities had complete control over how this money was spent. The provision of HRS is discretionary, which means that the County Council has no duty to offer these services to Warwickshire citizens. From 2011 funding

was incorporated in the local authority Formula Grant and there is no longer a specific funding stream for housing-related support services.

- 1.5 Nationally, there has been a diverse response to the changes to the funding of Supporting People services. In some areas, there have been significant reductions in the overall budget for these services.
- 1.6 In Warwickshire, the specific budget for Housing Related Support services has been protected from significant reduction to date by working consistently with providers to re-negotiate contracts and improve service efficiency.
- 1.7 However, the challenging financial landscape and the requirements of the Care Act 2014, notwithstanding the recent amendments announced by Central Government, mean that the County Council can no longer continue to commission and fund these discretionary services in the same way. The deferral of the cap on care costs has not removed the overall pressure on the care system and the need for councils to make savings to manage the planned reductions in funding from Central Government.

Key Issues

- 1.8 The One Organisational Plan Savings target for Housing Related Support services means a reduction in available budget from £8.6 million to £4.875 million by 2018.
- 1.9 This funding reduction requires a re-focus the provision of Housing Related Support services to target the most vulnerable customers within Warwickshire. In order to meet this funding challenge we are proposing to re-structure services.
- 1.10 Although it is inevitable that we will stop funding some services; how we provide Housing Related Support services will be different in the future. Services will be redesigned to ensure that they are preventative in nature and customer wellbeing is promoted.
- 1.11 In order to meet our business outcomes and deliver the key principles of the Care Act 2014, we have made a number of proposals to re-structure Housing Related Support services across Warwickshire. These proposals included changing how we decide who is eligible for support; stopping some services, keeping some services the same and offering services in a different way.
- 1.12 A comprehensive public consultation was completed to ensure that citizens of Warwickshire had an opportunity to tell us:
 - If they agree or disagree with our proposals
 - What the impact of our proposals will be
 - How we could do things differently

- 1.13 To ensure a strategic approach to re-structuring Housing Related Support services and to maintain the pace of change, the Warwickshire Housing Related Support Partnership Group ('the Partnership Group') was established.
- 1.14 Core membership of 'the Partnership Group' is the Heads of Housing for the five District/Borough Housing services; Warwickshire County Council Social Care and Support; Public Health; the Warwickshire and West Mercia Community Rehabilitation Company; and the County Council Strategic Commissioning Unit.
- 1.15 'The Partnership Group' produced:
- a re-defined eligibility criteria to ensure that Housing Related Support services are utilised by those most in need of support. (full report, page 13)
 - an agreed set of key principles to form the basis of our decision-making when considering the consultation feedback (full report, page 10)
 - an agreed decision-making flowchart against which each proposal and consultation was tested and adjusted as necessary. (full report, page 12)
- 1.16 By applying this decision-making process, a proposal to re-structure Housing Related Support in Warwickshire has been produced.
- 1.17 In order to realise our duties with regard to the Equalities Act 2010 and have due regard for the impact of these proposals on protected groups (Equalities Impact Assessment document, Pages 9-11; 15 and 19 specifically) under the Act; we have carried out an Equalities Impact Assessment.

This assessment will be reviewed and amended regularly throughout the life of this project.

2.0 Proposal

- 2.1 The tables below show a summary of the proposals detailed in this report, together with the perceived impact of such proposals and the financial impact on individual client groups.
- 2.2 These proposals were considered by Adult Social Care and Health Overview and Scrutiny Select Committee on 15th July 2015. The recommendations from the Committee are set out in their report on this agenda.

Proposal number - What will happen?	When	Existing budget	New budget	Perceived impact.
PROPOSAL 1. We will introduce an eligibility criteria based on either Care Act 2014 or a definition of 'edge of care'	All new services from October 2015			HRS service will be available to the most vulnerable.
PROPOSAL 2. We will re-commission by competitive tender, accommodation based services for Single Homeless with support needs. These services will also support adult offenders.	New services from April 2016	£1,250,332	↓ £1,027,090 17% reduction	Improved accommodation quality and placement geographically. Focus on the needs of the most vulnerable
PROPOSAL 3. We will stop funding specialist floating support for the Gypsy and Traveller community We will stop funding specialist floating support for Single Homeless with support needs We will stop funding specialist floating support for Homeless Families with support needs We will stop funding specialist floating support for Adult Offenders We will stop funding specialist accommodation based support for Adult Offenders We will stop funding specialist floating support for Young Offenders We will reduce the amount of non-specialist (Generic) floating support with a view to developing a new non-specialist floating support service from April 2016.	October 2015 October 2015 October 2015 October 2015 March 2016 October 2015 October 2015: new services from April 2016*	£2,961,447	↓ £786,000* 73% reduction	Re-designed non-specialist service will be available to support those customers who have multiple HRS needs. Universal services will support those individuals with single issues such as debt or housing need. Re-designed services for young people will support young offenders with HRS needs
PROPOSAL 4. We will re-commission Housing Related Support services for young people who are leaving care; or are 16 or 17 years of age; or aged 16-25 years and at significant risk of homelessness and/or needing care services (including young parents). We will do this by competitive tender.	New services from April 2016	£1,069,747	↓ £900,000 13% reduction	Re-designed HRS services will meet the outcomes of young people at risk of homelessness. Access to emergency accommodation will be improved. Improved focus on preventing homelessness.
PROPOSAL 5. We will stop providing contributory funding to support scheme managers and lifeline alarm services in sheltered accommodation. (Alternative funding sourced through HB) We will continue to fund Home Improvement Agencies We will commission by competitive tender a new non-specialist floating support service	March 2016 On-going New Service from April 2016*	£1,951,818 £150,168	↓ 100% reduction ↑ £250,000 66% uplift £786,000* as above	Re-commissioned non-specialist HRS service will support eligible older people irrespective of where they live. Increased funding for Home Improvement Agencies will enable older people to remain independent in their own home. Intensive Housing Management as an alternative source of funding
PROPOSAL 6. We will continue to fund Housing Related Support for substance misusers until the end of the current agreement. We will seek to re-commission a new service in partnership with the Warwickshire Drug Alcohol Action Team and other partners. We will continue to fund Housing Related Support for people experiencing domestic abuse until the end of the current agreement. We will seek to re-commission a new service with Communities Group and other partners by competitive tender.	Current agreement to end March 2016. Action on future provision to be made by end December 2015. Current agreement to end March 2016. Action on future provision to be made by end December 2015.	£184,937 £343,583	£184,937 £343,583 No Movement No Movement	Future re-design of HRS element of these services will be strategic and therefore meet the priorities of a range of stakeholders.
PROPOSAL 7. We will stop funding current services for People with a Learning Disability; mental ill health; physical impairment; sensory impairment. We will ensure that all relevant customers receive a review of their needs. We will re-commission by competitive tender, a disability service comprised of both accommodation based and floating support services	March 2017 2016 - 2017 New Services from April 2017	£2,667,929	↓ £1,300,000 51% reduction	Those long term needs identified through the proposed review process will be supported more securely through statutory funding. HRS services will complement care and support provided by other statutory partners.
Total		£8,636,252*	**£4,875,000	

Note – *Priority 5 existing budget (£1,951,818) is included within Priority 3 budget (2,961,447) – separated out here to reflect impact of the proposed budget. The Leaseholders budget of £8109 does not relate to a given priority and there is no net effect, the budget remains as is.

**Within the proposed budget £75,281 for contract transition and a Leaseholders budget of £8109 is included.

Primary Client Group	Current Contract Spend as at 31/03/15	Total grouped current contract spend 31/03/15	Proposed annual Contract Budget by 2018	Impact of proposed Re-Structure	Percentage impact %age	Current available Accommodation based units @31.03.15	Current available Floating support /Alarm units @31.03.15
HIA	£150,168	£150,168	£250,000	+ £99,832	66% uplift		1,150
Leaseholders	£8109	£8109	£8109	£0			33
Physical & Sensory Impairment	£96,025	£2,667,929	£1,300,000	- £1,367,929	51% drop	2	30
Learning Disability	£1,639,069				Stop current funding in March 2017 Then recommission new services in April 2017	94	113
Mental Health	£932,835				67	120	
Single Homeless with support needs	£976,820	£1,250,332	£1,027,090	- £223,242	17% drop	159	26
Offenders	£273,512				Recommission new services in April 2016		
Non-Specialist Housing Related Support	£890,001	£2,961,447	£786,000	- £2,175,447	73% drop	43	26
Gypsy & Traveller	£40,251				Stop current funding current services in October 2015 Then develop a non specialist generic floating support in April 2016	0	16
Older People/Frail Elderly	£1,951,818				0	26	
Homeless Families with support needs	£79,377				0		
Young People, Care Leavers, Young Offenders	£899,955	£1,069,747	£900,000	- £169,747	13% drop	64	55
Young Parents	£169,792				Recommission new services in April 2016	19	25
Substance Misuse	£184,937	£184,937	£184,937	£0		0	640
People experiencing domestic abuse	£343,583	£343,583	£343,583	£0		18	70
Non-Service Contract budget (transition)			£75,281	+ £75,281	contingency		
TOTAL	£8,636,252	£8,636,252	£4,875,000	- £3,761,252	43%		

This plan meets our critical success factors set out below and will meet the requirements of the Care Act 2014 by promoting well-being and preventing/delaying/reducing the need for more acute services.

Critical Success Factors

- Housing Related Support services are re-designed to maximise the use of remaining funding
- Changes to service provision completed in a planned way
- Customers are supported throughout the process of change
- Stakeholders remain engaged throughout the project
- OOP savings achieved

3.0 Timescales associated with the decision and next steps

3.1 'The Partnership Group' will now produce a detailed delivery plan that will show:

- how Housing Related Support services will be accessed
- where Housing Related Support services will be placed
- how the different models of Housing Related Support will be structured

3.2 The plan will also finalise the proportion of budget available for each service area and the procurement approach that will be taken. The Equality Impact Assessment will continue to be developed throughout the life of this project.

3.3 We will develop a methodology to ensure that we are able to manage the transitional and implementation arrangements for each of the primary client groups identified in this report.

3.4 Through this mechanism, we will identify any potential cost pressures as they are relevant to Adult Social Care and develop a clear plan for mitigating this this.

3.5 A detailed project plan will be developed to ensure that the implementation phase is managed and current governance will be maintained through the Warwickshire Cares Better Together Programme Board.

Appendices

1. Full Report: Re-structure of Housing Related Support (Supporting People) - One Organisational Plan Savings
2. Equality Impact Assessment

Background papers

1. Consultation Document (September 2014)
2. Housing Related Support Consultation Report, February 2015

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Appendix One

Re-structure of Housing Related Support (Supporting People) One Organisational Plan Savings

Cabinet

18th August 2015

Re-structure of Housing Related Support (Supporting People) One Organisational Plan Savings

Background

Housing Related Support (HRS) is non-statutory service provision offered to adults aged 16 years and over across Warwickshire.

This service provision, previously known as Supporting People, was introduced as a national programme in April 2003. The scope of the programme was to fund, monitor and improve frontline Housing Related Support services for disadvantaged and vulnerable people.

The Supporting People Grant brought together seven housing-related funding streams from across central government into a single programme funded by the Department for Communities and Local Government (DCLG); formerly the Office of the Deputy Prime minister (ODPM). The programme was ring-fenced within local authority funding to provide housing-related support services.

In 2009, the ring-fence around the Supporting People funding stream was removed. This meant that individual local authorities now had complete control over how this money was spent dependent on local needs. The provision of HRS is discretionary, which means that the County Council has no duty to offer these services to Warwickshire citizens. Since 2011, the money has been incorporated into the local authority Formula Grant and there is no longer a specific funding stream for these services.

In 2010, the Supporting People administration grant, which paid directly for local authority staff and monitoring costs, was stopped by Central Government. However, the County Council decided to continue to cover any administration costs associated with the provision of Housing Related Support services.

These changes to funding for HRS services have led to a diverse range of responses from local authorities. The National Audit Office¹ has reported that spending nationally on HRS has fallen by a median of 45.3% between 2010-11 and 2014-15. In some areas, this has meant significant reductions in the overall budget for HRS provision.

In Warwickshire, the specific budget for Housing Related Support² services has been protected from significant reduction to date. During this period, the overall budget used to fund these services was only reduced by 15% and the County Council has been able to do this by working consistently with providers to re-negotiate contracts and improve service efficiency.

However, the challenging financial landscape and the requirements of the Care Act 2014, notwithstanding the recent amendments announced by Central

¹ National Audit Office 'The Impact of funding reductions on local authorities' www.nao.org.uk

² The term Supporting People is no longer used and has been replaced by Housing Related Support to identify this group of services

Government, mean that the County Council can no longer continue to commission and fund these discretionary services in the same way. The deferral of the cap on care costs has not removed the overall pressure on the care system and the need for councils to make savings to manage the planned reductions in funding from Central Government.

Housing Related Support in Warwickshire

The budget for Housing Related Support services in Warwickshire for 2014-2015 is £8.6 million.

The primary outcome of the service programme is to prevent homelessness and/or repeat homelessness and improve the ability of vulnerable customers to live independently in the community. Key to the achievement of these outcomes is the ability of services to work with customers to gain and/or maintain suitable accommodation. Services can offer a range of support activities including, but not limited to, financial capability/budgeting, maximising income (including Welfare Benefits), liaising with landlord regarding tenancy agreement, maintaining physical and/or mental health, preventing harm, improving opportunities through education, training and employment.

The majority of contracts are offered on a short term basis. This means that services are offered for up to a maximum of 2 years. There is a strong focus on building resilience and enabling the customer to live independently without service intervention.

Services are also offered to older people/frail elderly and people with a learning disability on a long term basis and focus on maintaining independence and preventing escalating need.

There are currently 103 contracts that provide HRS services, delivered by 45 individual providers who are either Local Housing Authorities or not for profit organisations. There is also some Warwickshire County Council in-house provision.

Currently, the majority of services are offered as either:

Accommodation based: where a person moves into specific accommodation to receive support – such as a homeless hostel.

Or

Floating Support: where a person receives housing related support in their own home and the support can move with them i.e. the funding follows the person and is not based on accommodation

The majority of HRS services have been in place since 2006/2007 and have developed organically since that time. There has been some competitive tendering for new services, but that has been limited. This means that the development of services has not been needs-led and there is evidence of inequitable provision across the county.

Spend on HRS is currently patterned as detailed in Figure 1:

Figure 1: Housing Related Support spend 2014 - 2015

Primary Client Group	Annual Contract Spend	Accommodation Based Maximum Capacity (units [^])	Floating Support/Alarm Maximum Capacity (units [^])	Average Unit Cost (weekly)
Older People/Frail Elderly	£1,951,818	3,601	1,498	£7.34*
HIA/Handyperson/Home Safety Check Scheme	£150,168	0	1,510	£1.91*
Leaseholders	£8,109	0	33	£4.93*
Physical & Sensory Impairment	£96,025	2	30	£57.55
Single Homeless with support needs	£976,820	159	26	£101.26
Homeless Families with support needs	£79,377	0	26	£58.55
Generic	£890,001	0	247	£69.10
Adult Offenders	£273,512	43	26	£76.02
Young People, Care Leavers, Young Offenders	£899,955	64	55	£145.03
Young Parents	£169,792	19	25	£74.00
Learning Disability	£1,639,069	94	113	£151.60
Mental Health	£932,835	67	120	£96.26
Substance Misuse	£184,937	0	640 (includes 400 brief interventions)	£5.56**
Gypsy and Traveller	£40,251	0	16	£48.24
Domestic Abuse	£343,583	18	70	£70.71
TOTAL	£8,636,252***			
Budget Reduction by (2018)	£3,725,000			
Revised Budget (2018)	£4,875,000			

Source: Financial Forecast March 2015

**this represents a contribution towards the provision of service rather than the total cost.*

***the service model is patterned on a mix of interventions over 6 months. As it includes 400 brief interventions, this reduces the unit cost significantly.*

****this total represents gross contract spend only. The actual budget is £8.6 million*

[^] A unit represents either an individual customer or a household depending on the type of Housing Related Support service provided.

Business Requirement

The One Organisational Plan Savings Plan (OOP)

Warwickshire is facing unprecedented restraints on resources and has made commitments to deliver £92 million in savings across the Council by 2018.

£25 million of this savings target will be from Adult Social Care.

The OOP savings target for HRS was revised following Councils Budget Setting Session for 2015-16. From February 2015 the revised savings target over the next three years is shown below:

2015-2016	2016-2017	2017-2018
£'000	£'000	£'000
300	1,828	3,725

The current budget for Housing Related Support services is £8.6 million. If the OOP target is successfully applied, then the budget for these services will reduce to £4.875 million by 2018.

This reduction in funding means that it is inevitable that we will stop funding some services; and how we provide services will be different in the future. HRS services will be redesigned to ensure that, for the most vulnerable citizens of Warwickshire, wellbeing is promoted and available services are preventative in nature.

The Care Act 2014

The implementation of the Care Act 2014, notwithstanding the recent announcement from Central Government, represents a significant reform of care and support. It provides the legislative framework that will put people in control of their care and support and provides a mechanism through which the quality of provision will be improved.

There are a number of key principles in the Act that are relevant to the need to re-structure HRS services in Warwickshire.

The promotion of individual well-being and the prevention, delay or reduction of a need for more acute services are two of the key principles of the Care Act 2014.

Promoting individual well-being is a guiding principle at the heart of care and support. In essence, a person's well-being extends into many of the areas supported through HRS, including physical and mental health; participation in work, education and training; social and economic well-being; suitability of living accommodation; and contribution to society.

Preventing people developing needs for care and support or delay people deteriorating such that they would need ongoing care and support is a key function of the Local Authority and is essential to helping people to maintain their independence.

The re-structure of HRS services will ensure that these principles are at the heart of all new services.

These key principles will be assured through the development of a market that delivers a wide range of high quality care and support services that are available to communities.

Objectives / Outcomes

Within the context of OOP and the implementation of the Care Act 2014, the objective is to re-configure the programme of HRS services within Warwickshire.

Re-configured services will support the following People Group Key Business Outcomes:

People are Independent: people, including those who are vulnerable, are able to live independently within their own homes and families, without the need for critical services to support them.

People are Independent: people and their carers are in control of planning their own care and managing their own risks.

People are Independent: people can choose from a range of accommodation support which enables them to remain independent.

People enjoy life: People avoid loneliness and isolation and enjoy an enhanced quality of life through opportunities and access to employment, recreation, family, social and community life.

People enjoy positive personal and social relationships

People are healthy:

People are mentally and emotionally healthy and resilient

People can access the right services: People know what choices are available to them locally and where to access the right information, support and advice if they need it.

Information, support and advice is accessible.

People have choice and control in the services they access, including financial control.

People have fair and equal access to the services they need, regardless of their circumstances or location.

.....and delivered in the right way: Support builds on the skills and assets that people already have so that where appropriate they can live as independently as possible.

High quality services are commissioned strategically and in partnership, based on robust intelligence, research and evidence.

The local market meets people's changing needs and expectations.

Poor performance across services we manage, commission or support, is challenged and improved.

Systems and processes effectively support our priorities, principles and outcomes, and facilitate high-quality services.

.....at the right time: Services respond in a timely manner to assess and support people to regain, retain and maintain independence as soon as possible.

Critical Success Factors

- Housing Related Support services are re-designed to maximise the use of remaining funding
- Change to service provision is completed in a planned way
- Customers are supported throughout the process of change
- Stakeholders remain engaged throughout the project
- One Organisational Plan Savings target achieved

Stakeholders and Consultation

Stakeholders

The following stakeholders are likely to be impacted by the recommendation in this report:

- Current and potential customers across the county who may have a need for Housing Related Support. This will include all of the current client groups who will have a range of needs;
- Local Housing Related Support service providers;
- Adult Social Care and Support teams;
- Clinical Commissioning Groups;
- Community and voluntary organisations;
- District and Borough Council Housing teams;
- Warwickshire Community Rehabilitation Company;
- Warwickshire Public Health;
- Warwickshire County Council Localities and Community Safety.

In order to ensure a strategic approach to re-structuring HRS services, the Warwickshire Housing Related Support Partnership Group ('the Partnership Group') was established.

Core membership of 'the Partnership Group' is the Heads of Housing for the five District/Borough Housing services, Warwickshire County Council Social Care and Support, Public Health; Warwickshire and West Mercia Community Rehabilitation Company; and the County Council Strategic Commissioning Unit.

Terms of Reference have been agreed for 'the Partnership Group', which meets every two (2) weeks. Outputs from 'the Partnership Group' are monitored through the Accommodation with Support Board, which also has responsibility for successfully delivering the re-structure of HRS services

Consultation

In order to achieve the People Group outcomes identified, we have made a number of proposals to re-structure HRS services across Warwickshire. These proposals included changing how we decide who is eligible for support; stopping some services, keeping some services the same and offering services in a different way. A comprehensive public consultation was completed on these proposals between the 8th September 2014 and 28th November 2014.

This provided an opportunity for citizens of Warwickshire to tell us:

- If they agree or disagree with our proposals;
- What the impact of our proposals will be;
- How we could do things differently.

Due to the wide range of customer groups supported by HRS services, it was imperative that a range of consultation methodologies were utilised. This approach would ensure views were sought from a broad and diverse range of people.

These methods included:

Questionnaires

A questionnaire was developed as an accessible and generic version to support a wide range of potential respondents.

A paper copy of the generic questionnaire was sent to all current HRS customers (6,000 copies), together with a pre-paid return envelope to support postal returns. In addition, both versions were available online on the council consultation website (www.askwarwickshire.gov.uk), together with an Equalities Impact Assessment and 'Frequently Asked Questions'.

Focus Groups

49 face to face meetings were completed where participants were assisted to respond to the consultation.

33 sessions were completed by Grapevine on behalf of the County Council for people with a learning disability. A total of 151 customers participated in these focus groups and were able to detail their responses to the consultation.

A further 16 focus groups were completed and are detailed in Figure 2.

Figure 2: Breakdown of focus groups conducted (excluding Learning Disability)

Primary Client Group catered for by the service	Focus Groups	Customers attending	Relatives/Carer attending
Young People at risk/Care Leavers	3	16	0
Frail Elderly	1	14	1
Homeless Families	1	3	0
Offenders	2	12	0
Older People	5	60	6
Physical and / or Sensory Impairment	1	5	0
Single Homeless	2	18	0
Young Parents	1	3	0
TOTAL	16	131	7

Telephone Helpline

33 people were supported to complete their consultation responses through the telephone helpline provided.

Other Responses

248 responses were received in other formats such as letter and email. Of these, three (3) people submitted their responses via a DVD.

Other Contacts

- Regular briefings (written and verbal) have been provided to elected members throughout the consultation period, together with responses to specific questions from constituents;
- We have also attended a number of meetings including Warwickshire; Safeguarding Adults Board and North Warwickshire Health and Well-Being Board to support the consultation process.

In total, 1,505 individual responses were received.

Analysis of Responses

Due to the volume of responses received and the number of responses that were made using methods other than the questionnaire, an external research company was engaged to complete the analysis. This was supported by the Strategic Commissioning Business Intelligence Team and the Warwickshire Observatory.

Principles in Decision-Making

'The Partnership Group' developed a set of principles to enable progress from the consultation phase to a detailed delivery plan for the future structure of Housing Related Support Services.

The 4 principles³ are:

- ✓ A service must prevent / reduce escalation of need and promote / wellbeing.
- ✓ A service must support those customers that are in need and are eligible under the Care Act 2014 assessment to maximise their independence and to reduce the risk of needing acute / long term care.
- ✓ A service must be targeted at the most vulnerable, who are at risk of losing or not maintaining their independence. The most vulnerable will generally be those with multiple needs, for example: homelessness, mental ill health, substance misuse and / or offending behaviour. They will have one main need that is complicated by others or a combination of lower-level issues that together give cause for concern in terms of their ability to maintain independence. ('edge of care')
- ✓ A Housing Related Support service should complement other services provided and should represent an effective use of resources based on need.

These Principles formed the basis of our decision-making when considering the consultation feedback

In order to make the right decisions, taking full account of the consultation feedback, three key steps have been applied:

1. The establishment of four (4) key Principles
2. A decision-making flowchart
3. Eligibility Criteria

Each proposal was tested using each of the three (3) steps in turn in order to ensure that decisions fully reflected the consultation feedback received and would support duties as required under the Care Act 2014.

³ The context for the 4 key principles is that Housing Related Support services are discretionary and therefore the County Council does not have a duty to provide them. Therefore they should not be used to deliver support that is relevant for statutory service provision.

The flowchart (Fig 3) shows how consultation responses were considered in the construction of a delivery plan.

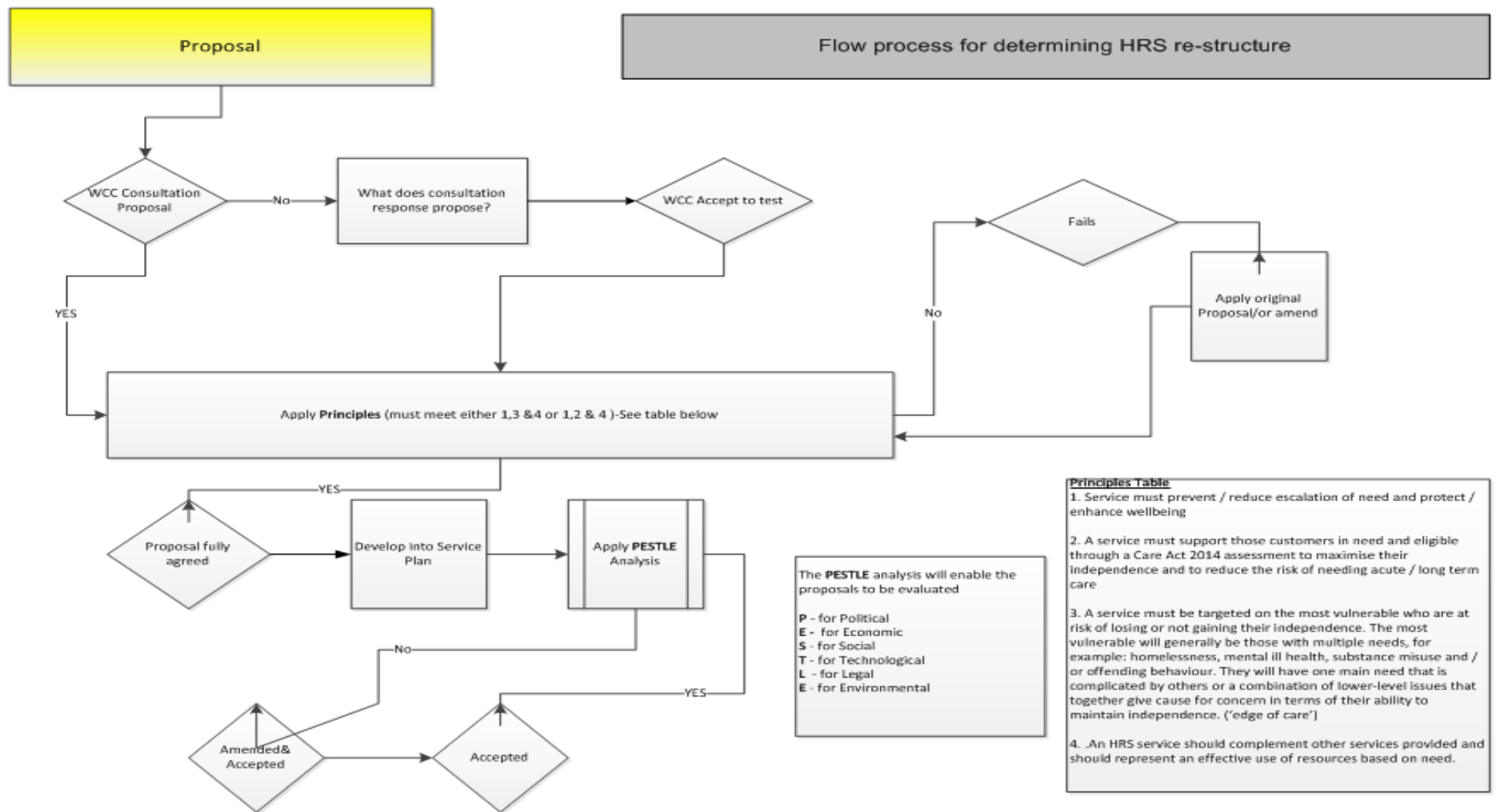


Figure 3: Flow process for determining Housing Related Support re-structure

In order for a proposal to be successfully taken forward, it must meet the standards detailed below:

- Principles one (1) and four (4) must be met
- Either Principle two (2) or Principle three (3) must be met

Once all of the detailed proposals have been progressed, each of them and the subsequent service delivery plan is subject to a PESTLE⁴ type analysis.

The principles will ensure that re-structured Housing Related Support services prevent escalation of need for more acute services and / or promote individual well-being as required by the Care Act 2014.

One of the proposals consulted on related directly to the application of eligibility criteria as a means of ensuring that Housing Related Support services were utilised by those in most need of support.

Eligibility Criteria

Through the application of the methodology detailed above, the Partnership Group has developed clear eligibility criteria to determine access to HRS services. At the highest level, eligibility for a HRS service will be defined through **either** one of the following:

Eligible for Social Care and Support (Care Act 2014) (Appendix 1)

The person will have eligible needs if they meet all of the following:

- they have care and support needs as a result of a physical or mental condition;
- because of those needs, they cannot achieve two or more of the outcomes specified;
- as a result, there is a significant impact on their wellbeing.

The outcomes are specified in the regulations, and include people's day-to-day outcomes such as dressing maintaining personal relationships, and working or going to school.

Or

'Edge of Care' (Appendix 2)

The definition of 'edge of care' is taken from No Secrets 2000 guidance and has been updated in line with the requirements of the Care Act 2014. This means that a person who is on the 'edge of care' is experiencing vulnerabilities that do not meet the threshold to access statutory support from Adult Social Care under the Care Act 2014.

⁴ Political, Economic, Social, Technical, Legal and Environmental. <http://pestleanalysis.com/>

A person on the 'edge of care' is defined as a someone aged 16 years and over who is, or may be, in need of a HRS service to prevent, reduce and/or delay the need for longer term care and support; and/or promote well-being by reason of:

- disability
- age
- illness
- substance misuse
- homelessness
- experience of domestic abuse
- experience of institutional living such as prison or long stay hospital or children's residential care service

Who are, or may be, unable to take care of themselves or protect themselves from significant harm or serious exploitation; or represent a threat of harm to their community.

Case Studies (Appendix 3)

Concerns were raised in the consultation that the proposed eligibility criteria was too care focused, which would result in some particularly vulnerable groups being excluded from Housing Related Support services.

A number of anonymous case studies, provided by partners representing Adult Offenders and Homeless people with support needs, were used to test the fairness of the Eligibility Criteria. Through 'the Partnership Group', each case study had the eligibility criteria applied to ensure that services would be accessible to those who were most vulnerable.

Having completed this exercise, it was agreed that the eligibility criteria as detailed was adequately balanced to represent both care and support. HRS services would be accessible to the most vulnerable customers and would support prevention for a wide range of customers

Assumptions

The following assumptions under-pin the proposed re-structure of Housing Related Support services:

- There is a need for support to vulnerable adults who meet eligibility criteria as defined by **either** the Care Act 2014 **or** the 'edge of care' definition.
- Suitably skilled organisations and enterprises exist who would be interested in tendering and providing support to customers of Housing Related Support services as re-designed.
- Provision would be available to adults aged 16 years and over.
- Commissioning and procurement resources will be made available from within the People Group to progress a competitive tender exercise where required.
- Any commissioned support providers would link appropriately with other relevant services, including Social Care and Support.

- All HRS services will be monitored and evaluated to ensure they are achieving intended outcomes

Scope

In scope:

The recommendations of this report will impact upon vulnerable adults, their family/carers, service providers and a range of statutory organisations operating across Warwickshire.

Out of scope:

Young people under the age of 16 years.

Dependencies

Progressing recommendations will be impacted upon and be impacted by:

- Warwickshire County Council's One Organisational Plan.
- Implementation of the Care Act 2014.

Constraints

To ensure any new arrangements can be supported by a range of organisations engagement activity will be required to support the development of an appropriate service specification.

Proposal

Following analysis of all consultation responses and application of the key principles detailed above, the proposed plan for the re-structure of Housing Related Support services is as follows:

The proposals consulted on were grouped into three key areas:

- a. Services that will be changed
- b. Services that will no longer be provided
- c. Services that will continue unchanged

These proposed changes will be effective during 2015-2016

Proposal 1

For all new Housing Related Support services: That in the future Housing Related Support services should only support those customers who are assessed as being eligible for social care services (Care Act 2014) or as being on the "edge of care"

Overarching themes from the consultation responses were:

- That HRS services should be available to those who need them and that everyone should be treated equally and without discrimination;
- That HRS services should prioritise the most vulnerable people and any revised eligibility criteria should ensure that people in need are not overlooked;
- That HRS services should focus on providing early intervention and prevention support so that people are not in a crisis;
- That HRS services should remain unchanged and the Council should look to make savings in other areas.

Impact of this proposal

The application of clear eligibility criteria will ensure that Housing Related Support services are available for the most vulnerable. The key principles in the Care Act 2014 that relate to preventing, delaying or reducing the need for more acute services; and promoting well-being will be assured.

What we will do by applying the principles:

- We will develop eligibility criteria and service pathways for HRS services that focuses on those most vulnerable and in need;
- We will retain this proposal but will work to ensure that the combination of eligibility for social care support (Care Act 2014) and being on the 'edge of care' complement each other and support those most in need;
- We will develop clear assessment guidance for the application of the eligibility criterion and ensure that there are clear service pathways
- We will develop a robust definition of Housing Related Support that can be used to ensure that services meet defined outcomes.

What will happen?	When will this take effect?
We will introduce an eligibility criteria based on either Care Act 2014 or a definition of 'edge of care'	All new services from November 2015

Proposal 2

We propose to change services for single homeless people with support needs who require an accommodation based service. We will focus on helping people to develop the skills that prevent future homelessness and gain the skills and experience to improve opportunities for paid employment.

Overarching themes from the consultation responses were:

- Single homeless people need support as they are very often not eligible for statutory homeless support from the Local Housing Authorities. They often have multiple needs that have a negative impact on their ability to maintain accommodation;

- Services for single homeless people should help people to be empowered and live independently;
- Current services are already providing this support and therefore should remain unchanged;
- There are not enough accommodation based services for single homeless people across the County and in particular, there are not enough emergency access hostels to take people off the streets;
- If these services are reduced or withdrawn, there will be increased pressure on other services such as housing, mental health services and probation.

Impact of this Proposal

It is anticipated that there would be minimal loss of accommodation based service for these customers. However, there will be a re-design of the service types available by altering the balance between very short term, emergency type services and those that offer longer term support to move on.

This proposal will ensure that services are better spread across the county. This will mean that there will be some re-distribution of HRS services to better ensure that all districts are appropriately serviced.

Customers who have multiple and complex needs that are either the cause of their homelessness or contribute to their ability to sustain accommodation in the longer term will be better supported by this proposal. However, it is important that any re-designed services are able to meet the needs of Adult Offenders and work in partnership with relevant Criminal Justice agencies.

We anticipate that there may be an impact on those customers who are homeless but do not have a need for intensive support. Although a number of organisations⁵ highlight increasing homelessness as a potential result of re-structuring HRS services for homeless people, there is no published direct correlation on which to accurately measure impact.

What we will do by applying the principles:

- We will re-commission accommodation based services for Single Homeless with support needs, including emergency access hostel. These services will be commissioned to support multiple and complex needs, including those presented by adult offenders;
- To use the new eligibility criteria to ensure that commissioned services meet the requirements of those who are most vulnerable;
- Work with Housing Associations, The Voluntary Sector, Warwickshire and West Mercia Community Rehabilitation Company and the five District & Borough Councils to identify alternative accommodation solutions and to identify all relevant funding streams to support the development of these services.

⁵ <http://www.homeless.org.uk/>

What will happen?	When will this take effect?
We will re-commission by competitive tender, accommodation based services for Single Homeless with support needs. These services will also support adult offenders.	New services from April 2016

Proposal 3

Proposal to stop funding for: Homeless families with support needs – Gypsy & Traveller groups – People with non-specialist, generic Housing Related Support needs – Adult offenders – Floating support for Single Homeless people - Young Offenders

Overarching themes from consultation responses were:

- Universal services such as Citizens Advice Bureau and District and Borough Council Housing Options Teams do not have the capacity to absorb those people who need support but are excluded from re-structured Housing Related Support services;
- Withdrawing non-specialist Housing Related Support floating support may result in increased pressure on other services such as housing, hospital accident and emergency services; GP services; and the criminal justice system.
- Services such as District and Borough Council Housing Services are often difficult for people to access;
- Customers will struggle to manage without HRS, which in turn could lead to increased homelessness. If people are less able to manage debts, budgeting and bills, then this will impact on their ability to retain their accommodation;
- There will be an impact on community safety if specialist Adult Offender services are withdrawn. More universal homeless services will not have the expertise to manage the risk on the wider community posed by some offenders.

Impact of this Proposal

There will be a loss of HRS service that is available specifically for the **Gypsy and Traveller** community. This will mean that customers will need to access a non-specialist HRS or universal services such as Citizens Advice Bureau.

Any re-designed HRS service and universal services must be able to achieve effective engagement with customers. They should have some insight into the external factors that are experienced by the Traveller community and impact on a person's ability to achieve identified outcomes.

The county council delivers a Gypsy and Traveller Liaison Service, which operates independently of the HRS service and will be a valuable contact point for a re-designed non-specialist HRS service and any universal services that are accessible to eligible members of the Traveller community.

The withdrawal of the specialist HRS service will mean a loss of 13 support placements for the Traveller community. The Traveller community will experience exclusion from support if re-designed services are unable to gain access to the Community or universal services are unavailable.

There will be a loss of HRS floating support service that is available to **Adult Offenders, Young Offenders** and **Single Homeless with support needs**. This will mean that customers will need to access either other specialist HRS services; non-specialist HRS services or universal services such as Citizens Advice Bureau.

It is possible that there will be increased pressure on the Criminal Justice system as well as increased costs associated with eviction and homelessness. The most common support needs identified by recent customers of these specialist services were managing accommodation/avoiding eviction; obtaining paid work and managing substance misuse.

We will retain some **non-specialist** HRS across the County, although there will be reduction on the current level of service available. This retained service will be re-structured to address the needs of those eligible customers in the interim period prior to the commissioning of a new non-specialist HRS service from April 2016. This will mean that all District and Borough areas will experience a reduction in the availability of HRS service.

As these non-specialist HRS services support customers with a wide range of needs, it is possible that there will be increased pressure on Public Health, acute hospitals, Adult Social Care and Criminal Justice. This pressure may be reflected through increased footfall into services as well as increased costs associated with eviction and homelessness.

The most common support needs identified by recent customers of non-specialist HRS services are managing debt and managing accommodation or avoiding eviction. To maintain a focus on HRS, re-designed services will need to offer support to customers who have multiple needs rather than single financial issues that could be addressed through a universal service.

What we will do by applying the principles:

- We will work with the five District and Borough Councils, Housing Associations and Warwickshire and West Mercia Community Rehabilitation Company to develop a non-specialist Housing Related Support floating support service that can meet the needs of eligible customers and to agree how access to this service will be managed. This service will replace the retained but reduced non-specialist service.
- Work with Citizen Advice Bureau and the five District and Borough Councils to re-focus their priorities so they can support customers within this proposal;
- Ensure the Care Act 2014 principles of providing information and advice are maximised through the services delivered for older people to minimise isolation and loneliness;
- Ensure that the needs of adult offenders (as they related to accommodation) are addressed through re-structured HRS services and in particular, through

accommodation based services for those who are homeless with complex and multiple needs.

What will happen?	When will this take effect?
We will stop funding specialist floating support for the Gypsy and Traveller community	November 2015
We will stop funding specialist floating support for Single Homeless with support needs	November 2015
We will stop funding specialist floating support for Homeless Families with support needs	November 2015
We will stop funding specialist floating support for Adult Offenders	November 2015
We will stop funding specialist accommodation based support for Adult Offenders	March 2016
We will stop funding specialist floating support for Young Offenders	November 2015
We will reduce the amount of non-specialist (Generic) floating support that we fund with a view to developing a new non-specialist floating support service from 2016.	November 2015: new services from April 2016

These proposed changes will be effective during 2016-2017

Proposal 4

From April 2016, we are proposing to develop a new service offering support to young people who are leaving care; or are 17 years of age; or aged 16-21 years and at significant risk of homelessness and / or needing care services.

Overarching themes from the consultation responses were:

- There is a significant need for Housing Related Support service to support young people to prevent homelessness and promote independent living. Therefore, these services should not be restricted to those who are eligible for social care support (Care Act 2014) or on the ‘edge of care’;

- Service is required for those aged 16-17 years but should not be restricted to aged 21 years. The span should be 16 years to 25 years;
- Staff need to be qualified and equipped to support young people;
- Integration of services across health, education, social care and housing is essential to support young people to make positive life choices;
- Ensure that all relevant funding streams, including Housing Benefit are explored in order to provide seamless support to young people
- Impact of this Proposal
-
- This proposal means that there will be some reduction in specialist Housing Related Support services to Young People – in particular, Young Offenders. However, it is expected that services will be re-designed to meet the outcomes of young people who are at risk of homelessness.
-
- Re-designed specialist HRS services for Young People will need to improve access to emergency accommodation and appropriate accommodation for those who are 16-17 year old. In addition, re-designed services should be more focused on prevention activity.

What we will do by applying the principles:

- We will ensure that services commissioned will be integrated with other relevant services such as the Clinical Commissioning Groups, Education, Social Care and Support teams and Housing Associations and the five District & Borough Councils for young people;
- Develop and commission services that meet the needs of the most vulnerable up to the age of 25 years;
- Develop and commission services that have quality standards attached that ensure the provider has appropriately qualified and experienced staff who will promote independent living and prevent escalation of need and deliver outcomes;
- We will work with the five District and Borough Councils and community and voluntary organisations to explore alternative funding options to support these services.

What will happen?	When will this take effect?
We will re-commission Housing Related Support services for young people who are leaving care; or are 16 or 17 years of age; or aged 16-25 years and at significant risk of homelessness and/or needing care services (including young parents). We will do this by competitive tender.	New services from April 2016

Proposal 5

We are making two proposals relating to hrs services for older people:

1. That we should continue to support the Home Improvement Agency and Home Safety Check Scheme
2. That we should seek to make the allocation of HRS services for Older People fairer and more transparent across the county.

Overarching themes from the consultation responses were:

- It is important that people are treated fairly and that all older people have access to HRS services;
- It is also important to service users that they keep their Wardens/Sheltered Scheme Managers as provide important support;
- For some people, sheltered accommodation means that they do not have to move into residential care;
- Many people have moved into sheltered accommodation because of the level of support that is provided through Wardens/Scheme Managers and alarm provision;
- Preventing isolation and promoting social inclusion is an important function of the sheltered housing service, which would be lost if the Warden/Scheme Manager was removed.
- Any reduction in funding for sheltered accommodation will inevitably lead to increased costs elsewhere in the health and social care system.

Impact of this Proposal

The majority of Housing Related Support funding for older people is currently used to support the provision of sheltered scheme managers and lifeline alarms. Therefore, the application of this proposal will affect almost 4,000 customers living in sheltered accommodation across the County and a further 1,500 customers who have a lifeline.

The majority of sheltered accommodation that attracts HRS funding is in Warwick District, Stratford District and Nuneaton and Bedworth Borough.

We know from benchmarking with other Local Authorities and the approach taken in Rugby Borough that there are options to support the continuation of current sheltered scheme managers and lifeline alarms through Housing Benefit. However, it is anticipated that some re-structuring of this function would be required in order to ensure that those customers with the most need were supported.

If an alternative method of funding the continuation of current sheltered Scheme Managers and lifeline alarms is not identified and customers wish to retain this specific service, then customer charging may be an option.

It is anticipated that the application of either of the above proposals may mean that any retained scheme manager and lifeline alarm function will be reduced.

Given the range of support provided through Scheme Managers, it is possible that there will be increased pressure on a wide range of public services, including Adult Social Care and Support through the implementation of this proposal.

The County Council is proposing to offer HRS to eligible older people irrespective of the accommodation they live in. In addition, through our intention to support older people through the Home Improvement Agency service, older people will be supported to remain independent in their own home and therefore prevent avoidable entry to more acute services.

What we will do by applying the principles:

- To use the new eligibility criteria ensure that commissioned services meet the requirements of those who are most vulnerable;
- We will make sure people are supported by using the Home Improvement Agency and Home Safety Check Scheme to enable people in their own homes / sheltered accommodation to live independently within their home as long as possible;
- Ensure the Care Act principles of providing information and advice are maximised through the services delivered for older people to minimise isolation and loneliness;
- We know from benchmarking against other Local Authorities that there are opportunities to access Housing Benefit to assist with the funding of support in sheltered accommodation. We will continue to explore this option with the five District & Borough Councils, this will mean that some HRS funding can be identified to provide a floating support service giving access to eligible older people irrespective of their accommodation;
- We also know from other Local Authorities that there are alternative methods for funding alarm services (or funding assistive technology) and we will explore these opportunities.

What will happen?	When will this take effect?
We will stop providing contributory funding to support scheme managers and lifeline alarm services in sheltered accommodation.	March 2016
We will continue to fund Home Improvement Agencies	On-going
We will commission by competitive tender a new non-specialist floating support service for Warwickshire citizens (including Older People)	New Service from April 2016

Proposal 6

There are some Housing Related Support services that we are not currently proposing to make any changes to at this time: 'Independent Living Service for

people who misuse drugs and / or alcohol’ and ‘Services for people experiencing domestic abuse’

Overarching themes from the consultation responses were:

- Joint commissioning is crucial to ensure that the HRS needs of these clients groups are met. There is an opportunity to ensure that HRS services are better linked to other services such as the treatment programme for substance misusers and the Police and Crime Commissioner;
- Although these services are currently jointly commissioned, funding is separate. By having a single, pooled budget for these services, there may be opportunities for a more streamlined service that meets the needs of more people;
- Services should be re-commissioned based on the needs of the community and local priorities.

Impact of this Proposal

This proposal will ensure that any future re-design of the Housing Related Support element of these services will be strategic and therefore meet the priorities of a range of stakeholders.

What we will do by applying the principles:

- We will update the needs analysis associated with these services in order to ensure that future commissioning is needs-led;
- We will work with the Office of the Police and Crime Commissioner and Clinical Commissioning Groups to explore the developments around joint commissioning including funding methods for future services;
- We will ask customers to work in partnership to develop revised service models that meet need.

What will happen?	When will this take effect?
<p>We will continue to fund Housing Related Support for substance misusers until the end of the current agreement. We will seek to re-commission a new service in partnership with the Warwickshire Drug Alcohol Action Team and other partners.</p>	<p>Current agreement to end March 2016. New services from April 2016</p>
<p>We will continue to fund Housing Related Support for people experiencing domestic abuse until the end of the current agreement. We will seek to re-commission a new service with Communities Group and other partners.</p>	<p>Current agreement to end March 2017 New services from April 2017</p>

These proposed changes will be effective during 2017-2018

Proposal 7

For services supporting people living with mental ill health, learning disability and / or physical / sensory impairment, the proposal is to develop a new targeted service that would focus on supporting people creatively in the community to develop new skills to enable them to take more control of their lives and maintain their independence.

Overarching themes from the consultation responses were:

- HRS services support should help a person to live independently by supporting them to gain independent living skills and help them to make their own choices;
- There needs to be a mixed range of accommodation based and floating support services to meet the needs of these service users;
- Services need to be designed to meet those who are in need of higher levels of support to prevent escalation of need alongside support for those who would benefit from a shorter term, community based solution;
- People living with mental ill health benefit from on-going support and people need to have someone to go to if they need some advice to prevent an escalation of need;
- If eligibility is restricted only to those who are eligible for social care support, then this could result in increased pressure on other services;
- How services will be developed needs a clearer explanation;
- More support is needed in the community to enable people to live independently and participate.

Impact of this Proposal

Some customers will have their care and support needs reviewed and those needs that are eligible as determined by the Care Act 2014 will be met by statutory service provision.

There are currently 407 customers in receipt of specialist Housing Related Support, many of whom will also be eligible to have their needs met through a statutory service. Current evidence tells us that 80% of customers with a learning disability and all customers living with mental ill health who receive Housing Related Support are also eligible for statutory services.

We will need to complete a review of needs for each of the customers who are in receipt of both HRS and statutory care services to understand the level and type of support needed to meet individual needs. Although some impact on social care services is anticipated, previous experience of completing this type of review for people with a learning disability has shown this impact to be minimal.

For the customer, this proposal will ensure that support for long term needs is more secure. Housing Related Support services are discretionary and the County Council does not have a duty to provide them. Therefore they should not be used to deliver support that is relevant for statutory service provision.

What we will do by applying the principles:

- To use the new eligibility criteria to ensure that commissioned services meet the requirements of those who are most vulnerable;
- We will work with customers and the Clinical Commissioning Groups, Social Care & Support teams, the Voluntary Sector and Housing Associations and the five District & Borough Councils to re-design services that will promote independent living;
- We will commission a range of support services based on outcomes to meet identified need.

What will happen?	When will this take effect?
We will stop funding current services for People with a Learning Disability; mental ill health; physical impairment; sensory impairment.	March 2017
We will ensure that all relevant customers receive a review of their needs.	2016 - 2017
We will re-commission by competitive tender, a disability service comprised of both accommodation based and floating support services	New Services from April 2017

Summary

To summarise, the impact of the consultation process on the original proposals, applying the methodology as described is as follows:

- We proposed to end funding to all non-specialist HRS floating support. However, following consultation, we will be retaining some non-specialist HRS floating support service for eligible customers, including the Gypsy and Traveller community.
- We proposed to end funding to specialist HRS services for adult offenders. However, following consultation, we will be combining HRS for this customer group with services for Single Homeless people with support needs.
- We proposed to focus specialist HRS services for eligible young people on those aged 16 to 21 years (inclusive). However, following consultation, we will

retain the current agreement for young people's HRS services to support those aged between 16 and 25 years (inclusive)

- We proposed to establish eligibility criteria relating to either the Care Act 2014 or an 'edge of care' definition. Following consultation, we will retain the eligibility criteria as described but will clarify the 'edge of care' definition to ensure that services are available to the most vulnerable citizens.

All other proposals will be implemented without change and service models will be developed accordingly.

Recommendation

To implement the revised Housing Related Support proposals contained within this report and develop a detailed delivery plan.

This approach would realise the OOP savings target. Services will be focused on the most vulnerable citizens. They will promote individual well-being and help to prevent, delay or reduce dependence on more acute services.

Taking a strategic approach to re-design will ensure that access to available funding across agencies is maximised and the impact of improved customer outcomes is felt across the public service economy.

The methodology detailed in Figure 3 and the associated key principles have been used to measure how far a proposal will deliver re-structured services that meet the requirements of the Care Act 2014 and deliver OOP savings target.

Some consultation respondents stated that they preferred HRS services to remain unchanged. By applying the methodology, we are able to determine whether or not proposals would deliver the OOP savings target and meet the needs of the most vulnerable.

Application of this methodology has allowed us to consistently test our original proposal; or any alternative proposal offered through the consultation. From this, we have developed a clear plan for re-structuring HRS services.

Each of the final proposals detailed in this report will have a PESTLE⁶ analysis to ensure that they are strategically relevant and that the business impact is understood. As the detailed delivery plan is developed in readiness for competitive tender or negotiated re-design, this analysis will be applied to each proposed service pathway.

There will be some reduction in the availability of Housing Related Support services and this re-structure will ensure that we focus specifically on those in the most need of support. There will be a measurable impact on promoting well-being and preventing/delaying/reducing the need for more acute service.

⁶ <http://pestleanalysis.com/>

This approach will encourage a strategic approach to re-designing Housing Related Support services that supports key priorities and the outcomes of eligible customers.

Costs and Funding

The One Organisational Plan Savings Plan (OOP)

Warwickshire is facing unprecedented restraints on resources and has made commitments to deliver £92 million in savings across the Council by 2018.

£25 million of this savings target will be from Adult Social Care.

The OOP savings target for HRS was revised following Councils Budget Setting Session for 2015-16. From February 2015 the revised savings target over the next three years is shown below:

2015-2016	2016-2017	2017-2018
£'000	£'000	£'000
300	1,828	3,725

The current budget for HRS services is £8.6 million. If the OOP target is successfully applied, then the budget for these services will reduce to £4.875 million by 2018.

The proposed pattern of future funding is as detailed in Figure 4 below:

Figure 4: Proposed future annual funding by client grouping

Proposed Client Groupings	Proposed annual contract budget
Home Improvement Agency/ Home Safety Check Scheme	£ 250,000
Leaseholders	£ 8,109
Disabilities (mental ill health; learning disability; physical and/or sensory impairment)	£1,300,000
Single Homeless with support needs	£1,027,090
Non-specialist Housing Related Support	£ 786,000
Young People (care leavers; at risk;) and Young Parents	£ 900,000
People experiencing domestic abuse	£ 343,583
Substance Misusers	£ 184,937

The financial impact of this proposal is illustrated in Figure 5

Figure 5: Financial impact of proposed re-structure

Primary Client Group	2014-2015 Contract Spend	Proposed annual Contract Budget	Impact of proposed Re-Structure
HIA/Home Safety Check	£150,168	£250,000	£99,832

Scheme			
Leaseholders	£8,109	£8,109	£0
Physical & Sensory Impairment	£96,025	£1,300,000	(£1,367,929)
Learning Disability	£1,639,069		
Mental Health	£932,835		
Single Homeless with support needs	£976,820	£1,027,090	(£223,242)
Adult Offenders	£273,512	£786,000	(£2,175,447)
Non-Specialist Housing Related Support	£890,001		
Gypsy & Traveller	£40,251		
Older People/Frail Elderly	£1,951,818		
Homeless Families with support needs	£79,377		
Young People, Care Leavers, Young Offenders	£899,955	£900,000	(£169,747)
Young Parents	£169,792		
Substance Misuse	£184,937	£184,937	£0
People experiencing domestic abuse	£343,583	£343,583	£0
Non-Service Contract budget		£75,281	£75,281
TOTAL	£8,636,252	£4,875,000	(£3,761,252)

Implementation costs: these costs will relate to the time and staff resource required to deliver the change. It is anticipated that the majority of implementation costs will be identified in:

- Strategic Commissioning
- Procurement
- People Group Finance

There will be a requirement for Adult Social and Support Service engagement to review the HRS needs of current customers. This is particularly relevant to customers with a Learning Disability, Mental Ill Health, Physical and/or Sensory Impairment and some Older People with support needs. It is expected that any cost pressure to Adult Social Care resulting from this process will be funded from within the available HRS budget. It is therefore crucial to ensure that information on the number of reviews required is available without delay. In addition, the reviews themselves should be completed as early in the implementation process as possible to ensure that cost pressures are identified and accounted for.

Transitional costs and arrangements: It is anticipated that there may be some transitional costs to support customers through the change to a re-structured HRS

service. Funding has been identified within the savings plan to support any transitional costs that are evident.

Through the next phase of this planned re-structure, the 'Partnership Group' will develop a detailed plan to manage transitional and implementation arrangements for each of the primary client group areas identified in this report. This will include identification of the potential cost of implementation to Adult Social Care and Support.

It is essential that current service providers are engaged in this process as early as possible in order to ensure a smooth transition for customers.

Benefits

- Increased flexibility and choice of providers offering support to individuals;
- Development of a co-produced service specification outlining a range of expectations and requirements, e.g., customer outcomes, quality and performance monitoring;
- Improved outcomes for customers focused on promoting well-being and preventing, reducing, delaying the need for more acute services;
- Increase the ability of Social Care and Support teams and other relevant organisations to identify appropriate Housing Related Support services post assessment.

Risks and mitigation

- **Risk 1**
De-stabilisation of the market for HRS services
Mitigation: A clear communications plan is developed and maintained to ensure that all key stakeholders remain involved in the progress to re-structure.
- **Risk 2**
Cabinet, Group Leadership Team, customers, carers, service providers and key partner agencies do not agree with the proposals.
Mitigation: rationale to support changes is clear and transparent. There is ongoing communication with parties to engage them in the development of the service specification, contract material and re-design process as appropriate.
- **Risk 3**
A proposed recommendation does not eliminate discrimination, promote equality or foster good relations.
Mitigation: Equality Impact Assessment of proposed new arrangements is prepared and monitored on an ongoing basis.
- **Risk 4**
Proposals and subsequent service re-design does not result in improved support to customers, positive outcomes and value for money.

Mitigation: the re-design of Housing Related Support services must be developed to ensure that clear outcomes are promoted through the on-going application of the key principles; and appropriate review arrangements are in place to ensure continuous service improvement.

- **Risk 5**

Proposals and subsequent service re-design leads to an increase in cost pressures in Adult Social Care. Any cost pressure must be funded from within the proposed budget for Housing Related Support, which will potentially reduce the availability of commissioned service provision.

Mitigation: Through the next phase of the planned re-structure of Housing Related Support services, the 'Partnership Group' develops a methodology that will ensure that we understand the potential impact of savings on Adult Social Care. This is particularly relevant for disabilities and older people services.

- **Risk 6**

Insufficient resources are available to complete the reviews required to determine the Housing Related Support needs of customers who are known to Social Care and Support.

Mitigation: Work with Social Care and Support and Housing Related Support service providers to identify those customers who require a review of their support needs. There should be a clearly defined timescale for this work in order to ensure that any cost pressures to Adult Social Care are met appropriately.

Conclusion and Next Steps

The One Organisational Plan Savings target for Housing Related Support services means a reduction in available budget from £8.6 million to £4.875 million by 2018.

This reduction in funding means that it is inevitable that we will stop funding some services; and how we provide services will be different in the future. HRS services will be redesigned to ensure that, for the most vulnerable citizens of Warwickshire, wellbeing is promoted and available services are preventative in nature.

In order to meet our business outcomes and deliver the key principles of the Care Act 2014, we have made a number of proposals to re-structure Housing Related Support services across Warwickshire. These proposals included changing how we decide who is eligible for support; stopping some services, keeping some services the same and offering services in a different way.

A comprehensive public consultation was completed to ensure that citizens of Warwickshire had an opportunity to tell us:

- If they agree or disagree with our proposals
- What the impact of our proposals will be
- How we could do things differently

To ensure a strategic approach to re-structuring Housing Related Support services and to maintain the pace of change, the Warwickshire Housing Related Support Partnership Group ('the Partnership Group') was established.

Core membership of 'the Partnership Group' is the Heads of Housing for the five District/Borough Housing services; Warwickshire County Council Social Care and Support; Public Health; the Warwickshire and West Mercia Community Rehabilitation Company; and the County Council Strategic Commissioning Unit.

'The Partnership Group' produced:

- agreed set of key principles to form the basis of our decision-making when considering the consultation feedback
- agreed decision-making flowchart against which to test each key proposal
- Re-defined eligibility criteria to ensure that Housing Related Support services are utilised by those most in need of support.

By applying this decision-making process, a proposal to re-structure Housing Related Support in Warwickshire has been produced.

The proposed re-structure plan is:

What will happen?	When will this take effect?	Action to manage the impact
We will introduce an eligibility criteria based on either Care Act 2014 or a definition of 'edge of care'	All new services from November 2015	HRS service will be available to the most vulnerable.

What will happen?	When will this take effect?	Proposed revised budget	Action to manage the impact
We will re-commission by competitive tender, accommodation based services for Single Homeless with support needs. These services will also support adult offenders.	New services from April 2016	£1,027,090	Improved accommodation quality and placement geographically. Focus on the needs of the most vulnerable

What will happen?	When will this take effect?	Proposed revised budget	Action to manage the impact
We will stop funding specialist floating support for the Gypsy and Traveller community	November 2015		Re-designed non-specialist service will be available to support those customers who have multiple HRS needs.
We will stop funding specialist floating support for Single Homeless with support needs	November 2015		Universal services will support those individuals with single issues such as debt or housing need.
We will stop funding specialist floating support for Homeless Families with support needs	November 2015		
We will stop funding specialist floating support for Adult Offenders	November 2015		
We will stop funding specialist accommodation based support for Adult Offenders	March 2016		
We will stop funding specialist floating support for Young Offenders	November 2015		Re-designed services for young people will support young offenders with HRS needs
We will reduce the amount of non-specialist (Generic) floating support that we fund with a view to developing a new non-specialist floating support service from 2016; for citizens (including Older People).	November 2015: new services from April 2016		

What will happen?	When will this take effect?	Proposed revised budget	Action to manage the impact
We will re-commission Housing Related Support services for young people who are leaving care; or are 16 or 17 years of age; or aged 16-25 years and at significant risk of homelessness and/or needing care services (including young parents). We will do this by competitive tender.	New services from April 2016	£900,000	Re-designed HRS services will meet the outcomes of young people at risk of homelessness. Access to emergency accommodation will be improved. Improved focus on preventing homelessness.

What will happen?	When will this take effect?	Proposed revised budget	Action to manage the impact
We will stop providing contributory funding to support scheme managers and lifeline alarm services in sheltered accommodation.	March 2016		Re-commissioned non-specialist HRS service will support eligible older people irrespective of where they live.
We will continue to fund Home Improvement Agencies	On-going	£250,000	Increased funding for Home Improvement Agencies will enable older people to remain independent in their own home.
We will commission by competitive tender a new non-specialist floating support service for citizens (including Older People) as described above	New Service from April 2016	£786,000	

What will happen?	When will this take effect?	Proposed revised budget	Action to manage the impact
We will continue to fund Housing Related Support for substance misusers until the end of the current agreement. We will seek to re-commission a new service in partnership with the Warwickshire Drug Alcohol Action Team and other partners.	Current agreement to end March 2016. Action on future provision to be made by end December 2015.	£184,937	Future re-design of HRS element of these services will be strategic and therefore meet the priorities of a range of stakeholders.
We will continue to fund Housing Related Support for people experiencing domestic abuse until the end of the current agreement. We will seek to re-commission a new service with Communities Group and other partners by competitive tender.	Current agreement to end March 2017 Action on future provision to be made by end December 2016.	£343,583	

What will happen?	When will this take effect?	Proposed revised budget	Action to manage the impact
We will stop funding current services for People with a Learning Disability; mental ill health; physical impairment; sensory impairment.	March 2017	£1,300,000	Those long term needs identified through the proposed review process will be supported more securely through statutory funding. HRS services will complement care and support provided by other statutory partners.
We will ensure that all relevant customers receive a review of their needs.	2016 - 2017		
We will re-commission by competitive tender, a disability service comprised of both accommodation based and floating support services	New Services from April 2017		

A summary of this plan and an overview of the impact on funding by client group can be found in Appendix 4.

This plan meets our critical success factors below and will meet the requirements of the Care Act 2014 by promoting well-being and preventing/delaying/reducing the need for more acute services.

Critical Success Factors

- Housing Related Support services are re-designed to maximise the use of remaining funding
- Changes to service provision completed in a planned way
- Customers are supported throughout the process of change
- Stakeholders remain engaged throughout the project
- OOP savings achieved

'The Partnership Group' will now produce a detailed delivery plan that will show:

- how Housing Related Support services will be accessed
- where Housing Related Support services will be placed
- how the different models of Housing Related Support will be structured

The plan will also finalise the proportion of budget available for each service area and the procurement approach that will be taken.

We will develop a methodology to ensure that we are able to manage the transitional and implementation arrangements for each of the primary client groups identified in this report.

Through this mechanism, we will identify any potential cost pressures as they are relevant to Adult Social Care and develop a clear plan for mitigating this this.

A detailed project plan will be developed to ensure that the implementation phase is managed and current governance will be maintained through the Accommodation with Support Board.

Appendix One

96 Care and Support Statutory Guidance

Eligibility

6.100. The national eligibility criteria set a minimum threshold for adult care and support needs and carer support needs which local authorities must meet. All local authorities must comply with this national threshold. Authorities can also decide to meet needs that are not deemed to be eligible if they chose to do so.

6.101. The introduction of a national eligibility threshold provides more transparency on what level of need is eligible. More clarity will support authorities in deciding whether the earlier provision of information and advice or preventative services would delay a person from developing needs which meet the eligibility criteria or whether longer-term care and support might be needed. It should also help the person needing care or their carer to think more broadly about what support might be available in the local community or through their support network to meet their needs and support the outcomes they want to achieve.

What is the national eligibility threshold for adults needing care?

6.102. The eligibility threshold for adults with care and support needs is set out in the Care and Support (Eligibility Criteria) Regulations 2014 (the 'Eligibility Regulations'). The threshold is based on identifying how a person's needs affect their ability to achieve relevant outcomes, and how this impacts on their wellbeing.

6.103. In considering whether an adult with care and support needs has eligible needs, local authorities must consider whether:

- The adult's needs arise from or are related to a physical or mental impairment or illness.
- As a result of the adult's needs the adult is unable to achieve two or more of the specified outcomes (which are described in the guidance below).
- As a consequence of being unable to achieve these outcomes there is, or there is likely to be, a significant impact on the adult's wellbeing.

6.104. An adult's needs are only eligible where they meet all three of these conditions.

Interpreting the eligibility criteria

The adult's needs arise from or are related to a physical or mental impairment or illness

6.105. The first condition that local authorities must be satisfied about is that the adult's needs for care and support are due to a physical or mental impairment or illness and that they are not caused by other circumstantial factors. Local authorities must consider at this stage if the adult has a condition as a result of either physical, mental, sensory, learning or cognitive disabilities or illnesses, substance misuse or brain injury. The authority should base their judgment on the assessment of the adult and a formal diagnosis of the condition should not be required.

As a result of the adult's needs, the adult is unable to achieve two or more of the outcomes set out in the regulations

6.106. The second condition that authorities must consider is whether the adult is "unable" to achieve two or more of the outcomes set out in the regulations. Authorities must also be aware that the regulations provide that "being unable" to achieve an outcome includes any of the following circumstances, where the adult:

- is unable to achieve the outcome without assistance. This would include where an adult would be unable to do so even when assistance is provided. It also includes where the adult may need prompting for example, some adults may be physically able to wash but need reminding of the importance of personal hygiene;
- is able to achieve the outcome without assistance but doing so causes the adult significant pain, distress or anxiety. For example, an older person with severe arthritis may be able to prepare a meal, but doing so will leave them in severe pain and unable to eat the meal;
- is able to achieve the outcome without assistance, but doing so endangers or is likely to endanger the health or safety of the adult, or of others – for example, if the health or safety of another member of the family, including any child, could be endangered when an adult attempts to complete a task or an activity without relevant support;
- is able to achieve the outcome without assistance but takes significantly longer than would normally be expected. For example, an adult with a physical disability is able to dress themselves in the morning, but it takes them a long time to do this, leaves them exhausted and prevents them from achieving other outcomes.

6.107. The Eligibility Regulations set out a range of outcomes. Local authorities must consider whether the adult is unable to achieve two or more of these outcomes when making the eligibility determination. The following section of the guidance provides examples of how local authorities should consider each outcome set out in the Eligibility Regulations (which do not constitute an exhaustive list) when determining the adult's eligibility for care and support:

- (a) managing and maintaining nutrition
Local authorities should consider whether the adult has access to food and drink to maintain nutrition, and that the adult is able to prepare and consume the food and drink.
- (b) maintaining personal hygiene
Local authorities should, for example, consider the adult's ability to wash themselves and launder their clothes.
- (c) managing toilet needs
Local authorities should consider the adult's ability to access and use a toilet and manage their toilet needs.
- (d) being appropriately clothed
Local authorities should consider the adult's ability to dress themselves and to be appropriately dressed, for instance in relation to the weather to maintain their health.
- (e) being able to make use of the home safely
Local authorities should consider the adult's ability to move around the home safely, which could for example include getting up steps, using kitchen facilities or accessing the bathroom. This should also include the immediate environment around the home such as access to the property, for example steps leading up to the home.

- (f) maintaining a habitable home environment
Local authorities should consider whether the condition of the adult's home is sufficiently clean and maintained to be safe. A habitable home is safe and has essential amenities. An adult may require support to sustain their occupancy of the home and to maintain amenities, such as water, electricity and gas.
- (g) developing and maintaining family or other personal relationships
Local authorities should consider whether the adult is lonely or isolated, either because their needs prevent them from maintaining the personal relationships they have or because their needs prevent them from developing new relationships.
- (h) accessing and engaging in work, training, education or volunteering
Local authorities should consider whether the adult has an opportunity to apply themselves and contribute to society through work, training, education or volunteering, subject to their own wishes in this regard. This includes the physical access to any facility and support with the participation in the relevant activity.
- (i) making use of necessary facilities or services in the local community including public transport and recreational facilities or services
Local authorities should consider the adult's ability to get around in the community safely and consider their ability to use such facilities as public transport, shops or recreational facilities when considering the impact on their wellbeing. Local authorities do not have responsibility for the provision of NHS services such as patient transport, however they should consider needs for support when the adult is attending healthcare appointments.
- (j) carrying out any caring responsibilities the adult has for a child
Local authorities should consider any parenting or other caring responsibilities the person has. The adult may for example be a step-parent with caring responsibilities for their spouse's children.

As a consequence there is, or there is likely to be, a significant impact on the adult's wellbeing

6.108. The third condition that must be met is that local authorities must consider whether the adult's needs and their inability to achieve the outcomes above cause or risk causing a significant impact on their wellbeing. The meaning of "wellbeing" is set out in Section 1 of the Care Act and more detail is described in chapter 1 of this guidance.

6.109. Local authorities must determine how the adult's inability to achieve the outcomes above impacts on their wellbeing. Where the adult is unable to achieve more than one of the outcomes, the local authority does not need to consider the impact of each individually, but should consider whether the cumulative effect of being unable to achieve those outcomes is one of a "significant impact on wellbeing". In doing so, local authorities should also consider whether:

- the adult's inability to achieve the outcomes above impacts on at least one of the areas of wellbeing (as described in Section 1 of the Act and chapter 1 of this guidance) in a significant way, or,
- the effect of the impact on a number of the areas of wellbeing mean that there is a significant impact on the adult's overall wellbeing.

6.110. The term "significant" is not defined by the regulations, and must therefore be understood to have its everyday meaning. Local authorities will have to consider whether the adult's needs and their consequent inability to achieve the relevant outcomes will have an important, consequential effect on their daily lives, their independence and their wellbeing.

6.111. In making this judgment, local authorities should look to understand the adult's needs in the context of what is important to him or her. Needs may affect different people differently, because what is important to the individual's wellbeing may not be the same in all cases. Circumstances which create a significant impact on the wellbeing of one individual may not have the same effect on another.

6.112. The table below illustrates the interplay of the three conditions above, the outcomes listed in the eligibility regulations and the wellbeing principle, which is broken down into areas of wellbeing in (see chapter 1).

Appendix Two

'Edge of Care'

The definition of 'edge of care' is taken from No Secrets 2000 guidance and has been updated in line with the requirements of the Care Act 2014. This means that a person who is on the 'edge of care' is experiencing vulnerabilities that do not meet the threshold to access statutory support from Adult Social Care under the Care Act 2014.

Customers

People who may benefit from a Housing Related Support service will generally have either one main need that is complicated by others, or a combination of lower level

Issues that together are a cause for concern. They might include:

- presenting risky behaviours,
- a chaotic lifestyle,
- experiencing difficulties in a certain aspect of their life, e.g. homelessness or a

Edge of Care	<p>A person on the 'edge of care' is defined as:</p> <p>A person aged 16 years and over who is, or may be, in need of a Housing Related Support service to prevent, reduce and/or delay the need for longer term care and support; and/or promote well-being by reason of:</p> <ul style="list-style-type: none">• disability• age• illness• substance misuse• homelessness• experience of domestic abuse• experience of institutional living such as prison or long stay hospital or children's residential care service <p>Who are, or may be, unable to take care of themselves or protect themselves from significant harm or serious exploitation; or represent a threat of harm to their community.</p>
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significant threat of homelessness, criminal justice, self-harm, significant debt that threatens their ability to maintain their independence,

- People with the inability to engage and develop a future for themselves or escalating needs
- where one or more of these have a significant and negative impact on their ability to gain or maintain accommodation

The above is indicative and not exhaustive.

Appendix Three

Case Study 1

Completed by, Accommodation Officer for the Warwickshire and West Mercia Community Rehabilitation Company

Case Reference	1A
Date Referred	2014
Outcome	Placed in supported housing
NPS/CRC	CRC
Risk Level	Medium risk to the public
Support Needs	Alcohol

Brief Synopsis of Case

1A was staying at an approved premise (AP) and was referred to the Probation accommodation SPOC for a move on placement. On initial receipt of the referral an assessment was made and 6 supported housing projects (funded through Housing Related Support) across Warwickshire (Provider one in Leamington, Provider two in Nuneaton, provider three in Stratford, provider four in Warwick, provider five in Rugby and provider six in Leamington or Rugby) were identified as potentially suitable. Onward referrals were sent to attempt to secure the required placement. Following these referrals, provider one placed 1A on their waiting list but provider five did not have any suitable vacancies and therefore refused the referral. 1A also advised that they did not want to be in Stratford so the referral to provider three was withdrawn.

It was identified that another referral for an offender had been submitted to provider six for their Leamington project and, following discussions with Offender Managers and AP keyworkers, it was agreed that placing the customer with the same provider would not be ideal; it was therefore decided that provider six Rugby project only should process the referral. 1A was accepted by provider six and moved in 2 months after the referral was submitted to the Probation SPOC. The referrals to other supported housing providers were subsequently withdrawn.

This is an example of how the system can work and demonstrates that a smooth move from custody to approved premises to supported housing can be achieved.

Case Study 2

Completed by, Accommodation Officer for the Warwickshire and West Mercia Community Rehabilitation Company

Case Reference	2A
Date Referred	2014
Outcome	Withdrawn – Reoffended (Sentence Revoked and Resentenced)
Date of Outcome	2014
NPS/CRC	NPS
Risk Level	High to the public
Support Needs	Alcohol, ETE, Mental Health, Self Harm

Brief Synopsis of Case

2A was of No Fixed Abode (NFA) and sofa surfing; 2A was referred to the Probation SPOC to find a placement at a supported housing project due to vulnerability regarding both homelessness and other support needs. 2A had already registered with the local authority and 5 supported housing providers were identified as potentially suitable for him to be placed with. Referrals were sent to the first four providers, whilst further information needed to be gathered to make a referral to the latter. Within four weeks assessments had been arranged with two of the identified providers however, 2A reoffended and was resentenced to custody. As 2A would not be released on licence, Probation was unable to continue to support the referrals post-release, however, it was highly likely that 2A would be released NFA. Therefore, all providers were contacted and updated; rather than withdraw the referrals, this would give 2A the chance to make contact with those projects following his release and they would be able to continue to process the original referral in the usual way.

This is a good example of what can happen to the offenders who we are working with whilst solutions to accommodation problems can be found. Although it cannot be proven that 2A's housing situation directly lead to his re-offending, it is likely that it was a significant factor.

Case Study 3

Case Reference	3A
Date Referred	2015
Outcome	Ongoing
Date of Outcome	n/a
NPS/CRC	CRC
Risk Level	Medium risk to the public
Support Needs	Drugs, ETE, Finance, Mental Health, Self Harm

Brief Synopsis of Case

3A was referred to the Probation SPOC for assistance with housing following a relationship breakdown with a parent and subsequently being asked to leave home; he is currently sofa surfing. Following assessment it was deduced that the most appropriate accommodation solution for 3A would be a supported housing placement, based on his presentation of support needs. 3A wanted to move to a different area of Warwickshire to make a 'fresh start'. As a result, it was identified that attempting to secure housing/support in 3A's home area would still need to be an option. Four housing/housing related support providers were identified as potentially suitable.

This case study demonstrates the demands of service users and how we attempt to accommodate those. Although placing someone outside the boundaries of their local authority can be difficult and sometimes problematic, where vulnerability is identified, the advantages of moving areas within a supportive environment justify the effort involved in making such referrals.

Further case studies considered:

- Male aged 22 with high support needs around both accommodation and floating support/advocacy in respect of all areas and mental health.
- Male aged 25 diagnosis of Asperger's, autism, and Tourette's he needs accommodation and this will need to be supported.
- Female aged 31 no formal diagnosis of either mental health or learning difficulties homeless so needs accommodation preferably supported housing previously unable to sustain a tenancy and will need at the floating support of high level if unable to secure supported housing .
- Male aged 19 former care leaver who is perpetrator of domestic abuse to partner. He is a prolific offender and current/ former drug user who is homeless he needs supported accommodation in particular surrounding his drug and violent behaviour.

Appendix 4

Summary of Proposals; perceived impact and financial impact by client group.

Proposal number - What will happen?	When	Existing budget	New budget	Perceived impact.
PROPOSAL 1. We will introduce an eligibility criteria based on either Care Act 2014 or a definition of 'edge of care'	All new services from October 2015			HRS service will be available to the most vulnerable.
PROPOSAL 2. We will re-commission by competitive tender, accommodation based services for Single Homeless with support needs. These services will also support adult offenders.	New services from April 2016	£1,250,332	↓ £1,027,090 17% reduction	Improved accommodation quality and placement geographically. Focus on the needs of the most vulnerable
PROPOSAL 3. We will stop funding specialist floating support for the Gypsy and Traveller community We will stop funding specialist floating support for Single Homeless with support needs We will stop funding specialist floating support for Homeless Families with support needs We will stop funding specialist floating support for Adult Offenders We will stop funding specialist accommodation based support for Adult Offenders We will stop funding specialist floating support for Young Offenders We will reduce the amount of non-specialist (Generic) floating support with a view to developing a new non-specialist floating support service from April 2016.	October 2015 October 2015 October 2015 October 2015 March 2016 October 2015 October 2015: new services from April 2016*	£2,961,447	↓ £786,000* 73% reduction	Re-designed non-specialist service will be available to support those customers who have multiple HRS needs. Universal services will support those individuals with single issues such as debt or housing need. Re-designed services for young people will support young offenders with HRS needs
PROPOSAL 4. We will re-commission Housing Related Support services for young people who are leaving care; or are 16 or 17 years of age; or aged 16-25 years and at significant risk of homelessness and/or needing care services (including young parents). We will do this by competitive tender.	New services from April 2016	£1,069,747	↓ £900,000 13% reduction	Re-designed HRS services will meet the outcomes of young people at risk of homelessness. Access to emergency accommodation will be improved. Improved focus on preventing homelessness.
PROPOSAL 5. We will stop providing contributory funding to support scheme managers and lifeline alarm services in sheltered accommodation. (Alternative funding sourced through HB) We will continue to fund Home Improvement Agencies We will commission by competitive tender a new non-specialist floating support service	March 2016 On-going New Service from April 2016*	£1,951,818 £150,168	↓ 100% reduction ↑ £250,000 66% uplift £786,000* as above	Re-commissioned non-specialist HRS service will support eligible older people irrespective of where they live. Increased funding for Home Improvement Agencies will enable older people to remain independent in their own home. Intensive Housing Management as an alternative source of funding
PROPOSAL 6. We will continue to fund Housing Related Support for substance misusers until the end of the current agreement. We will seek to re-commission a new service in partnership with the Warwickshire Drug Alcohol Action Team and other partners. We will continue to fund Housing Related Support for people experiencing domestic abuse until the end of the current agreement. We will seek to re-commission a new service with Communities Group and other partners by competitive tender.	Current agreement to end March 2016. Action on future provision to be made by end December 2015. Current agreement to end March 2016. Action on future provision to be made by end December 2015.	£184,937 £343,583	£184,937 £343,583 No Movement No Movement	Future re-design of HRS element of these services will be strategic and therefore meet the priorities of a range of stakeholders.
PROPOSAL 7. We will stop funding current services for People with a Learning Disability; mental ill health; physical impairment; sensory impairment. We will ensure that all relevant customers receive a review of their needs. We will re-commission by competitive tender, a disability service comprised of both accommodation based and floating support services	March 2017 2016 - 2017 New Services from April 2017	£2,667,929	↓ £1,300,000 51% reduction	Those long term needs identified through the proposed review process will be supported more securely through statutory funding. HRS services will complement care and support provided by other statutory partners.
Total		£8,636,252*	**£4,875,000	

Note - *Priority 5 existing budget (£1,951,818) is included within Priority 3 budget (2,961,447) - separated out here to reflect impact of the proposed budget. The Leaseholders budget of £8109 does not relate to a given priority and there is no net effect - the budget remains as is.

**Within the proposed budget £75,281 for contract transition and a Leaseholders budget of £8109 is included.

Primary Client Group	Current Contract Spend as at 31/03/15	Total grouped current contract spend 31/03/15	Proposed annual Contract Budget by 2018	Impact of proposed Re-Structure	Percentage impact %age	Current available Accommodation based units @31.03.15	Current available Floating support /Alarm units @31.03.15
HIA	£150,168	£150,168	£250,000	+ £99,832	66% uplift		1,150
Leaseholders	£8109	£8109	£8109	£0			33
Physical & Sensory Impairment	£96,025	£2,667,929	£1,300,000	- £1,367,929	51% drop	2	30
Learning Disability	£1,639,069				Stop current funding in March 2017 Then recommission new services in April 2017	94	113
Mental Health	£932,835				67	120	
Single Homeless with support needs	£976,820	£1,250,332	£1,027,090	- £223,242	17% drop	159	26
Offenders	£273,512				Recommission new services in April 2016		
Non-Specialist Housing Related Support	£890,001	£2,961,447	£786,000	- £2,175,447	73% drop	43	26
Gypsy & Traveller	£40,251				Stop current funding current services in October 2015 Then develop a non specialist generic floating support in April 2016	0	16
Older People/Frail Elderly	£1,951,818				0	26	
Homeless Families with support needs	£79,377				0		
Young People, Care Leavers, Young Offenders	£899,955	£1,069,747	£900,000	- £169,747	13% drop	64	55
Young Parents	£169,792				Recommission new services in April 2016	19	25
Substance Misuse	£184,937	£184,937	£184,937	£0		0	640
People experiencing domestic abuse	£343,583	£343,583	£343,583	£0		18	70
Non-Service Contract budget (transition)			£75,281	+ £75,281	contingency		
TOTAL	£8,636,252	£8,636,252	£4,875,000	- £3,761,252	43%		



APPENDIX TWO to Cabinet Report 18th August 2015

EQUALITY IMPACT ASSESSMENT/ ANALYSIS (EqIA)

Housing Related Support – STC-G

This version of the Equality Impact Assessment updates previous versions so as to reflect the position immediately prior to presentation to Cabinet on 18th August 2015. Further updates of the Assessment will be produced as the process of developing new services for the future continues.

Equality Impact Assessment/ Analysis (EqIA)

Group	People
Business Units/Service Area	Social Care and Support
Plan/ Strategy/ Policy/ Service being assessed	Housing Related Support STC-G
Is this is a new or existing policy/service? If existing policy/service please state date of last assessment	A mixture of existing and proposed new models of Housing Related Support in Warwickshire
EqIA Review team – List of members	Chris Lewington Zoe Mayhew Sue Green Deanna Phillips Hugh Gaster
Date of this assessment	20.01.14 Updated 04.08.15 (version 5)
Signature of completing officer (to be signed after the EqIA has been completed)	Zoe Mayhew
Are any of the outcomes from this assessment likely to result in complaints from existing services users and/ or members of the public? If yes please flag this with your Head of Service and the Customer Relations Team as soon as possible.	YES
Name and signature of Head of Service (to be signed after the EqIA has been completed)	Chris Lewington
Signature of GLT Equalities Champion (to be signed after the EqIA is completed and signed by the completing officer)	Chris Lewington

A copy of this form including relevant data and information to be forwarded to the Group Equalities Champion and the Corporate Equalities & Diversity Team



Working for Warwickshire

Form A1

INITIAL SCREENING FOR STRATEGIES/POLICIES/FUNCTIONS FOR EQUALITIES RELEVANCE TO ELIMINATE DISCRIMINATION, PROMOTE EQUALITY AND FOSTER GOOD RELATIONS



High relevance/priority



Medium relevance/priority



Low or no relevance/ priority

Note:

1. Tick coloured boxes appropriately, and depending on degree of relevance to each of the equality strands
2. Summaries of the legislation/guidance should be used to assist this screening process

Business Unit/Services:	Relevance/Risk to Equalities																										
	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Gender Reassignment			Pregnancy/ Maternity			Marriage/ Civil Partnership (only for staff)		
State the Function/Policy /Service/Strategy being assessed:	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
STC – G Housing Related Support		✓			✓		✓					✓			✓	✓					✓			✓			
<p>Are your proposals likely to impact on social inequalities e.g. child poverty for example or our most geographically disadvantaged communities? If yes please explain how.</p> <p>The annual budget for the Housing Related Support (HRS) programme is to be reduced from £8,600,000 in 2014-15 to £4,875,000 in 2017-18 The consequent reduction in service capacity will impact on social inequalities with less people in need of HRS being supported in future. However the re-alignment of the programme also provides an opportunity to adopt a more strategic approach to service delivery. This will enable us to ensure that future services can maximise the opportunities for</p>																								<p>YES</p>			

<p>individuals to make positive choices that will promote independent living and improve quality of life and to also ensure that future services will be focused on those in most need across the County. This process will also enable services to deliver better value for money within the reduced level of funding available.</p>	
<p>Are your proposals likely to impact on a carer who looks after older people or people with disabilities? If yes please explain how. By offering specific support to gain and/or maintain stable accommodation, re-aligned services will promote independent living and individual resilience. By taking a strategic approach to service development, we will be able to support those customers in the most need and thereby reduce the impact on acute services. Services will be focused on those in most need across the County.</p>	<p>YES</p>

Form A2 – Details of Plan/ Strategy/ Service/ Policy

Stage 1 – Scoping and Defining

(1) What are the aims and objectives of Plan/Strategy/Service/Policy?

The aim is to develop a range of HRS services that:

- a. are strategically relevant and fully integrated into the wider 'support offer' to our customers.
- b. reflect the needs and expressed views of customers
- c. are designed in partnership with key stakeholders
- d. are delivered within the reduced budget that has been agreed by Cabinet.
- e. are designed in accordance with four key principles requiring that future service must:
 - prevent / reduce escalation of need and protect / enhance wellbeing.
 - support those customers in need and eligible under the Care Act 2014 assessment to maximise their independence and to reduce the risk of needing acute / long term care.
 - be targeted at the most vulnerable, who are at risk of losing or not maintaining their independence. The most vulnerable will generally be those with multiple needs, **for example:** homelessness, mental ill health, substance misuse and / or offending behaviour. They will have one main need that is complicated by others or a combination of lower-level issues that together give cause for concern in terms of their ability to maintain independence. ('edge of care')
 - complement other services provided and should represent an effective use of resources based on need.

(2) How does it fit with Warwickshire County Council's wider objectives?

Within the People Group Strategic Commissioning Intentions, the need to review the range of current HRS services has been identified. This review and re-alignment of services will ensure a strategic and consistent approach to supporting the independence of vulnerable people.

It will support the Council's Core Purpose to *'develop and sustain a society that looks after its most vulnerable members, delivers appropriate, quality services at the right time, and seeks opportunities for economic growth and innovation'*.

It will support the connected outcomes that:

- *'Our communities and individuals are safe and protected from harm and able to remain independent for longer.'*
- *'The health and wellbeing of all in Warwickshire is protected.'*
- *'Our economy is vibrant, residents have access to jobs, training and skills development.'*
- *'Resources and services are targeted effectively, whether delivered by the local authority, commissioned or in partnership.'*

In addition it will also support the following People Group Outcomes:

People are independent:

- *'People, including those who are vulnerable, are able to live independently within their own homes and families, without the need for critical services to support them.'*
- *'People and communities are supported to develop social capital that enables them to help themselves and others.'*
- *'People can choose from a range of accommodation support which enables them to remain independent.'*

People Enjoy Life

- *'People avoid loneliness and enjoy an enhanced quality of life through opportunities and access to employment, recreation, family, social and community life.'*
- *'People enjoy positive personal and social relationships.'*

People are healthy

- *'People are mentally and emotionally healthy and resilient.'*

People contribute

- *'Vulnerable people are able to exercise their rights.'*

<p>(3) What are the expected outcomes?</p>	<p>The expected outcome is that HRS is re-aligned through re-modelling, re-commissioning or de-commissioning and is affordable within the agreed savings plan by 2017-2018.</p> <p>Strategically relevant services: That will maximise limited resources in order to offer the best outcomes to customers.</p> <p>Agreed purpose and focus: Enabling service providers and partners to be consistent and operate strategically in order to ensure the best outcomes to customers.</p> <p>Value for money: Through HRS services that maximise customer independence and offer a range of services that support vulnerable people.</p>
<p>(4) Which of the groups with protected characteristics is this intended to benefit? (see form A1 for list of protected groups)</p>	<p>All listed groups will benefit: Gender, Race, Disability, Sexual Orientation, Religion/Belief, Age, Gender Reassignment, Pregnancy/maternity, Marriage / Civil Partnership.</p> <p>The re-alignment of HRS will deliver robust support where it is needed across the County, within a reduced budget. Service design/development will need to ensure that they consider all groups with protected characteristics and social inequalities. In particular, where specialist services are de-commissioned, it is crucial that the remaining re-modelled support offer is able to support all groups with protected characteristics.</p>

Stage 2 - Information Gathering

(1) What type and range of evidence or information have you used to help you make a judgement about the plan/ strategy/ service/ policy?

A public consultation was conducted from 08/09/2014 to 28/11/2014. The consultation covered the entire HRS programme and asked for feedback on 7 proposals. As part of this exercise paper copies of the consultation questionnaire were sent to all HRS customers. Responses were received from a wide range of customers and also from stakeholders, including HRS service providers, relatives of customers, and other interested parties. The responses received have been analysed and the findings used to revise the original proposals put forward.

A programme of strategic reviews was completed between 2010 and 2013 and a needs analysis of the need for HRS in relation to 15 HRS customer categories has been developed to inform the process.

Knowledge of the current market for HRS and alternative funding streams has been utilised.

It is intended that all current customers of HRS services for people with a learning disability who are also in receipt of adult social care services will participate in a holistic review of needs.

All of the work that will be carried out will continue to include consideration of those groups who have protected characteristics and how they may be impacted by the savings proposals.

(2) Have you consulted on the plan/ strategy/ service/policy and if so with whom?

We have consulted with HRS customers, stakeholders, including service providers, and other interested parties through the public consultation that ended on 28th November 2014. This has included conducting 49 focus groups, together with individual interviews with members of the Gypsy and Traveller community.

We have also consulted within Strategic Commissioning with a view to ensuring that re-alignment resulting from funding reduction is strategic.

As the process of re-alignment of HRS services will take place over a 3 year financial cycle, it is anticipated that communication with key stakeholders, including service providers will be completed throughout the period.

We have been working with key stakeholders via the Warwickshire Housing Related Support Partnership Group ('the Partnership Group') whose membership included the Heads of Housing from the five districts / borough housing authorities and representatives of Probation and Public Health. The group has supported the process of developing new services.

This group is now to be succeeded by a Steering Group whose membership will include representatives of all of the above agencies together with representation from the Clinical Commissioning Groups operating in Warwickshire.

(3) Which of the groups with protected characteristics have you consulted with?

The consultation questionnaire was sent to every HRS customer. In addition, we worked with service providers to facilitate feedback from their customers.

- 1,172 questionnaire responses were received, completed in paper form or online. Of those who completed the attached equality questions, 69.6% were customers of an HRS service and 4.2% were family carers or informal carers.
- 10.2% were aged between 16 and 29; 15.6% were 30 to 44; 18.1% were 45 to 59; 28.5% were 60 to 75 and 27.7% were 75 years old or older. The preponderance of older people reflects the considerable interest of older people concerning proposals for services for that age group.
- 90.09% were White British with the remainder spread over a number of ethnic origins as follows: White Irish (1.87%), Asian or Asian British (1.72%), Gypsy or Irish Traveller (1.58%), Mixed / multiple ethnic group (1.44%), Black/African/Caribbean/Black British (1.44%), and 'Other White' (1.29%).
- We also conducted 49 focus groups of which 33 were with customers of services for people with a learning disability. These sessions were conducted by Grapevine, an organisation that specialises in working with people with learning disabilities or autism. (151 customers or others with Learning Disabilities attended).

The remaining focus groups are summarised below:

Primary Client Group catered for by service	Focus Groups	Customers attending	Relatives / Carers attending
Young People at Risk / care leavers	3	16	0
Frail Elderly	1	14	1
Homeless Families	1	3	0
Offenders	2	12	0
Older people	5	60	6
Physical and / or Sensory Disability	1	5	0
Single homeless	2	18	0
Young parents	1	3	0
TOTAL	16	131	7

In addition, 5 individual interviews were conducted with members of the Gypsy and Traveller community.

Stage 3 – Analysis of impact

<p>(1) From your data and consultations is there any adverse or negative impact identified for any particular group which could amount to discrimination?</p> <p>If yes, identify the groups and how they are affected.</p>	<p>RACE</p> <p>Delivery of the savings plan may have adverse impacts for:</p> <ul style="list-style-type: none"> • Customers from the service changes • Communities because local services are likely to change <p>The proposed changes to HRS may adversely affect the Gypsy and Traveller community.</p> <p>We will work with key partner agencies to develop a non-specialist HRS floating support service that can meet the needs of eligible customers and to agree how access to this service can be managed.</p> <p>In so doing it will be necessary to ensure that the service meets the needs of a wide range of customers.</p>	<p>DISABILITY</p> <p>Delivery of the savings plan may have adverse impacts for:</p> <ul style="list-style-type: none"> • Customers from the service changes • Communities because local services are likely to change <p>The proposed re-alignment of HRS services may have adverse impacts for adults with disabilities.</p> <p>It is intended that the current arrangements are re-designed to offer a more flexible, community based service. This will support customers to maintain their tenancies and prevent or delay the need for more intensive services.</p> <p>Under this proposal, all customers who are in receipt of both statutory service provision and housing related support will have a review of their holistic needs. This could mean that the housing related support provision for some customers will be reduced.</p>	<p>GENDER</p> <p>Delivery of the savings plan may have adverse impacts for:</p> <ul style="list-style-type: none"> • Customers from the service changes • Communities because local services are likely to change
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	<p>MARRIAGE/CIVIL PARTNERSHIP</p> <p>Delivery of the savings plan may have adverse impacts for:</p> <ul style="list-style-type: none"> • Customers from the service changes • Communities because local services are likely to change 	<p>AGE</p> <p>Delivery of the savings plan may have adverse impacts for:</p> <ul style="list-style-type: none"> • Customers from the service changes • Communities because local services are likely to change <p>Proposed changes will affect 3,700 older people households living in sheltered schemes and 1,500 households with an alarm service.</p> <p>In both cases funding is currently provided, subject to financial status, regardless as to whether or not a customer needs support.</p> <p>Responses to the consultation included that sheltered housing services prevent isolation and promote social inclusion and the concern was expressed that this would be lost if Wardens /Scheme Managers were removed. Concern was also expressed that there would be an impact on safety and increased fear if alarm services were reduced or removed.</p> <p>We will explore opportunities to access Housing Benefit and other relevant funding streams to fund these services.</p>	<p>GENDER REASSIGNMENT</p> <p>Delivery of the savings plan may have adverse impacts for:</p> <ul style="list-style-type: none"> • Customers from the service changes • Communities because local services are likely to change

	<p>RELIGION/BELIEF</p> <p>Delivery of the savings plan may have adverse impacts for:</p> <ul style="list-style-type: none"> • Customers from the service changes • Communities because local services are likely to change 	<p>PREGNANCY MATERNITY</p> <p>Delivery of the savings plan may have adverse impacts for:</p> <ul style="list-style-type: none"> • Customers from the service changes • Communities because local services are likely to change 	<p>SEXUAL ORIENTATION</p> <p>Delivery of the savings plan may have adverse impacts for:</p> <ul style="list-style-type: none"> • Customers from the service changes • Communities because local services are likely to change
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(2) If there is an adverse impact, can this be justified?

From 2003 until 2009 HRS services were paid for via a ring-fenced grant provided for this purpose. The ring-fence was removed in 2009 giving Warwickshire complete control over how this money was spent. Finally since 2011, the money has been incorporated into the local authority Formula Grant and the provision of HRS is now discretionary meaning that the County Council now has no duty to offer these services.

The need to make savings in the County Council's overall expenditure whilst at the same time ensuring that statutory services can continue to be provided has now made it necessary to reduce expenditure on HRS services. Accordingly the budget for HRS must now fall from £8.6 million for 2014-15 to £4.875 million for 2017-18. This reduction will require a rationalisation of HRS service provision and in future less people will be able to benefit from HRS than at present.

However the need to make changes also provides an opportunity to ensure that new services work to optimum efficiency and a crucial part of the review of HRS services has been to recognise where specialist services are not required. For many customer groups, a core HRS delivery can be offered without the need for a specialist service area and successful outcomes can be maintained and even improved. In addition we will work with Citizens Advice Bureau and the 5 Districts / Boroughs to re-focus their priorities so they can support service users where services are ended.

Also the process of commissioning new services provides an opportunity to eliminate any duplication of provision with universal services and those provided by the District and Borough Council partners.

Finally customer demand and aspiration mean that new service models must evolve to support options that are relevant and choices that are real to our communities and the process of commissioning new services provides a timely opportunity to ensure that this can be achieved.

(3)What actions are going to be taken to reduce or eliminate negative or adverse impact? (this should form part of your action plan under Stage 4.)

Eligibility criteria for HRS services have been developed that focus on those most vulnerable and in need.

With regards to services for older people, we know from benchmarking against other local authorities that there are opportunities to access Housing Benefit to support the funding of support in sheltered accommodation. We also know from other local authorities that there are alternative methods for funding alarm services (or funding assistive technology). We will continue to explore these options through discussions with our District & Borough colleagues.

We will use the eligibility criteria for the Care Act 2014 / 'edge of care' to meet the requirements of those older people who are most vulnerable. In addition we will make sure people are supported by using the Home Improvement Agency and the Home Safety Check Scheme to enable older people in their own homes or in sheltered accommodation to live independently for as long as possible. We will also ensure the Care Act principles of providing information and advice are maximised through the services delivered for older people to minimise isolation and loneliness;

With regards to the proposal to stop funding a specialist HRS service for Travellers, in future there would be a non-specialist HRS floating support service designed to ensure the inclusion of a wide range of customers, including Travellers, together with support to help people access universal services.

There is research evidence that the Traveller community may find accessing universal services challenging and it is therefore expected that support will also be required from WCC Gypsy and Traveller Liaison Service. This service has close contacts with the Traveller community and in particular those households who are deemed to be homeless, through a requirement to complete welfare checks.

More generally customers will still be able to access other HRS services and universal services, for example Citizens Advice Bureau, for support, advice and signposting.

In addition we will:

- re-commission accommodation based services for Single Homeless with support needs to support multiple and complex needs, including those presented by adult offenders;
- Work in partnership with key stakeholders to identify alternative accommodation solutions for Single Homeless people and to identify all relevant funding streams to support the development of these services.

<p>(4) How does the plan/strategy/service/policy contribute to promotion of equality? If not what can be done?</p>	<p>The re-alignment of HRS services will promote equality. By enabling the development of a balanced HRS market, social equality, choice and improved quality of life will be supported.</p>
<p>(5) How does the plan/strategy/service/policy promote good relations between groups? If not what can be done?</p>	<p>Through the re-alignment of HRS services, we will develop a balanced market. Key to the successful utilisation of this will be a need to promote equality of opportunity in terms of equal access to services, equal treatment and ultimately equal outcomes.</p>
<p>(6) Are there any obvious barriers to accessing the service? If yes how can they be overcome?</p>	<p>The main barrier to accessing service will be due to service availability and resulting waiting lists for support. However, by re-aligning services to focus on those most in need of support and changing the service models to reduce dependency, it is anticipated that there will be a faster throughput of customers.</p>
<p>(7) What are the likely positive and negative consequences for health and wellbeing as a result of this plan/strategy/service/policy?</p>	<p>A re-alignment of HRS services and the associated focusing of support on those in most need will inevitably result in some customers being signposted to other, more relevant services. If these services are not available, then there will be a negative impact on health and well-being for those individuals. However by working with our key stakeholders we will work to minimise any adverse impacts by ensuring that other services are able to respond to the needs of those who will no longer be able to receive HRS.</p> <p>However, it is anticipated that a re-alignment of HRS services will offer support that is available to those most in need and that services will be provided in a way that seeks to ensure that services are equally accessible throughout the county.</p>
<p>(8) What actions are going to be taken to reduce or eliminate negative or adverse impact on population health? (This should form part of your action plan under Stage 4.)</p>	<p>As previously stated, re-aligned HRS services will target those in most need and other needs will be met through universal service provision such a Citizens Advice Bureau and those services provided by the District and Borough Council partners.</p> <p>It is crucial that re-aligned services have clear eligibility criteria that target those most in need to minimise the negative impacts on health and well-being.</p>

<p>(9) Will the plan/strategy/service/policy increase the number of people needing to access health services? If so, what steps can be put in place to mitigate this?</p>	<p>One of the outcomes of a re-alignment of HRS services will be to contribute to improved health and well-being outcomes through quality services targeted at those most in need.</p> <p>Nevertheless, given the reduction in the number of people who can be supported by HRS in future there may be an adverse impact on health services and other non HRS services provided for people with HRS needs. Any such impacts will need to be identified and /monitored through close working with partners.</p>
<p>(10) Will the plan/strategy/service/policy reduce health inequalities? If so, how, what is the evidence?</p>	<p>One of the outcomes of a re-alignment of HRS services will be to promote the development of a robust market that is focused on those with the most need. In tandem with supporting the reduction of social inequality, the re-alignment will aim to reduce health inequalities by recognising the importance of good quality accommodation and associated support to health and well-being.</p> <p>In addition, new services will work to serve the population of Warwickshire as equitably as possible so that there is equal opportunity to access services across the county</p>

**Stage 4 – Action
Planning, Review &
Monitoring**

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If No Further Action is required then go to – Review & Monitoring

(1) Action Planning – Specify any changes or improvements which can be made to the service or policy to mitigate or eradicate negative or adverse impact on specific groups, including resource implications.

EqIA Action Plan

Action	Lead Officer	Date for completion	Resource requirements	Comments
Ensure that re-aligned services have clear entry and exit pathways together with clear eligibility criteria.	Deanna Phillips / Lisa Lissaman/ Louise Cunningham	As determined by Cabinet in August 2015.		
Review of needs of customers of disability services	Lisa Lissaman	As above		
Work with other agencies to ensure non HRS services help to mitigate impact and that duplication is avoided.	Deanna Phillips / Lisa Lissaman/ Louise Cunningham	As above		
Negotiate through the Steering Group regarding alternative funding of services for older people, including alarm services.	Deanna Phillips	As above		
Ensure that new services collect and monitor equalities data.	Deanna Phillips / Lisa Lissaman/ Louise Cunningham	As above		
Ensure eligibility criteria meet the needs of those older people who are most vulnerable	Deanna Phillips	As above		
Provide funding for Home Improvement Agencies.	Deanna Phillips	As above		
Ensure the Care Act principles of providing information and advice are maximised through HRS services delivered for older people to minimise isolation and loneliness.	Deanna Phillips	As above		
Ensure new non-specialist HRS floating support service can support Travellers, working with the WCC Gypsy and Traveller Liaison Service.	Deanna Phillips	As above		
Commission new accommodation based services for Single Homeless people to support multiple and complex needs, including those presented by adult offenders.	Deanna Phillips	As above		
Work with stakeholders to identify alternative accommodation solutions for Single Homeless people and to identify all relevant funding	Deanna Phillips	As above		

(2) Review and Monitoring
State how and when you will monitor policy and Action Plan

It is important that the implementation and impact of EqIA is relevant throughout the re-alignment of HRS services. This activity will form part of the project management process.

Council

24 September 2015

Statement of Accounts 2014/15

Recommendation

That Council approves the 2014/15 Statement of Accounts.

1. Purpose of the Report

- 1.1. This report presents the Statement of Accounts for 2014/15.
- 1.2. The Statement of Accounts for Warwickshire County Council comprises of:
 - The statement of responsibilities for the accounts
 - An explanatory introduction by the Head of Finance
 - The core financial statements, comprising:
 - The movement in reserves statement
 - The comprehensive income and expenditure statement
 - The balance sheet as at 31 March 2015
 - The cash flow statement
 - The statement of accounting policies
 - The notes to the core financial statements
 - The Fire-fighters Pension Fund Statement
- 1.3. Approval for the Annual Governance Statement, which will form part of the County Council's 2014/15 Statement of Accounts when they are published, is sought as a separate report on today's agenda. The Warwickshire Pension Fund is a separate body and, as such, has its own statement of accounts. A report seeking the approval of the 2014/15 Warwickshire Pension Fund Statement of Accounts is elsewhere on today's agenda.
- 1.4. Elected members are not expected to be financial experts, but they are responsible for approving and issuing the Council's financial statements. In doing this they are playing a key role in ensuring accountability and value for money are demonstrated to the public. However, local authority financial statements are complex and can be difficult to understand: they must comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards (IFRS) and also the accounting and financing regulations of central government.
- 1.5. This covering report explains the key features of the primary statements and notes that make up the 2014/15 Statement of Accounts. The explanatory

introduction provides further information on the key issues for the benefit of readers of the statements.

- 1.6. Council is asked to approve the 2014/15 Statement of Accounts attached at **Appendix A**. Following their approval the Statement of Accounts will be published, in accordance with regulations, by the end of September.

2. Explanatory Foreword

- 2.1. The purpose of the explanatory foreword is to provide commentary on the financial statements. It includes an explanation of key events and their effect on the financial statements. The information in the explanatory foreword is consistent with budget information provided during the year and reconciles to the year-end financial position reported to Cabinet on 11 June 2015.

3. Core Financial Statements

3.1. Movement in reserves statement

Reserves represent the Council's net worth and show its spending power. Reserves are analysed into two categories: usable and unusable. The level of usable reserves, the Council's spending plans and other sources of funding determine how much council tax needs to be raised. Unusable reserves derive from technical accounting adjustments and cannot be used to support spending. The movement in reserves statement analyses the changes in each of the authority's reserves between 2013/14 and 2014/15.

3.2. Comprehensive income and expenditure statement

The comprehensive income and expenditure statement reports on how the authority performed during the year and whether its operations resulted in a surplus or deficit. It is produced in a standard format and is made up of five broad sections:

- Cost of services: Presented in a standard format as set out by the 'service reporting code of practice for local authorities'. It includes service specific income and expenditure.
- Other operating income and expenditure: Includes the surplus or deficit from the sale of property, plant and equipment.
- Financing and investment income and expenditure: Includes interest payable and receivable and trading account income and expenditure.
- Taxation and general grant income and expenditure: Includes revenue from council tax, business rates and government revenue and capital grants.
- Other comprehensive income and expenditure: Is a catch-all for items which are not allowed to be accounted for elsewhere, such as increases in the value of land and buildings and changes in the actuarial assessment of pensions assets/liabilities.

3.3. Balance Sheet

The balance sheet is a 'snapshot' of the authority's financial position at a point in time, showing what it owns and owes at 31 March 2015. It is always divided into two halves that, as the name suggests, balance. These are assets less liabilities (the top half) and reserves (the bottom half).

3.4. Cash flow statement

The cash flow statement sets out our cash receipts and payments during the year, analysing them into operating, investing and financing activities. Cash-flows are related to income and expenditure but are not equivalent to them. The difference arises from the accruals concept, whereby income and expenditure are recognised in the comprehensive income and expenditure statement when the transactions occurred, not when the cash was paid or received.

4. Accounting Policies and Notes to the Financial Statements

- 4.1. The accounting policies set out the accounting rules the authority has followed in compiling the financial statements. They are largely specified by International Financial Reporting Standards and the Local Authority Accounting Code of Practice. We have limited discretion to amend them. A change of accounting policy relating to the accounting treatment of local authority maintained schools was required by the Accounting Code of Practice this year. Our accounting policy for the implementation of this new requirement was approved by Audit and Standards Committee on 4 June 2015. The result was an addition of property, plant and equipment valued at £325 million to the assets in our Balance Sheet and a restatement of our Balance Sheets as at 31 March 2013 and 2014, as if the policy had always applied.
- 4.2. The notes to the financial statements are generally the least read part of any set of accounts. This is because they appear complicated and include a lot of technical terms. However, the additional disclosures include important information and provide the context for the figures in the core financial statements.

5. Fire-fighters Pension Fund Statement

- 5.1. It is unusual for an unfunded pension scheme (such as the fire-fighters scheme) to have a fund as it holds no assets that need to be ringfenced. We collect in the Fund contributions receivable from Warwickshire County Council (as the employer) and firefighters (employee) contributions and pay out any benefits due. The Fund is then balanced to nil at the end of each financial year by either paying over or receiving pension fund top-up grant from the government.

6. Audit Status

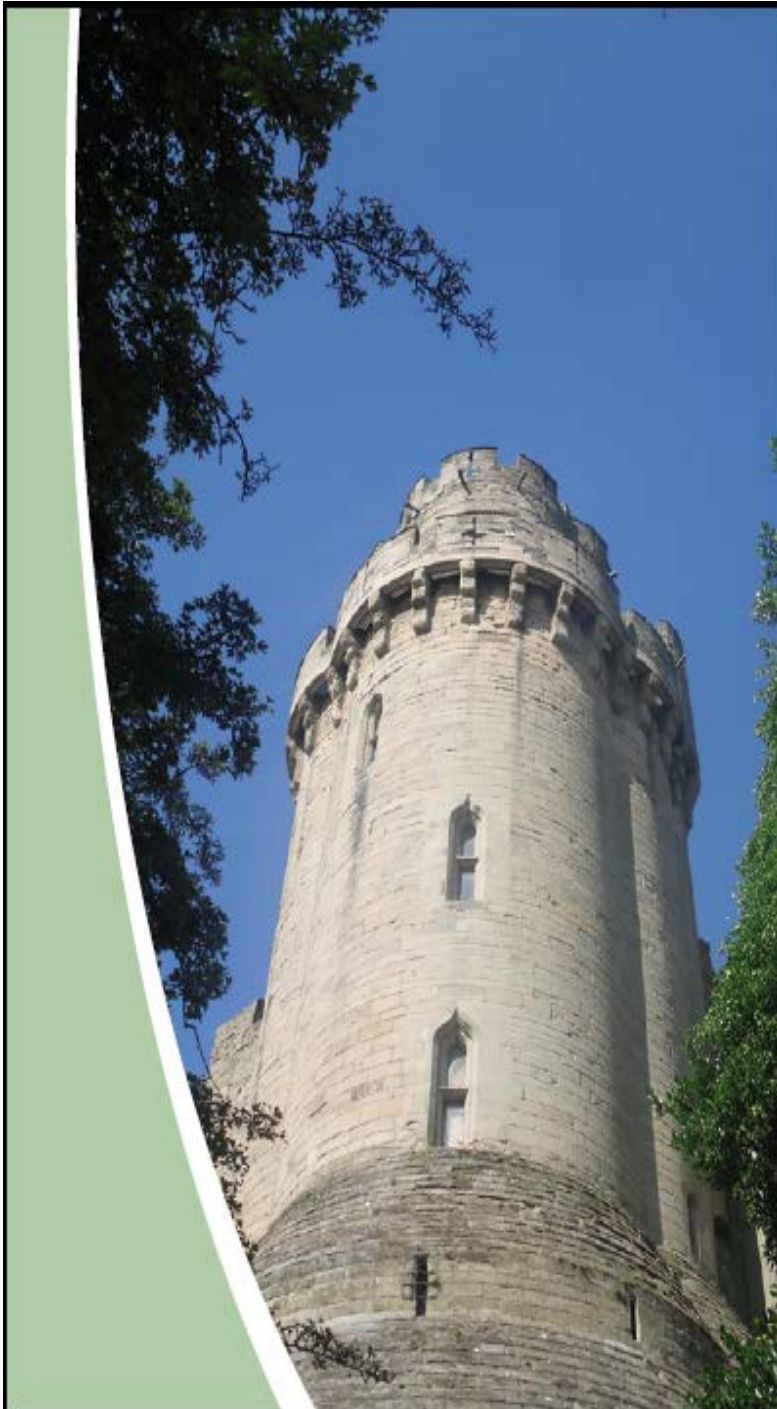
- 6.1. The attached 2014/15 Statement of Accounts has been audited and was reported to Audit and Standards Committee on 9 September 2015, when the external auditors, Grant Thornton, presented their Audit Findings Report. In this report Grant Thornton indicated that they anticipate providing an unqualified and unmodified opinion on the financial statements and a value for money conclusion that indicates the Council had in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.
- 6.2. There were no issues raised by Audit and Standards Committee that they wish to bring to Council's attention.
- 6.3. The approved accounts will be published alongside the Annual Governance Statement (elsewhere on the Agenda) together with the signed audit opinion by 30 September 2015 in line with statutory regulations.
- 6.4. The audit opinion will be signed by Grant Thornton's Engagement Partner on receipt of our letter of representation, signed by the Head of Finance and the Chair of Council, following approval of the accounts. A letter of representation is provided in connection with the audit of the 2014/15 financial statements for the purpose of expressing our opinion to the best of our knowledge and belief (having made appropriate enquiries) that the financial statements give a true and fair view.

7. Background Papers

None

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Warwickshire County Council



Statement of Accounts and Annual Governance Statement

2014/15



*Working for
Warwickshire*

We would welcome any comments or suggestions you have about this publication. Please contact Virginia Rennie, Corporate Finance and Advice, Resources Group, Warwickshire County Council.

- Phone: 01926 412239
- E-mail: vrennie@warwickshire.gov.uk

You can also leave your comments on our website at www.warwickshire.gov.uk

If this information is difficult to understand, we can provide it in another format, for example, in Braille, in large print, on audiotape, in another language or by talking with you. Please contact Navdip Sodhi on 01926 418174.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WARWICKSHIRE COUNTY COUNCIL**

Statement of responsibilities for the statement of accounts

This section explains our responsibilities for our financial affairs and how we make sure we carry out these responsibilities properly, in line with the Accounts and Audit Regulations 2011.

Responsibilities of the Council

We do the following:

- Make sure that one of our officers is responsible for managing our financial affairs. In this council, the Head of Finance is responsible for this.
- Manage our affairs to make sure we use our resources efficiently and effectively and protect our assets.
- Approve the statement of accounts.

Responsibilities of the Head of Finance

As the Head of Finance, I am responsible for preparing our statement of accounts. These accounts must present a true and fair view of our financial position, including our income and spending for the year.

In preparing our statement of accounts, I have:

- Selected suitable accounting policies and applied them consistently;
- Made reasonable and prudent judgements and estimates; and
- Followed the Chartered Institute of Public Finance and Accountancy/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I have also:

- Kept proper accounting records which are up to date; and
- Taken steps to prevent and detect fraud, including preparing an audit risk management strategy.

I certify that the Statement of Accounts presents a true and fair view of the financial position of Warwickshire County Council at 31 March 2015 and the income and expenditure for the year ended 31 March 2015. The unaudited draft accounts were authorised for issue on 30 June 2015. These were audited and were considered and approved at a meeting of the Council on 24 September 2015.

John Betts
Head of Finance

Date: 24 September 2015

Councillor Bob Stevens
Chair of the Council

Date: 24 September 2015

Foreword by the Head of Finance

This section highlights some of the most important matters reported in the accounts and comments on any issues that have had a major effect on our finances.

Introduction

I am pleased to introduce our Financial Accounts for 2014/15. They represent the financial results of the delivery of the first year of our 2014-2018 One Organisational Plan. The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the financial year. This explanatory foreword is set out in two parts. The first provides some key information that summarises our financial performance in 2014/15. The second part provides information on how the Financial Accounts for 2014/15 are set out to help you navigate through what is at times a quite technical pack of information. This level of information is required to ensure we comply with proper accounting practices and meet strict reporting requirements laid out by International Financial Reporting Standards (IFRS).

Readers should note that the underspend reported against service budgets which we use internally to monitor our financial performance is not directly comparable to the surplus disclosed in the Statement of Accounts mainly due to the number of accounting adjustments required, which do not impact on the amount of our spending to be met by local taxpayers. The key differences relate to the way in which we account for items such as depreciation, impairment, reserves, provisions and carry-forwards. Each of these items is explained further in our accounting policies or the glossary.

Public inspection

It is important that members of the public have the opportunity to provide comment and question our Statement of Accounts. Therefore the Statement of Accounts for 2014/15 was available for inspection from 9 July 2015 to 5 August 2015. The formal audit of our accounts began on 22 June 2015 and we received an unqualified opinion on the Statement of Accounts on xx September 2015. This means that in the External Auditors' opinion our accounts give a true and fair view of the financial position of the County Council.

Capital and revenue spending

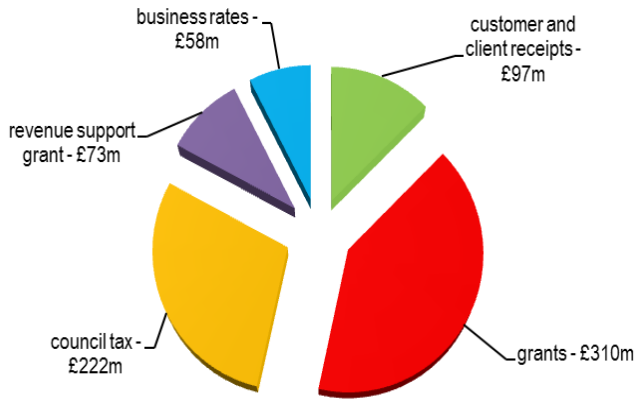
We spend taxpayer resources in two ways, through revenue and capital spending. Broadly, our revenue spending relates to income received in year and spending on items used in the year. Our capital spending relates to items we have bought and which will be used for more than one year. An amount is charged to our revenue accounts each year to reflect a cost equivalent to the economic use of our assets in each year.

Revenue spending – what we have received and spent

This section provides a high level summary of the sources of income we have used in 2014/15 and sets out the ways in which this has been spent.

How we received our money

Our total revenue income in 2014/15 was £760 million. £238 million was used by schools, £510 million was used to fund our services and the balance of £12 million has been set aside for use in future years.

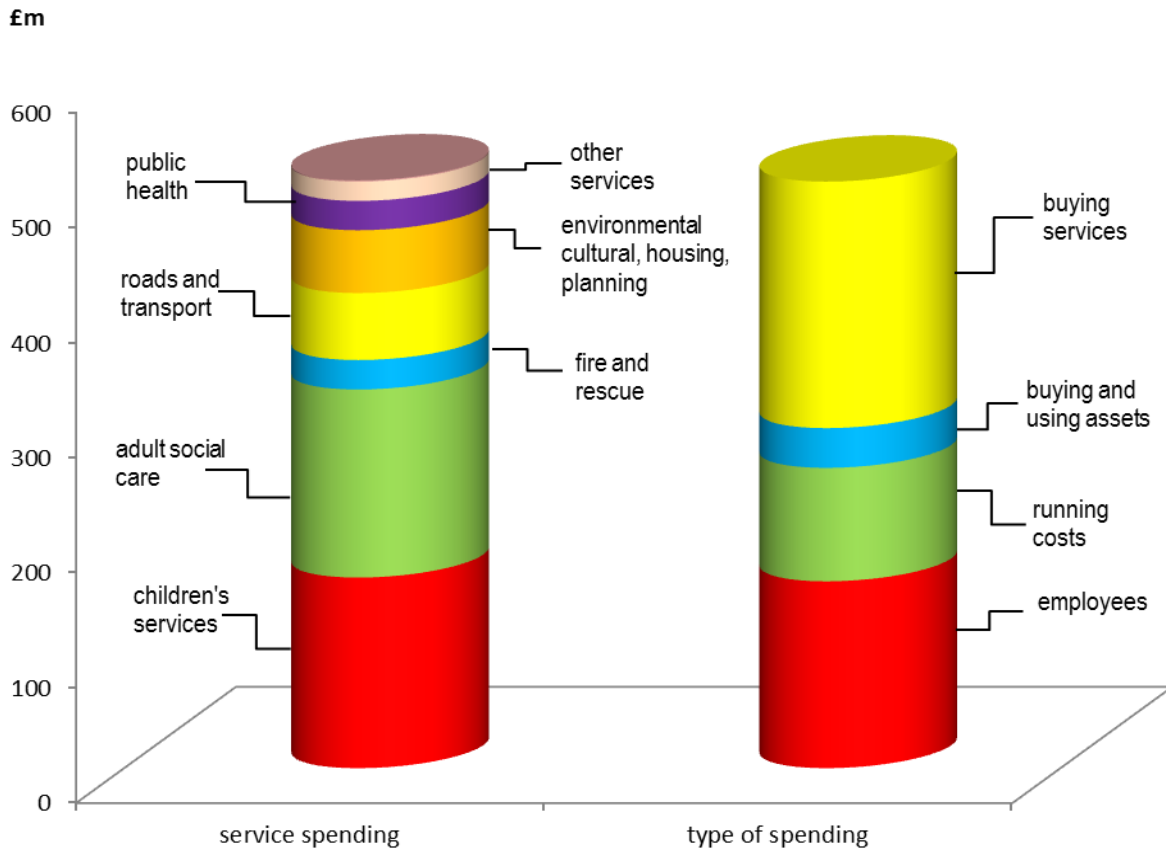


The main sources of revenue income received in 2014/15 to support the revenue budget of our services are shown in the chart of the left.

This income is from council tax (29%) and our share of business rates (8%), with 50% from government grant and 13% from customer and client receipts.

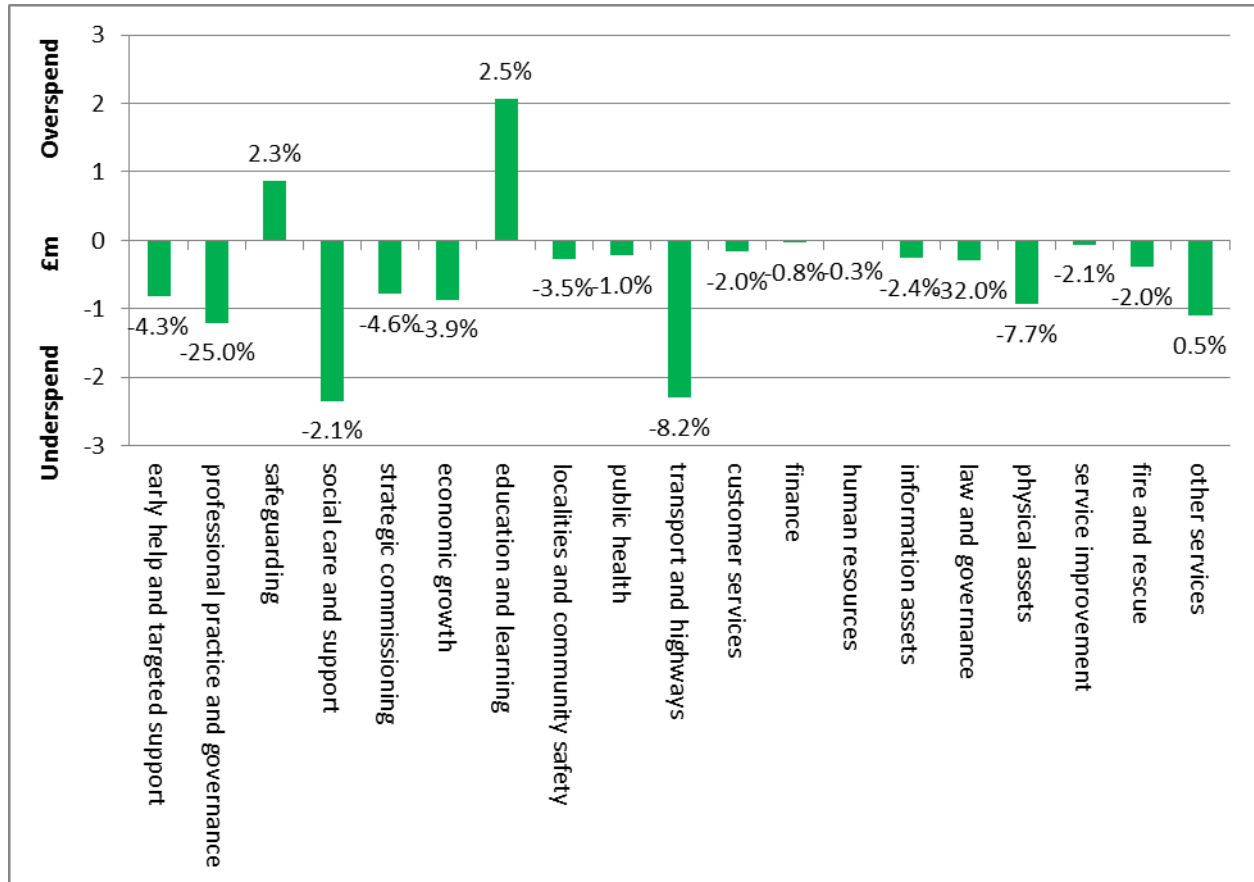
What we have spent

We have spent £510 million of our revenue income to finance the various services we provide (excluding schools), as illustrated in the chart below.



Revenue spending compared to our plans

The chart below sets out our financial performance, by Business Unit, in 2014/15 compared to the approved budget.



The key features of our financial performance in 2014/15 are:

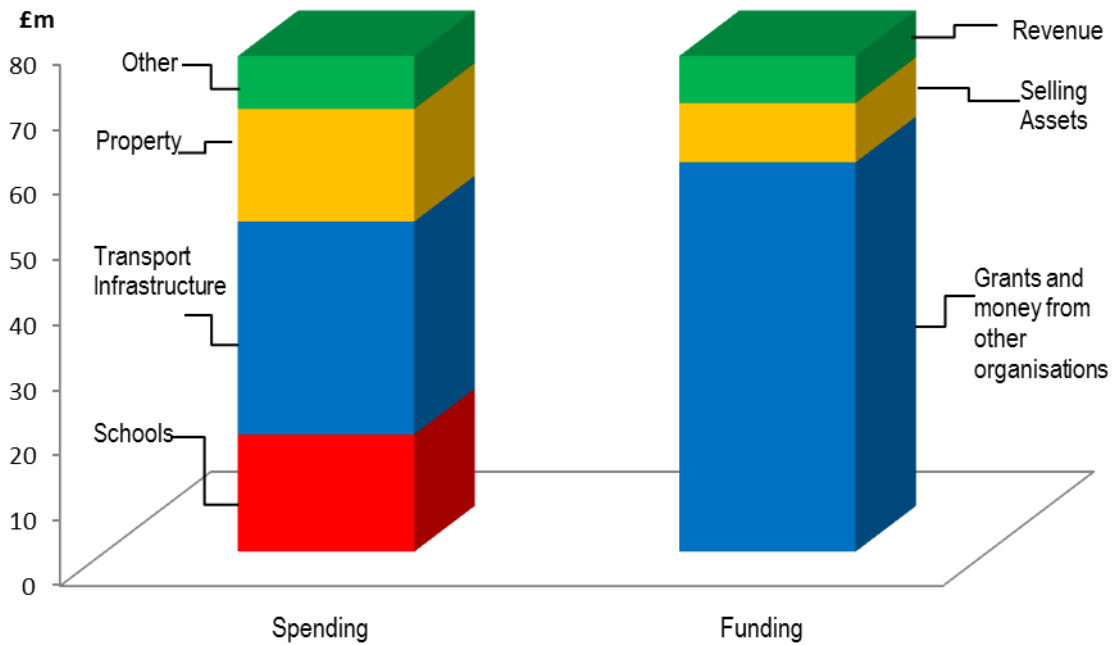
- Services spent £9 million less than their cash-limited budget.
- The planned £3 million contribution to reserves in 2014/15 was increased by the £9 million underspend and so we increased our reserves by £12 million.
- This funding is available to support investment and the delivery of savings over a longer period.

Savings and efficiencies

2014/15 was the first year of our four-year One Organisational Plan. Implementation of this plan has requires savings of £69 million to be delivered, of which £18 million had been delivered by the end of 2014/15. £51million of savings remain to be delivered by the end of 2017/18. Progress on the delivery of savings is managed as part of quarterly progress reports on the delivery of the 2014-18 One Organisation Plan.

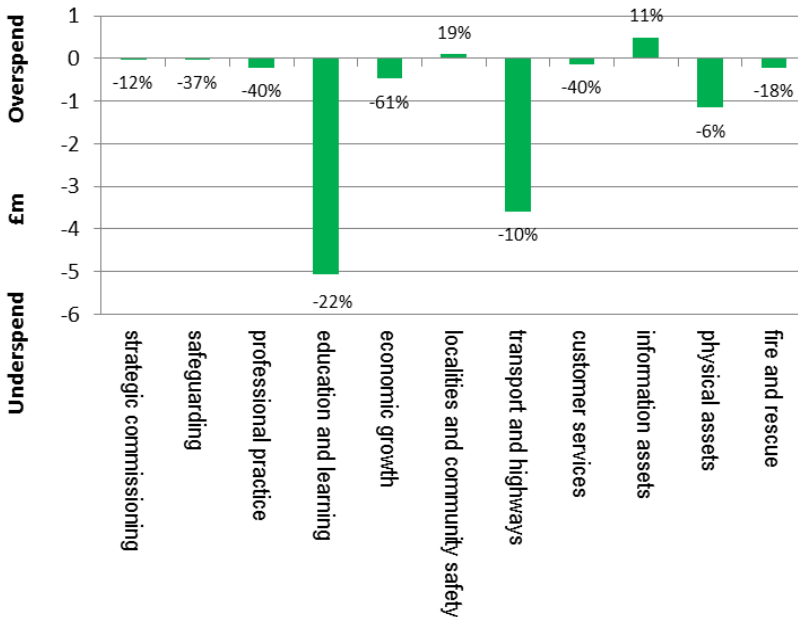
Capital spending

We spent £76 million on the purchase and creation of assets in 2014/15. Further details on the sources of finance and the areas of spending are provided in the chart.



Capital spending compared to our plans

Our spending was £10 million less than our estimate of £86 million. This underspend was due to delays on individual projects. This spending is expected to be incurred in 2015/16.



The chart on the left sets out our capital spend, by Business Unit, in 2014/15 compared to the approved budget.

Our performance is monitored by Cabinet through the quarterly One Organisational Plan Progress report, which combines financial reporting with performance reporting. You can get more information on our overall 2014/15 revenue and capital spending and the delivery of our planned savings in the end-of-year One Organisational Plan Progress report to Cabinet on 11 June 2015 (<https://democratic.warwickshire.gov.uk/cm15/CurrentCommittees.aspx>)

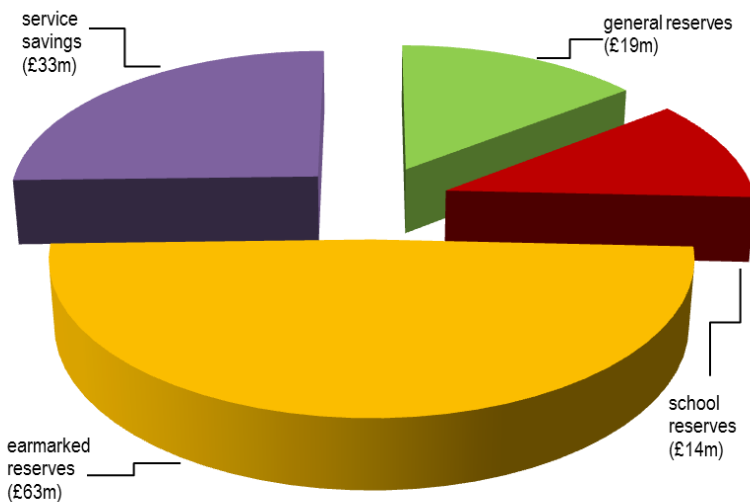
The value of our assets

The value of our Property, Plant and Equipment assets has increased from £1,261 million to £1,264 million. These figures are after a change of accounting policy that has brought £325 million worth of voluntary controlled, voluntary aided and foundation school assets onto our Balance Sheet. The main reasons for the £3 million increase in the value of our assets during 2014/15 are:

- Schools valued at £14 million transferring to academy status during 2014/15, resulting in them no longer being part of our asset base;
- The sale of assets valued at £8 million as part of our on-going property rationalisation programme;
- £65 million investment in assets that we own; and
- A charge for the use of assets during the year of £38 million.

Reserves

We have set up a number of reserves for specific purposes and for events we know are going to happen (earmarked reserves). We also have a General Fund and service savings that we keep to manage potential risks that we continually assess.



At 31 March 2015 our usable revenue reserves are £129 million. A breakdown is shown in the chart on the left.

Pensions

At 31 March 2015 our pensions' liability was £827 million, an increase of £162 million over the year. Whilst this is shown as a long-term liability in our accounts, statutory arrangements for funding this deficit are in place, including increased contributions over the working life of employees, and mean that our financial position remains healthy.

Borrowing and investments

We undertake treasury management activities in a prudent and flexible manner so as to ensure our capital spend is funded at the lowest cost whilst retaining sufficient liquid funds to provide for day-to-day cashflow requirements. These activities are managed within an overall framework determined by the annual Treasury Management Strategy.

The key highlights of the Council's Treasury Management activities in 2014/15 are:

- Whilst the average rate that financial institutions lend money to each other (LIBID) was 0.35% during 2014/15 our treasury management activity generated average interest on investments of 0.91%;

- We have managed the Council's money prudently, with investments made to the UK Debt Management Office and to other local authorities in line with our Treasury Management Strategy;
- Total long-term debt outstanding is £378 million at 31 March 2015 compared to £384 million at 31 March 2014; and
- At 31 March 2015 we are holding £148 million of cash or cash equivalents, a decrease of £4 million from the previous year.

The 2014-18 One Organisation Plan

In February 2014 we agreed our 2014-18 One Organisation Plan that will shape the future of Warwickshire over the next four years. We know that more people will be living in the county and the make-up of Warwickshire's households will change. We know that people will access services in different ways and technology will play a big role in this.

Our core purpose is to "develop and sustain a society that looks after its most vulnerable members, delivers appropriate, quality services at the right time and seeks opportunities for economic growth and innovation". We will know that we are on the right track when:

- Our communities and individuals are safe and protected from harm and are able to remain independent for longer;
- The health and well-being of all of Warwickshire is protected;
- Warwickshire is seen as a centre of choice for business with excellent communication and transport links;
- Our economy is vibrant and thriving so residents will have access to jobs, training and skills development to secure economic growth; and
- Resources and services are targeted effectively and efficiently whether delivered by the local authority, commissioned or in partnership.

We have put in place a budget and medium term financial plan within which the 2014-18 One Organisation Plan will be delivered. The 2014/15 outturn does not require any changes to this plan. Our Plan assumes a 1.99% annual uplift in council tax, although this will be subject to review and ratification in February each year. Within the overall medium term financial plan specific funding allocations to services will be adjusted to reflect changing levels of need within our communities and political priorities.

For the foreseeable future we will not have the money we had previously to spend on services. To be financially responsible and present an honest and realistic picture of the challenges ahead the remaining three years of our medium term financial plan includes:

- An allocation of £32 million for the estimated cost of inflation at a local level over the period 2015-18;
- A further allocation of £5 million a year to respond to spending pressures that emerge to ensure we have in place a medium term financial plan that is financially resilient;
- A plan for the delivery of a further £51 million savings to ensure the budget is sustainable. The savings have been identified from all areas of activity and will be delivered in a phased manner between now and 31 March 2018;
- A limit on capital spend funded from borrowing and capital receipts (excluding schools) to £20 million a year to reduce the authority's level of outstanding debt; and
- Using our capital resources to support the growth of the local economy through investment in infrastructure. This will not only stimulate economic growth but deliver a positive and sustainable economic impact for the people of Warwickshire.

You can get more information on 2014-18 financial plans in the report on the service estimates to Cabinet on 17 March 2015 <https://democratic.warwickshire.gov.uk/cm15/CurrentCommittees.aspx> and in the 2014-18 Plan in the report to Council on 25 February 2014 <https://democratic.warwickshire.gov.uk/cm15/CurrentCommittees.aspx>

Content and Format of the Statement of Accounts

Core Financial Statements

These comprise the four key pieces of information in the Statement of Accounts

Comprehensive Income and Expenditure Statement	Balance Sheet
<p>An accounting surplus of £16.8 million for 2014/15 has been reported; the outturn position is an £11.6 million surplus.</p> <p><i>This statement shows the accounting cost in the year of providing services rather than the amount to be funded from taxation. The main factors in the move from surplus to deficit are capital depreciation, impairment and pensions charges.</i></p>	<p>A decrease of £127.3 million in County Council net assets as at 31 March 2015.</p> <p><i>The balance sheet shows the value of the assets and liabilities recognised by the County Council. At 31 March 2015 the County Council's net worth was £300.6 million.</i></p>
Cash Flow Statement	Movement in Reserves Statement
<p>A net cash outflow of £4.3 million in 2014/15 in cash or cash equivalents.</p> <p><i>This statement summarises the cash that has been paid to us and which we have paid to other organisations and individuals.</i></p>	<p>An increase of £11.2 million in County Council usable reserves.</p> <p><i>This statement shows the movement in year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be used to fund spending or reduce taxation) and other reserves.</i></p>

Statement of accounting policies

This summarises the accounting rules and conventions we have used in preparing these financial statements.

Notes to the core financial statements

The notes include more detail to support the information contained in the core financial statements as well as information on critical judgements and assumptions applied in the production of the accounts.

Other Information in the Annual Financial Report and Statement of Accounts

Statement of responsibilities

This statement explains our responsibility and the responsibility of the Head of Finance and confirms the date the Council approved the statement of accounts.

Firefighters' Pension Fund accounts

These accounts contain details of the Firefighters' Pension Fund for the financial year.

Annual Governance Statement

This sets out the arrangements the County Council has put in place to ensure there is an effective system of internal control to manage service delivery and deliver services in an efficient, effective and economic way.

Pension Fund accounts

The Pension Fund accounts provide detail on the annual results of the Warwickshire County Council administered Warwickshire Local Government Pension Scheme, covering both County Council employees and pensioners and those of the district and borough councils and other admitted bodies. The accounts are published separately but can be accessed through the attached link <http://www.warwickshire.gov.uk/accounts>.

Concluding remarks

I am extremely grateful to all the finance staff across the Council for the support and enthusiasm they have brought to the many and challenging tasks they have faced and who have worked hard to close the accounts to a demanding timescale.

John Betts
Head of Finance

Movement in Reserves Statement

Movement in Reserves Statement - 2014/15	General Fund	Earmarked Reserves	Capital Fund	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Balance at 31 March 2014	18.4	98.5	0.9	7.3	125.1	302.8	427.9
Movement In Reserves During 2014/15							
Surplus or deficit (-) on provision of services (accounting basis)	16.8	0.0	0.0	0.0	16.8	0.0	16.8
Other Comprehensive Income and Expenditure	0.0	0.0	0.0	0.0	0.0	-144.1	-144.1
Total Comprehensive Income and Expenditure	16.8	0.0	0.0	0.0	16.8	-144.1	-127.3
Adjustments between accounting basis & funding basis under regulations (note 1)	-5.2	0.0	0.0	-0.4	-5.6	5.6	0.0
Net Increase / Decrease (-) before Transfers to Earmarked Reserves	11.6	0.0	0.0	-0.4	11.2	-138.5	-127.3
Transfers to / from (-) Earmarked Reserves (note 2)	-11.2	11.1	0.1	0.0	0.0	0.0	0.0
Increase / Decrease (-) in Year	0.4	11.1	0.1	-0.4	11.2	-138.5	-127.3
Balance at 31 March 2015	18.8	109.6	1.0	6.9	136.3	164.3	300.6

Movement in Reserves Statement - 2013/14 (Restated)	General Fund	Earmarked Reserves	Capital Fund	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Balance at 31 March 2013 - Restated	18.8	87.5	0.4	3.4	110.1	323.1	433.2
Movement In Reserves During 2013/14							
Surplus or deficit (-) on provision of services (accounting basis)	-100.5	0.0	0.0	0.0	-100.5	0.0	-100.5
Other Comprehensive Income and Expenditure	0.0	0.0	0.0	0.0	0.0	95.2	95.2
Total Comprehensive Income and Expenditure	-100.5	0.0	0.0	0.0	-100.5	95.2	-5.3
Adjustments between accounting basis and funding basis under regulations (note 1)	111.0	0.0	0.6	3.9	115.5	-115.5	0.0
Net Increase / Decrease (-) before Transfers to Earmarked Reserves	10.5	0.0	0.6	3.9	15.0	-20.3	-5.3
Transfers to / from (-) Earmarked Reserves (note 2)	-10.9	11.0	-0.1	0.0	0.0	0.0	0.0
Increase / Decrease (-) in Year	-0.4	11.0	0.5	3.9	15.0	-20.3	-5.3
Balance at 31 March 2014	18.4	98.5	0.9	7.3	125.1	302.8	427.9

None of the general fund balance held is for schools as they hold a separate earmarked reserve (see note 2). The 2013/2014 Movement in Reserves Statement has been restated as a result of the change in the policy for accounting for schools assets. Details of the change are shown in Note 3 on page 33.

Comprehensive Income and Expenditure Statement

This section summarises our spending on services and where we got the money from.						
2013/14			Summary of revenue spending	2014/15		
Gross expenditure (Restated) £m	Gross income (Restated) £m	Net expenditure (Restated) £m		Gross expenditure £m	Gross income £m	Net expenditure £m
			Money spent on services			
13.2	-1.7	11.5	~ cultural and related services	9.6	-1.5	8.1
33.4	-3.3	30.1	~ environmental and regulatory services	25.7	-4.6	21.1
20.8	-3.5	17.3	~ planning services	13.6	-9.0	4.6
471.9	-307.8	164.1	~ children's and education services	411.2	-293.8	117.4
30.5	-0.2	30.3	~ fire and rescue services	28.3	-0.4	27.9
56.9	-10.9	46.0	~ highways and transport services	56.7	-11.8	44.9
169.2	-34.5	134.7	~ adult social care	166.0	-33.8	132.2
24.1	-22.6	1.5	~ public health	25.8	-22.6	3.2
10.4	-0.2	10.2	~ housing services	9.7	-0.3	9.4
7.1	-5.4	1.7	~ central services to the public	5.3	-4.7	0.6
6.6	-0.2	6.4	~ corporate and democratic core	7.4	-0.3	7.1
-6.9	0.0	-6.9	~ non distributed costs	-10.9	0.0	-10.9
837.2	-390.3	446.9	Net cost of services (total continuing services) (note 3)	748.4	-382.8	365.6
34.5	0.0	34.5	~ Other operating expenditure (note 4)	16.8	0.0	16.8
60.8	-13.5	47.3	~ Financing and investment income and expenditure (note 5)	59.2	-21.0	38.2
0.0	-428.2	-428.2	~ Taxation and non-specific grant income and expenditure (note 6)	0.0	-437.4	-437.4
932.5	-832.0	100.5	Surplus (-) or deficit on the provision of services	824.4	-841.2	-16.8
			Items that will not be reclassified to the surplus(-)/deficit on the provision of services			
-67.1		-67.1	~ Surplus (-) or deficit on revaluation of property, plant and equipment	1.9		1.9
0.0		0.0	~ Surplus or deficit on revaluation of available for sale financial assets	-2.6		-2.6
-28.1		-28.1	~ Remeasurements of the net defined benefit liability/(asset)	144.8		144.8
-95.2	0.0	-95.2	Other comprehensive income and expenditure	144.1	0.0	144.1
837.3	-832.0	5.3	Total comprehensive income and expenditure	968.5	-841.2	127.3

Balance Sheet as at 31 March 2015

The Balance Sheet at 31 March 2014 has been restated and the comparator third Balance Sheet at 31 March 2013 included as a result of the change in accounting policy for school assets. Details are shown in Note 3 on page 33.

2013 (Restated) £ m	2014 (Restated) £ m	Balance Sheet as at 31 March	2015 £ m	Notes
1,296.1	1,261.3	Property, plant and equipment	1,264.2	8
20.5	25.5	Investment property	29.2	11
3.9	4.0	Heritage assets	4.0	10
2.2	1.7	Intangible assets	1.9	12
0.1	0.0	Long-term investments	0.3	
0.1	0.1	Long-term debtors	0.0	
1,322.9	1,292.6	Total long-term assets	1,299.6	
		Current assets		
111.0	81.6	Short-term investments	118.5	
0.5	0.6	Inventories	0.6	
51.7	45.6	Short-term debtors	49.4	14
123.2	152.2	Cash and cash equivalents	147.9	15
0.7	0.9	Assets held for sale	0.0	16
0.4	0.0	Landfill Allowances Account	0.0	
287.5	280.9	Total current assets	316.4	
		Current liabilities		
-4.0	-2.7	Provisions (settlement within 12 months)	-4.7	18
-15.3	-2.5	Short-term borrowing	-5.1	37
-91.4	-75.4	Short-term creditors	-84.2	17
0.0	-0.1	Finance lease liability	0.0	
-1.7	-0.2	Grants received in advance - revenue	-0.4	24
-112.4	-80.9	Total current liabilities	-94.4	
175.1	200.0	Current assets less current liabilities	222.0	
-2.6	-2.5	Provisions (settlement over 12 months)	-2.5	18
-386.0	-383.5	Long-term borrowing	-378.4	37
-18.3	-13.3	Capital grants received in advance	-12.7	24
		Other long-term liabilities		
-0.2	0.0	~ Finance lease liability	0.0	
-657.7	-665.4	~ Liability related to defined benefit pension scheme	-827.4	20
-1,064.8	-1,064.7	Long-term liabilities	-1,221.0	
433.2	427.9	Net assets	300.6	
110.1	125.1	Usable reserves	136.3	19
323.1	302.8	Unusable reserves	164.3	20
433.2	427.9	Total reserves	300.6	

John Betts
Head of Finance
24 September 2015

Cash Flow Statement

Year ended 31 March 2014 Restated £ m	Cash Flow Statement	Year ended 31 March 2015 £ m
14.2	Operating activities (note 21)	32.3
20.4	Investing activities (note 22)	-33.9
-5.6	Financing activities (note 23)	-2.7
29.0	Net increase or decrease in cash and cash equivalents	-4.3

Year ended 31 March 2014 £ m	Reconciliation to movement in cash and cash equivalents	Year ended 31 March 2015 £ m
123.2	Cash and cash equivalents at the beginning of the reporting period	152.2
152.2	Cash and cash equivalents at the end of the reporting period	147.9
29.0	Movement in cash and cash equivalents	-4.3

Statement of accounting policies

This section summarises the accounting rules and conventions we have used in preparing these financial statements.

General

The content, layout and general rules we used to prepare these accounts comply with the Code of Practice on Local Authority Accounting 2014/15 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with International Financial Reporting Standards (IFRSs).

Accruals of income and expenditure

Activity is accounted for in the year that it takes place. This means that income from the sale of goods or the provision of services is recorded in our accounts when we are owed it rather than when we receive it. Expenditure is recorded in our accounts when services are provided, rather than when we actually make a payment and supplies are recorded as expenditure when we use them. Where income and expenditure have been recognised but cash has not been received/paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet, subject to a de minimis level for non-system generated accruals of £50,000 that managers can use if they wish. We do not expect the effect to be material to the overall accounting position.

Assets held for sale

Where we have made a decision to sell an asset and the asset is being actively marketed it is categorised as held for sale. If a sale is expected within 12 months of making that decision the assets are shown separately in the financial statements (treated as current assets) and valued at the lower of carrying amount and fair value less disposal costs. Those assets that we do not expect to sell within 12 months are not classed as assets held for sale and instead are valued at their previous use.

Cash and cash equivalents

Cash is money held in current bank accounts and overdrafts that are repayable on demand and are integral to daily cash flow management. Money held in call accounts and short term funds invested for a term of three months or less are classified as cash equivalents because they are readily available to be converted into cash.

Contingent assets

We have identified contingent assets where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or non-occurrence of some uncertain future event not wholly within our control. Our contingent assets disclosure is shown in note 34 to the accounts on page 58. These are not included in our Balance Sheet.

Contingent liabilities

We have identified contingent liabilities where either:

- A possible obligation has arisen from past events and whose existence will be confirmed by the occurrence or non-occurrence of some uncertain future event not wholly within our control or,
- A present obligation may arise from past event but is not recognised because either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Our contingent liabilities disclosure is shown in note 35 to the accounts on page 58. These are not included in our Balance Sheet.

Employee benefits

Benefits payable during employment

The accounts reflect entitlements that have been earned by employees, such as salaries and wages, as a consequence of the service completed by them as at 31 March each year even if we would never normally pay them, such as annual leave and time-off in lieu not taken at the year end. These are accrued for and shown in the cost of services in the Comprehensive Income and Expenditure Statement.

Termination benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before normal retirement age or an officer's decision to accept voluntary redundancy. Termination benefits are recognised immediately as an expense to the service in the Comprehensive Income and Expenditure Statement as the earlier of when the authority can no longer withdraw the offer or when we recognise costs of a restructuring.

Post-employment benefits

As part of the terms and conditions of employment we offer retirement benefits. Although these benefits will not actually be payable until the employee retires we account for post-employment benefits in the Comprehensive Income and Expenditure Statement at the time that employees earn their future entitlement.

Our employees are members of four different pension schemes and we participate in one compensation scheme:

- The Local Government Pension Scheme
- The Teachers' Pension Scheme
- The Firefighters Pension Scheme and the Firefighters Injury Awards Scheme
- The National Health Service Pension Scheme

All four schemes provide members with pensions and other benefits related to their pay and length of service. Details of these schemes, our accounting policies in relation to them and their impact on the financial statements are shown in note 39 on pages 62 to 73.

Events after the Balance Sheet date

We have to consider any material events that occur between the date of the Balance Sheet and the date the accounts are authorised for issue by the Head of Finance.

Exceptional items, prior period adjustments and changes to accounting policies

Exceptional items are material items of income or expenditure that are disclosed separately in the Comprehensive Income and Expenditure Statement to aid understanding of our financial performance.

Prior period adjustments are made where there are material adjustments applicable to prior years arising from changes in accounting policies or to correct a material error. Where a change to accounting policies is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for earlier years as if the policy had always applied.

We have changed our accounting policy for schools assets. This has meant we have to produce a third balance sheet which shows the Balance Sheet as at 31 March 2013 as well as a restated Comprehensive Income and Expenditure Statement, Movement in Reserves statement and associated notes as at 31 March 2014 and 31 March 2013. The effect of these changes on the financial statements are shown in note 3 on page 33.

Financial assets

Financial assets are classified into loans and receivables and available-for-sale assets.

Loans and receivables

Loans and receivables are recognised on the Balance Sheet when we become party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument in the year it was due or earned. For the loans we have made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Investments are recorded in the accounts at the price we bought them. Interest we earned on our investments is shown in the accounts in the year it was due or earned. We hold a number of investments which are classed as loans and receivables.

We make available a car loan facility at below market rates as well as bicycle purchase and train season ticket loans interest free for employees. In addition we make a small number of business loans. Collectively these are known as soft loans. The amount of these loans represented on the Balance Sheet has not been written down to fair value as the effect of doing would not have a material effect on the financial statements.

Trade debtors are due within one year and carrying value is deemed to equate to fair value.

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the assets are written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains or losses that arise on derecognition of an asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Available-for-sale assets

Available-for-sale assets are recognised on the Balance Sheet when we become party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain/loss is recognised in the Movement in Reserves Statement (MIRS). Where impairments are recognised or assets derecognised charges are made to the Comprehensive Income and Expenditure Statement along with any accumulated gains or losses in the reserve previously recognised in the MIRS.

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when we become party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument in the year it was due. For our borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Trade creditors are due within one year and carrying value is deemed to equate to fair value.

Government grants

Government grants are shown in the accounts in the year that they relate to rather than when we actually receive them. They are only shown in the accounts if we are certain that we will receive them. General grants we receive such as Revenue Support Grant are shown as taxation and non-specific grant income in the Comprehensive Income and Expenditure Statement. Government grants we receive to pay for spending on specific service activities are shown as income for the relevant service area. Where grants and contributions for revenue have conditions outstanding or remains unspent at the Balance Sheet date the grant is held either as a receipt in advance, if not fulfilling the conditions would result in the return of the grant, or as an earmarked reserve.

Capital grants and contributions are credited to the Comprehensive Income and Expenditure Statement when any relevant conditions governing their use or repayment have been met. This income is then reversed out and charged to the Capital Adjustment Account so the level of council tax is not affected. Before the conditions are met, capital grants are held on the Balance Sheet as a Capital Grants Received in Advance liability. Unused non-conditional capital grants are held in the Capital Grants Unapplied Reserve.

Heritage assets

Our heritage assets are held due to their cultural, environmental or historic associations making their preservation for future generations important. We value our museum collections, valuables at the Courts, Judges House and Shire Hall at their insurance valuations. The Golden Tower of Leaves and our Waller of Woodcote archive collection of family and estate letters and deeds at County Records and are valued at cost. It would not be cost effective to undertake revaluations for all other County Record documents and any revaluations would not have a material impact on the accounts. Operational heritage assets, which are used in the provision of services or for other activities, are accounted for under other assets classes elsewhere in the Balance Sheet. Heritage assets classified as community or other assets are valued at insurance cost unless our valuers believe conventional methods relevant to their classification are more appropriate. Any gains on reclassification are taken to the Revaluation Reserve. More detailed information on the heritage assets we hold is available on our web-site www.warwickshire.gov.uk.

Income from selling non-current assets

We use the income from selling non-current assets (buildings, vehicles and land) to meet part of the cost of new capital spending or to repay borrowing. Any of this money that we have not used by the end of the year is recorded in the Balance Sheet as the Capital Receipts Reserve. We show the gain or loss on the sale of assets in the Comprehensive Income and Expenditure Statement. This is the difference between the sale proceeds and the carrying value of an asset after allowing for costs relating to the sale of the asset. We take all costs of disposal incurred in a year to the Comprehensive Income and Expenditure Statement, regardless of whether all the proceeds of the related sale have been received. Up to 4% of a capital receipt may be used to meet these disposal costs.

The carrying value of the asset (the net book value after depreciation transferred to the Capital Adjustment Account) and the sale proceeds (transferred from the Capital Receipts Reserve) are also shown as reversing entries in the Movement in Reserves Statement so the level of council tax is not affected.

Intangible assets

Intangible assets are non-financial non-current assets that do not have physical substance and are controlled by the authority through custody or legal rights (such as software licences). We treat intangible assets in the same way as other non-current assets. We gradually reduce (amortise) the value of intangible assets on a straight-line basis over their useful life (up to 10 years) to reflect the consumption of the economic or service benefit and charge this to the

Comprehensive Income and Expenditure Statement. Intangible assets are initially valued at historic cost (the cost at which they were acquired).

Inventories

Inventories are materials or supplies that will be consumed in producing goods or providing services. The highways, roads and transport services stocks are valued at the cost of replacing them. Other stocks are valued at the cost we paid for them. These methods of valuing stocks are different from the methods set out by the CIPFA code. This does not have a major effect on the financial statements.

Investment property

Investment property assets are those held for rental purposes or capital value appreciation. They are not used for the delivery of services. It is initially measured at cost. Investment property is not depreciated but is revalued at fair value every year. For investment property, fair value is the amount for which the asset could be exchanged for between knowledgeable parties at arms-length. Gains and losses on revaluation are shown in the financing and investment income and expenditure line as disposal as well as any rental income in the Comprehensive Income and Expenditure Statement.

Leases

Leases can be designated as either finance leases or operating leases. Finance leases are those where substantially all the risks and rewards relating to the leased asset transfer to the Council. All other leases are operating leases.

Finance leases

We deal with finance leases in the same way as other capital spending. We have included these as assets in the balance sheet and charge depreciation on them. Rentals are apportioned between a charge for the acquisition of the asset (recognised as a liability in the Balance Sheet at the start of the lease and written down annually as rent becomes payable) and a finance charge made each year to the Comprehensive Income and Expenditure Statement.

Operating leases

The vast majority of our lease-rental payments are assessed to be operating leases and are charged evenly to the Comprehensive Income and Expenditure Statement over the life of the lease.

Where we grant an operating lease over a property or item of plant or equipment the asset is retained on the Balance Sheet and the rental income is credited to the Comprehensive Income and Expenditure Statement.

Minimum Revenue Provision

We are required to make an annual contribution from revenue for the repayment of our debt as approved in our Treasury Management Policy. This is known as the Minimum Revenue Provision (MRP). We calculate MRP on a straight line basis using the average remaining useful life of our asset portfolio over the two asset categories of:

- Land, buildings and infrastructure
- Vehicles, plant and equipment

Overheads and support service costs

In accordance with the CIPFA Service Reporting Code of Practice 2014/15 all support service costs are apportioned fully to services on a relevant basis. These include employee numbers, IT network access users and gross spend. The two categories of cost that are not charged out to services are corporate and democratic core costs and non-distributed costs (see glossary).

Property, plant and equipment

Assets that have a physical substance and are held for use in the production or supply of services and that are expected to be used during more than one financial year are classified as property, plant and equipment (PPE).

Recognition

Our spending on buying, creating or improving PPE is classed as capital spending on an accruals basis provided that it is probable that the future economic benefits or service associated with the item will flow to us and the cost of the item can be measured reliably. Spending that does not provide a significant benefit in terms of value, asset life, or service performance or which falls below our de-minimis level of £6,000 is charged to our revenue account in full in the year it occurs.

Measurement

Assets are initially measured at cost comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Assets are valued on the basis set out by CIPFA and in line with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institute of Chartered Surveyors. Our own qualified members of the Royal Institution of Chartered Surveyors carry out valuations alongside any external valuers appointed by the Council.

The closing balances on 31 March 2015 were valued in the following ways:

- Land and buildings are included in the Balance Sheet at their fair value based on their existing use. However, where there is insufficient market valuation evidence some land and buildings, for example schools, are included in the Balance Sheet at a depreciated replacement cost. Surplus assets which are not likely to be disposed of in the next twelve months are valued as their previous use.
- We have included assets that we do not use in our day-to-day work, including investment properties and assets we intend to sell within the next twelve months, in the Balance Sheet at their fair value. These assets are revalued every year.
- We have included infrastructure assets, such as roads and bridges and community assets, vehicles and equipment in the Balance Sheet at the amount they cost when brought into use less an annual charge for depreciation. These assets are valued in this way because there is no meaningful market data available to calculate an existing use value.
- The valuation of heritage assets is disclosed in the accounting policy on heritage assets on page 26.

We revalue all those PPE assets which are held at a value other than depreciated historic cost at least once every five years. In line with this policy our PPE assets were revalued at 31 March 2014. Based on the professional assessment by our valuer we also adjust for any changes to the value of assets in between these five-yearly revaluations as they happen, whether due to events affecting groups of assets or single assets, and we review the need to revalue any asset where there has been more than £0.250 million spend each year. When assets are revalued, if they are worth more than we paid for them we add the difference to the Revaluation Reserve.

Impairments and revaluation losses

If the value goes down across a group of assets for the same reason, we regard this as a revaluation loss. If events occur which lead to the value of an individual asset reducing, we regard this as an impairment loss. Both types of loss are charged to any Revaluation Reserve balance held for that asset, up to the balance available, with the remainder being charged to the Comprehensive Income and Expenditure Statement. This charge is then reversed out in the Movement in Reserves Statement so that there is no impact on council tax.

Depreciation

Depreciation is an accounting estimate used to spread the cost of an asset over its useful economic life. We charge depreciation cost on buildings over our valuers estimate of their useful economic life (between 10 and 62 years), on roads and bridges over 30 years, and on vehicles and equipment over their own useful lives (between 3 and 12 years for vehicles and between 3 and 25 years for equipment).

The cost of depreciation is calculated according to the following:

- Our new assets are depreciated from the start of the next financial year after they are ready to be used.
- Assets or projects that are incomplete are classified as assets under construction on the Balance Sheet and are recorded at historic cost and not depreciated.
- Depreciation is calculated on a straight-line basis meaning that an assets value falls equally each year throughout its life. If the gross value of the asset changes due to expenditure, impairment or revaluation, the depreciation charge will change in the following year.
- We generally charge depreciation on buildings as a single asset. However, if we determine that the value of major components within an asset are material with respect to the overall value of that asset, and that the lifetime of these components is significantly shorter than the remaining useful economic life of the asset, the major component is depreciated separately.

We do not charge depreciation on land we own, as it does not have a limited useful life, nor on investment properties or assets held for sale. Similarly, heritage assets are generally assessed to have infinite lives and so are not depreciated.

As part of the revaluation of our land and buildings estate in 2013/14 valuers supplied new estimates of our assets' useful economic lives. These estimates are reflected in the depreciation charges for 2014/15.

Provisions

We put amounts of money aside to meet specific service payments. For these to count as provisions, they need to pass three tests:

- They must be the result of a past event.
- A reliable estimate can be made.
- There must be a clear responsibility to make this future payment because of the past event.

Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement when we become aware that it is probable a payment will be required. The provision is based on the best estimate of the likely settlement. When payments are made they are charged to the provision already set up in the Balance Sheet.

Reserves

We keep reserves to pay for spending on projects we will carry out in future years, and to protect us against unexpected events. Reserves include 'earmarked reserves' which we set aside for certain policy purposes and other general reserves which represent resources set aside for purposes such as general events and managing our cash flow. By law, schools are entitled to keep any of their budgets they have not spent. These amounts are shown separately from other reserves.

Reserves are created by appropriating amounts in the Movement in Reserves Statement (MIRS). When expenditure is financed from a reserve, the expenditure itself is charged to the appropriate service line in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the general fund via the MIRS so that there is no net charge against council tax.

Other reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources:

- The capital accounting system requires us to maintain a number of accounts/reserves in the Balance Sheet. Details of the purpose and movements in these reserves (the Revaluation Reserve, Capital Adjustment Account, Financial Instruments Adjustment Account and the Available for Sale Financial Instruments Reserve) are shown in note 19 to the accounts on page 46.
- We keep a separate reserve to hold unused cash we receive from non-current assets. This is described in the Balance Sheet as the 'Capital Receipts Reserve'.
- We hold capital grants and contributions we receive (or are due to receive) which are not used to pay for capital spending in the year in a reserve called 'Capital Grants Unapplied' if there are no remaining conditions on their use.
- We maintain a 'Collection Fund Adjustment Account' which holds the difference between the amount required to be shown in the Comprehensive Income and Expenditure Statement for council tax and business rates and that required by legislation to be taken against the General Fund.
- We maintain a Compensated Absences Reserve to hold the amount we have to accrue for post-employment benefits such as annual leave earned but untaken at the year-end so as not to affect the level of Council Tax.

Revenue expenditure funded from capital under statute

We undertake capital spending during the year to support the provision of services that does not result in the creation of an asset we own. Any money we spend on these assets must be charged to the Comprehensive Income and Expenditure Statement but is funded from capital resources not council tax. To make sure that the council tax is not affected, we then make an adjustment equal to the total to reverse this and charge it to the Capital Adjustment Account.

School Assets

The balance of control for local authority maintained schools is deemed to lie with the local authority. We therefore recognise schools assets, liabilities, reserves and cash flows in our financial statements as if there were transactions, cash flow and balances of the authority. Any asset provided by a third party and consumed in the provision of an education service with schools or donated to the school will be treated as a donated asset.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. We are subject to Partial Exemption. This means that, as long as the VAT we claim on purchases used to generate exempt incomes is less than 5% of all VAT claimed on purchases in the year, we can claim all our VAT back in full.

Notes to the Core Financial Statements

Note 1: Adjustments between accounting basis and funding basis under regulations

Adjustments between accounting basis and funding basis under regulations - 2014/15	General Fund Balance	Capital Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves net spending
	£ m	£ m	£ m	£ m	£ m
Adjustments primarily involving the Capital Adjustment Account					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):</u>					
~ Charges for depreciation of non-current assets	38.0				-38.0
~ Revaluation losses on property, plant and equipment non-current assets	0.6				-0.6
~ prior period adjustments revaluatiosn through NCS	0.2				-0.2
~ Movements in the market value of investment properties	-5.8				5.8
~ Amortisation of intangible assets	0.5				-0.5
~ Capital grants and contributions applied	-60.8				60.8
~ Revenue expenditure funded from capital under statute	10.0				-10.0
~ Amounts of non-current assets written off on disposal to the CIES	25.6				-25.6
<u>Insertion of items not debited or credited to the CIES</u>					
~ Statutory provision for the repayment of debt	-15.9				15.9
~ Capital expenditure charged to the General Fund Balance	-7.2				7.2
Adjustments primarily involving the Capital Grants Unapplied Account					
~ Capital grants and contributions unapplied credited to the CIES	7.2			-7.2	0.0
~ Application of grants to capital financing transferred to Capital Adjustment Account	-6.8			6.8	0.0
Adjustments primarily involving the Capital Receipts Reserve					
~ Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-9.2		9.2		0.0
~ Use of the Capital Receipts Reserve to finance new capital expenditure			-9.1		9.1
~ Contribution from the Capital Receipts Reserve/Capital Fund to administrative costs of non-current asset disposals	0.1		-0.1		0.0
Adjustments primarily involving the Financial Instruments Adjustment Account					
~ Proportion of discounts received in previous years to be credited to the General Fund Balance in accordance with statutory requirements	0.1				-0.1
Adjustments primarily involving the Pensions Reserve					
~ Grant funding of fire-fighters pension liabilities	-4.7				4.7
~ Reversal of net charges made for retirement benefits in accordance with IAS 19	60.1				-60.1
~ Employers pensions contributions and direct payments to pensioners payable in the year	-38.2				38.2
Adjustments primarily involving the Collection Fund Adjustment Account					
~ Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	0.4				-0.4
~ Amount by which business rates income credited to the CIES is different from business rates income calculated for the year in accordance with statutory requirements	0.7				-0.7
Adjustment primarily involving the Accumulated Absences Account					
~ Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-0.1				0.1
Total adjustments	-5.2	0.0	0.0	-0.4	5.6

Adjustments between accounting basis and funding basis under regulations - 2013/14 Restated	General Fund Balance £ m	Capital Fund £ m	Capital Receipts Reserve £ m	Capital Grants Unapplied £ m	Movement in Unusable Reserves net spending £ m
Adjustments primarily involving the Capital Adjustment Account					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):</u>					
~ Charges for depreciation of non-current assets	47.0				-47.0
~ Revaluation losses on property, plant and equipment assets	66.1				-66.1
~ Gain on held for sale assets	0.1				-0.1
~ Movements in the market value of investment properties	-1.0				1.0
~ Amortisation of intangible assets	0.5				-0.5
~ Capital grants and contributions applied	-46.0				46.0
~ Revenue expenditure funded from capital under statute	9.3				-9.3
~ Amounts of non-current assets written off on disposal to the CIES	50.6				-50.6
<u>Insertion of items not debited or credited to the CIES</u>					
~ Statutory provision for the repayment of debt	-16.7				16.7
~ Capital expenditure charged to the General Fund Balance	-13.4				13.4
Adjustments primarily involving the Capital Grants Unapplied Account					
~ Capital Grants and contributions unapplied credited to the CIES	3.3			-3.3	0.0
~ Application of Grants to capital financing transferred to Capital Adjustment Account	-7.2			7.2	0.0
Adjustments primarily involving the Capital Receipts Reserve					
~ Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-16.2		16.2		0.0
~ Use of Capital Receipts Reserve to finance new capital expenditure			-16.2		16.2
~ Contribution from Capital Receipts Reserve to administrative costs of non-current asset disposals	-0.6	0.6			0.0
Adjustments primarily involving the Financial Instruments Adjustment Account					
~ Proportion of discounts received in previous years to be credited to the General Fund Balance in accordance with statutory requirements	0.1				-0.1
Adjustments primarily involving the Pensions Reserve					
~ Grant funding of fire-fighters pension liabilities	-3.7				3.7
~ Reversal of net charges made for retirement benefits in accordance with IAS 19	74.8				-74.8
~ Employers pensions contributions and direct payments to pensioners payable in the year	-35.3				35.3
Adjustments primarily involving the Collection Fund Adjustment Account					
~ Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	-3.7				3.7
~ Amount by which business rates income credited to the CIES is different from business rates income calculated for the year in accordance with statutory requirements	1.1				-1.1
Adjustment primarily involving the Accumulated Absences Account					
~ Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1.9				-1.9
Total adjustments	111.0	0.6	0.0	3.9	-115.5

Note 2: Transfers to/from earmarked reserves

Movement in earmarked reserves	Balance at 1 April	Transfers		Balance at 31 March	Transfers		Balance at 31 March
	2013	Out	In	2014	Out	In	2015
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Schools Balances (under a scheme of delegation)	18.9	-1.4	0.0	17.5	-3.1	0.0	14.4
Insurance Fund	8.0	0.0	1.0	9.0	-0.7	0.2	8.5
DSG Reserve	0.2	0.0	1.0	1.2	-1.2	0.0	0.0
Equal Pay Reserve	1.7	-1.7	0.0	0.0	0.0	0.0	0.0
IT for Schools	-0.1	0.0	0.1	0.0	-0.2		-0.2
PFI Credits Reserve	0.6	-0.4	0.0	0.2	-0.2		0.0
NNDR Appeals Reserve	0.0	0.0	1.0	1.0			1.0
NNDR Pool Reserve	0.0	-0.5	0.0	-0.5		0.4	-0.1
Service Realignment Fund	1.2	0.0	10.1	11.3		0.6	11.9
Capacity Building Fund	0.9	0.0	0.5	1.4			1.4
Elections Reserve	0.3	-0.3	0.0	0.0		0.2	0.2
Medium Term Contingency	13.3			13.3		7.2	20.5
Social Care Support Savings	12.4	-3.6		8.8		3.5	12.3
Strategic Commissioning Savings	2.5		5.5	8.0	-3.2		4.8
Other Business Unit savings and earmarked reserves (net movement)	27.6	-0.3		27.3		7.6	34.9
Total	87.5	-8.2	19.2	98.5	-8.6	19.7	109.6

The money that Business Units set aside is held to make sure that they can meet future known budget commitments, and that the services will have the resources to react to any unexpected events. Details of reserves held by Business Units are reported to Elected Members on a regular basis as part of our One Organisational Plan Progress Report. Reports and are available via www.warwickshire.gov.uk.

Note 3: Restatement of prior year figures

In accordance with our agreed policy for accounting for schools we added £325.0 million to our property plant and equipment on 1 April 2013. This resulted in an increase of the same amount in our property, plant and equipment from £971.1 million to £1,296.1 million. This adjustment was also posted to the Capital Adjustment Account (an unusable reserve) on that date. This has resulted in an increase in the Balance Sheet Net Assets and Total Reserves from £108.2 million to £433.2 million. All financial statements and associated notes have been adjusted accordingly.

Note 4: Other operating expenditure

2013/14 £ m	Other operating expenditure	2014/15 £ m
0.2	Levies - Environment Agency Levy	0.2
0.1	Gains (-) / losses on disposal of current assets - held for sale	0.0
34.2	Losses on disposal/transfer of non-current assets	16.6
34.5		16.8

Note 5: Financing and investment income and expenditure

2013/14 £ m	Financing and investment income and expenditure	2014/15 £ m
19.1	Interest payable and similar charges	18.9
29.3	Net interest on the net defined benefit liability (asset)	28.1
-1.1	Interest receivable and similar income	-2.7
-11.2	Trading account income	-12.3
12.4	Trading account expenditure	12.0
-1.0	Income and expenditure on investment properties and changes in their fair value	-5.8
0.0	Other investment expenditure	0.2
-0.2	Other investment income	-0.2
47.3		38.2

Note 6: Taxation and non-specific grant income and expenditure

2013/14 £ m	Taxation and Non Specific Grant Incomes	2014/15 £ m
213.0	Council tax income	221.4
	Non domestic rates income and expenditure	
33.8	~ Retained business rates	34.5
21.6	~ Business rates top up	22.8
0.1	Business rates pool growth (WCC share)	0.1
84.2	Revenue Support Grant	73.4
	Other non-ringfenced Government grants	
3.7	~ Fire Pensions Fund Grant (gain)	4.7
27.1	~ Revenue grants	25.5
44.7	~ Capital grants and contributions	55.0
428.2		437.4

Note 7: Segmental reporting

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by our Cabinet and full Council on the basis of budget reports analysed across groups.

These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairments losses in excess of the balance in the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year; and
- Expenditure on some support services is budgeted for centrally and not charged to groups.

The income and expenditure of our services recorded in the end-of-year One Organisation Plan Year End Report is shown in the tables below. The report can be accessed via our committee administration system at www.warwickshire.gov.uk.

Segmental reporting analysis 2014/15	People Group	Communities Group	Fire and Rescue Service	Resources Group	Other Services	Schools	Total
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Fees, charges and other service income	-36.2	-26.8	-0.4	-13.9	0.2	-16.5	-93.6
Government grants	-2.3	-5.8	0.0	-0.2	-177.1	-267.7	-453.1
Interest and investment income	0.0	0.0	0.0	0.0	-2.7	0.0	-2.7
Total income	-38.5	-32.6	-0.4	-14.1	-179.6	-284.2	-549.4
Employee expenses	50.0	44.0	16.1	48.6	3.6	184.8	347.1
Other service expenses	172.6	168.8	4.8	14.5	36.7	53.9	451.3
Support service recharges	15.8	13.1	2.8	-34.9	3.4	0.0	0.2
Total operating expenses	238.4	225.9	23.7	28.2	43.7	238.7	798.6
Cost of services	199.9	193.3	23.3	14.1	-135.9	-45.5	249.2

Segmental reporting analysis 2013/14	People Group	Communities Group	Fire and Rescue Service	Resources Group	Other Services	Schools	Total
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Fees, charges and other service income	-39.7	-21.8	-0.2	-12.3	-1.2	-18.8	-94.0
Government grants	-4.6	-2.7	0.0	-0.1	-187.9	-275.1	-470.4
Interest and investment income	0.0	0.0	0.0	0.0	-1.1	0.0	-1.1
Total income	-44.3	-24.5	-0.2	-12.4	-190.2	-293.9	-565.5
Employee expenses	66.8	25.1	16.3	48.7	-5.9	194.7	345.7
Other service expenses	244.6	87.5	4.5	14.2	49.6	65.3	465.8
Support service recharges	19.2	8.1	2.9	-33.3	3.4	0.0	0.3
Total operating expenses	330.6	120.7	23.7	29.6	47.2	260.0	811.8
Cost of services	286.3	96.2	23.5	17.2	-143.0	-33.9	246.3

In 2014/15 the operational management of Education and Learning transferred from People Group to Communities Group. This is the major reason for the change in the figures between financial years.

Reconciliation of Group income and expenditure to cost of services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of group income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2013/2014 £ m	Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	2014/2015 £ m
246.3	Cost of services in service analysis	249.2
82.4	Add amounts not reported to management	-1.1
118.2	Remove amounts reported to management not included in CIES	117.5
446.9	Net cost of services in CIES	365.6

Reconciliation to subjective analysis - 2014/15	Service analysis £ m	Not reported to management £ m	Not included in CIES £ m	Net cost of services £ m	Corporate amounts £ m	Total £ m
Fees, charges and other service income	-93.6	0.0	12.5	-81.1	-12.5	-93.6
Government grants and contributions	-453.1	-5.5	156.9	-301.7	-216.0	-517.7
Interest and investment income	-2.7	0.0	2.7	0.0	-8.5	-8.5
Income from council tax	0.0	0.0	0.0	0.0	-221.4	-221.4
Total income	-549.4	-5.5	172.1	-382.8	-458.4	-841.2
Employee expenses	347.1	-6.3	0.0	340.8	0.0	340.8
Other service expenses	451.3	10.1	-54.6	406.8	40.3	447.1
Support service recharges	0.2	0.0	0.0	0.2	0.0	0.2
Impairment and revaluation losses	0.0	0.6	0.0	0.6	0.0	0.6
Interest payments	0.0	0.0	0.0	0.0	18.9	18.9
Precepts and levies	0.0	0.0	0.0	0.0	0.2	0.2
Gain or loss on disposal of fixed assets	0.0	0.0	0.0	0.0	16.6	16.6
Total operating expenses	798.6	4.4	-54.6	748.4	76.0	824.4
Surplus (-)/deficit on the provision of services	249.2	-1.1	117.5	365.6	-382.4	-16.8

Reconciliation to subjective analysis - 2013/14 Restated	Service analysis £ m	Not reported to management £ m	Not included in CIES £ m	Net cost of services £ m	Corporate amounts £ m	Total £ m
Fees, charges and other service income	-94.0	0.0	11.4	-82.6	-11.4	-94.0
Government grants and contributions	-470.4	-5.2	167.9	-307.7	-216.2	-523.9
Interest and investment income	-1.1	0.0	1.1	0.0	-1.1	-1.1
Income from council tax	0.0	0.0	0.0	0.0	-213.0	-213.0
Total income	-565.5	-5.2	180.4	-390.3	-441.7	-832.0
Employee expenses	345.7	12.2	0.0	357.9	0.0	357.9
Other service expenses	465.8	9.3	-62.2	412.9	41.8	454.7
Support service recharges	0.3	0.0	0.0	0.3	0.0	0.3
Impairment and revaluation losses	0.0	66.1	0.0	66.1	0.0	66.1
Interest payments	0.0	0.0	0.0	0.0	19.1	19.1
Precepts and levies	0.0	0.0	0.0	0.0	0.2	0.2
Gain or loss on disposal of fixed assets	0.0	0.0	0.0	0.0	34.2	34.2
Total operating expenses	811.8	87.6	-62.2	837.2	95.3	932.5
Surplus (-)/deficit on the provision of services	246.3	82.4	118.2	446.9	-346.4	100.5

Note 8: Property, plant and equipment

	Land and buildings	Surplus assets	Vehicles, machinery, furniture and equipment	Roads and bridges	Country parks & open spaces	Assets under construction	Total
Property, plant and equipment Restated	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Gross book value at 1 April 2014	860.5	3.8	56.6	468.4	3.3	21.2	1,413.8
Depreciation balance at 1 April 2014	-1.1	-0.1	-35.5	-115.8	0.0	0.0	-152.5
Net book value at 1 April 2014	859.4	3.7	21.1	352.6	3.3	21.2	1,261.3
Changes in the year							
~ opening balance adjustment	0.3	0.0	0.0	0.0	0.0	0.0	0.3
~ reclassifications	1.1	-0.1	0.0	0.0	0.0	2.8	3.8
~ spending on assets	19.7	0.0	3.4	25.6	0.1	15.9	64.7
~ land swap gain	1.0	0.0	0.0	0.0	0.0	0.0	1.0
~ transfer of assets under construction to operational assets on project completion	6.7	0.0	0.6	3.4	0.0	-11.2	-0.5
~ value of assets we have sold/transferred	-20.8	-1.2	-2.3	0.0	0.0	-2.9	-27.2
~ changes in the value of assets: revaluation	-6.3	0.0	0.0	0.0	0.0	0.0	-6.3
Depreciation							
~ opening balance adjustment on depreciation	1.0	0.1	-1.1	0.0	0.0	0.0	0.0
~ depreciation written off on revaluation	2.5	0.0	0.0	0.0	0.0	0.0	2.5
~ depreciation written off on disposal	0.4	0.0	2.2	0.0	0.0	0.0	2.6
~ depreciation	-16.7	-0.1	-5.5	-15.6	-0.1	0.0	-38.0
Net book value at 31 March 2015	848.3	2.4	18.4	366.0	3.3	25.8	1,264.2
Gross book value at 31 March 2015	862.2	2.5	58.3	497.4	3.4	25.8	1,449.6
Depreciation balance at 31 March 2015	-13.9	-0.1	-39.9	-131.4	-0.1	0.0	-185.4
Net book value at 31 March 2015	848.3	2.4	18.4	366.0	3.3	25.8	1,264.2

The property, plant and equipment note as at 31 March 2014 has been restated and a restated comparator at 31 March 2013 is also shown. These restatements are as a result of the change in accounting policies for school assets. Details of this are shown in note 3 on page 33.

Assets we have sold or transferred mainly relate to schools that have transferred to Academy status during the year.

Property, plant and equipment	Land and buildings £ m	Surplus assets £ m	Vehicles, machinery, furniture and equipment £ m	Roads and bridges £ m	Country parks & open spaces £ m	Assets under construction £ m	Total £ m
Gross book value at 1 April 2013	640.3	7.2	55.3	433.5	3.5	28.8	1,168.6
Depreciation balance at 1 April 2013	-62.8	0.0	-33.0	-101.4	-0.3	0.0	-197.5
Gross book Value Prior Period Adjustment	325.0	0.0	0.0	0.0	0.0	0.0	325.0
Restated Net book value at 1 April 2013	902.5	7.2	22.3	332.1	3.2	28.8	1,296.1
Changes in the year							
~ reclassifications	-17.1	-0.5	0.0	0.0	0.0	0.0	-17.6
~ spending on assets	19.8	0.1	3.5	26.0	0.4	16.2	66.0
~ transfer of assets under construction to operational assets on project completion	14.6	0.0	0.0	8.9	0.0	-23.6	-0.1
~ value of assets we have sold/transferred	-41.0	0.0	-2.2	0.0	0.0	-0.2	-43.4
~ changes in the value of assets: revaluation	-121.5	-3.2	0.0	0.0	-0.7	0.0	-125.4
~ reversal of prior year impairments and revaluation losses	40.4	0.2	0.0	0.0	0.1	0.0	40.7
Depreciation							
~ opening balance adjustment	-1.0	-0.1	1.1	0.0	0.0	0.0	0.0
~ reclassifications	0.3	-0.3	0.0	0.0	0.0	0.0	0.0
~ depreciation written off on revaluation	84.9	0.4	0.0	0.0	0.4	0.0	85.7
~ depreciation written off on disposal	4.2	0.0	2.1	0.0	0.0	0.0	6.3
~ depreciation	-26.7	-0.1	-5.7	-14.4	-0.1	0.0	-47.0
Restated Net book value at 31 March 2014	859.4	3.7	21.1	352.6	3.3	21.2	1,261.3
Gross book value at 31 March 2014	860.5	3.8	56.6	468.4	3.3	21.2	1,413.8
Depreciation balance at 31 March 2014	-1.1	-0.1	-35.5	-115.8	0.0	0.0	-152.5
Restated Net book value at 31 March 2014	859.4	3.7	21.1	352.6	3.3	21.2	1,261.3

Our land and building assets includes schools, fire stations, libraries, waste disposal sites and other buildings. Our expenses on sale of assets are funded through the Capital Fund.

The property, plant and equipment note as at 31 March 2014 has been restated and a restated comparator at 31 March 2013 is also shown. These restatements are as a result of the change in accounting policies for school assets. Details of this are shown in note 3 on page 33.

Depreciation – see accounting policies on page 29.

Capital commitments

At 31 March 2015, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2015/16 and future years. The total of those payments we were still due to make on capital schemes that were not yet finished, or which we had not finished paying for totals £26.7 million. Similar commitments at 31 March 2014 were £16.6 million.

The four largest outstanding commitments are as follows:

- 1 British Telecom (roll out of superfast broadband) - £17.1 million
- 2 M40 Main construction contract – for the construction of Junction 12 of the M40 – £6.2 million
- 3 Coten End Primary School - £1.2 million
- 4 Stratford footbridge - £0.7m

Effects of changes in estimates

There have been no material changes to our accounting estimates for property, plant and equipment in 2014/15.

Revaluations

See Accounting Policies on page 28.

Note 9: School property plant and equipment

The value of our school property, plant and equipment is £715.3 million (2013/14 restated- £720.6 million and 2012/13 restated - £709.4 million). The table below shows a breakdown across the various types of school.

School Property, plant and equipment At 31 March 2015	Land £ m	Buildings £ m	Other Assets £ m	Total £ m
Community Schools	164.3	215.2	4.4	383.9
Voluntary Aided Schools	73.1	75.3	0.0	148.4
Voluntary Controlled Schools	71.8	68.3	0.0	140.1
Foundation Schools	24.7	18.3	0.0	43.0
Net book value at 31 March 2015	333.9	377.1	4.4	715.3

Table may not sum due to roundings

Whilst we recognise the assets of voluntary aided, voluntary controlled and foundation schools in our accounts we do not have the right to access or dispose of these assets to settle any liabilities. We have no donated school assets.

School Property, plant and equipment At 31 March 2014 (Restated)	Land £ m	Buildings £ m	Other Assets £ m	Total £ m
Community Schools	175.7	213.8	5.2	394.7
Voluntary Aided Schools	73.1	72.3	0.0	145.4
Voluntary Controlled Schools	71.8	66.0	0.0	137.8
Foundation Schools	24.7	18.1	0.0	42.8
Net book value at 31 March 2014	345.2	370.2	5.2	720.6

Table may not sum due to roundings

School Property, plant and equipment At 31 March 2013 (Restated)	Land £ m	Buildings £ m	Other Assets £ m	Total £ m
Community Schools	169.1	209.5	5.7	384.3
Voluntary Aided Schools	73.1	72.3	0.0	145.4
Voluntary Controlled Schools	71.8	65.1	0.0	136.9
Foundation Schools	24.7	18.1	0.0	42.8
Net book value at 31 March 2013	338.7	365.0	5.7	709.4

Table may not sum due to roundings

Note 10: Heritage assets

The net book value of the heritage assets we hold is £4.0 million (£4.0m in 2013/14). There have been no significant acquisitions during 2014/15 and there have not been any significant disposals of heritage assets.

Details of our recognition and valuation policy in relation to heritage assets is shown in our accounting policies on page 26. More detailed information about the specific heritage assets we hold is on our web-site www.warwickshire.gov.uk

Note 11: Investment properties

We have classified a number of properties as investment properties most of which are leased out to third parties under operating leases i.e. they are held with the specific purpose of generating income.

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement:

31 March 2014 £ m	Investment properties	31 March 2015 £ m
-0.3	Direct net operating expense arising from investment property	0.0
-0.3	Net gain/loss (-)	0.0

There are no restrictions on our ability to realise the value inherent in our investment property or on our right to the remittance of income and the proceeds of disposal. We have no contractual obligations to purchase, construct or develop investment property or for its repair, maintenance.

The following table summarises the movement in the fair value of investment properties over the year.

31 March 2014 £ m	Investment properties	31 March 2015 £ m
20.5	Balance at the start of the year	25.5
0.0	Opening balance adjustment	0.7
16.8	Reclassifications	-3.9
0.1	Additions	1.2
-12.9	Disposals	-0.1
1.0	Net gains/losses (-) from fair value adjustments	5.8
25.5	Balance at the end of the year	29.2

Note 12: Intangible Assets

We account for our software as intangible assets, to the extent that the software is not an integral part of a particular IT system and is accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licences and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority. The useful lives assigned to the major software suite for HR and the financial suite is 10 years. They are valued at historic cost.

We do not hold any patents. We have not incurred any spending on software licences and development in 2014/15 (£0.1 million in 2013/14). We own a number of software licences across the authority which are written off to revenue over their expected useful lives (between 3 and 10 years) as above. The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.5 million charged to revenue in 2014/15 was charged to a number of services, some of which was absorbed as an overhead and charged across all service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset balances during the year is as follows:

Software licences we have bought 2013/14 £ m	Intangible assets	Software licences we have bought 2014/15 £ m
3.9	Gross book Value at 1 April	3.7
-1.7	Amortisation balance at 1 April	-2.0
2.2	Net book value at 1 April	1.7
	Changes in the year	
0.0	- Opening Balance Adjustment	0.1
0.1	- Spending on assets	0.0
0.0	- Transfer from work in progress to complete	0.5
-0.3	- Value of assets we have sold	0.0
	Amortisation	
-0.1	- Opening balance adjustment	0.1
0.2	- Depreciation written off on disposal	0.0
-0.4	- Amortisation	-0.5
1.7	Net book value at 31 March	1.9
3.7	Gross book Value at 31 March	4.3
-2.0	Amortisation balance at 31 March	-2.4
1.7	Net book value at 31 March	1.9

Note 13: Financial instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

Financial Assets and liabilities	31 March 2014			31 March 2015		
	Current £m	Long-term £m	Total £m	Current £m	Long-term £m	Total £m
Financial Assets						
Investments:						
- Loans and receivables	81.6	0.0	81.6	71.0	0.0	71.0
- Available-for-sale financial assets	0.0	0.0	0.0	0.0	0.3	0.3
- Financial assets at fair value through profit and loss	0.0	0.0	0.0	47.5	0.0	47.5
Total investments	81.6	0.0	81.6	118.5	0.3	118.8
Debtors:						
- Loans and receivables	0.0	0.1	0.1	0.0	0.0	0.0
- Financial assets carried at contract amounts	27.5	0.0	27.5	30.1	0.0	30.1
Total Debtors	27.5	0.1	27.6	30.1	0.0	30.1
Cash:						
- Loans and receivables (cash and cash equivalents)	152.2	0.0	152.2	147.9	0.0	147.9
Total Cash: asset	152.2	0.0	152.2	147.9	0.0	147.9
Total Financial assets	261.3	0.1	261.4	296.5	0.3	296.8

Financial Assets and liabilities	31 March 2014			31 March 2015		
	Current £m	Long-term £m	Total £m	Current £m	Long-term £m	Total £m
Financial Liabilities						
Borrowings:						
~ Financial liabilities at amortised cost	2.5	383.5	386.0	5.1	378.4	383.5
Total Borrowings	2.5	383.5	386.0	5.1	378.4	383.5
Creditors:						
~ Financial liabilities at contractual amounts	58.9	0.0	58.9	65.4	0.0	65.4
Other short term liabilities:						
~ Other financial liabilities - finance leases	0.1	0.0	0.1	0.0	0.0	0.0
Total	59.0	0.0	59.0	65.4	0.0	65.4
Total Financial Liabilities	61.5	383.5	445.0	70.5	378.4	448.9

Reconciliation to Balance Sheet carrying amounts	2013/14 £m	2014/15 £m
Debtors that are financial instruments	27.5	30.1
Debtors that are not financial instruments	18.1	19.3
Total Debtors	45.6	49.4
Creditors that are financial instruments	58.9	65.4
Creditors that are not financial instruments	16.5	18.8
Total Creditors	75.4	84.2

Comparison with Fair Values	2013/14 £m	2014/15 £m
Financial Assets at carrying amount	261.4	296.8
Financial Assets at fair value	261.4	296.8
Effects of fair value	0.0	0.0
Financial Liabilities at carrying amount	445.0	448.9
Financial Liabilities at fair value	488.2	582.7
Effects of fair value	43.2	133.8

	Interest expense in (Surplus)/Deficit on the Provision of Services		Investment income in (Surplus)/Deficit on the Provision of Services		Gain or (loss) on revaluation of financial assets in Other Comprehensive Income and Expenditure	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Interest paid and investment income received	£m	£m	£m	£m	£m	£m
- Financial liabilities at amortised cost	-19.1	-18.9	0.0	0.0	0.0	0.0
- Financial assets (loans and receivables)	0.0	0.0	1.1	2.7	0.0	0.0
- Financial assets (at fair value through profit and loss)	0.0	0.0	0.0	0.0	0.0	2.5
- Financial assets (available for sale)	0.0	0.0	0.0	0.0	-0.1	0.1

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

The difference between the long term borrowing nominal amounts carried in the Balance Sheet and their fair value is based on a calculation that uses new loan rates to estimate what it would cost to borrow a similar portfolio of loans at the Balance Sheet date.

In assessing fair value we have made the following assumptions:

- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Note 14: Debtors

31 March 2014 £ m	Short-term debtors	31 March 2015 £ m
6.3	Central Government bodies	5.9
-0.2	- less bad debts	-0.2
3.5	VAT (due to us)	4.7
3.4	Other local authorities	4.4
1.6	Health Service bodies	2.2
0.1	Public Corporations	0.0
1.3	Collection Fund debtors (billing authorities)	0.7
8.2	Council tax debtors	8.4
-2.0	- less bad debts	-2.1
0.5	NNDR debtors	0.5
-0.2	- less bad debts	-0.2
24.2	Other entities and individuals	26.0
-1.1	- less bad debts	-0.9
45.6	Balance at the end of the year	49.4

Note 15: Cash and cash equivalents

31 March 2014 £ m	Cash and cash equivalents	31 March 2015 £ m
15.8	Cash held by the authority (including schools and imprest accounts)	20.9
44.6	Bank current accounts (call accounts and instant access deposit accounts)	105.2
91.8	Short-term deposits with building societies and other institutions less than 3 months maturity	21.8
152.2	Total cash and cash equivalents	147.9

Note 16: Assets held for sale

31 March 2014 £ m	Current assets held for sale	31 March 2015 £ m
0.7	Balance outstanding at start of year	0.9
0.8	Assets newly classified as held for sale:	0.0
0.1	Spending on assets	0.0
-0.1	Revaluation losses	0.0
-0.6	Assets sold	-0.9
0.9	Balance outstanding at year end	0.0

Note 17: Creditors

31 March 2014 £ m	Creditors	31 March 2015 £ m
8.6	Central Government bodies	9.3
4.6	Other local authorities	3.8
1.9	Health Service bodies	2.5
0.1	Public corporations and trading funds	0.0
2.4	Council tax overpayments and prepayments	2.6
0.3	Business rates overpayments and prepayments	0.3
6.6	Accumulated absences accruals (IFRS)	6.5
0.9	Collection Fund amounts owed to billing authorities - council tax	1.0
0.1	Collection Fund amounts owed to billing authorities - business rates	0.0
49.9	Other entities and individuals	58.2
75.4	Balance at the end of the year	84.2

Note 18: Provisions

Our provisions total £7.2 million (£5.2 million 2013/14).

We have had to plan to reduce our staff numbers to deliver our savings programme over the next four years. We have accounted for these employment costs but only where the decisions taken are irreversible.

Our former liability insurers, Municipal Mutual Insurance (MMI) went into run-off (ceased to write new business) on 30 September 1992, following which a contingent Scheme of Arrangement became effective on January 1994 to ensure a smooth run-off should MMI subsequently be declared insolvent. In the event of the Scheme being triggered, claims paid by MMI after 30 September 1992 will be liable to claw back, at a percentage to be determined by the administrators, with subsequent claims to be paid in part at the same percentage. A recent Supreme Court judgement relating to

establishment of liability arising from mesothelioma claims under employers' liability policies has resulted in the increased possibility of the Scheme being triggered. We have set aside £2.4 million to cover the claw back and the outstanding claims.

We have to account for our share of non domestic rating appeals that are still to be resolved by the Valuation Office Agency (VOA) for the District and Borough Councils in Warwickshire. We have been informed that the VOA plan to have to have cleared all outstanding appeal decisions by summer 2015, so we have assumed that these settlements will be made within 1 year for the purposes of these accounts. The amount we have provided is £2.0 million.

We have reassessed the balance of liabilities between the county council and the Firefighters Pension Fund. The details are shown in pages 78 to 79. Some of the final costs are still uncertain and so a provision of £1.6 million has been included.

All other provisions, totalling £1.2 million, are individually insignificant.

Note 19: Usable Reserves

Movements in our usable reserves are detailed in the Movement in Reserves Statement on page 19 and in notes 1 and 2 on pages 31 to 33. A summary of revenue and capital usable reserves is shown below:

31 March 2014 £ m	Usable reserves	31 March 2015 £ m
18.4	General Fund	18.8
98.5	Earmarked Reserves	109.6
0.9	Capital Fund	1.0
0.0	Capital Receipts Reserve	0.0
7.3	Capital Grants Unapplied	6.9
125.1	Total usable reserves	136.3

Note 20: Unusable Reserves

31 March 2013 Restated £ m	31 March 2014 Restated £ m	Unusable reserves	31 March 2015 £ m
137.7	173.0	Revaluation Reserve	154.0
847.4	799.0	Capital Adjustment Account	840.0
0.4	0.3	Financial Instruments Adjustment Account	0.2
0.1	0.0	Available for Sale Financial Instruments Reserve	2.6
-4.7	-6.6	Accumulated Absences Reserve	-6.5
-0.1	2.5	Collection Fund Adjustment Account	1.4
-657.7	-665.4	Pensions Reserve	-827.4
323.1	302.8	Total unusable reserves	164.3

Revaluation Reserve

The Revaluation Reserve contains the gains we have made arising from increases in the value of our property, plant and equipment and intangible assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2013/14 £ m	Movement in the capital reserves and accounts - Revaluation Reserve	2014/15 £ m
137.7	Balance on 1 April	173.0
0.0	Opening balance adjustments	-0.3
43.0	Revaluation increases	0.0
-13.2	Revaluation decreases	0.0
37.3	Impairment offsets against Revaluation Reserve	-1.6
-12.8	Depreciation adjustment to Revaluation reserve	-6.5
-19.0	Value of asset disposals	-10.6
173.0	Balance on 31 March	154.0

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the financing of the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction and enhancement as depreciation, impairment and revaluation losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts we set aside as finance for the costs of acquisition, construction and enhancement.

The Account contains the accumulated gains and losses on investment properties and gains recognised on donated assets that we have yet to consume.

The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 1 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14 (Restated) £ m	Movement in the capital reserves and accounts - Capital Adjustment Account	2014/15 £ m
847.4	Balance on 1 April	799.0
0.0	Opening balance adjustments	1.4
-65.1	Revaluation decrease	3.7
12.8	Depreciation adjustment to Revaluation Reserve	6.5
-15.4	Value of asset disposals	-5.9
-9.3	Transfer of spending on assets we do not own	-10.0
-17.4	Transfers to and from the revenue account	-15.5
46.0	Money used to buy assets	60.8
799.0	Balance on 31 March	840.0

The Capital Adjustment Account as at 31 March 2014 has been restated and a restated comparator at 31 March 2013 is also shown. These restatements are as a result of the change in accounting policy for school assets. Details of this change are shown in note 3 on page 33.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. We use the Account to manage the discounts received on the early redemption of debt.

We have not received any discounts or paid any premiums in 2014/15.

31 March 2014 £ m	Financial Instruments Adjustment Account	31 March 2015 £ m
0.4	Balance on 1 April	0.3
-0.1	Proportion of discounts received in previous years to be credited to the General Fund Balance in accordance with statutory requirements	-0.1
0.3	Balance on 31 March	0.2

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains we have made arising from increases in the value of our investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost; or
- disposed of and the gains are realised.

31 March 2014 £ m	Available for Sale Financial Instruments Reserve	31 March 2015 £ m
0.1	Balance on 1 April	0.0
0.0	Unrealised gains/losses on financial assets not charged to the surplus/deficit on the provision of services	2.5
-0.1	Movement in valuation of investments not charged to Surplus/Deficit on the provision of services	0.1
0.0	Balance on 31 March	2.6

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31 March 2014 £ m	Movement in Accumulated Absences Account	31 March 2015 £ m
-4.7	Balance at 1 April	-6.6
4.7	Settlement or cancellation of accrual made at the end of the preceding year	6.6
-6.6	Amounts accrued at the end of the current year	-6.5
-1.9	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.1
-6.6	Balance at 31 March	-6.5

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due compared with the statutory arrangements for paying across amounts due to the General Fund.

31 March 2014 £ m	Movement in Collection Fund Adjustment Account	31 March 2015 £ m
-0.1	Balance at start of year	2.5
3.7	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-0.4
-1.1	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rate income calculated for the year in accordance with statutory requirements	-0.7
2.5	Balance at end of year	1.4

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. We account for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to be financed, as we make employer's contributions to pension funds or eventually pay any pensions for which we are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources we have set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time that the benefits come to be paid.

On 31 March 2014 £ m	Pensions Reserve - All Schemes	On 31 March 2015 £ m
-657.7	Balance as 1 April	-665.4
28.1	Remeasurements of net defined (liability)/asset	-144.8
-74.8	Reversal of net charges made for retirement benefits in accordance with IAS 19	-60.1
35.3	Employer's pension contributions and direct payments to pensioners payable in the year	38.2
3.7	Grant funding of fire-fighters pensions liabilities	4.7
-665.4	Balance at 31 March	-827.4

Note 21: Cash Flow Statement – operating activities

31 March 2014 £ m	Cash flows from operating activities	31 March 2015 £ m
209.3	Cash Inflows from operating activities:-	221.8
56.5	~ Council tax receipts	58.1
84.2	~ Business rates receipts	73.4
332.9	~ Revenue Support Grant	328.0
105.5	~ other Government grants (Note 24)	88.3
1.1	~ cash received for goods and services	2.7
	~ interest received	
-345.7	Cash Outflows from operating activities:-	-347.1
-400.8	~ cash paid to and on behalf of employees	-374.0
-28.8	~ other operating cash payments	-18.9
	~ interest paid	
14.2	Total net cash flows from operating activities	32.3

Note 22: Cash Flow Statement – investing activities

31 March 2014 Restated £ m	Cash flows from investing activities	31 March 2015 £ m
-69.0	Purchase of property, plant and equipment, investment property and intangible assets	-61.3
29.4	Proceeds or purchase (-) of short-term and long-term investments	-34.5
0.2	Other receipts or payments (-) for investing activities	0.2
15.6	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	9.2
44.2	Other receipts from investing activities - capital grants	52.5
20.4	Net cash flows from investing activities	-33.9

Note 23: Cash Flow Statement – financing activities

31 March 2014 £ m	Cash flows from financing activities	31 March 2015 £ m
0.0	Cash receipts of short-term and long-term borrowing	0.0
-5.5	Repayments of short and long term borrowing	-2.6
-0.1	Cash payments for the reduction of outstanding liabilities in relation to finance leases	-0.1
-5.6	Net cash flows from financing activities	-2.7

Note 24: Grant Income

We credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

Actual income 2013/14 £ m	Grant income	Awarding department	Actual income 2014/15 £ m
	Revenue grants credited to Services (cash received in the year):		
254.7	Dedicated Schools Grant	DfE	243.2
9.0	Pupil Premium Grant	DfE	12.5
0.8	Music Grant/Music Education Hub	DfE	0.6
0.3	Adoption Reform Grant	DfE	0.0
9.3	Sixth Form Funding	EFA	7.8
1.7	Other Schools Grants	Various	2.1
1.4	Asylum seekers	HO	1.2
21.2	Public Health Grant	DH	21.8
	Delayed Transfer of Care	DH	0.5
0.3	Central Warwickshire Leader	CLG	0.1
0.0	Universal Infant Free School Meals	EFA	3.5
1.7	Adult & Community Learning	BIS	1.7
0.7	Stratford Parkway Grant	DfT	0.5
0.2	Bus Service Operators Grant	DfT	0.7
0.4	Other revenue grants	Various	0.7
301.7	Total revenue grants		296.9
	Capital grants and contributions credited to services:		
4.0	Academy Grant	DfE	0.0
0.1	Targeted Basic Need	DfE	0.0
0.0	BDUK	DCMS	4.5
0.6	Devolved Formula Capital	DfE	0.0
0.1	Contribution from diocesan schools	Various	0.0
0.1	Contribution from other local authorities	Various	0.6
0.1	Private developer funding	Various	0.1
0.2	Other grants/contributions	Various	0.1
5.2	Total capital grants and contributions		5.3
306.9	Total		302.3

We have received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver.

Actual income 2013/14 £ m	Grant income	Awarding department	Actual income 2014/15 £ m
	Credited to Taxation and Non Specific Grant Income- cash received in the year:		
0.0	Business Rates Compensation Scheme	CLG	1.4
0.9	Adoption Reform Grant	DfE	0.4
7.1	Education Services Grant	EFA	7.1
8.0	NHS Section 256 Grant	DH	10.4
0.0	Special Educational Needs and Disability Grant	DfE	1.1
0.6	Local Services Support Grant	CLG	0.4
2.3	Council Tax Freeze Grant	CLG	0.0
1.6	New Homes Bonus	CLG	1.8
0.4	Council Tax Reform Grant	CLG	0.0
1.2	Tackling Troubled Families	CLG	1.2
1.2	Severe Weather Recovery	DfT	0.1
1.1	Local Welfare Fund	DWP	1.1
1.6	Other Grants	Various	0.7
26.0	Total revenue grants		25.7
	Capital grants and contributions:		
2.3	Devolved Formula Capital	DfE	1.1
0.2	Learning and Achievement Growth Fund	DfE	0.2
3.5	Schools Basic Need	DfE	3.1
5.8	Schools Maintenance	DfE	7.4
0.0	Contribution from Diocesan Schools	Various	0.4
4.1	Targeted Basic Need Funding & Universal Free School Meals	DfE	10.7
0.2	Academy Grant	EFA	0.2
1.2	Community Capacity Grant	DH	0.0
0.0	Adult Social Care Personal Social Services Capital Grant 2014/15	DH	1.2
0.0	Land Swap		1.0
0.1	Public Health Grant	DH	0.0
0.8	Fire Capital Grant	CLG	0.8
0.0	Environment Agency	CLG	0.1
15.3	Local Transport Plan & other transport grants	mainly DfT	20.0
0.7	Flood Grant	DfT	0.0
2.1	Contribution from other local authorities	Various	0.0
6.5	Private developer funding	Various	8.4
1.9	Other grants/contributions	Various	0.5
44.7	Total capital grants		55.0
70.7	Total		80.6

The balances at year end are as follows:

31 March 2014	Grant receipts in advance	Awarding department	31 March 2015
£ m			£ m
	Revenue grant receipts in advance		
0.0	Common Assessment Framework Demonstrator Grant	DH	0.1
0.0	Delayed Transfer of Care	DH	0.2
0.2	Adult and Community Learning	BIS	0.0
0.0	Other grants	Various	0.1
0.2	Total revenue grants		0.4
	Capital grant receipts in advance		
2.4	Devolved Formula Capital	DfE	2.4
0.0	Grant from Other Local Authorities	DfE	0.0
0.2	Public Health Grant	DH	0.0
0.6	Pinch Point Grant	DfT	1.9
9.9	Private developer funding	Various	8.0
0.2	Other grants/contributions	Various	0.4
13.3	Total capital grants		12.7
13.5	Total		13.1

Awarding departments

BIS is the Department Business Innovation and Skills

CLG is the Department for Communities and Local Government

DEFRA is the Department for the Environment, Food and Rural Affairs

DfE is the Department for Education

DfT is the Department for Transport

DH is the Department of Health

DWP is the Department for Work and Pensions

EFA is the Education Funding Agency

HO is the Home Office

Note 25: Accounting standards issued that have not yet been adopted

The following accounting standards have been issued but not yet adopted:

- IFRS 13 Fair Value measurement - Requires authorities to review their current measurements of property, plant and equipment, and for some authorities, re-measurement of particular assets. The implementation of this has been deferred to 2015/16 by CIPFA/LASAAC.
- IFRIC 21 Levies.
- Annual improvements to IFRSs (2011 – 2013 cycle) includes IFRS 1 – Meaning of effective IFRSs; IFRS 3 – scope of exceptions for joint ventures; IFRS 13 – scope of paragraph 52 (portfolio exception) and IAS 40 – clarifying the interrelationship of IFRS 3 Business Combinations and IAS40 Investment Property when classifying property as investment property or owner-occupied property.

We are not required to adopt these standards under the Code of Practice on Local Authority Accounting 2014/15 and it is not expected that the implementation of these standards will have a material effect on our financial statements when implemented.

In addition the CIPFA Code of Practice on Transport Infrastructure Assets requires a change of measurement for transport infrastructure assets from historic cost to discounted replacement cost. These measurement changes will apply from the 2016/17 financial year and will represent a change in accounting policy from 1 April 2016.

Note 26: Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions we have made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in our Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance in relation to individual assets. In the current economic climate the authority cannot be certain about its ability to sustain the current level of spending on repairs and maintenance bringing into doubt the useful lives of the assets.	<p>If a reduction of asset life occurs, the depreciation and carrying amount of the asset falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £3.3 million for every year that useful lives are reduced.</p>
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate, in isolation, would result in an increase in the pension liability of £142.6 million.</p> <p>During 2014/15, our actuaries advised that the net pensions' liability has increased by £103.6 million as a result of estimates being corrected, experience losses and updating of the assumptions.</p>

Note 27: Authorisation for issue

These accounts have taken into account all known events up to xx September 2015. On that date the accounts were authorised for issue by the Head of Finance.

John Betts
Head of Finance

Note 28: Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance lease), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets used, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically has yet to be financed. The CFR is analysed in the second part of this note.

2013/14 Restated £ m	Capital financing requirement (IFRS)	2014/15 £ m
338.0	Opening requirement	321.3
	Capital investment	
66.0	- Property, plant & equipment	64.7
0.1	- Intangible assets	0.0
0.1	- Investment property	1.2
0.1	- Held for sale	0.0
0.0	- Long term Investments (Financial Assets)	0.2
9.3	- Revenue spending from capital under statute	10.0
75.6	Total capital investment	76.1
	Sources of finance	
-16.2	- Capital receipts	-9.1
-46.0	- Government grants and other contributions	-59.8
	- Sums set aside from revenue:	
-13.4	- Direct revenue contributions	-7.2
-16.7	- MRP/loans fund principal	-15.9
-92.3	Total sources of income	-92.0
321.3	Closing capital financing requirement	305.4

2013/14 £ m	Explanation of movements in the year	2014/15 £ m
-16.6	Increase in underlying need to borrow	-15.8
-0.1	Assets acquired under finance leases	-0.1
-16.7	Increase/decrease(-) in Capital Financing Requirement	-15.9

For details of our funding for capital see the foreword on page 14

Note 29: Critical judgements in applying accounting policies

In applying the accounting policies set out on pages 23 to 30, we have had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, we have determined that this uncertainty is not yet sufficient to provide an indication that our assets might be impaired as a result of a need to close facilities and reduce levels of service provision.

- We consider voluntary controlled, voluntary aided and foundation schools contribute alongside maintained schools, to meeting our service objectives both now and in the future and that therefore their expenditure, income and the assets they use in the provision of services should form part of our accounts.
- When a school that is held on our Balance Sheet transfers to academy status we account for this as a disposal for nil consideration on the date that the school converts to academy status rather than as an impairment on the date that approval to transfer to Academy status is agreed.
- Details of our relationships with other companies and investments in companies are detailed in note 43 on page 74. These were not material for us and we have not prepared group accounts on this basis.

Note 30: Dedicated Schools' Grant

In line with the requirements of the Accounts and Audit (England) Regulations 2011, we can confirm that the Dedicated Schools' Grant received in 2014/15 was £242.9 million (made under section 14 of the Education Act 2002) and has been fully distributed to support schools' budgets, as set out in the regulations made under sections 45a, 45aa, 47, 48(1) and (2) and 138(7) of, and paragraph 1(7)(b) of schedule 14 to, the Schools Standards and Framework Act 1998.

Our spending on schools is funded by money from the Department for Education. The grant is ring-fenced, which means we can only use it to meet spending that is included in the schools' budget. The schools' budget includes a limited range of services that are provided across the authority and the individual school budget which is divided into a budget share for each school. The overspending and underspending on the two parts are accounted for separately.

Central spending includes other funding allocated as school specific contingencies and nominally held funds and allocations by the School Forum. The DSG figure is as confirmed by the Department for Education in May 2015 and includes the early years adjustment as 'In Year Adjustments'.

2013/14 Total £ m		2014/15		
		Central Spending £ m	Individual schools budget (ISB) £ m	Total £ m
352.8	Final DSG for the year before Academy recoupment	61.9	294.6	356.5
-97.6	Less Academy recouped for the year	0.0	-114.1	-114.1
255.2	Total DSG after Academy recoupment for the year	61.9	180.5	242.4
0.2	Plus DSG brought forward from the previous year	1.2	0.0	1.2
255.4	Agreed initial budgeted distribution in the year	63.1	180.5	243.6
0.0	In year Adjustments	0.5	0.0	0.5
255.4	Final budgeted DSG distribution for the year	63.6	180.5	244.1
-58.2	Actual central spending for the year	-64.9	0.0	-64.9
-196.3	Actual ISB deployed to schools	0.0	-180.5	-180.5
0.3	Our contribution in the year	1.3	0.0	1.3
1.2	Under spend for the year (carried forward)	0.0	0.0	0.0

Note 31: Events after the Balance Sheet date

Academies

As a result of the Government's white paper 'The importance of Teaching', which allows Schools to opt out of local government control by becoming academies, a number of Warwickshire schools have chosen to take up the new

academy status in 2014/15 and a further number of Warwickshire schools are anticipated to also convert to academy status in 2015/16 and beyond.

During 2014/15 five community schools, four foundation schools and nine voluntary controlled or aided schools became academies. A total of six community schools, one foundation schools and five voluntary controlled or voluntary aided schools have applied to the Department for Education to convert to academy status after 1 April 2015. This is based on information as at 19 June 2015.

The significance of the conversion of these schools to academy is that the value of the land, buildings and any vehicles, plant and equipment will be removed from our Balance Sheet at the date of conversion.

The value of the derecognition of the current schools looking to convert to academy status after 31 March 2015 will be in the region of £79.2 million.

Note 32: External audit costs

We have incurred costs of £0.1 million (£0.1 million in 2013/14) for the year in relation to the audit of the Statement of Accounts and certification of grant claims provided by our external auditors.

Note 33: Leases

Authority as lessee

- Finance leases
We have acquired some equipment under finance leases. The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet. These amounts are not material to the financial statements.
- Operating leases
We have acquired a number of buildings, vehicles and items of equipment by entering into operating leases. These amounts are not material to the financial statements.

Authority as lessor

- Finance leases
We do not have any finance leases as lessor.
- Operating leases
We lease out property under operating leases for the following purposes:
 - For the provision of community services, such as community centres, homes for the elderly and disabled nurseries;
 - For economic development purposes to provide accommodation for local businesses;
 - For the support of rural businesses to support smallholdings and farming; and
 - To individuals for personal and business use.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2014 £ m	Operating lease period	31 March 2015 £ m
1.7	Not later than 1 year	1.5
4.5	Later than 1 year and not later than 5 years	4.4
10.3	Later than 5 years	10.0
16.5	Total	15.9

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 £0.2 million (£0.8 million in 2013/14) contingent rents were receivable by the authority.

Note 34: Contingent assets

We are the lead authority for the Coventry and Warwickshire Business Rates Pool. Under the agreement that governs the Pool, any member that leaves is required to make good any deficits that we underwrite in the short-term. This payment, of up to £0.1 million, has not been recognised because all authorities are currently planning to remain in membership.

Note 35: Contingent liabilities

We are a partner of a special company for the 'Pride in Camp Hill Regeneration Initiative'. The company was set up in 2002/03. We have entered into an agreement with our partners the Homes and Communities Agency and Nuneaton and Bedworth Borough Council to carry out a redevelopment project in Camp Hill. We expect this to be completed by 2023. Each partner is committed to funding the running costs of the company in equal shares. Our share was £720,000 over the five years following this agreement. Also the partners have agreed to guarantee overdraft facilities of £100,000 with the company's bank, again to be shared equally by all partners.

Note 36: Members' allowances

Elected members were paid a total of £0.796 million (£0.799 million in 2013/14) in allowances and expenses. In addition we paid independent and co-opted members allowances and expenses of £0.012 million (£0.013 million in 2013/14). No single member was paid more than £50,000 during the year. Further details of allowances and expenses payments made to Elected Members in 2014/15 are available on our website www.warwickshire.gov.uk.

Note 37: Nature and extent of risk arising from financial instruments

Our activities expose us to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to us;
- Liquidity risk – the possibility that we might not have funds available to meet our commitments to make payments; and
- Market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements.

Our overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Financial risk management is carried out by a central treasury management team, under policies approved by the Council annually in the Treasury Management Strategy and is available via www.warwickshire.gov.uk. We provide written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to our customers. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum score of short-term F1, long-term A, Viability A, support 1 (3 for UK banks).

Many of the invoices we raise are the result of statutory obligations. However, where we are providing non statutory goods or services to customers, we consider their ability to pay. A number of checks are available to managers as outlined in our Debt Recovery Best Practice Guide.

We have assessed our potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years. This has been adjusted to reflect current market conditions. However, there is no effect as there is no instance of institutions that meet our credit ratings defaulting in the last five years.

Liquidity risk

As we have ready access to borrowings from the Public Works Loan Board (PWLB), there is no significant risk that we will be unable to raise finance to meet our commitments under financial instruments. Instead the risk is that we will be bound to replenish a significant proportion of our borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 20% of loans are due to mature within any rolling three year period.

The maturity analysis of financial liabilities is as follows:

On 31 March 2014 £ m	Loans we have not yet repaid	On 31 March 2015 £ m
386.0	We owe money to: ~ Public Works Loans Board	383.5
386.0	Total	383.5
	When we will pay the money back	
2.5	Less than 1 year	5.1
5.1	Between 1 and 2 years	25.0
26.1	Between 2 and 5 years	11.1
30.0	Between 5 and 10 years	20.0
322.3	More than 10 years	322.3
386.0	Total	383.5

Our level of borrowing is mainly due to paying for capital spending in previous years. We have not borrowed any money in 2014/15 to pay for new capital spending.

We use cash reserves which we have set aside to support future years' revenue budgets to invest in the short term. We have included these as short-term investments on the Balance Sheet.

All trade and other payables are due to be paid in less than one year.

Market risk

Interest Rate Risk

We are exposed to significant risk in terms of our exposure to interest rate movements on our borrowings and investments. Movements in interest rates have a complex impact. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;

- Borrowings at fixed rates – the fair value of the borrowings will fall;
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

As part of our strategy for managing interest rate risk we aim to keep a maximum of 25% of our borrowing in variable rate loans.

We have an active strategy for assessing interest rates exposure that allows for any adverse changes to be incorporated into the budget on a quarterly basis. According to this assessment strategy, at 31 March 2015, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

- A decrease in the fair value of fixed rate investment assets of £0.02 million (£0.2 million in 2013/14)
- A decrease in fair value of fixed borrowing of £78.4 million (£65.9 million in 2013/14).

Changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance £ for £. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement.

Price risk

We have some shareholdings in related companies most of which have been derecognised in full prior to April 2006. Those shareholdings existed in the acquisition of specific interests and we are as such not in a position to diversify our portfolio. The current value of the shareholding is £0.061 million. This is classified as "available for sale" meaning that all movements in price will impact on gains and losses recognised in the Comprehensive Income and Expenditure Statement. In 2014/15 this amounted to a gain of £0.015 million. We also have a number of investment holdings where any movements in their values are not realised until they are disposed of. At 31 March each year we account for the current increase or decrease in its value by recognising this change as an unrealised gain or loss. At 31 March 2015 we recognised an unrealised gain of £2.6 million in the Comprehensive Income and Expenditure Account.

Treasury management

We take into account the Department for Communities and Local Government guidance on local government investments issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectional Guidance Notes.

We aim to achieve the optimum return on our investments commensurate with proper levels of security and liquidity. The borrowing of monies purely to invest and make a return is unlawful and we do not engage in such activity.

Our external fund managers comply with the Annual Investment Strategy. The agreement between us and the fund managers additionally stipulates additional guidelines and limits in order to manage risk.

Note 38: Officers remuneration and termination benefits

We are required to show the number of our staff who are paid more than £50,000 a year. This is shown in the table below. Pay includes salary, redundancy, travel and other costs. These figures do not include employer's pension contribution and exclude remuneration for senior staff who are shown separately.

2013/14		Remuneration	2014/15					
Staff (revised total)			Staff		Staff Left in the Year *		Revised Total	
Teaching	Other		Teaching	Other	Teaching	Other	Teaching	Other
84	36	£50,000 - £54,999	84	36	1	1	83	35
62	43	£55,000 - £59,999	59	36	1	4	58	32
24	8	£60,000 - £64,999	30	13	1	2	29	11
12	7	£65,000 - £69,999	20	10	0	3	20	7
10	18	£70,000 - £74,999	8	17	0	1	8	16
4	0	£75,000 - £79,999	5	5	0	0	5	5
6	3	£80,000 - £84,999	3	2	0	0	3	2
1	10	£85,000 - £89,999	1	9	0	0	1	9
0	1	£90,000 - £94,999	1	4	1	1	0	3
2	0	£95,000 - £99,999	1	0	0	0	1	0
1	1	£100,000 - £104,999	0	0	0	0	0	0
0	1	£105,000 - £109,999	0	0	0	0	0	0
0	0	£110,000 - £114,999	0	0	0	0	0	0
0	0	£115,000 - £119,999	0	1	0	0	0	1
0	0	£120,000 - £124,999	1	1	0	0	1	1
206	128		213	134	4	12	209	122

The 2014/15 figures above exclude 9 agency/interim staff (11 in 2013/2014).

A number of employees left during 2014/15, incurring costs of £3.0 million (£2.7 million in 2013/14 (restated)). Of this £0.2 million relates to senior staff. This cost includes officers who have left as part of on-going savings and efficiency plans. See table below for details.

Exit Package Cost Band (including Special Payments)	Number of redundancies		Number of other departures agreed		Total Number of packages by cost band		Total cost of packages in each band £ millions	
	2013/14 Restated	2014/15	2013/14 Restated	2014/15	2013/14 Restated	2014/15	2013/14 Restated	2014/15
£0 - £20,000	118	123	13	44	131	167	0.678	1.071
£20,001 - £40,000	29	25	7	5	36	30	0.937	0.856
£40,001 - £60,000	4	4	0	2	4	6	0.180	0.279
£60,001 - £80,000	4	3	0	0	4	3	0.274	0.212
£80,001 - £100,000	3	2	0	0	3	2	0.277	0.173
£100,001 - £150,000	3	2	0	0	3	2	0.369	0.268
£150,001 - £200,000	0	0	0	1	0	1	0.000	0.187
	161	159	20	52	181	211	2.715	3.046

We are required to disclose the remuneration of senior employees, as defined by regulation, by post for salaries under £150,000 and by name for those whose salary is over £150,000. Remuneration for senior staff includes the employer's contribution to the appropriate pension fund.

Post holder information (post title and name)		Salaries (including fees and Allowances) £	Taxable Expense Allowances £	Compensation for loss of office £	Total excluding pension contributions £	Employer's Pension Contributions £	Total including pension contributions £
Chief Executive - Jim Graham	2013/14	172,866	74	0	172,940	27,659	200,599
	2014/15	172,866	0	0	172,866	28,955	201,821
Strategic Director, People Group 1 April to 30 November 2014 (note 1) 1 January to 31 March 2015 (note 1)	2013/14	126,505	227	0	126,732	20,273	147,005
	2014/15	126,179	0	7,000	133,179	195,850	329,029
	2014/15	0	0	0	0	0	0
Chief Fire Officer (9 May to 31 March) (note 2)	2013/14	110,452	5,493	0	115,945	29,270	145,215
	2014/15	121,054	0	0	121,054	25,785	146,838
Strategic Director, Communities	2013/14	127,027	19	0	127,046	20,324	147,370
	2014/15	127,027	0	0	127,027	21,277	148,304
Strategic Director, Resources	2013/14	127,027	2	0	127,029	10,162	137,191
	2014/15	127,027	0	0	127,027	0	127,027
Head of Public Health - Dr John Linnane (Note 3)	2013/14	153,933	0	0	153,933	21,726	175,659
	2014/15	155,010	0	0	155,010	21,693	176,703
Head of Finance	2013/14	101,009	21	0	101,030	16,161	117,191
	2014/15	101,009	0	0	101,009	16,919	117,928
Total 2013/2014		918,819	5,836	0	924,655	145,575	1,070,230
Total 2014/2015		930,172	0	7,000	937,172	310,479	1,247,651

There were no bonuses paid in either year.

Note 1: The Strategic Director, People Group left the authority on 30 November 2014. The annualised salary for the year was £127,027.

The new Strategic Director, People Group started on 1 January 2015. Payments via an Agency for the period 1 January 2015 to 31 March 2015 were £63,993.

Note 2: The Chief Fire Officer was seconded from the London Fire Brigade from 9 May 2013 to 31 March 2014. The annualised salary for the year was £123,388. From 1 April 2014 they were employed by the authority.

Note 3: The standard salary for the Head of Public Health is £95,860. Additional payments for Clinical Excellence Award, Additional Programme Activity and the Director of Public Health role result in the total salary shown in the table.

Note 39: Pension scheme

IAS 19 Accounting for pension costs: local authorities

This note provides the information we must give under IAS 19. The purpose of IAS19 is to account for pension benefits when we become committed to give them rather than when we actually pay them. The movement in reserves shows the gain or loss to the pension fund reserve as a result of differences between expected and actual returns on assets for the LGPS, the Firefighters' Pension Scheme, the Firefighters' Injury Awards Scheme and the Discretionary Teachers' Scheme. This note applies as well as note 19 on reserves on page 46.

As part of the terms and conditions of employment, we offer retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement.

We show the cost of retirements benefits in 'Money spent on services' in the Comprehensive Income and Expenditure Statement when employees earn them. We have made adjustments in the Movement in Reserves Statement so that the charge made against the council tax reflects the actual cash we have paid relating to the year.

The table on page 69 shows details of the assumptions our actuaries have made when estimating the liabilities and other figures included in this note. The movement in reserves (see table on page 71) sets out the actuarial gains and losses made in 2014/15.

On this basis, the balance sheet liability for each scheme and the increase/decrease in the shortfall is as follows:

Scheme net liability	31 March 2014	31 March 2015	Increase/decrease (-) in net liability
	£m	£m	£m
LGPS	372.8	486.2	113.4
Teachers Discretionary	50.9	53.5	2.6
Firefighters	217.4	259.6	42.2
Firefighters Injury	24.3	28.1	3.8
All schemes	665.4	827.4	162.0

A table analysing the change in the present value of pension scheme liabilities is on page 70.

The liability arising from the IAS 19 calculations is notional and has no direct effect on our reserves or the employer's contributions. For unfunded schemes we pay the pensions or awards as they become due in the year.

A table analysing our pension scheme accounting on page 71 shows the transactions that have been reflected in the Comprehensive Income and Expenditure Statement during the year.

When we assessed our liabilities for retirement benefits as at 31 March 2015, we used a rate based on the current rate of return on a corporate bond and for a length of time that matched the scheme's liabilities. The actuary has advised that the rates shown below are appropriate and has adjusted the real rate to allow for inflation. Applying this rate has resulted in an increase in our liabilities, measured at today's prices, as shown in the table below.

Pension Scheme	2013/14 Rate of Return %	2014/15 Rate of Return %
Teachers	1.5% real (4.3% actual)	0.8% real (3.2% actual)
Fire-fighters	1.9% real (4.4% actual)	0.8% real (3.2% actual)
Fire-fighters injury awards	1.9% real (4.4% actual)	0.8% real (3.2% actual)
LPGS	1.5% real (4.3% actual)	0.8% real (3.2% actual)
Total		

Teachers

We operate a defined benefit pension scheme for our teaching staff, under the Superannuation Act 1972. The Teachers' Pensions Agency (TPA) manages the scheme under the Teachers' Pensions Regulations 1997, as amended. The scheme provides teachers with a defined benefit when they retire. Although we employ teachers, their retirement and superannuation benefits are paid out of money provided by the Government. The Government sets teachers' and employers' contribution rates. Although the scheme is unfunded, the TPA uses an assumed fund to work out the

contribution rate that local authorities must pay. In line with IAS19, we have therefore worked out these figures in the same way as for a defined contribution scheme.

The last actuarial valuation of the Teachers' Pension Agency (for all teachers) was in 2005 for the period 1 April 2001 to 31 March 2004. The Government Actuary's (GA) report of March 2003 revealed that the total liabilities of the scheme amounted to £166.5 billion. The value of assets (estimated future contributions, together with the proceeds from the notional investments held at the valuation date) was £163.2 billion. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. No contributions for the teachers' pension scheme needed to be paid at the end of the financial year.

There are two kinds of contributions – 'normal' and 'supplementary'. The normal contribution is the percentage of a newly recruited teacher's salary that is needed to meet the cost of the pension liability. We would pay a supplementary contribution if we found that future liabilities would not be met by the normal contributions. For the normal contribution in 2014/15, teachers paid between 6.4% and 12.4% of their salary (6.4% in 2013/14) and we paid 14.1% of teachers' salaries (14.1% in 2013/14). A supplementary contribution is not needed at present. The total employers' contribution cost was £13.6 million in 2014/15 (£14.3 million in 2013/14).

Although we class the teachers' pension scheme as a defined contribution scheme under IAS19, we are responsible for paying any extra added years of benefits and early retirement costs to pensioners. Under IAS19, these extra costs are classed as defined benefits. As a result, in our accounts we need to show the extra cost of pensions' decisions we made in the current year, no matter when we will actually pay these financial costs.

There is no fund for teachers' discretionary benefits and so there are no assets. Our actuaries calculate our liabilities using the assumptions shown in the table on page 69 and their opinion on the life expectancy of people once they have retired.

In 2014/15 the pension payments relating to added pensionable years we have awarded came to £3.0 million (£3.0 million in 2013/14) and represented 3.1% (3.0% in 2013/14) of pensionable pay. We must also pay any costs relating to employees retiring early. In 2014/15, these retirement costs were nil (£0.3 million in 2013/14).

The Firefighters' Pension Scheme

There is a defined-benefit pension scheme for our firefighters, under the Superannuation Act 1972.

The Firefighters' Pension Scheme in England is an unfunded scheme where the employer promises to provide employees with benefits under the scheme but makes no advance funding in the scheme for those benefits. Benefits are paid directly by the employer when they become due.

We pay an employer's pension contribution, based on a percentage of pay, into the pension fund. Each fire and rescue authority must now run a pension fund and the amounts that must be paid into and out of the pension fund are set by regulation. We pay firefighters' retirement and superannuation benefits and they are charged to the Firefighters' Pension Fund. The pension fund will be balanced to nil at the end of the year by either paying over to the government the amount by which the amount due to the fund is more than the amount payable, or by receiving cash in the form of pension top-up grant from the government. This grant is paid to the Firefighters Pension Fund and not the County Council.

The employees' and employers' contribution rates set by the Government for 2014/15 are between 11.0% and 17.0%/8.5% and 12.5% (employees old scheme/new scheme) and 21.3%/11.0% (employers old scheme/new scheme) of firefighters' pay. In 2014/15, pension payments totalled £5.6 million (£5.5 million in 2013/14) and this was 64.5% (59.7% in 2013/14) of pensionable pay. We must pay any costs relating to early retirement. The costs totalled £2.0 million in 2014/15.

The table on page 69 reflects our actuaries opinion on the life expectancy of people once they have retired.

Firefighters Injury Awards Scheme

On 1 April 2006 the firefighters' injury awards ceased to be a firefighters' pension liability and ongoing costs were to be financed from our revenue account. We recognised that there was an ongoing liability to pay injury awards and these are now included in our Balance Sheet.

This liability is subject to the same actuarial assumptions as the main firefighters' scheme. It is not a separate pension scheme as there is a benefit paid whether the recipient of the injury award is a member of the scheme or not. There is therefore no provision from any other source to finance this benefit. It is unfunded and met from the service revenue budget. However, the liability forms part of our overall pensions' liability.

We value liabilities at their present cost.

National Health Service Pension Scheme

During 2013/14 NHS staff transferred to us. These staff have maintained their membership in the NHS Pension Scheme. The scheme provides these staff with specified benefits upon their retirement and we contribute towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, we are not able to identify our share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

In 2014/15 we paid £0.255 million (£0.213 million in 2013/14) to the NHS Pension Scheme in respect of former NHS staff retirement benefits, including employees contributions of which £0.021 million (£0.020 in 2013/14) was outstanding at the year end. Our contribution represents 14.0% of pensionable pay (14.0% in 2013/14).

Local Government Pension Scheme - other employees

We operate a funded, defined-benefit pension scheme for our staff, under the Superannuation Act 1972 and the Local Government Regulations 1995. We manage the scheme for ourselves, the five district councils and a number of other organisations. We prepare the accounts in line with the CIPFA Code of Practice and they are separate from our financial statements.

The scheme provides pensions and other retirement benefits for employees. It is a funded defined benefit salary scheme, meaning that we and employees pay contributions into a fund calculated at a level intended to balance pension liabilities with investment assets.

An actuarial valuation is carried out every three years. It assesses the ability of the fund to meet its future liabilities. The actuary assesses the difference between the fund's projected assets and liabilities and the amount employers will have to contribute for the next three years. The valuation on 31 March 2013 set the rates for 2014/15, 2015/16 and 2016/17. The valuation on 31 March 2010 set the rates for 2013/14.

In the valuation carried out as at 31 March 2013 the funding level reduced from 83% to 77%. As a result, the employers' rate increased from 1 April 2014 from 16.0% to 16.75% and is expected to increase by 0.75% per annum for 2015/2016 and 2016/2017.

In 2014/15, the contribution rates were based on the results of the 31 March 2013 actuarial valuation. As a result, our employer's contribution rate was 275% of the employees' contribution (235% for 2013/14).

In 2014/15, we made normal employer's contributions totalling £22.8 million (£21.6 million in 2013/14).

We are responsible for all pension payments relating to benefits we have awarded for added years, together with related increases. In 2014/15, these came to £1.3 million (£1.3 million in 2013/14), which was 1.0% (1.0% in 2013/14) of pensionable pay.

Our share of the Warwickshire LGPS Pension Fund assets and liabilities are:

31 March 2014 £ m	Local Government Pension Scheme	31 March 2015 £ m
782.9	Fair value of assets	782.9
-1,155.8	Present value of liabilities	-1,358.9
-372.9	Shortfall	-576.0

31 March 2014 £ m	Local Government Pension Scheme	31 March 2015 £ m
1,099.0	Assets at last valuation as at 31 March 2013	1,379.2
1,477.7	Whole Fund Assets as at 31 March 2015	1,631.3

We show our assets and liabilities at the date of the balance sheet. These are taken at market value and the liabilities have been worked out using the assumptions in the table on page 69.

The post retirement mortality assumptions reflect the actuary's opinion on the life expectancy of people once they have retired, this year's assumptions are based on the SAPs birth tables with member category specific adjustments. Improvements are based on the CMI 2009 model methodology with 1% pa long term trend.

The value of the pension fund assets at 31 March 2015 is based on the market value at 31 December 2014. The actuary has made an assumption about the movement in the investment market to arrive at the valuation at the Balance Sheet date.

There were re-measurements as a result of a difference between expected and actual returns on assets which amounted to 7.7% of the value of assets at 31 March 2015.

The fair value of our share of the Warwickshire LGPS Pension Fund assets are as follows:

31 March 2015	Quoted prices in active markets £ million	Quoted prices not in active markets £ million	Total £ million	Percentage of total assets
Equity securities:				
Consumer	91.1	0.0	91.1	10%
Manufacturing	38.7	0.0	38.7	4%
Energy and utilities	31.1	0.0	31.1	4%
Financial institutions	50.9	0.0	50.9	6%
Health and care	20.6	0.0	20.6	2%
Information technology	22.9	0.0	22.9	3%
Other	23.8	0.0	23.8	3%
Private equity:				
All	0.0	15.7	15.7	2%
Real estate:				
UK property	88.0	0.0	88.0	10%
Overseas property	1.1	0.0	1.1	0%
Investment funds and unit trusts:				
Equities	224.8	0.0	224.8	26%
Bonds	151.7	0.0	151.7	17%
Hedge funds	0.0	38.6	38.6	4%
Other	32.1	0.0	32.1	4%
Cash and cash equivalents	41.5	0.0	41.5	5%
Totals	818.3	54.3	872.6	100%

31 March 2014	Quoted prices in active markets £ million	Quoted prices not in active markets £ million	Total £ million	Percentage of total assets
Equity securities:				
Consumer	83.8	0.0	83.8	11%
Manufacturing	44.0	0.0	44.0	6%
Energy and utilities	18.8	0.0	18.8	2%
Financial institutions	37.1	0.0	37.1	5%
Health and care	15.6	0.0	15.6	2%
Information technology	27.4	0.0	27.4	3%
Other	23.1	0.0	23.1	3%
Private equity:				
All	0.0	8.5	8.5	1%
Real estate:				
UK property	73.0	0.0	73.0	9%
Overseas property	1.4	0.0	1.4	0%
Investment funds and unit trusts:				
Equities	223.1	0.0	223.1	29%
Bonds	122.5	0.0	122.5	16%
Hedge funds	0.0	35.4	35.4	5%
Other	66.1	0.0	66.1	8%
Cash and cash equivalents	0.0	3.2	3.2	0%
Totals	735.8	47.2	782.9	100%

Table may not sum due to roundings

31 March 2014 £ m	Change in Fair Value of WCC Share of LGPS Assets	31 March 2015 £ m
744.0	Fair value of assets at the beginning of the year	782.9
0.0	Effect of settlements	-7.9
33.4	Interest Income on plan assets	33.2
9.3	Remeasurements on assets	67.3
23.0	Employers' contributions (including receipts covering early retirements)	25.5
8.4	Member contributions	8.4
-35.2	Benefits/transfers paid	-36.7
782.9	Fair value of assets at the end of the year	872.7

The expected return on scheme assets does not affect the Balance Sheet position as at 31 March 2015, but will affect the reported pension cost for the following year. It is based on market expectations at the beginning of the financial period for returns over the life of the related obligation. This requires the consideration of the composition of the Scheme's assets and the potential returns of different asset classes.

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

In order to calculate the long term expected return on assets, the Fund's actuary, Hymans Robertson, use a model, the Hymans Robertson Asset Model (HRAM).

While it is impossible to predict future asset returns with certainty, the model allows the actuary to simulate thousands of possible outcomes over the long term. In each of these outcomes, different asset classes will have different returns. This means that they can use the many different outcomes to calculate central estimates for asset class returns (i.e. where 50% of returns are above and 50% are below the estimated). They also make assumptions about the expected uncertainty of these.

The expected rates of return quoted in the accounting schedules are based on a set of possible outcomes over a period of 20 years (as an approximation for the long term), starting at 31 March 2015. Different models will use different assumptions and will therefore produce different returns to that of the HRAM.

The only exception to the use of HRAM is in deriving the expected return on bond assets. The yields applicable on suitable bond indices as at 31 March 2015 are used instead of that calculated by HRAM.

For more information, please contact Mathew Dawson on 01926 412861 (email mathewdawson@warwickshire.gov.uk) for a copy of our Pension Fund's Annual Report 2014/15.

31 March 2014				Pension scheme assumptions	31 March 2015			
LGPS	Teachers	Firefighters	Firefighter Injury Award		LGPS	Teachers	New Firefighters	Firefighter and Injury Award
2.8%	2.8%	2.5%	2.5%	Financial assumptions:				
4.6%	n/a	4.5%	4.5%	Rate of Inflation CPI	2.4%	2.4%	2.5%	2.4%
2.8%	2.8%	2.5%	2.5%	Salary Increase	4.3%	4.3%	3.5%	3.4%
4.3%	4.3%	4.4%	4.4%	Pensions increases	2.4%	2.4%	2.5%	2.4%
				Rate of discount	3.2%	3.2%	3.3%	3.2%
				Life expectancy assumptions:				
22.4 (24.4) years	n/a	23.5 (25.5) years	n/a	A male (female) current pensioner aged 65	22.4 (24.4)	22.4 (24.4)	29.5 (31.7)	29.5 (31.7)
24.3 (26.6) years	n/a	26.6 (26.8) years	n/a	A male (female) future pensioner aged 65 in 20 years time	24.3 (26.6)	24.3 (26.6)	31.1 (33.2)	31.1 (33.2)
				Commutation of pension for lump sum at retirement:				
50.0%	n/a	n/a	n/a	~ Taking maximum cash	75.0%	n/a	90.0%	90.0%
50.0%	n/a	n/a	n/a	~ Taking 3/80th cash	50.0%	n/a	n/a	n/a

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below.

Change in assumptions as at 31 March 2015	Approximate increase to Employer Liability %	Approximate monetary amount £ m
0.5% decrease in real discount rate	10%	142.6
1 year increase in member life expectancy	3%	40.8
0.5% increase in the salary increase rate	3%	46.2
0.5% increase in the pension increase rate	7%	93.1

31 March 2014				Change in present value of pension scheme liabilities during the year	31 March 2015			
LGPS £million	Teachers £million	Firefighters £million	Firefighter Injury Award £million		LGPS £million	Teachers £million	Firefighters £million	Firefighter Injury Award £million
1,110.5	50.7	223.4	17.1	Benefit obligation at the beginning of the year	1,155.7	51.0	217.5	24.3
32.6	0.0	4.9	0.8	Current service costs	30.9	0.0	4.1	0.5
0.0	0.0	0.0	0.0	Effect of Settlements	-19.4	0.0	0.0	0.0
50.1	2.2	9.6	0.7	Interest on pensions liabilities	48.6	2.1	9.5	1.0
8.4	0.0	1.1	0.0	Member contributions	8.4	0.0	1.2	0.0
0.7	0.0	0.0	0.0	Past service costs (gain)	0.4	0.0	0.0	0.0
-35.2	-3.2	-6.6	-0.6	Benefits/transfers paid	-36.7	-3.3	-7.1	-0.6
-11.4	1.3	-9.6	6.3	Remeasurements on liabilities	170.9	3.7	34.5	2.9
0.0	0.0	-5.3	0.0	Changes in assumptions	0.0	0.0	0.0	0.0
1,155.7	51.0	217.5	24.3	Present value of liabilities at the end of the year	1,358.8	53.5	259.7	28.1

31/03/2014					Pension scheme accounting	31 March 2015				
LGPS £m	Teachers £m	Fire fighters £m	Fire fighter Injury Award £m	Total £m		LGPS £m	Teachers £m	Fire fighters £m	Fire fighter Injury Award £m	Total £m
32.6	0.0	4.9	0.7	38.2	Spending:					
0.7	0.0	0.0	0.0	0.7	Current service cost	30.9	0.0	4.1	0.5	35.5
					Past service cost and curtailments	0.4	0.0	0.0	0.0	0.4
					Effects of Settlement	-11.5	0.0	0.0	0.0	-11.5
50.1	2.2	9.6	0.8	62.7	Interest cost	48.6	2.1	9.5	1.0	61.2
-33.4	0.0	0.0	0.0	-33.4	Interest income on plan assets	-33.2	0.0	0.0	0.0	-33.2
50.0	2.2	14.5	1.5	68.2	Net charge to CIES	35.2	2.1	13.6	1.5	52.4
					Contribution from Pensions Reserve:					
-6.3	-0.2	6.0	-7.2	-7.7	Movement on the Pensions Reserve	-113.4	-2.6	-42.2	-3.8	-162.0
-20.7	1.3	-15.1	6.3	-28.2	Re-measurements recognised in CIES	103.7	3.7	34.5	2.9	144.8
n/a	n/a	-3.7	n/a	-3.7	Funded by Government top up grant	n/a	n/a	-4.7	n/a	-4.7
-27.0	1.1	-12.8	-0.9	-39.6	Contribution (from) Pensions Reserve	-9.7	1.1	-12.4	-0.9	-21.9
					Actual amount charged against council tax:					
23.0	n/a	1.8	n/a	24.8	Employers contributions & ill-health contributions	25.5	n/a	1.7	n/a	27.2
23.0	n/a	1.8	n/a	24.8	Amount charged against council tax	25.5	n/a	1.7	n/a	27.2
					Amount funded by government top up grant					
n/a	n/a	6.6	n/a	6.6	Retirement benefits paid and due to be paid to pensioners and transfers out	n/a	n/a	7.1	n/a	7.1
0.0	0.0	0.0	0.0	0.0	Retirement Benefits paid directly by Government Top Up Grant	0.0	0.0	0.5	0.0	0.5
n/a	n/a	-1.1	n/a	-1.1	Employee contributions	n/a	n/a	-1.2	n/a	-1.2
n/a	n/a	-1.8	n/a	-1.8	Employers contributions & ill-health contributions	n/a	n/a	-1.7	n/a	-1.7
n/a	n/a	3.7	n/a	3.7	Government top up grant receivable	n/a	n/a	4.7	n/a	4.7
					Movement in Reserves Statement					
-50.0	-2.2	-21.1	-1.5	-74.8	Reversal of net charges made for retirement benefits in accordance with IAS 19	-35.2	-2.2	-21.2	-1.5	-60.1
23.0	0.0	1.8	0.0	24.8	Employers contributions & ill health contributions	25.5	0.0	1.7	0.0	27.2
0.0	3.2	6.6	0.6	10.4	Retirement benefits paid or due to be paid to pensioners and transfers out	0.0	3.3	7.1	0.6	11.0
-27.0	1.0	-12.7	-0.9	-39.6	Movement in Reserves Statement	-9.7	1.1	-12.4	-0.9	-21.9

This table shows how the value of our pension assets and liabilities has changed over the years.

	31 March 2012	31 March 2013	31 March 2014	31 March 2015
	£ m	£ m	£ m	£ m
Fair value of LGPS assets	649.7	744.0	782.9	872.7
Present Value of Liabilities:-				
~ Local Government Pension Scheme	-940.1	-1,110.5	-1,155.7	-1,358.9
~ Teachers Pension Scheme	-48.5	-50.7	-50.9	-53.5
~ Firefighters Pension Scheme	-180.1	-223.4	-217.4	-259.6
~ Firefighters Injury Awards scheme	-18.8	-17.1	-24.3	-28.1
Total present value of liabilities	-1,187.5	-1,401.7	-1,448.3	-1,700.1
~ Local Government Pension Scheme surplus/(deficit)	-290.4	-366.5	-372.8	-486.2
Total surplus/deficit	-537.8	-657.7	-665.4	-827.4

The liabilities show the underlying commitments that we have in the long run to pay retirement benefits. The total liability of £1,700.1 million has a substantial effect on our net worth as recorded in the Balance Sheet, resulting in an overall balance of £827.4 million. However, statutory arrangements for funding the deficit mean that our financial position remains healthy:

- LGPS - the deficit will be recovered by increased contributions over the remaining working life of employees, as assessed by the scheme actuary;
- Firefighters Pension Scheme - the deficit is paid by Central Government;
- Teachers' Pension Scheme finance - finance is provided by the Teachers Pensions Agency;
- Firefighters' Injury Awards – these are financed through revenue budgets.

The following table shows the actuarial gains and losses for current and previous years. It also shows the impact of periodic changes to actuarial assumptions. This is the difference between the assumptions made by the actuary and the actual experience.

LGPS	Difference experienced on assets		Difference experienced on liabilities		Changes in assumptions made at triennial valuations used to estimate liabilities		Total
	£ m	%	£ m	%	£ m	%	£ m
2011/12	-24.4	3.8	-19.2	3.4	-13.0	1.4	-56.6
2012/13	60.5	8.1	-127.3	11.2	3.1	0.3	-63.7
2013/14	9.3	1.2	-29.2	2.5	40.5	3.5	20.6
2014/15	67.3	7.7	-180.3	-13.3	9.4	0.7	-103.6
Total cumulative actuarial gains and losses (remeasurements recognised in CIES)							-203.3

Teachers	Difference experienced on assets		Difference experienced on liabilities		Changes in assumptions made at triennial valuations used to estimate liabilities		Total
	£ m	%	£ m	%	£ m	%	£ m
2011/12	0.0	0.0	0.0	0.0	-7.6	15.7	-7.6
2012/13	0.0	0.0	0.0	0.0	-3.1	6.2	-3.1
2013/14	0.0	0.0	0.6	1.2	0.7	1.4	1.3
2014/15	0.0	0.0	3.8	7.1	-0.1	0.0	3.7
Total cumulative actuarial gains and losses (remeasurements recognised in CIES)							-5.7

Firefighters	Difference experienced on assets		Difference experienced on liabilities		Changes in assumptions made at triennial valuations used to estimate liabilities		Total
	£ m	%	£ m	%	£ m	%	£ m
2011/12	0.0	0.0	-2.3	1.3	8.4	4.7	6.1
2012/13	0.0	0.0	8.0	3.6	28.2	12.6	36.2
2013/14	0.0	0.0	9.6	4.4	5.3	2.4	14.9
2014/15	0.0	0.0	42.5	16.4	-8.0	-3.1	34.5
Total cumulative actuarial gains and losses (remeasurements recognised in CIES)							91.7

Firefighters Injury Awards	Difference experienced on assets		Difference experienced on liabilities		Changes in assumptions made at triennial valuations used to estimate liabilities		Total
	£ m	%	£ m	%	£ m	%	£ m
2011/12	0.0	0.0	0.5	2.6	0.7	3.7	1.2
2012/13	0.0	0.0	-5.9	34.7	3.2	18.8	-2.7
2013/14	0.0	0.0	7.8	32.2	-1.5	6.2	6.3
2014/15	0.0	0.0	3.5	12.5	-0.6	-2.1	2.9
Total cumulative actuarial gains and losses (remeasurements recognised in CIES)							7.7

Note 40: PFI and similar long term contracts

There are no assets recognised on our Balance Sheet under private finance initiative (PFI) arrangements. This treatment has been agreed with our auditors.

Note 41: Pooled budgets with health

Section 75 of the National Health Service Act 2006 allowed joint-working arrangements between NHS organisations and local authorities. Pooled funds allow these health organisations and local authorities to work together to tackle specific health issues. An important feature of the pool will be that the way resources are used will depend on the needs of the clients who meet the conditions set for the pooled budget, rather than the contributions of the partners.

The table below summarises the financial transactions of the pooled budgets.

2013/14 surplus (-)	Pooled budgets with health	2014/15			
		Our contribution	Total pool	Total spend	Deficit
£ m		£ m	£ m	£ m	£ m
-0.2	Section-31 agreements: - Integrated community-equipment service	-1.7	-4.6	5.3	0.7
-0.2	Total	-1.7	-4.6	5.3	0.7

The total pool includes surplus from previous years to be used.

The entire deficit at the end of the year, £0.7 million, is owed by the CCGs (Clinical Commissioning Groups).

Note 42: Coventry and Warwickshire Business Rates Pool

The Coventry and Warwickshire Business Rates Pool was created on the 1 April 2013 with seven member authorities: Warwickshire County Council, the five Borough / District Councils within Warwickshire and Coventry City Council.

Warwickshire County Council is the lead authority for the pool and there is an agreed memorandum of understanding in place that determines how the Pool's resources are allocated.

Under the agreement £0.4 million of the £0.5 million generated by the pool, will be shared between pool members.

31 March 2014 £m	Coventry and Warwickshire Business Rate Pool	31 March 2015 £m
-0.3	Gain from pooling	-0.5
0.2	Less: allocations to Pool members	0.4
0.6	Less: safety net payments	0.0
0.5	Pool Deficit/Surplus for the year	-0.1

The deficit for 2013-2014 was further reduced to £0.2m following adjustments to the pool in relation to District Council figures after our accounts were published. The deficit has been further reduced to £0.1 million with the surplus from pooling above. The overall current deficit of £0.1 million has been funded by a temporary loan from us, as lead authority, and is shown as a contingent asset on our Balance Sheet (see note 34).

Our allocation from the Pool was £127,000.

Note 43: Related parties and associated parties

Central Government

Central Government has effective control over our general duties – it is responsible for providing the legal framework within which we work, provides funding in the form of grants and sets the terms of many of the relationships that we have with other organisations. Details of the grants we receive from government departments are set out in note 23. Details of the balances with central government departments are shown in notes 13 and 16. Pooled budget arrangements with the Department of Health are shown in note 41 on page 73.

Elected Members

Elected Members of the council have direct control over our financial and operating policies. The total of elected members allowances paid in 2014/15 is shown in note 36 on page 58. During 2014/15 works and services to the value of £25.7 million were commissioned from companies in which elected members had an interest (this includes £7.8 million paid to District and Borough Councils in Warwickshire where they are also elected members). Contracts were entered into in full compliance with our contract standing orders. The above figure includes any grants paid to voluntary groups in which elected members had positions on the governing body, including any made to organisations whose senior management included close members of the families of elected members. In all instances grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussions or decisions relating to the grants. Details of all these transactions are recorded in the Register of Members Interest, open to public inspection at Shire Hall.

Senior Officers

During 2014/15 no payments were made to organisations in which senior officers or members of their families had declared an interest.

A number of senior officers and elected members represent us on the board of related companies (such as Warwick Technology Park Management Limited, Warwick Technology Park Management No 2 Limited, Warwickshire Race Equality Partnership, Coventry and Warwickshire Reinvestment Trust Fund, and University of Warwick Science Park Innovation Centre Limited). You can see registers of members' and officers' interests at Shire Hall, Warwick or at the registered office of the company in question if this is not Shire Hall, Warwick.

Other Public Bodies

At the end of the year we owed £16.6 million to other local authorities, central government and public bodies including £5.4 million to Her Majesty's Revenue and Customs, and they owed us £17.8 million including £4.7 million from the Her Majesty's Revenue and Customs (VAT).

We charged the Warwickshire County Council Pension Fund £0.8 million for carrying out the administration work for the fund (not including payroll-processing costs). For more information please refer to the Pension Fund Annual Report 2014/15 which is available on our website.

Other Entities

We hold shares in the following companies:

Company	WCC Share holding	Directors
University of Warwick Science Park Innovation Centre Limited	19.9% of Ordinary Share Capital. 1/6 Voting Rights £1,502,500 preference share valued at £0.061 million	One of six directors is appointed by us
Warwick Technology Park Management Company Limited	4.8% of called up share capital	One officer and one elected member as directors
Warwick Technology Park Management Company (No 2) Limited	0.2% of called up Share capital	One officer and one elected member as directors.
Eastern Shire Purchasing Organisation (ESPO)		Two elected members from each authority on Management Committee
SCAPE System Build Limited	16.7% of the called up share capital	One of the six directors is appointed by us
Coventry and Warwickshire Local Enterprise Partnership Limited	No Share Capital and liability limited to £1.	Two type 'B' (public sector) directors to be appointed by us
Coventry and Warwickshire Waste Disposal Company	1 ordinary share 1 representative on Shareholder panel with 1% voting rights and 24% voting rights for matters relating to WCC SLA agreement	No right to appoint to board of Directors. 1% proxy vote unless WCC SLA related.
Local Capital Finance Company Limited	80,000 fully paid B Shares of £0.01 120,000 ordinary Shares of 1p each	No Directors appointed by WCC

We are part of a purchasing partnership, Eastern Shires Purchasing Organisation (ESPO), with six other local authorities. Each authority is represented on the board by two elected members. There are controls in place so that none of our elected members are involved in letting our contracts.

In 2014/15 we paid ESPO £2.0 million for goods and services (£2.2 million in 2013/14). The total amount of invoiced sales for ESPO-managed contracts in 2014/15 was £95.6 million (£94.0 million in 2013/14). Under the terms of the partnership agreement, if ESPO stopped trading we would be liable for any net liabilities or to receive a share of the net assets based either on the average of our last three years' purchases compared to our other six partners, or a one-seventh share. We are also entitled to a share of the profits. We received £0.2 million in 2014/15 (£0.2 million in 2013/14).

We are part of the Coventry and Warwickshire Local Enterprise Partnership (the LEP). This company is limited by guarantee and aims to co-ordinate public and private sector partners to develop the economy and increase prosperity. The LEP's four objectives are:

- To drive economic growth
- To help remove barriers to economic growth
- To help create high value jobs
- To co-ordinate local government co-operation and support

The LEP also has a role in coordinating elements of government funding for growth, for example the Growing Places Fund.

We have not identified any associated companies, subsidiaries or joint ventures which mean we must produce group accounts in 2014/15.

Note 44: Trading accounts

Our trading accounts are expected to break even after taking account of charges for the assets they use to provide their services. These charges are worked out in line with the accounting rules we use when we prepare our accounts. Any surplus or loss these trading activities make is transferred to, or met from, business unit reserves.

The total income for 2014/2015 for our significant trading activities was £45.8 million (£47.9 million in 2013/14) which included £33.5 million of internal income recharged to services (£36.6 million in 2013/14).

The spending in the table is also included in our main accounts. However, we have adjusted these surpluses to reflect the effects of the required accounting treatment of IAS 19 pension costs (to reflect the actual costs of pensions decisions they have taken in the current year). The total value of this adjustment is £0.5 million (£1.0 million in 2013/14).

2013/2014	Memo	Trading activity	2014/2015				Memo
Net Expenditure £ m	Net Expenditure before technical adjustments £ m		Turnover £ m	Spend after internal income £ m	External income £ m	Net expenditure £ m	Net Expenditure before technical adjustments £ m
0.3	0.1	County caterers	10.6	2.1	-2.4	-0.3	-0.4
0.2	0.2	County cleaning	0.4	0.0	0.0	-0.1	-0.1
-0.1	-0.2	Schools finance	1.1	0.0	-0.1	-0.1	-0.1
-0.3	-0.3	Construction services	6.6	1.5	-1.4	0.1	0.0
-0.2	-0.3	County fleet maintenance	3.6	0.8	-1.0	-0.2	-0.2
-0.2	-0.1	Design services	2.7	0.8	-0.8	-0.1	-0.1
0.1	-0.1	Legal services	4.2	1.3	-1.2	0.1	0.0
0.5	0.4	ICT services	4.1	1.0	-0.8	0.2	0.1
0.0	0.0	County Music Service	1.7	0.6	-0.6	0.0	0.0
-0.1	-0.1	Early intervention	1.6	0.4	-0.4	0.0	0.0
0.1	0.1	School absence (sickness scheme)	2.3	-0.2	0.0	-0.2	-0.2
0.9	0.4	Other trading accounts (turnover of less than £1m each)	7.0	3.8	-3.6	0.2	0.3
1.2	0.1	Total	45.8	12.0	-12.3	-0.3	-0.7

Table may not sum due to roundings

Negative figures show we have more income than our spending (surplus).

Other trading accounts with a turnover of less than £1 million and include payroll services, school governance, county print unit, archaeology, HR support, schools library service and the education psychology service.

The prices for these trading activities were set when they had to include in total costs the interest element for using their assets. Now that this requirement has been removed, the aim when setting budgets is not to break even but to make a small surplus to cover what the notional interest charge would have been.

The Firefighters' Pension Fund

2013/14 £ 000's	Fund account	2014/15 £ 000's
	Income to the fund	
	Contributions receivable (funds due to us during the year):	
	- from employer: Warwickshire County Council	
-1,705	- normal contributions in relation to pensionable pay	-1,639
-112	- early retirements	-74
-22	- other contributions	-22
-1,111	- from members (firefighter's contributions)	-1,196
	Transfers in:	
0	- individual transfers in from other authorities	0
-2,950	Income to the fund	-2,931
	Spending by the fund	
	Benefits payable:	
5,429	- Pension payments	5,429
1,173	- Commutation of pensions and lump-sum retirement benefits	2,064
0	- Lump sum death benefits	0
	Payments to and on account of leavers	
0	- Individual transfers out of the scheme to other authorities	130
6,602	Spending by the fund	7,623
3,652	Net amount payable for the year (before top-up grant receivable from Government)	4,692
-3,652	Top-up grant payable by the Government	-4,692
0	Net amount payable or receivable (-) for the year	0

31 March 2014 £ 000's	Firefighters' Pension Fund net assets statement	31 March 2015 £ 000's
	Current assets:	
817	- Top-up grant receivable from Government	771
0	- other current assets (other than assets in the future) ~ debtor	0
	Current liabilities:	
-817	- other current liabilities (other than liabilities in the future) ~ creditor	-771
0	Net assets or liabilities (-) at the end of the year	0

Notes to the Firefighters' Pension Fund statements

Note 1: Fund operations

The Firefighters' Pension Scheme in England is an unfunded scheme. The employer promises to provide employees with benefits under the scheme but makes no advance funding in the scheme for those benefits. Benefits are paid directly by the employer when they become due. We are required to pay an employer's pension contribution based on a percentage of pay into the pension fund. Each Fire and Rescue authority must run a pension fund and the amounts that must be paid into and out of the pension fund are set by regulation. The legislation that controls its operation is the Firefighters' Pension Scheme (Amendment) (England) Order 2006. The benefits payable are pensions to retired firefighters and/or widows/widowers of retired firefighters. The benefits paid and employee and employers contributions are administered through our human resources management system. The scheme has no investment assets.

The pension fund is balanced to nil at the end of the year by either paying over to the sponsoring government department the amount by which the amount receivable by (due to) the fund is more than the amount payable, or by receiving cash in the form of pension top-up grant from the sponsoring department equal to the amount by which the amount payable from (owed by) the pension fund for the year is more than the amount receivable. An amount of 80% of the estimated grant needed each year is paid to the fund by the Government during the year. The balance is only paid once the Pensions statement has been audited by our external auditors and a claim, certified by the Head of Finance, is submitted to the Government.

Note 2: Accounting policies

The financial statements are accounted for on an accruals basis. We did not use any estimation techniques in preparing these statements. A small number of ill-health pensions of fire-fighters who retired on the grounds of injury or other ill-health but who were not in the pension scheme when they retired, have inadvertently been charged to the pension fund since pensions became funded by grant and hence too much grant had been claimed from the Government in previous years. We have agreed with our auditors that as this is not a material error that the adjustment is made to the current year's figures. The grant due at 31 March 2015 has therefore been reduced by the appropriate overpaid grant to be settled in 2015/2016.

For assets and liabilities in the net asset statement the fair value is deemed to be the carrying value as they are both due within 1 year.

Note 3: Liabilities

The statements do not take account of any liabilities to pay pensions and other benefits after the period end i.e. 31 March 2015. Details of the long term pension obligations, employees and employers contribution rates and actuarial assumptions used in the required disclosures in accounts for the Firefighters Pension Fund are found in note 39 to the accounts on pages 62 to 73.

Note 4: Contribution levels

Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Department for Communities and Local Government and are subject to triennial revaluation by the Actuary.

Note 5: AVC's and added years

Additional voluntary contributions are excluded from the accounts of the Pension Fund. However, where members of the scheme have brought added years within the scheme, these will be included in the Fund contributions.

Note 6: Debtors and creditors

The debtors for both years are amounts due from central government (balance of grant due to balance the account to nil). The creditors for both years are the amounts due to Warwickshire County Council, the administering authority. All amounts are due within 1 year.

Glossary

This section explains some of the more complicated terms that have been used in this document.

Accruals

Cost of goods and services received in the year but not yet paid for.

Actuarial gain (loss)

For assets, actuarial gains or losses happen when the actual return on investments in the pension fund is different from the expected return. For liabilities, actuarial gains and losses happen when the actual liability is different from the expected liability. For assumptions, actuarial gains or losses happen as a result of changes to the population or financial assumptions the actuary uses to work out the liability. Liabilities are valued in terms of 'today's money'.

Acquisition costs

The cost of buying shares including brokers' commission and stamp duty.

Amortisation

The drop in value of intangible assets as they become out of date.

Asset

An item which is intended to be used for several years such as a building or a vehicle.

Benefits we have awarded for added years

When a member of staff retires early because they are made redundant, we can give added years of scheme membership. We meet the costs of giving these added years, usually from the savings that will be made.

Billing authority

The local authority which collects the Council Tax. In Warwickshire, the district or borough council is the billing authority.

Budget

A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Business rates (National Non-Domestic Rates – NDR)

Businesses pay these rates instead of council tax. Each year, the Government sets the rate in the pound and business rates are collected by the billing authority. Business rates are shared between local authorities partly on the basis of need and partly on the increased business rates generated locally. The amount each business is charged is based on multiplying the rateable value of each business property by the national rate in the pound.

Capital fund

Money made available in an earlier year to meet the cost of spending on assets.

Capital Adjustment Account

This account includes the value of capital charges to the Comprehensive Income and Expenditure Statement that do not directly affect the level of council tax.

Capital instruments

Capital instruments are shares or debentures (a type of long-term loan) that are issued to raise finance.

Capital programme

Our plan of capital projects and future spending on buying land, buildings, vehicles and equipment.

Capital receipts

Income from selling assets that have a long-term value.

Capital spending

Spending on assets that have a lasting value, for example, land, buildings and large items of equipment such as computers or vehicles. These items are then capitalised.

Capitalised

Assets that are capitalised are added to the balance sheet.

Capital spending met from revenue

Paying for capital spending direct from revenue.

Cash-flow statement

Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes.

CIPFA

Chartered Institute of Public Finance and Accountancy

Commutation/commutating

This is where a member of the pension scheme gives up part or their entire pension in return for an immediate lump-sum payment. It is also called a cash option.

Contingent asset

A possible asset which may arise pending decisions that are not under our control.

Contingent liability

A possible liability which may arise when we know the outcome of outstanding claims made against us.

Corporate and democratic core costs

Spending relating to the need to co-ordinate and account for the many services we provide to the public.

Council tax

A tax based on property. There are eight bands of property values. The amount you pay will depend on which band your property is in. You can get a reduction for empty properties or if you live on your own. In Warwickshire, the district or borough councils issue council tax bills and collect the council tax.

Creditors

People or organisations we owe money to for work, goods or services which have not been paid for by the end of the financial year.

Current assets

Short-term assets which constantly change in value such as stocks, debtors and bank balances.

Current liabilities

Short-term liabilities which are due to be paid in less than one year such as bank overdrafts and money owed to suppliers.

Current service cost

Officers employed during the year will have earned one more year of pensionable service. The current service cost is the increase in the value of the pension scheme's liabilities arising from the employee service during the period.

Curtailment costs

Curtailment costs arise when many employees transfer out of the scheme at the same time, such as when an organisation transfers its members to another scheme.

Debtors

People who owe us money that is not paid by the end of the financial year.

Depreciation

The drop in the value of assets, for example, through wear and tear, age and becoming out of date.

Disclosure

Information we must show in the accounts under the CIPFA code of practice.

Earmarked reserves

Money set aside for a specific purpose.

Fair value

The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy or sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

General reserves

Money set aside to be used in the future.

Government grants

Payment by the Government towards the cost of local-authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (revenue support grant or un-ring-fenced grants).

Gross spending

The cost of providing our services before allowing for government grants or other income.

International Financial Reporting Standard (IFRS)

Standards on the way we need to treat certain items in our accounts.

Liabilities

Money we will have to pay to people or organisations in the future.

Material related-party transactions

Two or more organisations are 'related parties' if, during the year, one of them has some form of control over the other. By 'material' we mean of 'significant value'.

Minimum revenue provision (MRP)

The amount we have to set aside to repay loans.

Net asset value

The total value of an organisation's assets, less its liabilities and capital charges.

Net book value

The value of an asset after depreciation.

Net interest cost

All members of the scheme are one year older. The net interest cost is the increase in the value of liabilities that arises because the liabilities are one year closer to being paid.

Net spending

The cost of providing a service after allowing for specific grants and other income (not including Council Tax and money from the Government).

Non-distributed costs

Past service pension costs, including settlements and curtailments, which are not to be included in total individual service costs.

Notional

An accounting entry where there is no actual cash transfer.

Operating leases

When we lease goods using this type of lease, ownership of the goods and any profits or losses remain with the company (the lessor) leasing the goods to us.

Overheads

Spending on items not directly related to the supply of our services, for example, office cleaning costs.

Past service costs

The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

Pensions interest cost and expected return on assets

All members of the scheme are one year older. The pensions interest cost is the increase in the value of the liabilities that arise because those liabilities are one year closer to being paid. The return on assets is the value of the return expected to be achieved on the fund's investments in the long term.

Precept

The amount we (the precepting authority) ask the district and borough councils to collect every year for us to meet our spending.

Provisions

Money set aside to meet specific service liabilities, and to meet spending.

PWLB

The Public Works Loan Board is a government agency which provides long-term loans to local authorities at favourable interest rates only slightly higher than those at which the Government itself can borrow.

Recharges

Charges for services that we have provided.

Reconciliation

A reconciliation explains how figures are worked out, and shows how they are used in different statements in our accounts.

Regeneration

Breathing new life into the local economy.

Reimbursements

Payments we receive for work we do for other public organisations, for example, the Government.

Reserves and funds

Savings we have built up from surpluses.

Restated

This is where we have changed figures that have been published in the past to show the correct ones.

Return on assets

The return on assets is the value of the return we expect to achieve on the fund's investments in the long term.

Revaluation Reserve

This account contains the difference between the amount we paid for our assets and the amount that they are currently worth.

Revenue spending

Spending on the day-to-day running of services - mainly wages, running expenses of buildings and equipment, and debt charges. These costs are met from council tax, government grants, fees and charges.

Revenue expenditure funded by capital under statute (REFCUS)

Spending on assets that have a lasting value, for example, land and buildings, which we do not own.

Revenue Support Grant

The main government grant to support local-authority services.

Reversed out

An item of income or expenditure is taken back out.

Settlement costs

Settlement costs arise when we make a lump-sum payment to a scheme member in exchange for their rights to receive certain pension benefits.

Soft loans

Loans made at less than the market rate of interest.

Specific grants

Payments from the Government to cover local-authority spending on a particular service or project (for example, schools' grants).

Stock and stores (Inventories)

Goods bought which have not been used.

Surplus

The remainder after taking away all expenses from income.

Unrealised

A change in the market value which does not actually take place until the asset is sold.

Unquoted securities

A security that is not traded on the stock market, usually because it is unable to meet the listing conditions.

Annual Governance Statement

Year ended 31 March 2015



Council

24 September 2015

Annual Governance Statement 2014/2015

Recommendation

That Council approve the Annual Governance Statement for 2014/15.

1.0 Key Issues

- 1.1 This report presents the Annual Governance Statement for 2014/15 for consideration.
- 1.2 The Accounts and Audit (England) Regulations 2011 require the Authority to conduct a review, at least once a year, of the effectiveness of internal control and publish the findings, in the form of an Annual Governance Statement, alongside the authority's financial statements. The Statement covers the key controls in operation in the authority to ensure that the Council's objectives and main statutory obligations are met.
- 1.3 The results of the review and resulting draft Annual Governance Statement was considered by the Audit and Standards Committee in June and again on 9 September following review of the document by external auditors. There were no changes suggested by the September Audit & Standards meeting. Cabinet on 10 September have endorsed the Statement and it is now appended for approval by Council.

2.0 Background papers

None

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County Council – 24 September 2015

Item 4 Appendix

Annual Governance Statement

Year ended 31 March 2015



*Working for
Warwickshire*

Annual Governance Statement 2014/2015

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Annual Governance Statement 2014/2015

1. What are we responsible for?

We are responsible for carrying out our business in line with the law and proper accounting standards, and for using public money economically, efficiently and effectively, and accounting for it properly. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and an efficient and effective service.

To meet our responsibility, we have put in place proper governance arrangements for overseeing what we do. These arrangements are intended to make sure that we do the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner. These arrangements consist of all the systems, processes, culture and values which direct and control the way in which we work and through which we account to, engage with and lead our communities.

We have approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. You can obtain a copy of the Code from our website: <http://www.warwickshire.gov.uk/corporategovernance>

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011.

2. The aim of the governance framework

The governance framework is basically the systems and processes, and the culture and values, by which we are controlled and how we account to, engage with and lead the community. The framework allows us to monitor how we are achieving our strategic aims and ambitions, and to consider whether they have helped us deliver appropriate services that demonstrate value for money.

The system of internal control is an important part of the framework



and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failing to achieve our policies, aims and objectives, so it can only offer reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on continuing processes designed to:

- identify and prioritise the risks that could prevent us from achieving our policies, aims and objectives;
- assess how likely it is that the identified risks will happen, and what will be the result if they did; and
- manage the risks efficiently, effectively and economically.

The framework underpins our Code and set out the commitments we have made about the way that we work. The governance framework has been in place at the Council for the year ended 31 March 2015 and up to the date of approval of the annual report and statement of accounts.

3 The Governance framework

Core Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens, service users and communities

Our core purpose is to 'develop and sustain a society that looks after its most vulnerable members, delivers appropriate, quality services at the right time, and seeks opportunities for economic growth and innovation'. This provides the overarching framework for the One Organisational Plan which sets out our values and the desired outcomes we want to achieve for the people of Warwickshire over the four year period 2014-18. The One Organisational Plan was approved by Council on 25th February 2014 and the business outcomes that support the delivery of the core purpose were agreed by Cabinet in March 2014. <http://www.warwickshire.gov.uk/businessplan>

The One Organisational Plan was informed by an extensive programme of consultation which was reported to Cabinet in December 2013 <http://askwarks.wordpress.com/2014/01/07/feedback-from-the-lets-talk-public-engagement/>.

Our annual Quality of Life Report provides a comprehensive assessment of a range of indicators and trends in local conditions experienced by the residents and communities of Warwickshire. The key messages identified in the analysis aid the decision making and priority setting processes; providing the context for our business planning and the evidence base for our policy development: <http://www.warwickshireobservatory.org/quality-of-life-in-warwickshire-201415/>

We have communicated the One Organisational Plan to citizens through a range of media including dedicated pages on our website and social media. <http://oop.warwickshire.gov.uk/>

Reviewing the authority's vision and its implications for the authority's governance arrangements

We adopted a Corporate Governance Code of Conduct in October 2004. This was revised in 2007/08 to reflect new CIPFA/SOLACE guidance. The Code

identifies our commitment to corporate governance and supports our Vision and Aims and Ambitions. The Code underlines the critical role governance has in the delivery of objectives, stating that 'good governance is essential for the Authority to improve the quality of its services and has a significant impact on the public's level of trust in the services that the Authority delivers'. The Code can be found on our website:

<http://www.warwickshire.gov.uk/corporategovernance>

Translating the vision into objectives for the authority and its partnerships

Our core purpose provides the overarching framework for the One Organisational Plan which sets out our values and the desired outcomes we want to achieve for the people of Warwickshire over the four year period. The One Organisational Plan fully integrates the corporate and financial planning processes and pulls together the key elements of a number of different existing corporate plans and documents to provide the focus for the delivery of our core purpose and key outcomes. <http://www.warwickshire.gov.uk/strategicdirection>

- The One Organisational Plan outlines our core purpose and the key outcomes we want to achieve for Warwickshire by 2018. <http://www.warwickshire.gov.uk/businessplan>
- The Medium Term Financial Plan supports the One Organisational Plan by setting out how we intend to use and raise the resources needed to deliver our services and priorities over the medium term. The 2015/16 Budget and a refresh of the Medium Term Financial Plan for 2015-18 were approved by the County Council on 5th February 2015.

Measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and that they represent the best use of resources and value for money

The performance monitoring and reporting arrangements for the One Organisational Plan were approved by Cabinet in June 2014 and includes the following mechanisms:

- Progress against the One Organisational Plan and the delivery of the savings is reported formally to Cabinet on a quarterly basis followed by Overview & Scrutiny.
- A dashboard has been rolled out to managers providing access to performance information for services. The dashboard provides access to real time HR, Finance and Performance data for their area of the business, and enables managers to interrogate information quickly and efficiently, making key indicators easier to monitor.
- Each Group has arrangements in place for reporting performance to its Group Leadership Team (GLT).

We produce a leaflet each year which details our services and outlines how we spend Council Tax income. The leaflet for the current and previous financial years can be viewed on our website: <http://www.warwickshire.gov.uk/counciltaxspending>

Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements

Elected members are collectively responsible for the governance of the Council. Decision making and scrutiny of member decisions has been separated through the executive arrangements introduced by the Local Government Act 2000. Responsibilities for decision-making, the role of individual members, the Council, Cabinet, and committees are defined in the Constitution

The roles and responsibilities of senior officers, delegation of statutory powers and executive functions, and Protocols on member / officer relations are defined and documented within our Constitution which can be found on our website: <http://www.warwickshire.gov.uk/constitution>.

Ensuring effective management of change and transformation

The One Organisational Plan sets the high level desired outcomes and is supported by projects and service plans. It provides the necessary framework to deliver change management and transformation and to ensure clear line of sight in the delivery of WCC's Core Purpose and Outcomes at strategic, group and business unit levels. The outcomes framework ensures that Members and Officers have a clear picture of how well the Organisation is progressing against the delivery of the outcomes set out in the One Organisational Plan as well as the key business outcomes that support and underpin it.

The One Organisational Plan is aligned to the medium term financial plan to ensure a joined up approach to delivering the organisational plan outcomes and the agreed 4 year savings plan. These are both reviewed as part of the annual budget setting process to identify future service and budgetary requirements and to respond to further requirements for change.

From attracting and retaining the right people, providing the development they need to allow them to grow and progress, managing the talent and planning for the future the way in which we lead and manage our people is key to the successful delivery of quality services for Warwickshire people. The Workforce Strategy outlines the current and future needs of our workforce, setting out our aspirations for our workforce and how we will lead, support and develop the people within our business. The Strategy sets the overarching principles which are embedded in detailed Workforce Plans developed at Group and business unit level. This ensures that Warwickshire has a fit for purpose workforce and staff resources are deployed most effectively in the delivery of the aims and ambitions as set out in the One Organisational Plan.

Ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* and, where they do not, explain why and how they deliver the same impact

Arrangements are in place to ensure that we fully comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. They include the following:

- The Head of Finance fulfils the role of Chief Finance Officer. He is actively involved in the financial implications of all material business decisions, leads on promoting good financial management, is professionally qualified and suitably experienced and leads and directs a finance function fit for purpose.
- He is entitled to attend at and offer advice to meetings of the Corporate Board and Cabinet/Corporate Board in relation to any item which he considers raises financial issues.
- Within the Financial Regulations of the Authority he has the responsibility to advise Strategic Directors as necessary on financial arrangements and has access to all documents concerned with finance.

Ensuring the authority's assurance arrangements conform with the governance arrangements of the *CIPFA Statement on the Role of Head of Internal Audit* and, where they do not, explain why and how they deliver the same impact

The Council has delegated responsibility for maintaining an adequate internal audit function to the Strategic Director for Resources. A programme of risk based audits is carried out by the Risk and Assurance Service. A summary of audit work is reported to the Audit and Standards Committee which has responsibility for oversight of probity and audit issues and meets four times a year.

Arrangements are in place to ensure that we fully comply with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit. In particular the Chief Risk and Assurance Manager is designated as the Head of Internal Audit. He has regular formal meetings with the Strategic Director for Resources, Head of Finance and Head of Law and Governance and does not take any part in any audit of risk management or insurance. A self-assessment against the Public Sector Internal Audit Standards (PSIAS) has been completed and compliance will be confirmed by an external assessment in due course. More information can be found on our website: <http://www.warwickshire.gov.uk/audit>

Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The Strategic Director for Resources fulfils the responsibilities of the Monitoring Officer. The Strategic Director has arrangements in place to ensure that all reports to member bodies are checked by qualified lawyers within the Authority and to ensure compliance with legislation, corporate policies and procedures. All decision making member bodies are supported by a legal advisor who attends meetings. In addition, the Strategic Director receives weekly briefings from senior lawyers in the Authority highlighting if there are any:

- cases or potential cases where questions arise as to the Council's power to take action
- cases or potential cases of breaches of law or internal regulations, especially standing orders, contract standing orders or financial regulations
- proposals to act contrary to corporate policy or legal advice
- new legislation, statutory instruments or government proposals affecting areas of work carried out by the Authority

The Strategic Director has responsibility for reviewing and investigating complaints about elected member conduct (including co-opted members).

Ensuring effective arrangements are in place for the discharge of the head of paid service function

The Chief Executive is designated as the Head of Paid Service and fulfils the responsibilities of the role. The functions of the Chief Executive and group structures that have been put in place are contained within the Constitution which can be found on our website: <http://www.warwickshire.gov.uk/constitution>

Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*

The Audit and Standards Committee operates to an agreed terms of reference which defines its core functions, roles and responsibilities. The terms of reference is contained within the Constitution which can be found on our website: <http://www.warwickshire.gov.uk/constitution>

Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

A partnership governance toolkit is in place. The purpose of the toolkit is to help the Council and other agencies involved in partnership working to identify the key governance issues that need to be addressed when considering new partnership arrangements or running existing partnerships. The toolkit contains a number of tools designed to help build a partnership framework including partnership objectives, structures, governance arrangements (including performance, financial and risk management arrangements, customer engagement protocols and exit strategies).

Core Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

Our Corporate Governance Framework is supported by a programme of governance training for officers and a range of internal audits. Online governance training for all staff was introduced during 2014.

The expectations for the behaviour of elected and co-opted members are published in the Member's Code of Conduct contained within the Constitution. This was revised and adopted by full Council in July 2012 to take into account changes arising from the Localism Act 2011. Standards of behaviour for staff are defined in the Officers Code of Conduct contained within the Constitution found on our website: <http://www.warwickshire.gov.uk/constitution>

New members of staff are made aware of codes of conduct as part of their induction. Staff codes of conduct are available through the HR pages on our website: <http://www.warwickshire.gov.uk/conduct>

Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

We have a good record in preventing and identifying fraud but cannot afford to be complacent. We have an Anti-Fraud and Bribery Policy and Strategy outlining our commitment to creating an anti-fraud culture and maintaining high ethical standards in its administration of public funds. This was reviewed during 2012 to incorporate changes in best practice and legislation, including the Bribery Act 2010. These documents were reviewed and approved by the Audit and Standards Committee and Cabinet in December 2012 and published on our website: <http://www.warwickshire.gov.uk/antifraud>

We participate in the National fraud Initiative and counter-fraud activities take place throughout the year including articles published on the intranet to raise fraud awareness.

We are working alongside other local authorities in Warwickshire to establish a Counter-Fraud Partnership to deter and detect fraud.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

Key roles in relation to ensuring compliance with policies, procedures, laws and regulations are performed by the Strategic Director for Resources, Head of Finance and the Head of Law and Governance.

Financial Regulations were approved by full Council on 26th September 2013 and work is underway to develop a supporting suite of procedures. <http://www.warwickshire.gov.uk/financialregulations>

A structured approach to contract management is set out in Contract Standing Orders (CSOs). These provide guidance on managing our finances, ensuring compliance with legislation and best value is considered in all purchasing activities. The current set of Contract Standing Orders was approved by full Council in September 2013 and is contained within the Constitution: <http://www.warwickshire.gov.uk/constitution>

In addition, external audit and external inspection agencies contribute to the review of the Authority's compliance with internal policies and procedures, and relevant laws and regulations. External reviews completed during 2014-15 include:

- A Local Government Association sponsored corporate peer review completed in September 2014. This provided an external 'health-check' of the organisation by considering the core components looked at by all corporate peer challenges.
- A peer review of adult social care was undertaken by West Midlands Association of Directors of Adult Social Care Services (WMDASS) in October 2014. This included Access arrangements with regard to Health and first point of contact, commissioning functions and Governance arrangements with regards to Better Care Fund (BCF), Care Act, People Group Transforms and Quality Assurance.
- A corporate Peer Review of the Health and Wellbeing Board undertaken in January 2015 which assessed our progress towards better integration of health and social care services. This is being followed up with partners and an action plan produced during summer 2015.

Findings and recommendations following these peer challenges (and also incorporating recommendations arising from an operational assessment peer review of the Fire Service completed in November 2013) are being taken forward by the County Council and partner bodies.

Whistleblowing, and receiving and investigating complaints from the public

The Whistleblowing Policy outlines procedures for staff members wishing to raise a concern, the response they can expect from the Authority and the officers responsible for maintaining and operating the code (which is essentially all managers). The Strategic Director for Resources has overall responsibility for the maintenance and operation of this policy. A confidential register of concerns raised and the subsequent outcome of investigations is held by the Resources Group. Details of whistleblowing arrangements have been published on our website: <http://www.warwickshire.gov.uk/conduct>

Complaints from members of the public are addressed according to the 'Corporate Complaints Procedure' ('making sure positive or negative customer feedback is valued and used to improve services') and managed corporately by the Customer Service business unit. Extensive guidance is available to staff through our intranet site, to the public on our website and through written publications: <http://www.warwickshire.gov.uk/complaints>

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Reviewing the effectiveness of the decision making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The Constitution sets out how the Council operates, how decisions are made, who makes decisions, how citizens, businesses and other organisations can participate, and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people. Responsibilities for decision-making, the role of individual members, the Council, Cabinet, Committees and the process for determining the Authority's Key Decisions are defined in the Constitution. Delegations are detailed so that the functions of full Council, Cabinet, Cabinet members, Committees and Officers are specified.

We have a forward plan which provides information about all of the decisions that the Council has scheduled. Formal agendas, reports and minutes for all committee meetings are published on our website. Where a report is considered in private, the reason for that is set out in the description of the decision: <https://democratic.warwickshire.gov.uk/cmis5/>

The Overview and Scrutiny Committees act as a critical friend and hold Cabinet to account for its decisions. The terms of reference for all O&S Committees are defined in the Constitution. Our governance arrangements will be kept under review in the coming year, with a particular focus on ensuring effective scrutiny. <http://www.warwickshire.gov.uk/scrutiny>

In compliance with the Freedom of Information Act 2000 procedures for requesting access to information are in place. Our publication scheme guide is available on our website: <http://www.warwickshire.gov.uk/foi>

Information security is a key issue for us. A robust process for investigating data losses is in place and the Authority continues to protect the data of its staff, customers and business activities and ensure that it is stored securely, legally and in accordance with Council policy. We have reviewed our information security guidance as a method of increasing overall awareness, and signposting staff to our array of more detailed advice and guidance in this arena. To improve awareness, and ensure that all members of staff understand their information security responsibilities, we have introduced mandatory training and required staff to formally accept their responsibilities. <http://www.warwickshire.gov.uk/informationsecurity>

Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. It is essential to our ability to deliver public services and as a custodian of public funds. Our approach to managing risk is explained in the Risk Management Strategy which has been approved by Cabinet and is available on our website: <http://www.warwickshire.gov.uk/riskmanagementstrategy>.

Core Principle 5: Developing the capacity and capability of members and officers to be effective

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The development and training of elected members is managed by the Law & Governance Business Unit. At the beginning of their term of office, each elected member undergoes an induction programme which includes corporate governance training. A member development programme is agreed each year to ensure core development needs of members aligned to their respective roles are met and to take account of new and emerging issues. Democratic Services maintain a database of the training received by and planned for members.

From attracting and retaining the right people, providing the development they need to allow them to grow and progress, managing the talent and planning for the future the way in which we lead and manage our people is key to the successful delivery of quality services for Warwickshire people. The Workforce Strategy outlines the current and future needs of our workforce, setting out our aspirations for our workforce and how we will lead, support and develop the people within our business. The Strategy sets the overarching principles which are embedded in detailed Workforce Plans developed at Group and business unit level. This ensures that Warwickshire has a fit for purpose workforce and staff resources are deployed most effectively in the delivery of the aims and ambitions as set out in the One Organisational Plan.

The Working for Warwickshire Framework details the knowledge, skills, and qualities we need from our staff. This was made available to all staff from April 2014. As part of this framework a self-assessment tool has been developed which all managers across the organisation use when reviewing performance and agreeing development needs as part of their appraisals and 1:1 sessions. <http://www.warwickshire.gov.uk/w4w>

The corporate staff appraisal process applies to staff across the organisation and is used as a tool to identify individual objectives and development needs. The process is cascaded down through all tiers of staffing to ensure the objectives of the Authority run through the appraisals of all staff. <http://www.warwickshire.gov.uk/corporateappraisal>

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

We undertake consultation on a wide range of topics to help us engage with the public to inform decision making and to assess the quality of services we provide. Our Consultation and Engagement Framework provides staff with guidance and tools for planning and conducting consultation activities. As part of our approach to consultation the Ask Warwickshire website is a portal for consultation exercises taking place within Warwickshire. We use a variety of methods to undertake consultation including public meetings, public and staff roadshows, strategic meetings with partners and online consultation surveys. This enables us to engage with a greater number of citizens on a wide range of consultation topics and to provide results of completed consultation activities: <http://askwarks.wordpress.com/>

During the development of the One Organisational Plan we conducted an extensive programme of public and partner consultation. The public were invited to engage with members about what is important to them, and the leader embarked upon a programme of 'Let's talk' roadshows across the county. During the consultation we used MORI 'You Choose' budget simulation software to help gather the views of the local community to help shape the medium term financial plan for 2014-18. We are preparing for a further 'Let's Talk' exercise during 2015. <http://askwarks.wordpress.com/2014/01/07/feedback-from-the-lets-talk-public-engagement/>

The One Organisational Plan Delivery Group brings together a number of officers from both support functions and services across the organisation and at each meeting updates are given on current and upcoming consultations by officers involved (Legal, Warwickshire Observatory, Communications and Corporate Project Delivery). This allows further support to be given where appropriate, interdependencies to be identified and lessons to be learnt in a timely manner.

A Public Engagement in Overview and Scrutiny Toolkit has been developed to support Members with engaging and involving the public in scrutiny activity. The Toolkit was approved by the Corporate Services Overview and Scrutiny Committee in October 2013: <http://warksdemocracy.wordpress.com/2013/10/28/greater-public-involvement-in-overview-and-scrutiny/>

Equality and Diversity is an integral part of consultation. Equality Impact Assessments are used as a tool to identify the potential impact of strategies, policies, services and functions on customers and staff: <http://www.warwickshire.gov.uk/staffequalityanddiversity>

The Petitions Scheme enables citizens to raise and formally present petitions to members and committees. Petitions can be submitted by post or online: <http://www.warwickshire.gov.uk/petitions>

Our Locality Working Strategy outlines the objectives and working arrangements for engaging with the community alongside our partners and improving working with locality groups.

We operate a network of thirty Community Forums across the county, each of which meets on a minimum of four occasions per year. These are run in

partnership with the District/Borough Councils, Warwickshire Police, and Health Service and provide the opportunity for the public to engage with Councillors and public service providers about their concerns and priorities. Agendas and minutes of community forum meetings are available on our website: <http://www.warwickshire.gov.uk/communityforums>

We have commissioned Healthwatch Warwickshire to undertake an independent role in the provision of information on local health and social care services to the public and also to enable public engagement with health providers. Healthwatch launched in April 2013 and a Memorandum of Understanding has been agreed setting out the framework for the working relationship between Warwickshire Health and Wellbeing Board, Healthwatch Warwickshire, Children and Young People Overview & Scrutiny Committee and Adult Social Care and Health Overview & Scrutiny Committee.

<http://www.healthwatchwarwickshire.co.uk/>

Enhancing the accountability for service delivery and effectiveness of other public service providers

We actively contribute to partnerships including the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and collaborate with partners to promote good governance and delivery of outcomes. We are members of a number of sub-regional partnerships and groups which have member and / or officer representation. Each partnership has its own governance arrangements in place. <http://www.warwickshire.gov.uk/partnerships>

The Police Reform and Social Responsibility Act 2011 established the arrangements for Police and Crime Commissioners (PCCs) and for Police and Crime Panels. The Police and Crime Panel is a joint committee of the County Council and the five district and borough councils. The Panel's role is to scrutinise the decisions and actions of the PCC but in a way that supports the effective exercise of the functions of the PCC.

<http://www.warwickshire.gov.uk/policeandcrimepanel>

Governance arrangements are in place for scrutinising health services. The Health and Wellbeing Board is an executive function that has statutory responsibility for developing joint health and wellbeing strategies. It brings together colleagues from the county council, district and borough councils, and the NHS to provide leadership and direction for the health and social care economy in the county.

4. Review of effectiveness

We have responsibility for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by external auditors and other review agencies and inspectorates.

The review of effectiveness was co-ordinated by an evaluation panel consisting of representatives from each group, the Chief Risk and Assurance Manager (Head of Internal Audit) and chaired by the Head of Law and Governance. In carrying out their review, the evaluation panel:

- considered the approach of the Authority to establishing its principal statutory obligations and organisational objectives;

- considered the approach of the Authority to identifying principal risks to the achievement of those obligations and objectives;
- identified the key control frameworks that the Authority has in place to manage its principal risks;
- obtained assurance from managers on the operation of key control frameworks and on the results of relevant external or internal inspection; and
- evaluated the assurances provided and identified gaps.

The evaluation panel scrutinised the strategic risk register prepared by executive managers and approved by Corporate Board. In addition Heads of Service have confirmed that they have complied with the risk management framework throughout the year. Consideration was also given to the results of reviews carried out by external agencies during the year including the external audit of the accounts. The work of the evaluation panel was scrutinised by the Strategic Director of Resources (Monitoring Officer) and the Head of Finance (Section 151 Officer) before being submitted to the Audit and Standards Committee for further scrutiny and reported to Cabinet and Council.

The Authority's governance arrangements have been reviewed throughout 2014/15 in a number of ways including:

- LGA Corporate Peer Review
- LGA Health and Wellbeing Peer Review
- Review of County Council electoral boundaries by the Local Government Boundary Committee for England (LGBCE)
- WMDASS Peer Review of adult social care services
- scrutiny reviews undertaken by task groups commissioned by Overview and Scrutiny Committees; and
- risk based reviews by Internal Audit.

The results of the Internal Audit work were reported to the Audit and Standards Committee throughout the year and the individual reviews feed into the overall Internal Audit Annual Report. This report concludes that the Authority's control environment provides substantial assurance that the significant risks facing the Authority are addressed. The internal audit findings were duly considered in the preparation of this statement.

5. Governance issues

We have been advised on the implications of the result of the review of effectiveness of the governance framework by Cabinet and the Audit and Standards Committee. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We have not experienced any significant governance failures during the last year. However the following have been identified as major challenges for the Authority going forward, each carrying significant risks for the County Council. The governance challenges recorded in this statement are reflected in the organisation's Strategic Risk Register and have accompanying actions. The Risk Register highlights the actions taken and successes achieved in addressing the challenges of the past 12 months. A prime purpose of the governance framework is to minimise the occurrence of strategic risks and to ensure that any such risks arising are highlighted so that appropriate mitigating action can be taken. We are satisfied that the challenges identified are addressed by service business plans and that the actions identified in those plans will address the issues highlighted in our review of effectiveness. The table below summarises the risks contained in the Strategic Risk Register and the planned actions that will help us manage the risks to reduce the likelihood of them occurring or potential impact.

Risk

Government policies, new legislation, internal uncertainties and sustained austerity measures present immediate challenges and further significant imposed savings over the medium term.

Causes

- Projected savings of £92m over 4 years threaten existing levels of service provision.
- Further uncertainty over post 2015 local and general election financial landscape.
- The growing devolution agenda which is already influencing local authority strategic thinking
- An accelerated pace of change to respond to new policy timeframes and changes in service expectations.
- School financial deficits outside the scope of the one organisational plan impact on the ability to deliver corporate savings.
- IT investment is insufficient to fully support transformation process.
- Uncertainty in resource and cost implications of implementing Stage 1 of the Care Act from 2015/16.
- Legal challenge to decisions made by the Authority.

Effects

- The Council is unable to achieve its key aims and objectives, to meet customer expectations and maintain an effective regulatory framework.
- The pace of change and uncertainty about future local government structures stretches and challenges our governance and project management structures.
- There is more pressure on expanding traded activity and income generation to protect the organisation's interests and core activities.
- Impact on staff morale and productivity arising from transformational change.
- Failure to deliver desired outcomes for the Council. Pace and scale of change could result in reputational risk, increased cost in services and failure to meet the legal requirements of the Care Act.
- Actions to implement change and deliver savings are delayed.

Further action to be taken

- As part of an oversight of Transformation, continue to provide clarity about our priorities based on an analysis of need and budget plans which match our resources accordingly. This includes a corporate focus on expanding the commercial awareness of internal services.
- On-going and effective communication of change and the reasons for change to all stakeholders and staff.
- Clear guidance on consultation processes to be provided to Service Managers together with appropriate legal oversight.
- Continue to explore and engage in the debate around greater devolution for England.
- Findings and recommendations following the peer challenges to be collated and taken forward
- Continue to build relationships with key partners and ensure that governance arrangements are robust.
- Continue to monitor the implementation of savings plans.

Risk	Further action to be taken
<p>Continuing pressure on Adult Social Services and Health.</p> <p>Causes</p> <ul style="list-style-type: none"> • Demographic trends and a huge national change agenda. • Winter pressures on key services. • Large scale and complex changes arising from the Care Act and Better Care Plan and a delay in co-ordinating and implementing those changes which fails to meet imposed timescales. • Commercial or contractual failure of private or independent care providers leads to disruption to care provision. • Poor quality of data and analysis may result in poor evidence based service planning, or failure to achieve value for money. • The Health and Wellbeing Board is continuing to develop relationships. • Changes in government policy towards adult social care and the NHS. <p>Effects</p> <ul style="list-style-type: none"> • Failing to achieve efficiencies and respond to increasing demand using a commissioned approach to adult services (includes risk of contract failure). • Failing to secure services for people who the Care Act determine that the Local Authority must or should support. • Failing to meet statutory minimum levels of services would result in fines or intervention in services. • Failing to accurately predict the potential demand resulting from the Care Act and increased pressure on existing budgets. • Failure to maintain agreement on use of Better Care Funds and protection of social care, would lead to additional cost pressures through reduced funding support from health partners. 	<ul style="list-style-type: none"> • Strategic Commissioning Unit lead on actions to progress the commissioning approach and respond to concerns about contractor performance and market failures. • Ensure the 5 priority areas in the Reablement Strategy are progressed within a project plan. • Seek potential wider integration opportunities across the health and social care economy to meet the requirements of the Better Care Fund. • Continue to monitor and manage change plans and budgets to ensure sustainability of service. • Implementation Plan for the Care Act Phase 2 taking place during 2015/16.
<p>Safeguarding Children and Vulnerable Adults in our community - inability to take action to avoid abuse, injury or death</p> <p>Causes</p> <ul style="list-style-type: none"> • An increasing volume of referrals and decreasing internal resources. 	<ul style="list-style-type: none"> • To constantly review the controls in place to actively manage down the risk of a Safeguarding incident occurring. • Development of the Multi Agency Safeguarding Hub with partners in Warwickshire

Risk	Further action to be taken
<ul style="list-style-type: none"> • An increasing national focus on the threat of Child Sexual Exploitation and on historical cases of abuse. • Local pressures such as staff shortages and extreme demand. <p>Effects</p> <ul style="list-style-type: none"> • Failing to deliver one of the Council's key aims to protect vulnerable members of our community. • Severe negative publicity and impact on key staff and future recruitment. • Inspections and possible intervention from regulators. 	<ul style="list-style-type: none"> • An Integrated Case File Audit tool is being introduced in Adult Social Care from April 2015. This is part of developing a consistent quality assurance framework for People Group based on 5 key standards, including Standard 1 – “People Group Services safeguard their customers and promote their welfare”. • Introduction of case file audit tool in Child Safeguarding.
<p>Loss or corruption of personal or protected data held by the Council</p> <p>Causes</p> <ul style="list-style-type: none"> • A breach in our statutory information governance duties. <p>Effects</p> <ul style="list-style-type: none"> • Serious breaches may lead to Information Commissioner investigation, potential for a significant fine and reputational damage. • More minor breaches still require internal investigation and reporting and negative media which damages the Council's reputation 	<ul style="list-style-type: none"> • Exploring options for cloud based information sharing with external parties to reduce paper exchanges and associated risks. • The Information Governance Steering Group to develop pro-active training across the Council.
<p>C&W LEP and regional partnership working fail to deliver optimum economic benefits.</p> <p>Causes</p> <ul style="list-style-type: none"> • Any potential weaknesses in partnership and governance arrangements including the allocation of growth funding. • Potential conflicts of interest protecting strategic and financial interests. • Uncertainty about longer term commitments of all partners given the early stages of proposals for a West Midlands Combined Authority which may include Coventry City Council. • Changes to central government policy following the 2015 general election. 	<ul style="list-style-type: none"> • Evidence-based research to inform discussions with all Local Authority Leaders in the area on options around a Combined Authority, and the implications of moving forward on this agenda. • The European Structural & Investment Funds Programme will be launched in 2015/16, providing significant resources to support economic growth activity. Projects, programmes and match funding need to be secured to take advantage of this opportunity. • Successful implementation of and delivery of Growth Fund projects, demonstrating and impact on the local economy. • Engagement with partners to consider and evaluate models of governance which would best enhance the economic prosperity of the County and give greater local control over resources and decision-making.

Risk	Further action to be taken
<p>Effects</p> <ul style="list-style-type: none"> • Unable to sustain essential income and resources to support growth in the Warwickshire economy and protect strategic and financial interests in LEP arrangements • Failing to maximise any economic benefits from HS2 proposals either from the infrastructure project itself or subsequent economic drivers. 	
<p>Inability to sustain risk critical fire and rescue functions.</p> <p>Causes</p> <ul style="list-style-type: none"> • Projected savings agreed by Council and One Council approach to delivering an effective and safe fire and rescue service. <p>Effects</p> <ul style="list-style-type: none"> • Weakening operational support to fire crews through a reduced ability to provide, maintain and review safe systems of work - impacting plant & equipment, operational guidance, effective training and mobilising capability. • The unique nature of fire and rescue is left vulnerable as a result of an inability to recognise the emergency nature of core business and that services need to be maintained 24/7 throughout the year. 	<ul style="list-style-type: none"> • Operational assurance is strengthened through the development of a Command Assurance Team. Its purpose is to seek and improve areas where systemic failure could occur. • Performance measures refined and owned at all managerial levels and reported to Brigade Team level on a monthly basis. • Continue to explore partnership and collaboration opportunities with other fire authorities. • Implementation of new response model and emergency response standards from April 2015.
<p>Inability to maintain critical services during disruptions.</p> <p>Causes</p> <ul style="list-style-type: none"> • Business Continuity Plan and framework are under review but progress with confirming continuity plans and implementing improvements is slow and some current service BCPs may still not be fit for purpose <p>Effects</p> <ul style="list-style-type: none"> • Avoidable service interruption and gaps in civil contingency responses. • Reduces staff confidence and engagement in the continuity planning process. 	<ul style="list-style-type: none"> • Complete the development of business continuity plans and develop a robust testing and maintenance programme.

Risk	Further action to be taken
<p>Ensuring sufficient provision of school places across the County</p> <p>Causes</p> <ul style="list-style-type: none"> • Demographic changes and pressures in some areas of the County. • Changes in our relationship with schools and academies and the impact of significantly reduced capital and revenue resources. • Lack of appropriate in-county placements in particular for areas of growing need including Autism and Emotional Social and Behavioural Difficulties. <p>Effects</p> <ul style="list-style-type: none"> • Provision may not improve quickly enough to ensure that every child in Warwickshire has the opportunity to attend a good or outstanding school. • Potential for negative feedback following an authority wide Ofsted inspection. • Increased numbers of vulnerable children and those with SEND (Special Educational Needs and Disabilities) educated in out of county provision. 	<ul style="list-style-type: none"> • Use the Sufficiency Strategy to address areas of under provision of school places. • Develop SEND capacity and capability within the County including the opening of a new Additional Educational Needs (AEN) school, developing models of partnership between special and mainstream schools and developing designated resourced SEN provision on school sites or satellite provision elsewhere.
<p>Meeting statutory requirements to drive improvement across all schools in the County.</p> <p>Causes</p> <ul style="list-style-type: none"> • Demographic changes and pressures in some areas of the County. • Increasing pressures on centrally managed Dedicated School Grant (DSG) budgets, and in particular, those arising in the High Needs block from Mainstream and Special School top-ups and Independent / Out of Authority placements. <p>Effects</p> <ul style="list-style-type: none"> • Failure to close the gap between the performance of Vulnerable Groups and other children • Provision may not improve quickly enough to ensure that every child in Warwickshire has the opportunity to attend a good or outstanding 	<ul style="list-style-type: none"> • Commission the development of a medium term recovery plan to bring the centrally managed DSG back into balance. • Development and implementation of Vulnerable Learners Strategy to improve outcomes for our most vulnerable and disadvantaged groups. • Continue to engage with school governors and disseminate good governance practice through training, forums and published guidance.

Risk	Further action to be taken
<p>school.</p> <ul style="list-style-type: none"> • Potential for negative feedback following an authority wide Ofsted inspection. 	
<p>Inability to manage the impact of HS2 on Warwickshire</p> <p>Causes</p> <ul style="list-style-type: none"> • Limited ability to maintain positive relationships with all parties that have an interest in or are affected by HS2 • WCC does not have the capacity or expertise to manage sustained multiple extensive technical consultations or to participate in the legislative processes for the Bill. • Impacts to WCC, communities and businesses are not identified. <p>Effects</p> <ul style="list-style-type: none"> • Loss of public amenities and failure to secure mitigations, enhancements, incentives or benefits. • Impact on delivery of county council services and communities if the scheme progresses. 	<ul style="list-style-type: none"> • Monitor progress with the second reading of the Hybrid Bill and respond accordingly. • WCC needs to hold HS2 Ltd to account for the delivery of the promised mitigation measures.

6. Certification

We propose over the coming year to take steps to address each of the above matters to further enhance our governance arrangements. We are satisfied that the issues we have identified are addressed by the detailed action plans included in each of the service business plans across the Council and the corporate risk register, and that the actions identified will address the need for improvements that were highlighted in our review of effectiveness. These are monitored and reported to members and Corporate Board as part of the corporate performance management framework. We will monitor their implementation and operation as part of our next annual review.

Signed:

Jim Graham
Chief Executive

.....

Councillor Izzi Seccombe
Leader of the Council

Date:

Council

24 September 2015

Warwickshire Pension Fund Statement of Accounts and Governance Report 2014/15

Recommendation from the Audit and Standards Committee

That Council approve the Pension Fund Statement of Accounts and Annual Governance Report 2014/15.

1.0 Statement of Accounts

1.1 Appendix A to this report presents the Statement of Accounts for 2014/15.

1.2 The Statement of Accounts for Warwickshire Pension Fund comprises:

- An explanatory introduction by the Head of Finance
- The statement of accounting policies
- The statement of responsibilities for the accounts
- The fund revenue account
- The fund net assets statement
- The notes to the financial statements
- An actuarial statement
- Notes regarding risks
- Financial Instruments

1.3 The Audit and Standards Committee considered these on 9 September and recommended that they be approved by Council.

2.0 Annual Governance Report

Our external auditors, Grant Thornton, are required to report to those charged with governance on issues arising from the audit of the Pension Funds financial statements before issuing their final opinion. Their report for 2014/15 is attached at **Appendix B**. This report is in addition to the usual Audit Management Letter which will be presented to the Audit and Standards Committee later this year.

3.0 Letter of Representation

As part of the audit process the External Auditors require written confirmation about the fairness of various elements of the financial statements. This is known as the Letter of Representation. In the letter the Head of Finance and those charged with governance on audit matters declare that the financial statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements, to the best of their knowledge. The Audit and Standards Committee have approved the wording of the Letter of Representation for the Pension Fund and the final version of the letters will be signed by the Chair of the Council and the Head of Finance.

Background Papers

None

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Warwickshire Pension Fund Statement of Accounts 2014/2015

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We would welcome any comments, judgements or suggestions that you have regarding this publication. Andrew Lovegrove, Corporate Finance, Resources Group, Warwickshire County Council.

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You can also leave your comments on our website at www.warwickshire.gov.uk

If this information is difficult to understand, we can provide it in another format, for example, in Braille, in large print, on audiotape, in another language or by talking with you.

Statement of responsibilities for the statement of accounts

This section explains our responsibilities, in line with the Accounts and Audit Regulations 2003, for our financial affairs and how we make sure we carry out these responsibilities properly.

Responsibilities of the Pension Fund

We must do the following:

- ~ Make sure that one of our officers is responsible for managing our financial affairs. In the Pension Fund, Warwickshire County Council's Head of Finance is responsible for doing this.
- ~ Manage our affairs to use our resources efficiently and effectively and to protect our assets.
- ~ Comply with IFRS financial reporting framework
- ~ Approve the statement of accounts.

Responsibilities of the Head of Finance

As the Head of Finance, I am responsible for preparing our statement of accounts. These accounts must present a true and fair view of our financial position, including our income and spending for the year.

In preparing the Pension Fund accounts, I have:

- ~ selected suitable accounting policies and applied them consistently
- ~ made reasonable and prudent judgements and estimates
- ~ followed the Chartered Institute of Public Finance and Accountancy's/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

I have also:

- ~ kept proper accounting records which are up to date
- ~ taken steps to prevent and detect fraud, including preparing an audit risk management strategy.

John Betts
Head of Finance

Date: **XX September 2015**

I confirm that the accounts were considered and approved at a meeting of the Council on **XX September 2015**.

Councillor Brian Moss
Chair of the Council

Date: **XX September 2015**

The Pension Fund

This section summarises the accounts of our pension fund. We use this fund to pay former employees their pensions and other benefits when they retire.

Fund account - Dealings with members, employers and other people directly involved in the scheme

2013/2014 £ millions	Fund account	2014/2015 £ millions
	Income to the fund	
	Contributions receivable:	
-49.0	From employers (Note 6)	-53.1
-15.8	From employees (Note 6)	-16.1
-6.4	Transfers in from other schemes (Note 9)	-5.7
-71.2	Income to the fund	-74.9
	Spending by the fund (Note 6)	
	Benefits to be paid:	
51.6	Pension payments	54.0
10.2	Commutation of pensions & lump sum retirement benefits	11.2
1.6	Lump sum death benefits	1.1
	Payments to and on behalf of leavers	
0.0	Refunds of contributions to people who leave the scheme	0.2
3.7	Transfers out of the scheme (Note 15)	33.0
1.4	Administration expenses paid by the scheme (Note 16)	1.3
68.6	Spending by the fund	100.8
-2.6	Net additions from dealing with members	25.9
	Return on investments (Note 17):	
-14.1	Dividends from stocks and shares	-13.9
-7.3	Income from pooled investment vehicles	-7.6
0.0	Interest on cash deposits	-0.7
	Change in market value of investments (Note 5):	
-64.8	Realised profit (-) or loss on sales	-96.4
-18.2	Unrealised profit (-) or loss on investments	-73.0
	Taxes on Income	
1.0	Tax we cannot claim back	0.7
6.0	Investment management expenses (Note 18)	6.1
-97.4	Net returns on investments	-184.8
-100.0	Net increase (-) / decrease in fund during the year	-158.9

2013/2014 £ millions	Pension fund net assets	2014/2015 £ millions
100.0	Net increase / decrease (-) in fund during the year	158.9
1,379.2	Add opening net assets of the scheme	1479.2
1,479.2	Net assets at the end of the year	1638.1

As at 31 March 2014 £ millions	Net assets statement	As at 31 March 2015 £ millions
	Investment assets (Note 5)	
6.6	Fixed interest securities	7.7
468.6	Stocks and shares	532.5
991.6	Managed funds	1,064.7
10.4	Cash and deposits	24.1
0.5	Other Investments	2.3
1,477.7		1,631.3
	Current assets	
5.5	Debtors (Note 19)	9.4
0.0	Cash balances (Note 20)	1.0
	Current liabilities	
-3.3	Creditors (Note 19)	-3.6
-0.7	Cash balances (Note 20)	0.0
1.5		6.8
1,479.2	Net assets at the end of the year	1,638.1

Notes

1 Operations and Membership

We administer the statutory Warwickshire Local Government Pension Fund (a defined benefit scheme set up under the Local Government Pension Scheme Regulations 1997).

The Scheme is a statutory scheme, established by an Act of Parliament, the Superannuation Act 1972. The Scheme is governed by the following regulations:

- Local Government Pension Scheme Regulations 2013 (as amended)
- Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

The fund is open to our employees, the five district and borough councils and other organisations. You can find a list of scheduled and admitted bodies in Note 8. The fund does not cover teachers, police officers or firefighters as these staff have alternative pension arrangements. The Pension Fund Investment Sub-committee is responsible for managing the pension fund. It is made up of five County Councillors. A specialist advisor provides advice and guidance to the sub-committee as well as to the Head of Finance and his staff.

The Public Services Pensions Act 2013 led to the primary legislative framework for all of the public services pension schemes. The Local Government Pension Scheme was amended from April 2014 when the above regulations came into force. The LGPSR 2013, saw the introduction of a career related pension scheme based on an accrual of 1/49th of pensionable pay received. The pension awarded each year would be revalued in line with earnings as notified by government.

There are protections in place for existing members at 1 April 2014 and the benefit structure for a member with in excess of six years membership is:

Service prior to 1 April 2008 at 1/80th pensionable pay provides an annual pension and a tax free lump sum based on 3/80th

Service from 1 April 2008 to 31 March 2014 at 1/60th of pensionable pay provides an annual pension.

Membership from 1 April 2014 provides an annual pension of 1/49th of pensionable pay.

Contributions to the LGPS prior to 1 April 2014 were assessed on full-time equivalent pay and excluded non-contractual elements of pay such as overtime and bonus. Whereas, contributions to LGPS2014 are assessed on all pensionable pay received (including overtime and bonus). The contribution bandings were extended with many of the higher paid seeing an increase in contributions. LGPS2014 also saw the introduction of the 50 / 50 option allowing members the opportunity to contribute a 50% contribution for 50% of the benefit entitlement.

As at 31 March 2014	Membership	As at 31 March 2015
16,502	Number of members contributing to the fund	16,435
11,035	Number of pensioners paid by the fund	11,425
14,367	Number of ex-members whose pension rights are 'frozen' until they retire	14,965

2 Accounting Policies

The accounts of the pension fund contain the information set out in the Code of Practice on Local Authority Accounting 2014/2015 (The Code). The Code says the accounts must adhere to the SORP Financial Reports of Pension Schemes (the Pensions SORP). As a result, the accounting policies are consistent with the Pensions SORP. The accounts give a summary of the transactions and net assets of the fund. The accounts do not include the liability to pay pensions and other benefits in the future. This is dealt with by the actuary's valuation every three years.

We have prepared the financial statements on an 'accruals basis'. This means that we account for income and expenditure as we earn or agree to spend it, not when we actually receive or pay it.

a How we have prepared these accounts

The following accounting policies have been applied when preparing the financial statements.

b Valuing investments

The values of investments as shown in the net assets statement have been determined as follows:

i) Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price on the final day of the accounting period.

ii) Fixed interest securities

Are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

- Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the council expects to receive on wind-up, less estimated realisation costs.
- Directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed adhere to industry guidelines, to standards set by the constituent documents of the pool or the management agreement.
- Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.
- Investments in private equity funds and unquoted listed partnerships are valued based on the fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.

iv) Limited partnerships

Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

v) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

The value of fixed interest investments in the scheme's investment portfolio excludes interest earned but not paid over at the end of the financial year. This is included in "Other Investments" in the accounts and Note 5.

We include acquisition costs in the purchase costs of investments.

c Investment income

We account for income from stocks and shares on the date shares are quoted 'ex-dividend'. Income from overseas investments is recorded excluding irredeemable withholding tax.

We account for income from fixed interest and index linked securities, cash, short term deposits and other investments on an accruals basis.

The change in the market value of investments during the year includes all increases and decreases in the market value of investments held at any time during the year. This includes profits and losses on selling investments and unrealised changes in market value.

d Foreign currencies

If there are forward exchange contracts in place for assets and liabilities in foreign currencies, we have used the contract rate. Other assets and liabilities in foreign currencies are shown in sterling at the rate of exchange at the end of the financial year. We translate income from overseas investments into sterling at an average rate for the period in which we received it.

We account for gains and losses arising from converting currencies as part of the change to the market value of investments. The exception is where there is a foreign currency derivative acting as a cash-flow hedge on investments; we would class this gain separately as realised profit in the fund account.

e Contributions

We account for normal contributions from members and employers in the payroll month to which they relate, at rates set out in the Rates and Adjustments Certificate. We account for extra contributions from employers in line with the agreement under which they are paid or, if there is no agreement, when we receive them.

f Benefits due to be paid

Under the scheme rules, members receive a lump sum retirement grant in addition to a pension. We account for lump sum retirement grants at the date members retire. If a member chooses to take a greater retirement grant in return for a reduced pension, we account for these amounts on an accruals basis from the date the member takes this option.

We account for other benefits on the date the member leaves the plan or dies.

g Transfer to and from other schemes

Transfer values relate to amounts we receive from other pension funds for new members or to amounts we pay to other pension schemes for members who have left the fund. These are accounted for when either received or paid. This is normally when the member liability is accepted or discharged.

h Other expenses

We account for administration and investment management expenses on an accruals basis. These expenses do not include any VAT that can be recovered.

We have worked out our fund manager fees in line with the appropriate contract and the associated contract agreement as follows.

Fund manager	Mandate	Negotiated fee
State Street Global Advisors	Passive Index Tracker (UK stocks and shares)	Percentage of the fund
Threadneedle Investment Services	UK stocks and shares	Percentage of the fund
MFS Investment Management	Global stocks and shares	Percentage of the fund
BlackRock Global Investors	Passive index tracker (Balanced)	Percentage of the fund
Schroder Investment Management	Fund of funds (UK property)	Percentage of the fund
Legal and General Investment Management	Passive index tracker (global stocks and shares)	Percentage of the fund
Legal and General Investment Management	Passive index tracker (fixed income)	Percentage of the fund
Threadneedle Investments	Pooled Fund (UK property)	Percentage of the fund
Blackstone Group International	Fund of funds (hedge funds)	Percentage of the fund
HarbourVest Partners	Fund of Funds (private equity)	Percentage of the fund
J P Morgan	Absolute Return Strategic Bond	Percentage of the fund

i Private Equity

The determination of fair value of private equity investments can be subjective as these investments are not publicly listed. Valuations are based on forward looking estimates and judgements involving many factors. The unquoted private equity has been valued by the fund manager using guidelines set out by the British Venture Capital Association. The total private equity investment in the pension fund is valued at £31.1 million.

j Taxation

The fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from

capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

k Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

l Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

m Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 3. This estimate is subject to significant variances based on changes to the underlying assumptions.

n Assumptions made about the future

The Statement of Accounts contains estimated figures that are based on assumptions made by the pension fund about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The actuarial valuation at 2013 had made an assumption for the next three financial years and set contribution rates on their view of the future.

We have not made any critical judgements in compiling the accounts.

3 Actuarial Valuation

The purpose of an actuarial valuation, which by law must be carried out every three years, is to assess the ability of the fund to meet its long-term liabilities. The actuary assesses the future growth in the value of the fund, and the future liability to pay pensions to current and former employees. The difference between projected assets and liabilities sets the amount employers must contribute. The fund aims to set employers' contributions rates so that the projected assets equal at least 100% of the projected liabilities.

The actuarial valuation as at 31 March 2013 in the report calculated a funding level of 77%. A revised schedule of employers' contribution rates came into force from 1 April 2014.

During 2014/2015, the County Council contribution rate was 16.75%. Individual employers' rates vary depending on the demographic and actuarial factors particular to each employer. Full details can be found in the 2013 actuarial valuation report and the funding strategy statement on the fund's website.

The assumptions used for the March 2013 actuarial valuation were as follows:

Actuarial Valuation	Nominal %	Real %
Post Retirement Discount Rate	4.60%	2.10%
Pre Retirement Discount Rate	4.60%	2.10%
Salary Increases	4.30%	1.80%
Price Inflation / Pension Increases	2.50%	-

The fund is valued using the projected unit method which is consistent with the aim of achieving the 100% funding level described above. At the 31 March 2013 actuarial valuation, the fund's assets were valued at £1,379 million.

4 Fund Manager Holdings

2013/2014 £ millions	%	Market value of external investments	2014/2015 £ millions	%
108.5	7.4	State Street Global Advisors (Index Tracker UK Equities)	36.5	2.2
237.3	16.1	Threadneedle Investments (UK Equities)	259.3	15.9
239.9	16.2	MFS Investment Management (Global Equities)	289.4	17.8
250.1	16.9	Black Rock Global Investors (Index Tracker)	284.4	17.4
138.0	9.3	Legal and General Investment Management (Index Tracker - Global Equities)	220.9	13.5
150.9	10.2	Legal and General Investment Management (Index Tracker - Fixed Income)	177.2	10.9
74.4	5.1	Threadneedle Investments (Property)	88.4	5.4
67.9	4.6	Schroder Investment Management (Property)	79.7	4.9
66.9	4.5	Blackstone Group International (Hedge Funds)	79.7	4.9
16.5	1.1	HarbourVest (Private Equity)	31.1	1.9
63.6	4.3	Baring Asset Management (Absolute Return)	0.0	0.0
59.1	4.0	JP Morgan (Strategic Bond)	76.6	4.7
4.6	0.3	BNY Mellon (Global Custodian)	8.1	0.5
1,477.7	100.0	Total	1,631.3	100.0

5 Investments

	Value 1 April 2014 £ millions	Purchases at cost £ millions	Sales proceeds £ millions	Realised profit or loss (-) £ millions	Unrealised profit or loss (-) £ millions	Increase in debtors or (creditors) £ millions	Value 31 March 2015 £ millions
Fixed interest securities	6.6	0.0	-0.1	0.0	1.2	0.0	7.7
Stocks and shares	468.6	109.2	-101.5	19.1	37.1	0.0	532.5
Managed funds	991.6	239.2	-277.6	76.8	34.7	0.0	1,064.7
Cash and deposits	10.4	171.4	-155.7	0.5	0.0	-2.5	24.1
Other investments	0.5	0.6	-1.3	0.0	0.0	2.5	2.3
Total	1,477.7	520.4	-536.2	96.4	73.0	0.0	1,631.3

	Value 1 April 2013 £ millions	Purchases at cost £ millions	Sales proceeds £ millions	Realised profit or loss (-) £ millions	Unrealised profit or loss (-) £ millions	Increase in debtors or (creditors) £ millions	Value 31 March 2014 £ millions
Fixed interest securities	6.9	0.0	0.0	0.0	-0.3	0.0	6.6
Stocks and shares	420.0	116.9	-103.6	22.4	12.9	0.0	468.6
Managed funds	943.8	144.8	-145.3	42.5	5.8	0.0	991.6
Cash and deposits	6.4	60.6	-59.5	-0.1	-0.2	3.2	10.4
Other investments	0.8	3.0	-0.1	0.0	0.0	-3.2	0.5
Total	1,377.9	325.3	-308.5	64.8	18.2	0.0	1,477.7

2013/2014 £ millions		2014/2015 £ millions
	Fixed interest securities	
6.6	UK quoted	7.7
6.6		7.7
	Stocks and shares	
219.5	UK quoted	263.0
249.1	Overseas quoted	269.5
468.6		532.5
	Managed funds	
991.6	Managed funds	1064.7
991.6		1064.7
	Cash and deposits	
7.8	Sterling	18.7
2.6	Foreign currency	5.4
10.4		24.1
	Other investments	
2.0	Debtors	2.5
-1.5	Creditors	-0.2
0.5		2.3

The change in market value of investments during the year includes all increases and decreases to the market value of investments held at any time during the year, including profits and losses made when selling investments during the year.

6 Contributions and Benefits

2013/2014 £ millions	Contributions we receive	2014/2015 £ millions
23.5	Administering authority ~ From employers	25.2
8.5	~ From employees	8.5
32.0		33.7
18.6	Scheduled bodies ~ From employers	21.5
6.6	~ From employees	7.0
25.2		28.5
6.9	Admitted bodies ~ From employers	6.3
0.7	~ From employees	0.6
7.6		6.9
0.0	Non-scheduled bodies ~ From employers	0.1
0.0	~ From employees	0.0
0.0		0.1
64.8	Total	69.2

The total contributions we received from employers was £53.1 million (£49 million in 2013/2014) and £16.1 million (£15.8 million in 2013/2014) from employees.

Employees contributions during the year included payments of £0.2 million to buy added year and additional regular contributions (£0.2 million in 2013/2014) for added years.

Employers' contributions during the year included £1.9 million received from employers for compensation to the fund for those retiring early and being made redundant (£1.2 million in 2013/2014).

The funding objective is to achieve and maintain a funding level of 100% of liabilities. For this reason a certain proportion of employer contribution received will be to reduce an existing deficit.

2013/2014 £ millions	Analysis of contributions by type	2014/2015 £ millions
15.6	Employee contributions - normal	15.9
0.2	Employee contributions - purchase of additional years	0.2
31.7	Employers contributions - normal, rechargeable and early retirement strain	43.6
17.3	Employers deficit funding Contributions	9.5
64.8	Total	69.2

2013/2014 £ millions	Benefits to be paid	2014/2015 £ millions
35.0	Administering authority ~ Pension paid (including lump sums)	36.1
1.6	~ Transfers out (Including Refunds)	2.2
36.6		38.3
25.2	Scheduled bodies ~ Pension paid (including lump sums)	26.7
1.7	~ Transfers out (Including Refunds)	31.0
26.9		57.7
2.6	Admitted bodies ~ Pension paid (including lump sums)	2.9
0.4	~ Transfers out	0.0
3.0		2.9
0.6	Non-scheduled bodies ~ Pension paid (including lump sums)	0.6
0.0	~ Transfers out	0.0
0.5		0.6
67.1	Total	99.5

The total pensions paid out (including lump sums) was £66.3 million (£63.4 million in 2013/2014) and the total transfers out (Including Refunds) was £33.2 million (£3.7 million in 2013/2014).

7 Statement of Investment Principles

The Investment Board approved a statement of investment principles in April 2013. You can get a copy by writing to the Resources Group, PO Box 3, Shire Hall, Warwick CV34 4RH or from the website:

www.warwickshire.gov.uk/pensions.

8 Organisations Contributing to the Fund

Scheduled bodies

- Alcester Grammar Academy
- Alcester High Academy
- Alcester St Nicholas Academy
- Alcester Town Council
- Ash Green Academy
- Ashlawn Academy
- Atherstone Town Council
- Aylesford School Academy
- Bilton High Academy
- Bishops Itchington Parish Council
- Bidford upon Avon Parish Council
- Burton Green Parish Council
- Champion School Academy
- Cawston Grange Primary Academy
- Central Multiple Academy Trust Admin Centre
- Central Multiple Academy Trust Academy (5 schools)
- Clifton on Dunsmore Parish Council
- Coleshill Academy
- Coleshill Town Council
- Community Academy Trust (5 schools)
- Coventry Diocese Trust (4 schools)
- Curdworth Parish Council
- Erudition Trust (2 schools)
- Ettington Parish Council
- Griffin Trust Academy (3 schools)
- Heartwood Academy Trust (4 schools)
- Henley High Academy
- Henley Primary Academy
- Henry Hinde Academy
- Higham Lane Academy
- Holy Spirit Academy Trust (9 schools)
- King Edward VI College, Nuneaton
- Kingsbury Parish Council
- Lawrence Sheriff Academy
- Long Itchington Parish Council
- Long Lawford Parish Council
- Mancetter Parish Council
- Matrix Academy Trust
- The Midland Academies Trust (3 schools)
- Myton Academy
- Napton Parish Council
- National Education Trust (2 schools)
- North Warwickshire and Hinckley College
- North Warwickshire Borough Council
- Nuneaton and Bedworth Borough Council
- Polesworth Nethersole Academy
- The Priors Free School Academy
- Reach 2 Academy (2 schools)
- Rugby Borough Council
- Royal Leamington Spa Town Council
- Rugby High Academy
- Ryton on Dunsmore Parish Council
- Shipston High Academy
- Shipston Town Council
- Southam Town Council
- Stour Federation (2 schools)
- Stratford upon Avon College
- Stratford on Avon District Council
- Stratford on Avon Girls Grammar Academy
- Stratford on Avon Girls King Edward VI Academy
- Stratford on Avon School
- Stratford upon Avon Town Council
- Studley High Academy
- Studley Parish Council
- Tanworth in Arden Academy
- Tudor Grange Academy Trust
- Warwick District Council
- Warwickshire College
- Warwickshire County Council
- Warwickshire Police and Crime Commission
- Warwickshire Probation Service
- Warwickshire Valuation Tribunal
- Wellesbourne Parish Council
- Whitnash Town Council

Admitted bodies

- ABM Catering
- Alliance in Partnership (3 contracts)
- Balfour Beatty
- Barnardo's (6 contracts)
- Bedworth, Rugby and Nuneaton Citizens Advice Bureau
- Class Catering (8 contracts) (Alliance in Partnership)
- Coventry Mind
- Goldcrest Cleaning
- Lawrence Cleaning
- Mid Warwickshire MENCAP
- NSL
- Nuneaton Leisure (SLM)
- Nuneaton Mencap
- Orbit Housing and Care Group (Sanctuary Housing)
- Rugby Town Centre Company Limited
- Shipston Leisure (SLM)
- Solihull School

- Stratford and District MENCAP
- Stratford upon Avon Council for Voluntary Service
- Stratford upon Avon Citizens Advice Bureau
- Stratford upon Avon Town Trust Co Ltd
- Stratford Artshouse Trust
- Superclean Services
- Taylor Shaw (5 contracts)
- The Parenting Project
- The Rowan Organisation
- Warwick District Citizens Advice Bureau
- Warwick Schools
- Warwickshire Association for the Blind
- Warwickshire Care Services Ltd
- Warwickshire Day Care Centres
- Warwickshire Welfare Rights Service
- Westfield Community Development Association

Other admitted bodies with pensioners but no pensionable employees

- Beaudesert and Henley-in-Arden Joint Parish Council
- Lapworth Parish Council
- North Warwickshire Council for Voluntary Service
- Nuneaton and Bedworth Leisure Trust
- Nuneaton and Bedworth Council for Voluntary Service
- Orbit Housing Group
- People in Action
- Remnant Water Authority
- Rugby Council for Voluntary Service
- Rugby MENCAP Hostels
- Rugby MIND and Rugby Mental Health Association
- Severn Trent Water Plc
- Solihull Metropolitan Borough Council
- St Paul's College
- Stretton on Dunsmore Parish Council
- Warwick Town Council
- Youth Clubs UK

- Stonham (Home Group Ltd) (Ceased November 2013)

9 Transfers

2013/2014 £millions	Transfers In From Other Pension Funds	2014/2015 £millions
-0.7	Group transfers	-0.7
-5.7	Individual transfers	-5.0
-6.4		-5.7

2013/2014 £millions	Transfers Out of The Scheme	2014/2015 £millions
0.0	Group transfers	29.3
3.7	Individual transfers	3.7
3.7		33.0

In January 2015 a group transfer of £29.3m was paid out in respect of Warwickshire Probation Trust. This was paid over to Greater Manchester Pension Fund who now manage these scheme members.

10 Additional Voluntary Contributions

In 2014/2015, some members of the pension scheme paid voluntary contributions to Equitable Life and Standard Life to buy extra pension benefits when they retire. These contributions are invested in a wide range of assets to provide a return on the money invested. The pension fund accounts do not include the assets held by Equitable Life or Standard Life, which were valued at £0.4 million in Equitable Life, and £2.7 million in Standard Life on 31 March 2015. The pension fund accounts also do not include additional voluntary contributions. During the financial year 2014/2015, employees contributed £0.3 million in additional voluntary contributions to Standard Life and £3,500 to Equitable Life.

In accordance with Regulation 5(2) (c) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 these amounts are not included in the Pension Fund Accounts but are disclosed as a note only.

11 Related Party Transactions

Warwickshire County Council is the administering authority and largest employer of the Pension Fund; consequently there is a strong relationship between the council and the fund. The County Council incurred costs of £0.7 million in relation to the staffing and running costs of the fund and has been reimbursed by the fund for these expenses. There is no co-mingling of cash, the Pension Fund manages its own bank account and operates its own cash flow.

The scheduled and admitted bodies of the fund are related parties; these can be found listed in Note 8.

There is one member of the investment board in receipt of a pension from the fund and one active member of the pension fund. Each member is required to declare their interests at each meeting. Several employees of Warwickshire County Council hold key positions in the financial management of the Pension Fund. These employees and their financial relationship with the fund (expressed as cash-equivalent transfer values) are set out below.

	Accrued pension as at 31 March 2014 £	Accrued pension as at 31 March 2015 £
Head of Corporate Finance	541,252.87	577,607.34
Head of Corporate Financial Services	211,113.89	231,864.99
Pensions Manager	358,625.21	387,070.30
Treasury and Pension Fund Manager	112,187.32	135,036.89
Principal Accountant	21,546.13	27,860.65

12 Investment Performance

Investment Performance	Our pension fund %	Our benchmark %	Local Authority Average %
Yearly return on investments for 2014/2015	12.89%	11.83%	13.20%

Overall in the financial year 2014/2015, the fund had a return of 12.89% compared with the fund's specific benchmark of 11.83%.

Investment Performance	Our pension fund %	Our benchmark %	Local Authority Average %
Yearly return on investments for 2013/2014	7.34%	6.03%	6.30%

13 Actuarial Present Value of Promised Retirement Benefits as Provided by Hymans Robertson Pension Fund Actuary.

CIPFA's Code of Practice on Local Authority Accounting 2014/15 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits.

The actuarial present value of promised retirement benefits is to be calculated similarly to the defined benefit obligation under IAS19. There are three options for its disclosure in pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Pension Fund's funding assumptions.

I have been instructed by the Administering Authority to provide the necessary information for the Warwickshire County Council Pension Fund, which is in the remainder of this note.

Balance Sheet

Year ended	31 Mar 2014 £ millions	31 Mar 2015 £ millions
Present Value of Promised Retirement Benefits	2,112.0	2,542.0

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2013. The estimated liability at 31 March 2015 comprises £1,263m in respect of employee members, £436m in respect of deferred pensioners and £844m in respect of pensioners. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable. However, the Pension Fund is satisfied the aggregate liability is a reasonable estimate of the actuarial present value of benefit promises. Allowance has not been made for unfunded benefits.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value.

It should be noted the above figures are appropriate for the Administering Authority for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report as required by the Code of Practice. These are given below. The estimate of the impact due to the change of assumptions to 31 March 2015 is to increase the actuarial present value by £348m.

Financial assumptions

The financial assumptions are summarised below:

Year ended	31 Mar 2014 % p.a	31 Mar 2015 % p.a
Inflation/Pensions Increase Rate	2.80%	2.40%
Salary Increase Rate	4.60%	4.30%
Discount Rate	4.30%	3.20%

Longevity assumption

As discussed in the accompanying report, the life expectancy assumption is based on the Fund's VitaCurves with improvements in line with the CMI_2010 model, assuming the current rate of improvements has reached a peak and will converge in a long term rate of 1.25% per annum. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.4 years	24.4 years
Future Pensioners*	24.3 years	26.6 years

*Future pensioners are assumed to be currently aged 45

Please note that the assumptions are identical to those used for the previous IAS26 disclosure for the Fund.

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Professional notes

This paper accompanies the covering report titled 'Actuarial Valuation as at 31 March 2015 for IAS19 purposes' dated 27 April 2015. The covering report identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

Richard Warden FFA
21 May 2015
For and on behalf of Hymans Robertson LLP

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

The actuarial value of promised retirement benefits at the accounting date, calculated in line with International Accounting Standard 19 (IAS19) assumptions, is estimated to be £2,542 million, this figure is used for statutory accounting purposes by Warwickshire County Council Pension Fund and complies with the requirements of IAS26.

The assumptions underlying the figure match those adopted for the Administering Authority's FRS17/IAS19 reports at each year end. The figure is only prepared for the purposes of IAS26 and has no validity in other circumstances. In particular, it is not relevant for calculations undertaken for funding purposes and setting contributions payable to the Fund.

14 Risk and How the Pension Fund Manages the Risks Faced

The Pension Fund's activities expose it to a variety of risks:

Credit risk: the possibility that other parties might fail to pay amounts due to the Pension Fund.

Liquidity risk: the possibility that the Pension Fund might not have funds available to meet its commitments to make payments.

Market risk: the possibility that financial loss might arise for the Pension Fund as a result of changes in such measures as interest rates and stock market movements.

Credit risk

The Pension Fund is exposed to credit risk through stock lending, derivative contracts, and its daily treasury activities.

The stock lending programme is administered by the Fund's custodian, Bank of New York Mellon, who manage and monitor the counterparty risk, collateral risk and the overall lending programme. The minimum level of collateral for stock on loan is 105%. This level is assessed daily to ensure it takes account of market movements. In accordance with investment regulations, stock lending is restricted at no more than 25% of the total market value of the stock held within the Fund at any time.

Responsibility for managing the financial risks associated with derivative contracts rests with the appointed investment fund managers, whose performance is regularly monitored and reviewed.

The Pension Fund's bank account is held at Lloyds TSB, which holds a Fitch AA- long term credit rating (or equivalent). The Fund's cash balance is lent to borrowers in accordance with the County Council's Treasury Management Strategy. There are rigorous procedures in place to manage the security of all cash deposits, including criteria for the quality of counterparties and limits on the amount that can be placed with any one of those counterparties.

Liquidity risk

The Pension Fund holds a working cash balance or overdraft in its bank account to pay pensions and other benefits. Cash is also required if the Fund's Private Equity Fund of Fund's manager requires additional funds. The Fund currently enjoys a long term positive cash flow. Cash flow surpluses are invested with fund managers as and when required. The Pension Fund is authorised to borrow on a short term basis to fund cash flow deficits.

The fund actuary produces regular cash flow forecasts which are presented to the investment sub-committee who will take action where appropriate.

Market risk

To mitigate market risk, the Pension Fund is invested in a diversified pool of assets to ensure a reasonable balance between different asset categories, having taken external professional advice as necessary. The management of the assets is split between a number of investment fund managers with different benchmark performance targets and investment strategies. Each manager is expected to maintain a diversified portfolio within their allocation. Risk associated with the strategy and investment return are regularly monitored and reviewed by the Pension Fund Investment Board.

Interest rate risk is the risk to which the Pension Fund is exposed to changes in interest rates and mainly relates to holdings in bonds. This risk is managed by Legal & General and BlackRock who are the Fund's appointed bond portfolio investment managers.

For investments denominated in non-sterling currencies, the Pension Fund is exposed to currency risk as a result of possible fluctuations in foreign currency exchange rates. So far as the Fund's equity investments are concerned, these risks are mitigated to some extent by the global nature of their underlying businesses. Furthermore, investment fund managers will take account of currency risk in their investment decisions.

A table has been prepared detailing our exposure to all non-UK assets. In order to calculate this, we created a currency basket based on the fund's foreign currency mix. We do this by multiplying the proportion of each currency by the change in its exchange rate (relative to GBP) and sum to create the aggregate currency change of the 'basket'.

2014/15

Currency	Value £millions	% Change	Value on Increase £millions	Value on Decrease £millions
Brazilian Real	3	11.7%	3	2
Canadian Dollar	5	6.7%	6	5
Czech Republic Koruna	1	7.5%	1	1
Danish Krone	2	6.2%	2	2
EURO	91	6.1%	97	86
Israeli Shekel	1	7.3%	1	1
Japanese Yen	5	11.0%	5	4
Mexican Peso	1	9.4%	1	1
South Korean Won	2	6.6%	2	2
Swedish Krona	4	7.3%	4	3
Swiss Franc	30	9.3%	32	27
Thai Baht	1	8.1%	1	1
US Dollar	167	7.8%	180	154
Global ex UK Basket	5	6.1%	5	5
Asia Pacific Basket	23	7.3%	25	21
Asia Pacific ex Japan Basket	27	6.4%	29	25
Total	367	7.4%	395	340

2013/14

Currency	Value £millions	% Change	Value on Increase £millions	Value on Decrease £millions
Brazilian Real	2	12.7%	2	2
Canadian Dollar	11	6.0%	12	10
Czech Republic Koruna	1	8.8%	1	1
Danish Krone	2	6.3%	2	2
EURO	76	6.3%	81	10
Indian Rupee	1	10.8%	1	1
Israeli Shekel	1	6.9%	1	1
Japanese Yen	4	11.5%	5	4
Mexican Peso	1	10.0%	1	1
South Korean Won	2	6.6%	2	2
Swedish Krona	2	7.0%	2	2
Swiss Franc	26	7.4%	27	24
Thai Baht	1	7.4%	1	1
US Dollar	134	8.1%	145	123
Asia Pacific ex Japan Basket	39	6.1%	42	37
Total	302	7.3%	324	219

Table may not sum due to roundings

Price risk is the risk of losses associated with the movement in prices of the underlying assets. By diversifying investments across asset classes and managers, the Pension Fund aims to reduce the exposure to price risk. Statutory limits prescribed by Regulations are also in place to avoid concentration of risk in specific areas.

An additional area of risk is the outsourcing of custody and accounting services to external third party service organisations. The main service area that the Pension Fund outsources is its custody arrangements with Bank of New York Mellon. The Fund's custodian is responsible for the safekeeping of the Fund's assets and acts as the Fund's clearing bank, settling transactions and collecting income. In addition, they provide a range of support services including stock lending and investment accounting. Bank of New York Mellon is a global industry leader and provides the custodian service to many English local government pension scheme administering authorities.

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds so the overall outcome depends on the asset allocation of the fund. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the last three years. The closing investment assets of the scheme have been assessed for price risk in the following table.

2014/15

Asset Type	Value £millions	% Change	Value on Increase £millions	Value on Decrease £millions
UK Equities	591.6	10.3%	652.7	530.5
Overseas Equities	382.6	10.1%	421.3	343.9
Total Bonds & IL	280.1	6.1%	297.1	263.1
Cash	24.5	0.0%	24.5	24.5
Alternatives	187.4	2.3%	191.7	183.1
Property	165.1	3.2%	170.3	159.9
Total Assets	1,631.3		1,757.6	1,505.0

2013/14

Asset Type	Value £millions	% Change	Value on Increase £millions	Value on Decrease £millions
UK Equities	530.0	12.3%	595.2	464.8
Overseas Equities	357.7	12.2%	401.5	313.9
Total Bonds & IL	232.1	4.8%	243.2	221.0
Cash	9.5	0.0%	9.5	9.5
Alternatives	206.1	3.4%	213.0	199.2
Property	142.3	2.7%	146.1	138.5
Total Assets	1,477.7		1,608.6	1,346.8

Table may not sum due to roundings

The % change for Total Assets includes the impact of correlation across asset classes

15 Other Disclosures

At 31 March 2015, the fund had stock valued at £2.5 million (£9.0 million at 31 March 2014) which was lent out to other organisations. The collateral held against this stock was valued at £2.7 million. This generated a total income of £0.1 million up to 31 March 2015.

With the delivery of loaned stock to borrowers the fund obtains collateral to the required percentage of market value at 102% where held in £GBP or 105% in any other currency. The fund has full beneficial ownership of the collateral during the length of the loan made. Of the £2.7m held in collateral at 31 March 2015 the entire sum is held in the form of Government debt and would be sold in the event of a borrower being unable to repay the loaned stock to the fund.

The fund does not hold any property directly. Property is held in the form of pooled funds.

Our policy is to reinvest income from fixed interest securities within the pooled units of the fund. During 2014/2015 we did not earn any interest from fixed interest securities held in pooled units.

During the year 2014/2015, the pension fund paid refunds of contributions to employees of £0.1m after tax has been deducted.

Transaction costs totalling £0.5 million attributable to the acquisition and disposal of the fund investments have been added to purchase costs and netted against sale proceeds as shown in note 5.

Withholding tax has only been incurred against equities held actively by the fund.

The fund paid its external auditors a fee of £0.024 million during the year 2014/2015.

16 Management Expenses

2013/2014 £millions	Management Expenses	2014/2015 £millions
1.4	Administrative Costs	1.3
6.0	Investment Management Expenses (note 18)	6.1
7.4		7.4

17 Investment Income

2013/2014 £000	Investment Income	2014/2015 £000
5.9	Cash - UK - From administration of the Fund	0.5
5.9	Cash & Other Investments - UK - Fund Mgrs	697.5
0.0	Cash & Other Investments - Overseas	-8.9
9,236.7	Equities - UK	8,468.4
2,171.8	Equities - North America	2,385.1
2,414.8	Equities - Europe	2,469.5
127.5	Equities - Japan	84.8
38.0	Equities - Pacific (Ex Japan)	32.9
78.7	Equities - Emerging Markets	403.0
34.6	Stock Lending	96.0
3,200.9	Pooled Property Investments	4,037.6
4,062.8	Pooled Investments - Unit Trusts and Other Managed Funds	3,559.9
21,377.6		22,226.3

Table may not sum due to roundings

18 Investment Expenses

2013/2014 £millions	Investment Expenses	2014/2015 £millions
5.9	Management Fees	6.0
0.1	Custody Fees	0.1
6.0		6.1

19 Analysis of Debtors and Creditors

2013/2014 £millions	Debtors	2014/2015 £millions
2.9	Contributions due from Employers	2.5
1.2	Contributions due from Employees	1.3
0.1	Debtors - Strain on Fund	0.0
0.8	Sales to Cash (Invoiced Debtors)	4.3
0.5	Other Debtors	1.3
5.5		9.4

2013/2014 £millions	Creditors	2014/2015 £millions
0.8	Owed to Administrating Authority	1.2
1.9	Creditors - Suppliers	1.6
0.1	Creditors - Income Received in Advance	0.1
0.5	Creditors - Retirements	0.7
3.3		3.6

20 Financial Instruments

The following tables present the funds closing net assets by category of financial instrument.

Financial Instruments 2014/2015	Fair Value Through Profit and Loss £ millions	Loans and Receivables £ millions	Financial Liabilities (current) £ millions	Total £ millions
Fixed interest securities	7.7	0.0	0.0	7.7
Stocks and shares	532.5	0.0	0.0	532.5
Managed funds	1,064.7	0.0	0.0	1,064.7
Cash and deposits	0.0	24.1	0.0	24.1
Other Investments	0.0	2.5	-0.2	2.3
Debtors	0.0	9.4	0.0	9.4
Cash balances	0.0	1.0	0.0	1.0
Creditors	0.0	0.0	-3.6	-3.6
Net assets at the end of the year	1,604.9	37.0	-3.8	1,638.1

Financial Instruments 2013/2014	Fair Value Through Profit and Loss £ millions	Loans and Receivables £ millions	Financial Liabilities (current) £ millions	Total £ millions
Fixed interest securities	6.6	0.0	0.0	6.6
Stocks and shares	468.6	0.0	0.0	468.6
Managed funds	991.6	0.0	0.0	991.6
Cash and deposits	0.0	10.4	0.0	10.4
Other Investments	0.0	2.0	-1.5	0.5
Debtors	0.0	5.5	0.0	5.5
Cash balances	0.0	0.0	-0.7	-0.7
Creditors	0.0	0.0	-3.3	-3.3
Net assets at the end of the year	1,466.8	17.9	-5.5	1,479.2

The following table shows the net gains on the different categories of instruments above, (shown in the fund accounts as realised and unrealised profit).

2013/2014 £millions		2014/2015 £millions
-83.0	Fair Value through profit and loss	-169.4
0.0	Loans and Receivables	0.0
0.0	Financial Liabilities (current)	0.0
-83.0		-169.4

The following tables categorise financial instruments according to the information used to determine their fair values:

Quoted market price - where fair values are derived from a price in an active market.

Using observable inputs - where valuation techniques have been used to arrive at a value in an active market.

With significant unobservable inputs the values will rely on judgement and assumptions where there is no market data.

The carrying value of assets is the same as their fair value.

Valuation at 31 March 2015	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	£ millions	£ millions	£ millions	£ millions
Financial assets at fair value	610.1	884.0	110.8	1,604.9
Net assets at the end of the year	610.1	884.0	110.8	1,604.9

Valuation at 31 March 2014	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	£ millions	£ millions	£ millions	£ millions
Financial assets at fair value	1,241.3	142.1	83.4	1,466.8
Net assets at the end of the year	1,241.3	142.1	83.4	1,466.8

	Value 1 April 2014	Purchases at cost	Sales proceeds	Realised profit or loss (-)	Unrealised profit or loss (-)	Value 31 March 2015
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions
Fund of Hedge Funds	66.9	8.1	0	0	4.7	79.7
Private Equity	16.5	12.4	-3.5	1	4.7	31.1
Total	83.4	20.5	-3.5	1	9.4	110.8

	Value 1 April 2013	Purchases at cost	Sales proceeds	Realised profit or loss (-)	Unrealised profit or loss (-)	Value 31 March 2014
	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions
Fund of Hedge Funds	62.1	65.7	-65.7	15.6	-10.8	66.9
Private Equity	11.7	5.7	-1.4	0.0	0.5	16.5
Total	73.8	71.4	-67.1	15.6	-10.3	83.4

Hedge Funds held by the fund are held within a fund of funds, the fund does not hold hedge funds directly.

Since incorporation of the requirements of IFRS 13 into the Code has been deferred until 2015/16, the financial statements do not include the measurement and disclosure requirements of that standard.

21 Investments Greater than 5% of Total Assets

The following table lists single investments that exceed 5% of the total investment assets of the Fund.

Security Description	Market Value £m 31/03/2015	% of Total Fund
L&G GRADE CP BOND ALL STOCKS	141.5	8.7%
THREADNEEDLE TPN PROPERTY A	88.5	5.4%
	230.0	

Security Description	Market Value £m 31/03/2014	% of Total Fund
L&G GRADE CP BOND ALL STOCKS	118.9	8.1%
SSGA UK EQUITY INDEX SUB-FUND	108.5	7.4%
L&G EUROPE (EX UK) EQUITY	77.1	5.2%
THREADNEEDLE TPN PROPERTY A	74.4	5.1%
	378.9	

22 Authorisation for Issue

These accounts have taken into account all known events up to **** September 2015**. On that date the accounts were authorised for issue by the Head of Finance.

John Betts
Head of Finance

Glossary

An A to Z of Investment terms

A

Absolute Return

Absolute return investing aims to produce a positive return over time, regardless of the prevailing market conditions.

Active management

A style of investment management where the fund manager aims to outperform a *benchmark* by superior *asset allocation*, market timing or *stock selection* (or a combination of these). Compare with *passive management*.

Active risk

A measure of estimated *volatility* of fund performance against the *benchmark*. Also known as forecast *tracking error* or *relative risk*. In technical terms, it is defined as the forecast standard deviation of annual returns versus the *benchmark*. Active risk is usually quoted *ex-ante*, the *ex-post* measure of *volatility* of actual returns more usually being referred to as realised *tracking error*.

Actuarial valuation

A review of the assets and *liabilities* of a pension fund to determine the surplus or deficit, and the future rate of contributions required.

Alpha

The excess return of the fund relative to the return of the benchmark index is a fund's alpha. Consistently high alpha can indicate skilful management.

Alternative investments

Investments other than the mainstream *asset classes* of *equities* and *bonds*. Alternatives include *hedge funds*, *private equity*, *gold* and *commodities*. Property is also sometimes described as an alternative.

Asset allocation

The apportionment of a fund's assets between *asset classes*. See *strategic asset allocation* and *tactical asset allocation*.

Asset/liability modelling

A technique that gauges the suitability of various investment strategies by making projections of the future investment *returns* and *liabilities* of a fund.

B

Benchmark

A yardstick against which the investment policy or performance of a fund manager can be compared.

Beta

A measure of the expected movement in price of a stock or fund, given a movement in its benchmark. For example, suppose a stock has a beta of 1.2. If the market appreciates by 10%, the expected corresponding increase in stock price would be 12%.

British Venture Capital Association

The British Private Equity & Venture Capital Association (BVCA) is the industry body and public policy advocate for the private equity and venture capital industry in the UK.

C

Class action

A class action arises when a group of investors initiates a legal action against a company or its directors in respect of

alleged negligence or illegal behaviour. The majority of class actions are initiated in the US. The case usually involves a claim for compensation in respect of share price losses in a specified period.

Combined Code

A code of *corporate governance* principles for UK companies. So called because it combines the recommendations of several key reports on corporate governance issues including those of the committees chaired by Cadbury, Greenbury, Hampel and Higgs.

Commission recapture

A commission recapture agreement is where *brokers*, who have received *directed commissions* from a client, agree to give back some of their *commission* to the client. Such an agreement would usually be facilitated by a third party (such as a *custodian*) who would take a share of the revenue.

Corporate governance

Issues relating to the way in which a company ensures that it is attaching maximum importance to the interests of its shareholders and how shareholders can influence management. Governance issues include executive pay levels and how institutional investors use their votes.

Currency risk

Investing in any securities not denominated in the investor's own base currency introduces currency risk due to the *volatility* of foreign exchange rates.

D

Debt Security

Any debt instrument that can be bought or sold between two Parties and has basic terms defined, such as notional amount (amount borrowed), interest rate and maturity/renewal date.

Defined benefit scheme

A type of pension scheme where the pension that will ultimately be paid to the employee is fixed, usually as a percentage of final salary. It is the responsibility of the sponsoring organisation to ensure that sufficient assets are set aside to meet the pension promised. Compare with *defined contribution scheme*.

Defined contribution scheme

A type of pension scheme where employees' and the employer's contributions are fixed but the pension ultimately paid to the employee depends on the investment returns achieved by the contributions and annuity rates at retirement. Compare with *defined benefit scheme*.

Derivatives

Financial instruments that are based on the movements of underlying assets. They allow exposures to markets and individual assets to be adjusted, thereby adjusting the *risk* characteristics of a fund. Common types of derivative include *forward contracts*, *futures*, *options*, and *swaps*. Derivatives may be traded on an exchange, or *over the counter* (OTC).

Diversification

The spreading of investment funds among different types of assets, markets and geographical areas in order to reduce *risk*.

Dow Jones Industrial Average

This is an *index* of the New York Stock Exchange and is a basket of thirty shares, chosen to represent the economy, that provides an indication of the general movement of prices in the market.

Duration

The duration of a *bond* is the sum of the present value of the

future income and *redemption* payments, weighted by the number of years until receipt. Modified duration is a measure of the sensitivity of the price of a bond to changes in its *redemption yield*.

F

FRAG 21

Financial Reporting and Auditing Group guide on the issuance of reports to third parties on the internal controls of investment managers and custodians. The Group is part of the Institute of Chartered Accountants in England and Wales (ICAEW).

FRS 17/IAS19

An accounting standard which requires companies to incorporate their pension funds into their balance sheets and specifically that all pension fund *liabilities* should be valued using an AA corporate bond yield. Any mismatch between assets and liabilities is effectively brought on to the company's balance sheet, and can potentially increase the *volatility* of a company's share price.

FTSE All-Share Index

An arithmetically weighted index of leading UK shares (by market capitalisation) listed on the *London Stock Exchange*. Updated daily. The FTSE 100 Index (or "Footsie") covers only the largest 100 companies.

Fund of hedge funds

See *hedge funds*.

G

Growth manager

A fund manager who aims to select stocks that he believes will achieve above-average profits growth. Compare with *value manager* and *momentum manager*.

H

Hedge Funds

A hedge fund is a capital pool that has the ability to use *leverage* and to take both *long* and *short* positions with the aim of achieving an *absolute return*. A large variety of hedge fund strategies exists and the level of *risk* taken will vary. Investors looking for a diversified exposure to hedge funds will normally opt for a fund of hedge funds – a fund with underlying investments in several hedge funds covering different strategies and geographical areas.

Hedging

A strategy that aims to reduce *risk*. For example, a *forward* currency transaction might be executed when investing in overseas *shares* or *bonds* to avoid volatility of returns due to exchange rate movements.

I

IMA

The Investment Management Association is the industry body for the investment industry. Formed from previous industry bodies IFMA and AUTIF, the IMA's role is to make representations to the UK government, publicise the use of investment funds and promote training and knowledge throughout the industry. IMA is also an acronym for *Investment Management Agreement*.

IFRS

A set of international accounting standards stating how

Particular types of transactions and other events should be reported in financial statements.

Infrastructure

Investment in assets that provide sustainable services that are essential for a functioning economy.

Index Tracker

An index fund that tracks a broad market index or a segment thereof. Such a fund invests in all, or a representative number of the securities within the index.

L

LIBID

London Inter-Bank Bid Rate. Interest rate at which prime banks will offer to take funds on deposit from other banks in the London Inter-Bank market.

LIBOR

London Inter-Bank Offer Rate. Interest rate at which prime banks will offer to lend money in the London Inter-Bank market.

London Stock Exchange (LSE)

The UK's main exchange for trading in *shares*.

Limited Partnership

Two or more partners united to conduct a business jointly, and in which one or more of the partners is liable only to the extent of the amount of money that partner has invested.

M

Momentum Manager

A system of buying stocks or other securities that have had high returns over the past three to twelve months, and selling those that have had poor returns over the same period.

Multi-Asset Management

Multi-asset management increase the diversification of an overall portfolio by distributing investments throughout several classes.

N

NAPF

National Association of Pension Funds. The UK industry body for pension funds.

P

Passive Management

A management strategy that seeks to match the return and risk characteristics of a market segment or index, by mirroring its composition.

PRAG

Pensions Research Accountants Group – responsible for issuing recognised Statements of Recommended Practice (SORPs) for pension schemes.

Pooled Funds

Funds from many individual investors that are aggregated for the purposes of investment, as in the case of a mutual or pension fund.

Private equity

Funds put up by investors to finance new and growing businesses. Also known as venture capital

R

Risk

In its simplest sense, risk is the variability of *returns*. Investments with greater inherent *risk* must promise higher expected returns if investors are to invest in them. Risk

management is an important aspect of portfolio management and involves the use of complex statistical models. See also *active risk*.

Risk-free asset/rate

An investment with no chance of default, and a known or certain rate of *return*.

Risk premium

The extra *yield* over the risk-free rate demanded by investors to compensate them for bearing *risk*.

S

SORP

Statements of Recommended Practice issued by the accountancy profession. One SORP sets out recommendations on the form and content of the financial statements of pension schemes.

Specialist management

A fund management arrangement where there are separate accounts with one or a variety of managers for specific *asset classes*. A specialist fund manager is concerned primarily with *stock selection* within the specialist *asset class*. *Asset allocation* decisions are taken by the trustees, their consultant or a specialist *tactical asset allocation* manager. Compare with *multi-asset management*.

Statement of Investment Principles (SIP)

Trustees of pension funds are required under the Pensions Act 1995 to prepare and keep up to date this written statement of how their scheme's assets are invested. Essentially, it provides evidence that the trustees have thought through the suitability of their scheme's investment policy and how that policy is implemented.

Stocklending

The lending of a *security* by the registered owner, to an authorised third party, for a fixed or open period of time, for an agreed consideration secured by *collateral*. The demand to borrow *securities* comes mainly from *market makers* to cover *short positions* or take *arbitrage* opportunities.

Strategic Asset Allocation

Strategic asset allocation is a portfolio strategy that involves setting target allocations for various asset classes, then periodically rebalancing the portfolio to maintain these original allocations.

T

Tactical Asset Allocation

Tactical asset allocation (TAA) is a dynamic investment strategy that actively adjusts a portfolio's **asset allocation**. The goal of a TAA strategy is to improve the risk-adjusted returns of passive management investing.

Transaction costs

Those costs associated with trading on a portfolio, notably *stamp duty* and *commissions*. The *IMA Disclosure Code* sets out how investment managers should report details of these costs to their clients.

Transition

The transfer of assets from one fund manager to another which may involve buying and selling assets.

V

Value Asset Allocation

The strategy of selecting stocks that trade for less than their intrinsic values. Value investors actively seek stocks of companies that they believe the market has undervalued.

W

Withholding Tax

A tax deducted at source, especially one levied by some countries on interest or dividends paid to a person resident outside that country.

The Audit Findings for Warwickshire Pension Fund

Year ended 31 March 2015

9 September 2015

John Gregory

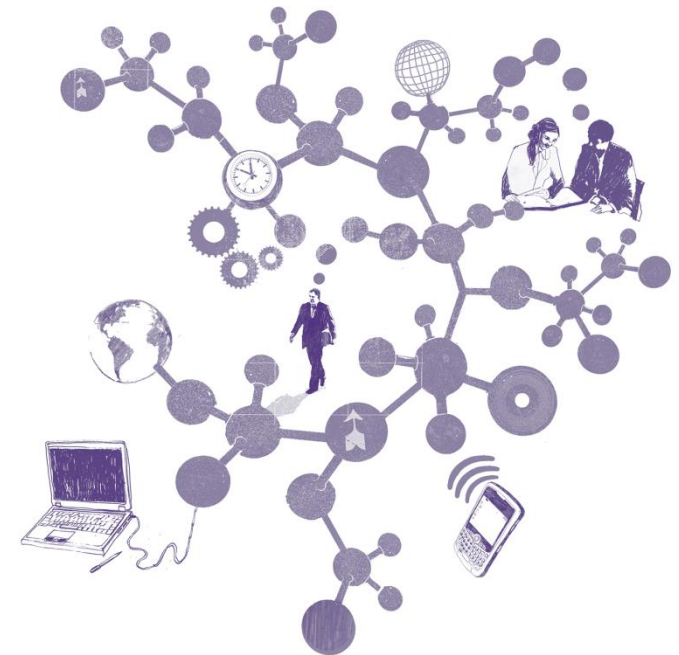
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Audit Findings for Warwickshire Pension Fund for the year ending 31 March 2015

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance (in the case of Warwickshire Pension Fund, the Audit and Standards Committee), as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with management.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

John Gregory, Director.

Chartered Accountants

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Appendices

A Audit opinion

Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Fees, non-audit services and independence

04. Communication of audit matters

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of Warwickshire Pension Fund's (the Fund) financial statements for the year ended 31 March 2015. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA UK&I).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Fund's financial statements present a true and fair view of the financial position and expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated 23 March 2015.

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

Our audit is substantially complete although we are finalising our work in the following areas:

- obtaining and reviewing the final management letter of representation,
- updating our post balance sheet events review, to the date of signing the opinion,

- review of the Pension Fund annual report, and
- completion of the assurance controls work required by admitted bodies in relation to IAS 19.

We cannot formally conclude the audit and issue an audit certificate until we have completed our review of the Pension Fund Annual Report. We have agreed with officers that this will be provided to the audit team for the first week in September. We will then complete the necessary audit work so that a separate audit statement on the pension fund annual report can be issued with our audit certificate.

Key issues arising from our audit

Financial statements opinion

We anticipate providing an unqualified opinion in respect of the Fund's financial statements.

The key messages arising from our audit of the Fund's financial statements are:

- Working papers have continued to improve and are generally of a high standard,
- The draft accounts were presented for audit in accordance with the agreed timetable and contained minimal errors. This demonstrates a continued improvement in quality from prior years,
- We have noted a number of matters in relation to investments. None of these are material, and are reported separately in section 2 of this report, and
- A variety of minor errors have been identified during our substantive testing of member data. These are explained further in section 2 of this report.

We have not identified any adjustments affecting the Fund's reported financial position. However, we have agreed with officers some minor adjustments to improve the presentation of the financial statements.

Further details are set out in section two of this report.

Controls

Roles and responsibilities

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council as the administering authority.

Findings

Our audit work has not identified any control weaknesses which we wish to highlight for your attention.

The way forward

Matters arising from the financial statements audit have been discussed with the Head of Finance and the finance team.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
September 2015

Section 2: Audit findings

01. Executive summary

02. Audit findings

03. Fees, non-audit services and independence

04. Communication of audit matters

Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and the findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit and Standards Committee on 23rd March 2015. We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you.

Audit opinion

We provide two opinions on the Pension Fund, as follows:

- an audit opinion on the Pension Fund financial statements included in the Council's Statement of Accounts
- an opinion on the Pension Fund financial statements included in the Pension Fund Annual Report, which confirms if these financial statements are consistent with the financial statements in the Statement of Accounts

Our proposed audit opinion on the Pension Fund financial statements in the Statement of Accounts is set out in Appendix A.

We have yet to receive a copy of the Fund's Annual Report. We will confirm the wording of our proposed opinion on the financial statements in the Annual Report on completion of our review of the Annual Report.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA (UK&I) 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p>Improper revenue recognition</p> <p>Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<p>We rebutted this presumption during the interim phase of the audit, and this was communicated to members as part of the audit plan.</p>	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p>Management override of controls</p> <p>Under ISA (UK&I) 240 there is a presumed risk of management over-ride of controls</p>	<ul style="list-style-type: none"> • review of accounting estimates, judgements and decisions made by management, • testing of journal entries, and • review of unusual significant transactions. 	<p>Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>
3.	<p>Level 3 Investments – Valuation is incorrect.</p> <p>A level 3 investment is one where at least one input that could have a significant effect on the value of the investment is not based on observable market data. The most common example of which are investments in private equity, which are valued using various estimation techniques.</p>	<ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle, • reviewed the control reports from all fund managers with level 3 investments, • tested level 3 investments by obtaining and reviewing audited accounts at latest date for individual investments and agreeing these to the fund manager reports, • reviewed the qualifications of fund managers as experts to value level 3 investments, • reviewed the nature of estimated values and the level of assurance that management has over level 3 investments. 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Investment Income	Investment activity not valid. Investment income not accurate. (Accuracy)	<p>We have undertaken the following work in relation to these risks:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls over the transaction cycle, undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding, and we have reviewed the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records and sought explanations for variances. 	Our audit work has not identified any significant issues in relation to the risks identified.
Investment values – Level 2 investments	Valuation is incorrect. (Valuation net)	<p>We have undertaken the following work in relation to these risks:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls over the transaction cycle, undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding, and we have reviewed the reconciliation of information provided by the fund managers, the custodian and the Pension Fund's own records and sought explanations for variances. 	<p>Our audit work has not identified any significant issues in relation to the risks identified. However, testing of level 2 investments identified that a cash balance had been included in the analysis which should have been included as level 1. The value of the item was £2.6m and officers have agreed to amend for this.</p> <p>Review of the investments made during the year have demonstrated instances of non compliance with the Statement of Investment Principles. Officers are aware of this and are taking steps to bring the investments in line with the agreed principles. The departures will be included in the Annual Report. In addition, it was also noted that the Statement of Investment Principles has not been updated since April 2013. Again, officers are aware of the need to update the statement, and plans are in place for this to be completed in September.</p>

Audit findings against other risks continued



Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Contributions	Recorded contributions not correct. (Occurrence)	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding • tested key controls over the contributions made to the fund, • Tested a sample of contributions to source data to gain assurance over their accuracy and occurrence, and • Performed an analytical review on contributions to ensure that any unexpected trends are satisfactorily explained. 	Our audit work has not identified any significant issues in relation to the risk identified.
Benefit payments	Benefits improperly calculated/claims liability understated	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding • tested key controls for member to be enrolled on the scheme, • Tested a sample of individual pensions in payment by reference to member files, and • Rationalised pension paid with reference to changes in pensioner numbers and increases applied in the year to ensure that any unusual trends are satisfactorily explained. 	Our audit work has not identified any significant issues in relation to the risk identified.

Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p>Member Data</p>	<p>Member data not correct. (Rights and obligations)</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding • tested key controls over changes to the pension fund data set, and • Tested a sample of changes to member data made during the year to source documentation. 	<p>Sample testing of the changes to member data found;</p> <ul style="list-style-type: none"> • In 1 out of 25 new joiners to the pension fund the Altair system had not been updated to include all of the required details for the starter. Auto-enrolment is now in place for the fund and therefore we do not consider the time lag in processing the information onto Altair indicative of material misstatement for the fund. • In 3 out of 25 members leaving active membership, the Altair system had not been updated to progress their status beyond 'undecided leaver', due to a backlog. From discussions with the actuary we are satisfied that this would not have a material effect on their calculations. • In 6 out of 25 changes of circumstance, there was a lack of supporting documentation to support the amendment on the Altair system. From discussions with the actuary we are satisfied these do not indicate a material misstatement for the fund. <p>While the issues above do not indicate a material misstatement for the fund in the current year, it does suggest that further work is needed on member data to ensure that it provides a robust platform for the calculation of career average payments in future years. In addition, member data is a key area for the Pension Regulator, whose remit now includes LGPS.</p>

Accounting policies, estimates & judgements


In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<p>Revenue recognition</p>	<p>There are two key policies in relation to revenue recognition: that for contribution income and that for investment income. Normal contributions are accounted for in the payroll month to which they relate. Investment income from equities is accounted for on the date stocks are quoted ex-dividend. Income from fixed interest and index-linked securities, cash and short term deposits is accounted for on an accruals basis, as is income from other investments.</p>	<ul style="list-style-type: none"> The policies are considered appropriate under the accounting framework in place. 	
<p>Estimates and judgements</p>	<p>Because of the nature of the fund no significant accounting judgements have been made, with all judgements following the requirements set out in the Code.</p> <p>The fund has a material balance of investments with significant unobservable inputs. The valuation of these investments is subject to varying degrees of estimation uncertainty. The fund discloses the differing methods of valuation for these funds within the accounting policies. In each case the Fund chooses to rely on the valuation provided by the fund manager.</p>	<ul style="list-style-type: none"> The policies are considered appropriate under the accounting framework in place. Sufficient assurance has been provided by either the experts used for valuing the fund, or we have been able to agree valuations to third party evidence. Testing of level 1 investments against public data identified some minor differences in unit prices between that publically available and that provided by the fund managers on their reports. We have extrapolated the differences identified, which indicates a potential difference of £2m. We do not consider that this indicates a material error in the valuation of level 1 investments. In addition the closing values reported for Harbourvest are based on the value as at December 2014 due to timing differences in receiving up to date valuations from the fund manager. This has resulted in a potential difference of £3.6m when compared to the March 2015 report. The difference is such that the current estimate included in the accounts is less than that which would have been included if the final year end position had not been estimated. This is not material and is as a result of applying an appropriate estimation technique and therefore no amendment is required to the accounts. 	

Assessment

- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate but scope for improved disclosure
- Accounting policy appropriate and disclosures sufficient

Accounting policies, estimates & judgements continued

Accounting area	Summary of policy	Comments	Assessment
<p>Other accounting policies</p>	<p>We have reviewed the Fund's policies against the requirements of the CIPFA Code and accounting standards.</p>	<p>Our review of accounting policies has not highlighted any issues which we wish to bring to your attention.</p>	<p style="text-align: center;"></p>

Assessment

● Marginal accounting policy which could potentially attract attention from regulators

● Accounting policy appropriate but scope for improved disclosure

● Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit and Standards Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit.
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Fund.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no non-trivial omissions in the financial statements.
5.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed.
6.	Confirmation requests from third parties	<ul style="list-style-type: none"> We obtained direct confirmations from all of the investment managers and the custodian of the fund. Positive confirmation was received from all parties, and as a result no further procedures were considered necessary.
7.	Going concern	<ul style="list-style-type: none"> Our work has not identified any reason to challenge the Fund's decision to prepare the financial statements on a going concern basis.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for level 3 investment valuation, investment income, investment values, contributions, benefits payable and member data as set out on page 9 above.

There are no matters that we wish to bring to your attention.

Internal controls – review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.	X	<ul style="list-style-type: none"> As part of our responsibilities as the auditor of the pension fund we are required to provide a level of assurance to the auditors of a number of admitted bodies, should they request it. The assurances include comments around the controls in place for member data. Last year we reported errors found in updating member data. 	<p>We have continued to find errors in updating of the member data and our findings are reported on page 12 above.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Unadjusted misstatements

The table below provides details of adjustments identified which we request be processed but which have not been made within the final set of financial statements. The audit committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Impact on accounts	Reason for not adjusting
1 A review of the triangulation of fund manager, custodian and pension fund reporting identified that investments in MFS were being valued at mid price and not bid price as set out in the accounting policies.	Investment values are overstated by £968k	The difference is not considered material to the reader of the accounts.
Overall impact	£968k	

Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Account balance	Impact on the financial statements
1 Presentation and disclosure	Various	<p>Our review of the accounts highlighted some minor improvements that were required to be made to the accounts. None of these were individually significant and they have been made to improve the final presentation and aid clarity for the reader. The proposed minor adjustments were agreed with the Fund and changes have been made to the draft accounts submitted for audit.</p> <p>Examples include including a reference to the introduction of the Career Average Revalued Earnings (CARE) under operations and membership, to update the note referring to the delay in the introduction of IFRS 13, and to include a note that explains the material transfer out of the fund. We also highlighted some notes where comparative information in respect of the prior year needed to be added. This is in addition to the need to tidy up formatting and some punctuation prior to publication.</p>
2 Presentation and disclosure	Cash balance	The £1m cash balance has been shown as a liability on the net assets statement, however testing has demonstrated that this is an asset. The amount has been correctly reflected in the trial balance and this is a presentational error.
3 Disclosure	Assumptions about the future	The note presented for audit did not include any references to assumptions made about the future. We have agreed with officers some additions to the current note, which improve the clarity of the disclosure.
4 Presentation and disclosure	Administrative expenses	The draft accounts presented for audit were not in line with the changes to disclosure of administrative expenses required by the Code. We have agreed an amended note with officers.

Section 3: Fees, non-audit services and independence

01. Executive summary

02. Audit findings

03. Fees, non-audit services and independence

04. Communication of audit matters

Fees, non-audit services and independence

We confirm below our final fees charged for the audit.

Fees

	Per Audit plan £	Actual fees £
Pension fund scale fee	23,892	23,892
Agreed fee variation	1,328	1,328
Total audit fees	25,220	25,220

The proposed fee variation for IAS 19 above takes account of the work we are required to undertake for admitted bodies within the Audit Commission regime and is consistent with that requested in prior years.

Fees for other services

Service	Fees £
None	Nil

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 4: Communication of audit matters

01. Executive summary

02. Audit findings

03. Fees, non-audit services and independence

04. Communication of audit matters

Communication of audit matters to those charged with governance

International Standard on Auditing ISA (UK&) 260, as well as other (UK&I) ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice (the Code) issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Fund's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

Appendices

Appendix A: Audit opinion

We anticipate we will provide the Council with an unmodified audit report on the Pension Fund

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICKSHIRE COUNTY COUNCIL

We have audited the pension fund financial statements of Warwickshire County Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The pension fund financial statements comprise the Pension Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Warwickshire County Council in accordance with Part II of the Audit Commission Act 1998, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of Responsibilities, the Head of Finance is responsible for the preparation of the Authority's Statement of Accounts, which include the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the pension fund financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the pension fund financial statements. In addition, we read all the financial and non-financial information and the annual report to identify material inconsistencies with the audited pension fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the pension fund financial statements

In our opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at 31 March 2015, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the annual report for the financial year for which the pension fund financial statements are prepared is consistent with the pension fund financial statements

John Gregory
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

Date:



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24 September 2015

Dear John

Warwickshire County Council Pension Fund
Financial Statements for the year ended 31 March 2015

This representation letter is provided in connection with your audit of the financial statements of Warwickshire County Council Pension Fund ('the Fund') for the year ended 31 March 2015 for the purpose of expressing an opinion as to whether the financial statements show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2015, and of the amount and disposition at that date of its assets and liabilities in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ('the Code').

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- 1 We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the Code; which give a true and fair view in accordance therewith, and for keeping records in respect of contributions received in respect of active members.
- 2 We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- 3 The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- 4 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- 5 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- 6 We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose between estimation techniques that comply with the Code, we selected the estimation technique considered to be the most appropriate to the Fund's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgement based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.
- 7 We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- 8 Except as disclosed in the financial statements:
 - a there are no unrecorded liabilities, actual or contingent
 - b none of the assets of the Fund have been assigned, pledged or mortgaged
 - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- 9 Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- 10 Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- 11 All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- 12 We have considered the disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these disclosure changes and are free of material misstatements, including omissions.
- 13 We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for the misstatement brought to our attention as it is immaterial to the results of the Fund and its financial position at the year-end.

The financial statements are free of material misstatements, including omissions.

- 14 We believe that the Fund's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Fund's needs. We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements. the carrying value or classification of assets and liabilities reflected in the financial statements.

Information Provided

15 We have provided you with:

- a access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- b additional information that you have requested from us for the purpose of your audit; and
- c unrestricted access to persons from whom you determined it necessary to obtain audit evidence.

16 We have communicated to you all deficiencies in internal control of which management is aware.

17 We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

18 All transactions have been recorded in the accounting records and are reflected in the financial statements.

19 We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Fund involving:

- a management;
- b employees who have significant roles in internal control; or
- c others where the fraud could have a material effect on the financial statements.

20 We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators or others.

21 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

22 There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.

23 We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.

24 We have disclosed to you the identity of all the Fund's related parties and all the related party relationships and transactions of which we are aware.

25 We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Audit Committee at its meeting on 9th September 2015.

Yours faithfully

Name.....

Position.....

Date.....

Signed on behalf of **Warwickshire County Council** as administering body of the **Pension Fund**

Council

24 September 2015

Health and Wellbeing Board

Recommendations

1. That Council approves the arrangements for the Health and Well-being Board as set out in the Appendix.
2. That Council delegates authority to the Strategic Director for Resources to make all necessary amendments to the Constitution

1.0 Background

- 1.1 There is a statutory requirement on the Council to establish a Health and Well-being Board. The Health and Wellbeing Board was established by the Council with effect from April 2013. The Health and Wellbeing Board is a formal committee of the Council.
- 1.2 Earlier this year, the Local Government Association undertook a health and well-being peer challenge in Warwickshire. One of the recommendations of the peer challenge was to review the membership of the Board.
- 1.3 This report seeks Council's approval to the revised membership of the Board which takes into account the views of a wide range of partners and is supported by the Health and Wellbeing Board.

2.0 Proposals

- 2.1 The core membership of the Health and Wellbeing Board is prescribed by legislation. The core requirements are
 - a) at least one county councillor
 - b) the director of adult social services
 - c) the director of children's services
 - d) the director of public health,
 - e) a representative of the Local Healthwatch organisation,
 - f) a representative of each relevant clinical commissioning group
 - g) a representative of NHS England for the purposes of preparing the joint strategic needs assessment and joint health and wellbeing strategy

- 2.2 When the Health and Wellbeing Board was established, the Council chose to appoint additional members and its current membership is wider than the statutory requirements. As well as having a Board, the original arrangements included the concept of ‘active observers’ who were a wider group of stakeholders who would attend Board meetings but wouldn’t have a vote.
- 2.3 One of the Peer Challenge recommendations was that a review should be undertaken of the membership of the Health and Wellbeing Board. A comprehensive review of the governance arrangements for the Health and Wellbeing Board has been undertaken, which sought the views of a wide range of partners in forming its recommendations. The outcome of that review proposed an amended membership of the Health and Wellbeing Board which was supported by the Board at its meeting on 8th July 2015.
- 2.4 The new governance arrangements remove the concept of the ‘active observer’ and incorporate a wider range of partners onto the Board (e.g. the health providers and the Police and Crime Commissioner). They also refined the purpose of the Health and Wellbeing Board, again taking on board comments from partners during the review process.

3.0 Next Steps

- 3.1 As the Health and Well-being Board is a committee of the Council, this report seeks approval of the Council to the revised arrangements for the Board as set out in the Appendix.

Background Papers

LGA Health & Well-being Peer Challenge Feedback Letter
 Health and Well-being Board Governance Proposals Report – 8th July 2015

	Name	Contact
Report Author	Sarah Duxbury	sarahduxbury@warwickshire.gov.uk
Head of Service	Sarah Duxbury	sarahduxbury@warwickshire.gov.uk
Strategic Director	David Carter	davidcarter@warwickshire.gov.uk
Portfolio Holder	Councillor Kam Kaur	cllrkaur@warwickshire.gov.uk

**Membership of Warwickshire Health and Wellbeing Board
Non executive, member, chairman level**

Member	Organisation / Number
Director of Public Health	Warwickshire County Council (statutory requirement)
Director of Children’s and Adults Services	Warwickshire County Council (statutory requirement)
Warwickshire County Council elected members	4 x Warwickshire County Council elected members
Warwickshire District and Borough Council elected members	5 x District /Borough Council Portfolio Holders (one representative from each area)
Chair of Healthwatch Warwickshire	Healthwatch Warwickshire (statutory requirement)
Warwickshire Clinical Commissioning Groups (at chair/non exec level)	Warwickshire North Clinical Commissioning Group Coventry and Rugby Clinical Commissioning Group South Warwickshire Clinical Commissioning Group (one representative from each area)
National Health Service England representative	NHS England (statutory requirement for certain elements)
Providers (at chair/non exec level)	4 x Provider representatives (one from each of the following) South Warwickshire Foundation Trust; University Hospitals Coventry and Warwickshire; George Eliot Hospital; Coventry and Warwickshire Partnership Trust.
Warwickshire Police and Crime Commissioner	Warwickshire Police and Crime Commissioner
Total	21

Purpose of the Health and Wellbeing Board

- To provide strategic direction and develop shared outcomes for improving health and well-being in Warwickshire by bringing together relevant partners whose functions have an impact on health and well-being
- To create collective ownership and accountability among partners for the delivery of shared health and well-being outcomes to Warwickshire residents
- To promote positive health and well-being among the Warwickshire public and encourage integration between social care and health
- To undertake the specific roles required of it under statute (Health and Social Care Act 2012) and best practice guidance (e.g. prepare and publish the Joint Strategic Needs Assessment and Health and Wellbeing Strategy and to advise whether the Council is discharging its duty to have regard to these when undertaking relevant functions, approve the Better Care Fund quarterly and annual reports, approve and provide support on the making of Section 75 agreements, act as a statutory consultee on a range of matters related to the Clinical Commissioning Groups, undertake a needs assessment for pharmaceutical services)
- To have oversight of commissioning activity which supports the delivery of the Health and Wellbeing Strategy and to encourage a co-ordinated approach to commissioning activity across partner organisations

Council

24 September 2015

Review of Governance Arrangements

Recommendations

- (1) That the protocols on member/officer relations (Part 4 Section 3 of the Constitution) be amended as set out at 3.4 of the report to make explicit the need for local members to be advised of changes in services within their division.
- (2) That a system for regular briefings to all members be introduced with issues being identified through Cabinet Portfolio Holder, Chair and Spokespersons meetings set out at 4.3 of the report.(Reference to this to be included in Part 4 Section 3, paragraph 5.1 Overview and Scrutiny Procedural Matters).
- (3) That entries to the Forward Plan should normally be entered four months ahead of the proposed decision date, and that each Group Leadership Team monitor and review the Forward Plan on a regular basis as set out at paragraph 5.6 of the report.
- (4) That the Budget and Policy Framework(Part 2 Section 2 of the Constitution) be revised as set out in **Appendix A** (and referred to in section 6 of the report).
- (5) That a core programme of overview and scrutiny work based on key priority areas is developed (as proposed at 7.4) and in accordance with the selection criteria outlined at **Appendix B** (the selection criteria to be included at 5.2 of the protocols on member/officer relations in Part 4 Section 3 of the Constitution).
- (6) That the remits for the Overview and Scrutiny Committees be amended as set out at section 8 of the report.
- (7) That the Strategic Director of Resources make the necessary amendments to the Council's Constitution to reflect the changes set out in recommendations (1)-(6).

1.0 Background

1.1 This review responds to the request at Council on 25th September 2014 that Leaders Liaison Group take forward a review of governance arrangements. The review has taken account of the following:

- The feedback from the Community Leadership survey circulated to all members in August 2014. The survey gathered members' views regarding the County Council's governance arrangements, including decision-making, the role of Overview and Scrutiny and other Committees and community engagement.
- The points raised in debate at the Council meeting.
- The recommendation from the LGA Corporate Peer Challenge regarding the approach to Overview and Scrutiny.

2.0 Scope of review

2.1 The key area of concern highlighted by members in the survey was the limitations in effectively influencing and engaging in decision-making (particularly within their local areas), and also more widely in Council and through Overview and Scrutiny.

2.2 The Member Survey asked questions about how members viewed their individual effectiveness on a particular body as well as the collective effectiveness of each body. The responses throughout the survey, whilst positive in part, reveal that the majority of members are unhappy with the level of engagement in issues and their ability to influence decision-making both locally and strategically. The key themes running through the survey responses are that members wish to:

- Be kept up to date on what is happening in their local area and across the county. This includes timely briefings from officers at local level (a number of members also wished to have better information on who to contact on specific issues), as well as communication on key issues at strategic level.
- See more effective timetabling of business, allowing Overview and Scrutiny more opportunity to influence decision-making (allowing for more and earlier 'pre-decision' as highlighted by the Peer Review).
- A greater use of task and finish groups for undertaking in-depth, time limited scrutiny.
- Have greater opportunity to input into strategic decision-making. A number of members commented that there should be more opportunity for Council to debate strategic/policy issues.
- Have some individual decision-making power to enable them to better represent and respond to issues in their community.

2.3 The motion at Council re-emphasised these concerns and Leaders Liaison Group requested that the review of existing governance arrangements was

undertaken to ensure inclusivity of members and improvements in the County Council's decision-making process.

- 2.4 One of the recommendations from the Peer Review was the need to “*focus any pre-decision scrutiny on outcomes for local people and align this work to the Council's Forward Plan to add value to strategic decision making*”. It was agreed that this recommendation would also form part of the review.
- 2.5 The final scope of the review, supported by Leaders Liaison Group, is set out below:
- Methods to engage with local members, at the earliest stage and throughout, regarding decisions which affect their area.
 - Member engagement in strategic decision-making and the use of senior member/spokesperson meetings and briefings.
 - Consideration of the budget and policy framework and its impact on the role of Council vis-à-vis the Cabinet.
 - The role of Overview and Scrutiny and the parameters and methods for pre-decision scrutiny.
 - The options and parameters for local decision making and identifying more locally designated budgets.

3.0 Member engagement – at local level

3.1 Member Induction/Keeping members briefed

A comment in the Member Survey from one of the members elected in 2013 reveals the importance of providing some historic information for members that impact on their area as well as keeping members up to date on current issues:

‘As a new councillor I have to refer and look up previous past resolutions which affect my area – i.e. a travellers site planned in my division some two years ago. Officers should contact the local member as soon as any major applications are submitted.’

These, and other comments about the need for a list of local contacts (WCC and other agencies/partners), will be taken forward for future induction programmes but it is also proposed that the current protocols be strengthened and disseminated to all officers.

3.2 Consultation with local members on draft reports

There have been a number of occasions when the local member has not been asked for comments on reports, as required by the Council's protocols. Although the Committee Management Information System (CMIS) does remind authors to consult the local member we propose that this is reinforced by ensuring all consulted are listed on the report.

In addition, there are some issues that fall within a member's division that are also of interest to a wider group of members because the service concerned serves a wider area (e.g. Leamington Fire Station is of interest to all members in the Leamington area). It is proposed that officers include those members when circulating draft reports.

3.3 Notifying members of issues within their divisions

In addition to sharing draft reports with local members, there is a general requirement that officers notify members of 'significant issues' that impact on their area. Again this does not always happen. This may be because officers are interpreting 'significant' issues differently. For example they may not be advising of a temporary closure or change to a service. Equally members are not always being advised of any consequential service or property changes that arise from decisions or are not kept up to date on projects once a decision has been made.

3.4 Amendments to protocols (Section 3 of Part 4 of the Constitution)

It is proposed to address these points by adding to the protocols (as indicated below in italics) and by reissuing the revised protocol to all officers:

"Officers should normally notify members of any significant issues which particularly affect the member's division. ***This should include any changes to services in the area, such as opening times and use of buildings, including any temporary changes or temporary closures.*** This requirement does not normally apply to details relating to individual recipients of services.

Officers should endeavour to ensure members are kept informed of progress of projects within their division, including capital projects and highway works.

Officers should seek the comments of the local member on reports which particularly affect their division and where appropriate indicate their comments in the text of the report. ***There may be occasions when the impact of proposals is wider than the local member. On these occasions the other members within the relevant area should also be consulted.***"

4.0 **Member engagement – at strategic level**

4.1 The Member Survey revealed that some members do not feel up to speed on issues. There are a number of bulletins and briefings supplied to members electronically and there is information being shared at overview and scrutiny committees, which is appreciated, but members have commented that this is not the most effective use of committee time which could otherwise be directed to in-depth scrutiny. As well as dissemination being inconsistent, this

does not guarantee that information on the key strategic issues facing the Council is being received by all members in a timely fashion.

4.2 The conclusion to be drawn from the survey is that members would welcome a more systematic and timely approach to briefings and dissemination of information. An opportunity to ensure this happens exists by regularising and strengthening the role of the current Portfolio Holder/Overview and Scrutiny spokespersons meetings.

4.3 A new approach is proposed:

Composition

Meetings should comprise the relevant Cabinet Portfolio Holder(s), Overview and Scrutiny Chair and spokespersons with support from the Strategic Director, appropriate Heads of Service and a Democratic Services Officer.

Purpose/agenda

Strategic Director/Heads of Service updates

The first part of the meeting will be service updates (to include OOP performance, additions to Forward Plan, information on upcoming items for Cabinet, big issues, etc.).

Identification of items for bulletin

The meeting should also decide what information it wishes to send out to the wider Council membership by way of briefing. This will be put into bulletin form and e-mailed to members after each meeting by the Democratic Services Officer.

Review of work programmes

The second part of the meeting could include an overview of all democratic work programmes (i.e. Overview and Scrutiny, Cabinet, Council) to consider whether there should be any change to the O&S work programme within the service area.

Frequency

The current Cabinet Portfolio Holder/spokespersons meetings match the frequency of Overview and Scrutiny Committee meetings, but need not. It is proposed that the briefing meetings be every two months to ensure timely exchange of information and onward briefing of members.

5.0 Forward Planning

5.1 Effective forward planning is crucial for enabling overview and scrutiny to properly engage with key issues coming forward. Members' comments in the member survey support this.

One response which highlights the importance of forward planning is the need for *'clearer thinking, focussed on strategic issues. There is a whiff of 'making it up as we go along.'*

Other comments include:

'Cabinet should be taking the views of a wider pool of members.'

'There should be more time for scrutiny to feed into Cabinet reports so that there are better informed decisions.'

- 5.2 The Peer Challenge also reported the view amongst members that more added-value could be achieved by encouraging appropriate scrutiny work to take place at a pre-decision stage. The Peer Review suggests the Forward Plan is used to structure the work plan. At present, the Overview and Scrutiny Committees have a list of the items in the current published Forward Plan on their agendas. The problem is that items tend to be put in the Forward Plan as little as six weeks before the decision is to be taken. If a Committee requests to see an item, it inevitably receives a 'finished' report on its way to Cabinet or Portfolio Holder. The level of influence at this stage is likely to be low. Other authorities (e.g. Leicestershire, Hertfordshire, Staffordshire and Worcestershire) that use 'pre-decision' scrutiny have found it most effective when done at an early stage and built into the work programme in a timely fashion.
- 5.3 The Peer Review recommended that there should be a clear and explicit agreement between Cabinet and Overview and Scrutiny members about which decisions are appropriate for pre-scrutiny review and that the issues are strategic and significant in their impact and reach. This report is not suggesting that all items for Overview and Scrutiny should be identified in this way as Overview and Scrutiny should retain its autonomy but there is an argument for a programming process that enables OSC to better identify the strategic issues to which their work could add value.
- 5.4 When the Forward Plan was first introduced, there was a legal requirement that it covered key decisions for the forthcoming four months. Although this requirement has changed to at least 28 days notice, many councils have continued to produce Forward Plans covering the forthcoming four months.
- 5.5 Warwickshire's approach to the Forward Plan has been to encourage officers to put items in the Plan as soon as they are aware of them. The formal report production cycle begins six weeks before the date of the proposed decision. It is at this point that items must be in the Forward Plan and draft reports should be in preparation. Some officers do put items in the Forward Plan up to a year ahead, but the majority work to the six week cut-off point. It would be helpful if the Forward Plan covered a longer view across all services. It is particularly important that the key issues requiring decisions around service changes are programmed ahead – at least four months in advance of the expected decision.

- 5.6 To ensure this happens, it is proposed that each Group Leadership Team review and update the Forward Plan on a regular basis. Earlier consideration of items will also allow the routing of items to be planned via Corporate Board and/or Leaders Liaison Group where this is considered appropriate. A more comprehensive Forward Plan will also be more useful in providing an overview of business and issues at any given point in time.

6.0 Member influence on strategic decision making – role of Council

- 6.1 The issues put to Council for decision are largely determined by whether or not they are included in the Council's Budget and Policy Framework. This framework is a list of policy documents that either legislation or the Council has determined should require approval by full Council. Any plan that is included in the framework can only be amended by Council.
- 6.2 This review has looked at the Council's current Budget and Policy Framework and concluded that it requires updating as it lacks over-arching strategies in a number of key areas of the Council's services. In addition, it also fails to reflect the significant amount of partnership work the Council is engaged in via a number of sub-regional strategies.

The need to update the list is supported by the results of the Member Survey – only 40% of members who responded consider that Council meetings influence the development of strategic policy. Ensuring that key policy areas are in the Policy Framework will allow wider member input into policy development as any amendments to the Framework will require formal approval by Council, not Cabinet.

One member commented that: *'There should be greater opportunities to have an issue debated at council....It can be easily thought that the function of Council is to pay lip-service to democratic process as most decisions are influenced and made outside of council itself.'*

- 6.3 Proposed changes/additions to the Policy Framework are set out in **Appendix A**. The additions to the Framework will mean that Council will be responsible for approving (and amending when necessary) a more comprehensive number of high level policy documents.

7.0 Overview and Scrutiny (O&S) – Work Programme

- 7.1 The Member Survey revealed that members were in agreement about the role of O&S in raising issues of public concern and that in-depth scrutiny of issues adds value to decision making. There was also agreement that the capacity for this is undermined by the number of items and lack of focus on items that will bring outcomes for the public.
- 7.2 The current number of meetings is inconsistent across the Committees and some are meeting often in an effort to tackle large workloads.

One member commented in the survey that there should be *'less crammed agendas and a real capacity to do in-depth scrutiny and achieve tangible improvements.'* Chairs should *'be prepared to say no as we simply cannot look at x and y as to do so limits the value added.'*

If alternative methods can be used for keeping members informed, as indicated elsewhere in this report, this will free up time for focused O&S.

- 7.3 Having an effective Work Programme is critical. Member feedback and the Peer Review recognised that the current programmes of work are too heavy for effective scrutiny to take place consistently and there is a danger that they may not include the areas that are most likely to lead to change or effective outcomes.

Proposed process

- 7.4 Each Committee should develop a focused core work programme based on the Council's key priorities (set out in the OOP) but that also allows room for additions in-year. To assist this, the annual work programming sessions should include the relevant Portfolio Holders and officers to help draw out the key areas under each of the five OOP outcomes that could benefit from O&S input. The focus should be on selecting items that are strategic and significant and likely to add value to outcomes for local people. There should also be a clear distinction between whether the review is 'overview' i.e. in helping in policy development, or in 'scrutiny' mode, i.e. reviewing proposed or past decisions and methods and timescales should be set.

The Portfolio Holders and Chair and Spokespersons meetings can assist in ensuring the programme progresses in year and that any other important strategic issues that arise in year are accommodated.

- 7.5 The selection criteria at **Appendix B** would be applied to ensure time is spent on reviews that add value. (This makes explicit that responses to Council consultations should not be undertaken by O&S. Doing so can lead to duplication of effort and sends a confusing message to the public. It can, however, be a legitimate role for O&S to analyse the outcome of the consultation, prior to its submission to Cabinet).

8.0 Overview and Scrutiny Structure

- 8.1 The Member Survey indicates that 83% of members consider Task and Finish Groups (TFGs) are the most effective method for undertaking Overview and Scrutiny, followed by Select Committee mode. One member commented that there is a need for a *'clearer definition of the role [of O&S], less items, less political, more Select Committee style investigations.'*

8.2 Task and Finish Groups are consistently recognised as effective for both scrutiny and as a method of developing informed policy proposals but it will require committees to operate in a different way to avoid heavy agendas if members wish to accommodate more Task and Finish Group work.

8.3 The following proposes a change to the committee remit to produce a more even spread of work by moving Fire and Rescue and Libraries from Communities OSC to Corporate Services OSC. This will also provide the Corporate Services OSC an opportunity to include a focus on more 'outward-looking' services.

OSC	Remit	Strategic Director	PfHs
Adult Social Care & Health (as at present)	Adult social care services including social care to older people and people with disabilities, policies and services for safeguarding adults, and any matter relating to planning, provision and operation of health services for adults and children.	People Communities	Adult SC Health
Children, Young People and Families (as at present)	Education and skills, services for children, families and young people including schools, 16-19 years education, pre-school children, child protection, family support and social care, children with specific needs and the youth service.	People Communities	Education & Learning Health
Communities (<i>Fire and Rescue and Libraries moved to Corporate</i>)	Community safety, trading standards, transport and highways, economic development and environment, adult learning, heritage, tourism, flood risk management and emergency planning,	Communities	Ed&Learning Environment Transport & Highways Community Safety
Resources & Fire & Rescue (<i>includes Fire & Rescue and Libraries</i>)	Fire & rescue, budget, medium term financial plan, corporate business plan, planning and performance arrangements, finance, property, information technology, facilities management, workforce strategy and development, law and governance, libraries, customer service and communications	Resources Chief Fire Officer	Deputy Leader Community Safety Customers

9.0 Local Decision Making

It is proposed that more thought is given to different approaches to local decision making and that a separate exercise is undertaken and reported on separately at a later date.

10.0 Timescales associated with the decision and next steps

The Council's constitution will be updated immediately following agreement by Council and the necessary administrative changes will be made by Democratic Services.

Appendices:

Appendix A – Policy Framework Options
Appendix B – Scrutiny Topic Selection Criteria

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Options for the Policy Framework

We have identified below for discussion some suitable additions to modernise the Budget and Policy Framework. However, if these are included any amendments to them in the future must be approved by full Council and not Cabinet.

Plan or Strategy	Comments
Current items to be retained:	
<p>Any plan or strategy for the control of the authority's borrowing, investments or capital expenditure or for determining the authority's minimum revenue provision e.g.</p> <ul style="list-style-type: none"> • Corporate Capital Strategy • Medium Term Financial Plan • Treasury Management Strategy 	
One Organisational Plan	Replaces the Corporate Business Plan
<p>Development Plan Documents – see below:</p> <ul style="list-style-type: none"> • Waste Core Strategy (July 2013) • Minerals Plan (once adopted) 	
Community safety Agreement	Replaces the Crime and Disorder Reduction Strategy
Local Transport Plan	
Youth Justice Plan	
Food Law Enforcement Service Plan	<u>Delete</u> - no longer any statutory requirement to include
Adult and Community Learning Plan	<u>Delete</u> – no longer any statutory requirement to include
Fire & Rescue Integrated Risk Management Plan	Section 21, Fire and Rescue Services Act 2004
Suggested additions:	
Coventry and Warwickshire Strategic Economic Plan	
Sub-Regional Infrastructure Plan	Currently being drafted
Coventry and Warwickshire Skills Strategy	

Procurement Strategy	There is a joint sub-regional procurement strategy with Coventry and Solihull; however it is not up to date and is not recommended for including in its current form. Will be revised in 2015.
Commissioning Strategies for Social Care Services	Joint Commissioning Framework for CYP currently in draft form – there is currently no overarching strategy in place for Adult and Children’s Services.
Health and Wellbeing Strategy	
Customer Services and Access Strategy	
Annual Pay Policy Statement	Currently part of Budget resolution – requirement to be approved by Full Council
Education Strategy	
School Sufficiency Strategy	
Early Intervention Strategy	Currently in draft form
Corporate Parenting Policy	

NOTE – It is recommended that an overarching Commissioning Strategy is produced for Adult and Children’s Services for inclusion in the Policy Framework, with the detailed implementation strategies to continue to report to Cabinet, such as: Dementia Strategy, Statement of Intent for Older People’s Residential and Nursing Care, Statement of Intent for Extra Care Housing, All Age Autism Strategy and the Child Poverty Strategy.

Scrutiny Topic Selection Criteria

The overall purpose of a scrutiny review is to:

- Assist the Council to achieve its corporate aims and objectives
- Deliver positive outcomes for local people

Reasons to reject a scrutiny review:

- The issue is already being addressed / being examined elsewhere and change is imminent.
- The issue is not relevant to all or large parts of the Council.
- There is little evidence to support the need for the review.
- The issue is the subject of current consultation by the Council.
- The topic would be better addressed somewhere else (and will be referred there).
- Scrutiny involvement would have limited / no impact upon outcomes for local people.
- The topics may be sub-judice or prejudicial to Council's interest
- The topic is too broad to make a realistic review.
- New legislation or guidance relating to the topic is expected within the next year.
- The topic area is currently subject to inspection or has recently undergone substantial change.

Council

24 September 2015

Education and Learning (Schools) Capital Programme

Recommendations from Cabinet

That Council approves:

- (i) Proposals for expansions and alterations of existing schools as detailed in sections 3 and 4 and summarised in the Table at paragraph 6.
- (ii) Provision of new schools to serve new developments in Rugby and Warwick as detailed in sections 3 and 4 and summarised in the Table at paragraph 6

1. Key Issues

- 1.1. At its meeting on 16 July 2015, Cabinet considered, and agreed that Council be asked to approve, proposals for allocating resources in the Education and Learning (Schools) Capital Programme to specific projects.

Large areas of Warwickshire have seen a significant increase in the birth rate over recent years and this has resulted in pressure on existing primary school places. Additional capacity has already been built at a number of schools however, further expansion is required to meet the forecast demand and the demand due to the housing developments across the various areas.

- 1.2. Where possible, and where economies of scale allow, expansions and building works will address other factors such as encouraging infant and junior to become primary, addressing pre-school requirements in an area, providing specialist provision for children with Special Educational Needs and Disabilities (SEND) and addressing any outstanding Disability Discrimination Act requirements originally identified under the Disability Discrimination Act 1995 (the DDA 1995); and from October 2010, under the Equality Act 2010.

- 1.3. The increased birth rate has seen an associated rise in the number of children with special educational needs and we already secure places for a significant number of pupils at establishments outside the county. The housing demand will bring further increase in demand for this demographic.

1.4. Formal consultation is required on proposals that would permanently increase the capacity of a school by:

- more than 30 pupils;
- by 25% or 200 pupils (whichever is the lesser)

This paper proposes alterations and extensions to schools that will in a number of cases require formal consultation to be carried out.

1.5. At the time of formal consultation, a consultation document will be sent to the parents and carers of all pupils, to prospective parents, staff, the governing bodies and the Student Council of individual schools. Copies will also be distributed to other schools in the area, the local County Councillor, the District or Borough Council, local Parish Councils, Diocesan Education Authorities, admission authorities and the Local Member of Parliament.

1.6. Proposals to increase the number of pupils admitted at schools across a wide area of Warwickshire are explained within this report. Furthermore, there is a need to develop new primary school provision in Rugby and Warwick to mitigate the impact of new housing development on existing schools and to add further capacity and choice for parents.

1.7. Whilst the issue of sufficiency of provision has to take priority, it is important to ensure that schools that are not expanding are able to continue to operate within their existing accommodation.. It is also important to recognise that whilst we are committed to offering good or outstanding places and investing in these schools, we are also committed to investing in schools struggling with improvements where the investment addresses capacity, education delivery, half forms to whole forms of entry and defects.

1.8. Cabinet recently approved schemes to increase the number of special school places across the County: however, further projects are required to meet capacity and out of area placements.. These projects will help ensure there is sufficient provision of the right type meeting the appropriate levels of need within Warwickshire; thereby reducing the cost of sending pupils to out of county placements.

2. General

2.1. Allocations of future funding from the Department for Education were notified to the authority in February 2015. Whilst the 2015/16 figures were confirmed, confirmation is awaited that the previously notified indicative allocations for future years still stand. Similarly, some of the proposals included in this report will attract developer contributions which will be collected as developments

progress. Therefore, the income will not be received until future years. As both the level and phasing of future funding remains uncertain, this report seeks Council's approval to add the 2015/16 capital allocation from the Department for Education, developer contributions received / due in 2015/16 and the balance of unallocated funding from previous years to the capital programme and to allocate it to schemes as outlined in Sections 3 and 4. On this basis, the total funding available was £16,425,000

- 2.2. Cabinet considered the Education and Learning (Schools) Capital Programme at its meeting on 16 July 2015 and agreed that Council be asked to approve £17,599,000 of the proposals for expansions and alterations to schools and also to the provision of new developments in Rugby and Warwick. However, in advance of this meeting, it was necessary for the Deputy Leader to approve the addition of £874,000 of spend to the capital programme for those elements that needed to be delivered by the start of the new academic year in September 2015. This ensured that there were sufficient places and facilities to support education delivery where an immediate need was identified.
- 2.3. The projects approved by the Deputy Leader were:
- Long Lawford Primary School, Rugby ~ (cost £150,000)
 - Hillmorton Primary School. Rugby ~ (cost £150,000)
 - Nathaniel Newton Infant School, Hartshill ~ (cost £75,000)
 - Universal Infant Free School Meals ~ (cost £499,000)
- 2.4. It was also necessary for an urgent decision to be taken by the Leader to approve the transfer of £300,000 of Section 106 funding, allocated for the purpose of secondary and post 16 expansion in Stratford, to Stratford Girls' Grammar School to allow the school to complete works prior to the start of the new school year.

3. Options and Proposals

RUGBY

3.1. NEW SCHOOL - The Gateway, Rugby ~ (£3,150,000)

As a result of housing development in the North of Rugby it is necessary to provide a new primary school to meet the demand arising from the specific development.

Land and funding has been secured through developer contributions for a new 1 Form Entry primary School. However, construction of the new school will be required before all of the relevant developer contributions have been collected. This will require an allocation to be made from Education and Learning capital

resources to bridge the gap between contributions collected and the cost of the new school.

It is intended that the new school will be a pre-designed, modular form of construction as delivered at Oakfield and Arley Primary Schools.

The estimated cost of this proposal is £3,150,000 of which £1,800,000 has been collected from the developer.

3.2. Long Lawford Primary School, Rugby – permanent expansion (£2,950,000)

Long Lawford Primary School is currently undergoing expansion to provide 60 places per year (2 Forms of Entry). It is forecast that demand for places locally will require a further expansion of the school to provide 90 places per year and that the school will be sustainable at this level. It is proposed to expand the school through the provision of an additional 7 classrooms, support and circulation areas, a studio hall space and external play areas. This proposal will provide permanent, additional places, with effect from September 2016.

3.3. Hillmorton Primary School, Rugby ~ (£2,950,000)

Hillmorton Primary School is currently a 210 place (1FE) Primary school, with a children's centre operated by Barnardo's. It is forecast that demand for places in the area will require a permanent expansion of the school to accommodate two forms of entry. It is proposed, therefore, to expand the school to accommodate 420 pupils (2FE).

NUNEATON AND BEDWORTH

3.4. All Saints CE Primary School, Nuneaton ~ (£750,000)

All Saints CE Primary School is a one-form entry school (210 pupils) with a nursery. Two class groups are currently taught in temporary classrooms which are separate to, and some distance from the main building, WC's, Hall, Library etc. The temporary buildings have been maintained but are now beyond economic repair. It is proposed to extend the school to provide two additional classrooms, circulation and cloaks and group space and to integrate these with the main building. The new accommodation will be available from September 2016.

3.5. St Michaels CE Primary School, Bedworth ~ (£900,000)

St Michaels Primary School previously admitted 45 pupils into the infant phase and 60 pupils into the junior phase. The additional 15 places in the junior phase were previously provided to meet the demand for places from All Saints CE Infant School in Bedworth.

Members will be aware that a scheme is currently being undertaken to expand All Saints Infants School to create an all-through primary school by converting the former Bridgeway Centre in Bedworth to provide a junior phase.

St Michaels CE Primary was asked by the authority to increase its admissions to the infant phase from 45 to 60; this was achieved without the provision of additional classrooms. However, as the increased pupil numbers have rolled through the school it has now become necessary to provide additional accommodation. It is proposed to provide 3 additional teaching spaces to meet the increased demand.

WARWICK DISTRICT

3.6. NEW SCHOOL, Warwick ~ (£3,050,000)

As part of the new developments to the South of Warwick it is proposed to provide 2 new primary schools and to expand local secondary school provision to provide the third primary school. The Council has secured developer contributions of land and funding to meet the cost of this additional provision.

In order to meet the demand for primary school places it will be necessary to procure and build the first new primary school before all of the relevant developer contributions have been collected. It is intended that the new school will be a pre-designed, modular form of construction as delivered at Oakfield and Arley Primary Schools.

3.7. Barford St Peters CE Primary School, Barford ~ (£330,000)

It is proposed to expand Barford Primary School to provide an additional classroom. This will allow the school to organise as a one-form entry school with seven class groups each of thirty pupils.

The Council has secured developer contributions to mitigate the impact of recent housing developments in the area. It is intended to provide an additional classroom, circulation and group space at an estimated cost of £330,000 of which £186,000 will be provided by developer contributions. However, the developer contributions are not yet available and initially the whole of this proposal will need to be funded from Education & Learning capital resources.

3.8. Shipston ~ (£100,000)

We will require additional capacity in the area of Shipston to meet the demand for school places. Shipston High is proposing to demolish and replace its existing gym block and to provide a new block of additional classrooms to add further capacity at the school.

The cost of the new teaching block has not yet been established and is dependent on a successful application to the Education Funding Agency. It is proposed to make a contribution to a first phase of works to demolish and replace the gymnasium.

3.9. Southam ~ (£1,000,000)

There is substantial new housing planned in the catchment area of Southam College which will increase the demand for school places locally; developer contributions have been sought to help meet the impact of development.

The school has recently been directed to accept pupils via an appeal panel hearing taking the schools admissions from 210 in year 7 to 322. The impact of this direction requires the council to take mitigating action to safeguard the provision for children already on roll and to ensure that those attending from September are also able to access all aspects of the curriculum.

It is proposed to provide temporary modular classrooms providing science, technology and ICT plus much needed communal space. In addition to the provision of new teaching spaces the school is proposing to refurbish and extend existing areas to accommodate the increase in pupil numbers.

4. SEN Provision

4.1. New Resourced SEN Provision across the County ~ (£250,000)

A recent analysis of SEN provision and demand has identified significant gaps in Warwickshire's SEN provision across the County. These gaps in provision have been driving increases in the placement of pupils in costly out-of-authority provision. It is therefore proposed to develop a range of provision to address this need as follows: It is intended to allocate the funds from the sale of land at Manor Park once we are in receipt of this.

New specialist provision attached to mainstream schools would be able to meet the needs of many complex learners with Autism Spectrum Disorder and Communication and Interaction needs whilst remaining in their own communities. A model of provision has been developed based on best practice that would be able to accommodate up to 10 learners in secondary and up to 8 learners in primary as part of a mainstream school or academy site.

The priority would be to develop such provision on existing school / academy sites across the County, in Southern, Central, Nuneaton & Bedworth, and Northern education planning areas. Ideally this would be accompanied by development of four primary school / academy sites across the County, in the same education planning areas.

This year the first developments are likely to be at Stockingford, Outwoods and Rokeby (primary provision) and at The Harris and George Eliot Academies (secondary provision). All five developments are estimated to cost in the order of £50,000 each.

4.2. Boughton Leigh Junior ~ (£400,000)

Specialist Inclusion Support Groups are designed to support children to be re-integrated into mainstream education. It is proposed to develop a Specialist Inclusion Support Group at Boughton Leigh Junior School. This will require the provision of a new building.

4.3. New Satellite SEN Provision for learners with complex mental health needs ~ (£195,000)

There is an urgent need for educational provision for learners in key stages 3 & 4 with acute mental health needs either who have been in-patients in psychiatric hospital and / or who are at a high risk of self-harm. These learners cannot be readily absorbed back into mainstream education, but are capable of achieving academic success and positive life outcomes given the right support. The alternative to local provision in such circumstances would be residential provision, which comes at extremely high cost (a learner in an acute mental health provision costs approximately £250,000 per annum) and does not support the learner in reintegrating back into their families and local communities.

Currently this service is being provided for circa 3 learners without suitable accommodation and with uncertainty of tenure in the medium term. There is the urgent need to provide more permanent accommodation for these learners. There is predicted to be a similar level of demand in the central and southern areas of the County in the future.

This type of provision would be ideally placed on a discrete site away from a formal school setting but within easy reach of appropriate facilities to provide learning programmes and therapeutic interventions. This model could accommodate up to 6 learners.

This year it is proposed that a centre for young people with complex mental health needs is developed in partnership with Exhall Grange. This would be located in the former Youth Wing at Coleshill.

In June 2011, Cabinet agreed to the disposal of the former Coleshill Youth Wing. It is now proposed that the sale does not go ahead and that the property is refurbished.

4.4. Minor Works ~ (£400,000)

This funding is provided to adapt mainstream schools to enable pupils with special needs to secure a suitable space at a mainstream school and to meet any unplanned matters that arise during the financial year. The programme will be set according to outcome of decisions by the Capital Access and Organisation Board.

5. Finance

- 5.1. The current approved Education and Learning capital programme includes £6.280 million of resources currently unallocated to specific schemes. Funding from developers and the 2015/16 Government capital grant for schools confirmed since this time means there is now £16.425 million available, as outlined in Table 2.

Table 2: Available Education and Learning (Schools) capital resources	
	£ million
Unallocated resources in approved capital programme	5.860
Government capital grant for 2015/16	7.509
Top-slice reallocation to school maintenance as per Council policy	-3.000
Additional developer funding	6.056
Total	16.425

- 5.2. The proposed schemes detailed in sections 3 and 4 total £16.425 million, as summarised in Table 3. Council is requested to approve the addition of these schemes to the capital programme.

Table 3: Proposed Spending from 2015/16		
Para.	School	£ million
3.1	The Gateway, Rugby (new school)	3.150
3.2	Long Lawford, Rugby (additional classrooms)	2.950
3.3	Hillmorton Primary School, (additional classrooms)	2.950
3.4	All Saints, Nuneaton (additional classrooms)	0.750
3.5	St Michaels, Bedworth (additional classrooms)	0.900
3.6	Warwick (new school)	3.050
3.7	Barford St Peters (additional classrooms)	0.330
3.8	Shipston High School (additional classrooms)	0.100
3.9	Southam College (additional classrooms)	1.000
4.1	SEN Resource Provision	0.250
4.2	Boughton Leigh Junior (additional space)	0.400
4.3	Satellite Mental Health Needs (additional space)	0.195
4.4	Disability access and Minor Works	0.400
	Total	16.425

- 5.3. Approving schemes of £16.425 million utilises all available capital resources and does not provide for a contingency to unexpected events and cost variations different to the estimate. Therefore the programme will need to be monitored very closely, with any known or anticipated variations reported to Members, with the proposed course of action, through the quarterly One Organisation Plan Progress reports or a standalone report as required.

6. Revenue Implications

- 6.1. Where schools are expanding at the request of the Local Authority, there is often a revenue implication in that additional teaching staff are required in the September but the schools budget does not reflect this until the following April. The Schools Forum have agreed a policy to provide interim funding to schools to account for this and resources are provided from within the Dedicated Schools Grant (DSG). The schools noted in this report for expansion will be included in the relevant DSG budgets presented to the Forum for approval.

7. Risk

- 7.1. The outcome of consultation exercises where school expansions are proposed. We have already consulted with headteachers from all schools contained within this report.

8. Timescales associated with the decision and next steps

- 8.1. Where new schools or significant school expansions are proposed, it will be necessary to carry out formal consultations in accordance with guidance published by the Department for Education.

9. Background papers

None

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Council 24 September 2015

Decisions Taken Under the Urgency Procedure

Recommendation

That the report be noted.

1.0 Introduction

This report summarises decisions taken under the urgency procedure since the last meeting of Council in accordance with the reporting required by Standing Order 19.1

2.0 Procedure for decisions taken under the Urgency Procedure

- 2.1 Standing Order 16 sets out the procedure for consideration of issues requiring urgent decision and where any delay likely to be caused by call-in would seriously prejudice the Council's or the public's interest.
- 2.2 This procedure requires the consent of the Chair of the relevant Overview and Scrutiny (or in his/her absence the Chair of Council, or in his/her absence the Vice-Chair of Council).
- 2.3 The consent is given on the basis that:
 - (a) the decision cannot reasonably be deferred; and
 - (b) the decision should be treated as a matter of urgency; and
 - (c) where the proposed decision is contrary to or not wholly in accordance with the Policy Framework or Budget it is not practicable to convene a quorate meeting of the full Council.
- 2.4 The Constitution requires that the Leader reports to the next available Council meeting on urgent decisions taken containing details of each decision taken and the reason for the urgency.

3.0 Decisions Taken under the Urgency Procedure since those reported to the meeting of Council on 21 July 2015

3.1 Education and Learning (Schools) Capital Programme 2015/16

Cabinet on 16 July agreed a range of school capital projects and requested that Council approve these as part of the Capital Programme (see earlier report on the agenda for this Council meeting). The report included a proposal to make a contribution of £300,000 towards the cost of expanding Stratford

Girls Grammar School. This recommendation would have been put to this Council meeting for approval but, given the need to complete the work before the start of the academic year, the Leader was asked to give approval to this addition to the Capital Programme.

The Leader gave approval on 20 August to the addition of £300,000 to the Education and Learning (Schools) Capital Programme in 2015/16 funded from Developer Contributions as a contribution towards the cost of expanding Stratford Girls School. (The funding was paid to the school as a grant).

The Chair of the Corporate Services Overview and Scrutiny Committee gave his consent to this decision being urgent in view of the need to complete construction before the start of term.

3.2 Municipal Bonds Agency

Cabinet in 2014 agree to become a founder member and investor in the Local Government Association's Municipal Bonds Agency. The Agency now intends to convert to being a public limited company but this required a decision by the Agency at their Annual General Meeting which was held on 11 September 2015.

The papers regarding the AGM were not received until 21 August and therefore the earliest opportunity for Cabinet to consider the proposal was at its meeting on 10 September when an instruction was needed on whether or not to vote for the proposal on 11 September. The Chair of the Corporate Services Committee gave his consent to this being accepted as an urgent decision as the Council would not be able to vote at the AGM if it had to wait for the expiration of the five clear days call-in.

The full details of the proposal to become a plc is set out in the report to Cabinet on 10 September, available on the website. Cabinet agreed to support the Municipal Bonds Agency's conversion to a public limited company and authorised the Strategic Director of Resources to submit documentation prior to the AGM on 11 September. The Strategic Director was also authorised to take any subsequent decisions on the future operations of the Municipal Bonds Agency on behalf of the County Council where these are consistent with this and previous Cabinet approvals.

Background Papers

Published public reports and records of the decisions referred to in this report. These are available on the Warwickshire web www.warwickshire.gov.uk/cmis

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