

 Finance and Audit Committee 27th November 2018		Agenda Item No. 10
Title	Development Portfolio – Service Review	
For further information about this report please contact	Dave Barber Head of Development Services dave.barber@warwickdc.gov.uk 01926 456065 Alan Rhead Development Portfolio Holder	
Wards of the District directly affected		
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	NA	
Background Papers	NA	

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

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	14/11/18	Chris Elliott
Head of Service	13/11/18	Dave Barber
CMT	14/11/18	Bill Hunt
Section 151 Officer		Mike Snow
Monitoring Officer	14/11/18	Andrew Jones
Finance		Mike Snow
Portfolio Holder(s)	5/11/18	Cllr Alan Rhead
Consultation & Community Engagement		
NA		
Final Decision?		NA
Suggested next steps (if not final decision please set out below)		

1. **Summary**

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

2. **Recommendation**

- 2.1 That Finance and Audit Committee should review the Development Portfolio contract register, risk register and budget.

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 Service Area 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 Development Portfolio
- the contract register relating to the Development Portfolio
- budget outline relating to the Development Portfolio

It should be noted that Development Services also encompasses the Business Portfolio. Updates relating to the Business Portfolio are not included in this report and will be the subject of a separate report to the Committee in February 2019.

3.3 Risk Register

- 3.3.1 The risk register was last reviewed on 1st October 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 Development Portfolio is responsible for a wide range of services which consequently lead to a number of potential risks. There are 30 risks contained in the risk register.

- 3.3.5 There are 5 risks rated "green", 24 rated "yellow", and 1 rated "red", in accordance with the Council's risk scoring matrix. The risk rated red is the risk of *"Failure to secure sufficient or timely infrastructure funding through CIL/Section 106"*

- 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. There are 9 live contracts listed plus 3 service level agreements with Warwickshire County Council. Currently three of the live contracts are being reprocured. A particular focus of activity is working with contractors to ensure GDPR compliance. In relation to three of the contracts this is likely to involve a variation of the contract. In one case the contract is in the process of being reprocured anyway and GDPR implications will be fully addressed as part of that.

3.5 Budget

3.5.1 Details of Development Services budgets(as relevant to the Development 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 A more challenging aspect of the Development Services budget is monitoring and managing income. Both Development Management and Building Control generate significant amounts of income for the Council. Their key income budgets are:

- **Income from Planning Applications:** This is budgeted to generate £1.56m during 2018/19. The budget manager is currently predicting that this budget will be met, but will not be significantly exceeded. This prediction is based on his analysis of income to date in the year combined with intelligence regarding major applications that are likely to be received during the year. In general around half the income from this source arises from routine minor applications (income from these is relatively stable on a month by month basis) whilst the other half is generated from major applications (income from these can fluctuate significantly depending on which major schemes are submitted when). It should be noted, that the accountants responsible for this budget also predicts income based on trends to date during the year. This prediction is currently indicating that the budgeted income will be exceeded by more than £200,000. This reflects the difficulty in being accurate about planning income as in reality the income is not something the service can directly control.
- **Income from pre-application advice:** Income from pre-application advice for the year to date has been £47,340 against an original budget of £50,000 for the whole of the 2018/19. If the current monthly average is maintained for the remainder of the year, the total income is projected to be around £75,000.

- **Building Control Income:** This is budgeted to generate £720,000 during 2018/19. Income from the first seven months of the financial year was £472,873. It is expected the income will be slightly lower during the winter months and so, based on previous years, total income for 2018/19 is predicted to be approximately £750,000. It should be noted that there is a Government requirement for the Building Control budget to be ring-fenced and to be managed in such a way that it does not deliver a surplus or a loss over a three year period. Due to increased recharges (relating predominantly pensions), expenditure during 2018/19 is expected to slightly exceed income. This can be managed through use of the Building Control Reserve which has resulted from surpluses in previous years. However, this will be closely monitored to ensure income and expenditure is in balance in future years.

3.5.4 Income from CIL and Section 106 agreements is not part of the Development Services budget because it is passed on to infrastructure providers on (or soon after) receipt.

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."

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<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
Impacts of Proposal		
Development Services plays a key role in supporting the delivery of high quality housing developments in the district as well as supporting cultural and	Development Services supports the provision of open space in new developments. The service applies policies relating to air quality and crime in the consideration of planning	Development Services plays a key role in obtaining finance to support infrastructure delivery through Section 106 agreements and CIL. The service is also

sporting infrastructure and applying policies that help to deliver cohesive and active communities	applications.	responsible for supporting the delivery of employment land in line with the adopted Local Plan
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<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
Impacts of Proposal		
Staff are continually developed using a range of methods including formal courses, in-house training and attendance at seminars, conferences or regional bodies.	The Service Area is continually looking at ways of improving the way services are delivered to customers, through improved working practices and use of ICT.	Development Services ensures that any expenditure achieves the best value for money. It is also responsible for several major income streams (WBC, DM, Pre-apps, CIL, S106) to the Council which are continually reviewed to ensure income targets are met, and exceeded where possible.

4.2 Supporting Strategies

- 4.2.1 The Local Plan is key to the work of Development Services. Its policies are used many times every day to ensure high quality is supported and the District's infrastructure requirements are provided for.
- 4.2.2 The report also relates to the Medium Term financial strategy and sets out how Development Services is delivering the savings required along with key income streams.

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.