

	<b>Finance and Audit Committee</b> <b>5<sup>th</sup> February 2019</b>	<b>Agenda Item No.</b> <b>4</b>
<b>Title</b>	Business Portfolio – Service Review	
<b>For further information about this report please contact</b>	Dave Barber Head of Development Services <a href="mailto:dave.barber@warwickdc.gov.uk">dave.barber@warwickdc.gov.uk</a> 01926 456065  Cllr Noel Butler Business Portfolio Holder and make comments as appropriate	
<b>Wards of the District directly affected</b>		
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	NA	
<b>Background Papers</b>	NA	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality Impact Assessment Undertaken</b>	No
NA	

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	21/1/19	Chris Elliott
Head of Service		Dave Barber
CMT	21/1/19	Bill Hunt
Section 151 Officer	21/1/19	Mike Snow
Monitoring Officer	21/1/19	Andrew Jones
Finance	21/1/19	Mike Snow
Portfolio Holder(s)		Cllr Noel Butler
<b>Consultation &amp; Community Engagement</b>		
NA		
<b>Final Decision?</b>		NA
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **Summary**

- 1.1 This report brings together the contract register, risk register and budget for the Business Portfolio.

## 2. **Recommendation**

- 2.1 That Finance and Audit Committee should review the Business Portfolio contract register, risk register and budget and make comments as appropriate.

## 3. **Reasons for the Recommendation**

- 3.1 Following several years of reviewing service contract and risk registers, it has been requested by members that the two registers for each portfolio should be considered together, along with details of the budget and performance for the relevant service.

- 3.2 The Portfolio Holder and Head of Development Services are presenting a report to the Finance and Audit Scrutiny Committee that brings together:

- the risk register relating to the Business Portfolio
- the contract register relating to the Business Portfolio
- budget outline relating to the Business Portfolio

It should be noted that Development Services also encompasses the Development Portfolio. Updates relating to the Development Portfolio are not included in this report and were the subject of a separate report to the Committee in November 2018.

### 3.3 Risk Register

- 3.3.1 The risk register was last reviewed on 4<sup>th</sup> December 2018. This version of the risk register is set out as Appendix A to this report.

- 3.3.2 The scoring criteria for the risk register are subjective and are based on an assessment of the likelihood of something occurring, and the impact that might occur.

- 3.3.3 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse is true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour, the former-described set of risks are within the area shaded red, whilst the latter-described set of risks are within the area shaded green; the mid-range are in the area seen as yellow.

- 3.3.4 The Business Portfolio is responsible for a wide range of services which consequently lead to a number of potential risks. There are 19 risks contained in the risk register.

- 3.3.5 There are 4 risks rated "green", 14 rated "yellow", and 1 rated "red", in accordance with the Council's risk scoring matrix. The risk rated red is the risk of *"Network Rail arches to be sold (confirmed - this refers to ALL arches whether under active or inactive tracks)"*

- 3.3.6 As with all the risks in the register, it is the controls and mitigations that are being undertaken to control the risks that are of importance. These reflect the tangible actions over which there is more control. As a result many of the risks

have reduced in likelihood over time which explains why a significant proportion are now within the “yellow” band. In addition a number of risks that were included within the risk register in previous years have now fallen away.

### 3.4 Contract Register

3.4.1 The latest version of the contract register in so far as it relates to the Development Portfolio is set out in Appendix B and was last reviewed on 4<sup>th</sup> December 2018. There are 12 live contracts listed. All the contracts reviews planned for 2018 have been completed.

### 3.5 Budget

3.5.1 Details of Development Services budgets (as relevant to the Business Portfolio) are included as Appendix C.

3.5.2 Management of the budget set out in Appendix C is part of the ongoing processes which ensures that significant variances are discussed with finance. The budgets are devolved to budget managers who are responsible for the delivery of specific services. Each budget manager is trained on their responsibilities. Those responsibilities include regular liaison with the relevant accountant in finance to discuss and resolve issues and variances associated with the budget. Managing expenditure in line with the budget is therefore part of the established practice of the service.

3.5.3 There are two ongoing issues within the portfolio’s budgets. These are:

- Events budget: one of the outcomes of the 2017 Events review was to reduce the costs to events organisers for holding events within the District. In particular, it was planned to reduce costs associated with the use of the Council’s open spaces and the collection of waste. Adjustments were made to the Medium Term Financial Strategy to take account of this. However, as a result of these changes, 2018 has seen a significant increase in the number of events taking place within the District – rising from 100 in 2017 to 126 in 2018. This may in part be as result of the reduced costs, in which case the Events Review has been successful in achieving one of its aims. However the result of this has been that additional costs have been incurred by the Events budget and as a result this budget is likely to be overspent by around £25,000. This issue has been highlighted to colleagues in finance and discussions are taking place to consider whether the 2019/20 budget proposals should take this in to account.
- Christmas lights installation budgets: in 2016, the Christmas lights budgets were reduced as part of the ongoing savings that Development Services were required to make. At that time it was intended that the resulting shortfall would be balanced by additional income arising from sponsorship of Christmas lights. In practice this has proved difficult to achieve as too many sponsored banners detract from the image of the lights and the other Christmas decorations. Further, partner organisations have also sought sponsorship for overlapping costs such as the purchase of new lights (as opposed to their installation). As a result the income forecasts have not been met and there is a resulting shortfall in the budget which will be addressed through the procurement of new lights installation contracts and the alignment of budgets to the new contract value.

## 4. **Policy Framework**

### 4.1 **Fit for the Future (FFF)**

“The Council’s FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

“The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council’s FFF Strategy.”

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Neighbourhood needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy Increased employment and income levels
<b>Impacts of Proposal</b>		
The Business Portfolio plays a key role in supporting the delivery of key projects many of which have important implications for homes, health and communities.	The Business Portfolio plays a key role in supporting the delivery of key projects many of which have important implications for the quality and appreciation of the public realm.	The Business Portfolio is directly concerned with promoting and supporting a dynamic and diverse economy. All elements of the Portfolio’s work are undertaken with this aim in mind including Economic Development, Business Support and Events, Projects and Enterprise.
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers’ needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
<b>Impacts of Proposal</b>		
Staff are continually	The Service Area is	Development Services

<p>developed using a range of methods including formal courses, in-house training and attendance at seminars, conferences or regional bodies.</p>	<p>continually looking at ways of improving the way services are delivered to customers, through improved working practices and use of ICT.</p>	<p>ensures that any expenditure achieves the best value for money. It is also responsible for income streams (including the Enterprise Service rental income) which are continually reviewed to ensure income targets are met, and exceeded where possible.</p>
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## 4.2 Supporting Strategies

- 4.2.1 The Prosperity Theme of Fit for the Future provides an important framework to shape the work of the Business Portfolio. To build on this the service will shortly embark on work to prepare an economic development strategy in light of updated economic data commissioned from the County Council, including investment of time and money in to key economic sectors such as Advanced Manufacturing, digital industries and the tourism sector. The Local Plan is key to the work of Development Services, including ensuring that businesses are supported and sufficient employment land is available to meet future business needs. The policies of the Local Plan are used many times every day to ensure high quality developments, business support and projects are supported.
- 4.2.2 The report also relates to the Medium Term financial strategy and sets out how Development Services is delivering its financial commitments.

## 4.3 Changes to Existing Policies

- 4.3.1 There are no changes to existing policies as a result of this report.

## 5. Budgetary Framework

- 5.1 Details of the Development Services budgets are set out in section 3.5 above and appendix C.
- 5.2 Annual Budgets for Development Services are set by the Executive on an annual basis and budget reports are routinely considered by the Senior Management Team, with quarterly reports issued to the Executive.

## 6. Risks

- 6.1 Details of the Development Portfolio Risk Register has been included in para 3.3 and Appendix A.

## 7. Alternative Option(s) considered

- 7.1 As this report is predominantly for information, at the request of the Finance and Audit Committee, no other options are proposed.