Michael Doody
Chairman of the Council

Council meeting: Wednesday, 23 September 2015

Notice is hereby given that an ordinary meeting of Warwick District Council will be held at the Town Hall, Royal Leamington Spa on Wednesday, 23 September 2015 at 6.05pm.

Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

Agenda

1. **Apologies for Absence**

2. **Declarations of Interest**

   Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct. Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

   Members are also reminded of the need to declare predetermination on any matter.

   If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. **Minutes**

   To confirm the minutes of the meeting of the Council held on 12 August 2015 as set out on pages 1 to 5.

4. **Communications and Announcements**

5. **Petitions**

6. **Notices of Motion**

7. **Public Submissions**

8. **Leader's and Portfolio Holders' Statements**

9. **Questions to the Leader of the Council & Portfolio Holders**

10. **Executive Report**

To consider reports of the Executive
(1) 29 July 2015 **(Pages 1 - 15)**
(2) 3 September 2015 **(Pages 16 - 40)**

11. **Statement of Accounts 2014/15**

To consider a report from Finance
(Pages 1-4 and Appendix A Pages 1 to 108)

12. **Public and Press**

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

13. **Confidential Executive Report**

To consider reports of the confidential report of the Executive on 3 September 2015. **(Pages 1 – 9)**
(Not for publication)

14. **Common Seal**

To authorise the affixing of the Common Seal of the Council to such deeds and documents as may be required for implementing decisions of the Council arrived at this day.

Christopher Elliott

Chief Executive
Published Tuesday 15 September 2015

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Details of all the Council's committees, councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 353362 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

The agenda is also available in large print, on request, prior to the meeting by calling 01926 353362.

WARWICK DISTRICT COUNCIL

Minutes of the meeting held on Wednesday 12 August 2015, at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Doody (Chairman); Councillors Barrott, Bromley, Mrs Bunker, Butler, Cain, Mrs Cain J.P., Coker, Cooke, Cross, D'Arcy, Davies, Davison, Edgington, Mrs Evetts, Mrs Falp, Mrs Gallagher, Gill, Miss Grainger, Harrington J.P., Heath, Mrs Hill, Howe, Illingworth, Mrs Knight, Mann, Margrave, Naimo, Phillips, Quinney, Mrs Redford, Rhead, Shilton, Stevens, Thompson, Weed and Whiting.

22. **Apologies for Absence**

Apologies for absence were received from Councillors Ashford, Boad, Day, Gifford, Mrs Grainger, Mobbs, Murphy and Parkins.

23. **Declarations of Interest**

There were no declarations of interest.

24. **Minutes**

The minutes of the meeting of the Council held on the 24 June 2015, were approved and signed by the Chairman.

25. **Communications & Announcements**

The Chairman informed the Council that former County Councillor, Martin Heatley, had passed away following a recent illness.

The Chairman informed the Council that former Warwick District Councillor, Les Caborn, had been taken ill and he would be writing to Mr Caborn offering the best wishes of the Council.

It was agreed by the Council that the statements made to the Council regarding former Warwick District Councillor, Norman Parker, who had recently passed away, should be recorded so that a copy could be passed to the Family.

The Chairman informed the Council that Norman Parker had represented the Leamington Campion Ward from 1973 to May 1983 and had been Chairman of the Council in 1978-79. Tributes were also paid by Councillors, Coker, Barrott, Mrs Falp, and Cooke.

The Chairman informed the Council that it had been agreed for Councillors to receive a presentation at 6.00pm from Warwick University with the title of "The University of Warwick – a profile of the University on its 50th anniversary".

The Chairman informed the Council that there was no business under; Item 5, petitions; and Item 7, Public Submissions.

26. **Notice of Motion**

Councillor Barrott proposed, and it was duly seconded that:

"The Council will seek, through the procurement process, that its contractors and suppliers of goods and services pay their employees the National Living Wage. The Council asks its Executive and officers to begin this process by engaging in dialogue with all the relevant stakeholders and report back to Council with their findings and recommendations."

On being put to the vote the motion was lost.

27. **Leader's and Portfolio Holders Statements**

The Portfolio Holder for Neighbourhood Services, Councillor Shilton, advised that Jephson Gardens had been awarded for the ninth successive year.

The Portfolio Holder for Culture, Councillor Mrs Gallagher, updated Council on the work of the Sky Blues in the Community impact project targeted at the residents of the Forbes Estate. The project had exceeded its expectations for activities being delivered and had won the 2014 Community Project of the Year at the Coventry, Solihull and Warwickshire Sports Awards. Sky Blues in the Community had also delivered a viable and sustainable business plan for continuing the work after funding from this Council ends. This would ensure that project continues up to April 2016 and work was ongoing to secure funding to continue providing activities in the community after April 2016.

The Portfolio Holder for Culture, Councillor Mrs Gallagher, informed Council that the first week of the National Bowls Championships had gone exceptionally well, with high levels of attendance, good competition and very complaints. Local businesses were reporting a boost in trade as were local hotels. She took the opportunity to thank the Green Keeping staff for their excellent work in preparing the greens and ensuring they were at the very highest standard.

The Portfolio Holder for Development Services, Councillor Cross, informed Council that "HS2 additional provisions 2" had been published. These corrected errors in the original environmental statement. There were proposed changes within the District but not the major changes that had been sought. Advice had been provided to the Council, from its legal advisors that it would not be advisable to petition this publication. However, Councillor Cross assured Council that we would continue raise issues with a view to mitigating the impact of HS2 on this District.

(Councillor Mann arrived during this item)

28. **Questions to the Leader of the Council & Portfolio Holders**

Councillor Mrs Knight, asked the Deputy Leader, in last term before election many discussions were held regarding how the Council could effectively scrutinise Council activities from a health perspective. It had almost been agreed that a Health Scrutiny Committee should be formed. It was then agreed that we should wait for the new intake of councillors, before making a final decision. In the absence of the Health and Community Portfolio Holder, could the Deputy Leader please tell us when we can expect to have a briefing for new Councillors especially those on Overview and Scrutiny so that we can start a robust scrutiny of all Council business which would have an effect on public health?

In response the Deputy Leader, Councillor Coker, explained he was aware of the need for Health Scrutiny and agreed that this needed to be brought forward by the Overview & Scrutiny Committee.

Councillor Mrs Falp asked, the Deputy Leader, if he agreed that the Council should determine the final location of any proposed site for the Gypsy & Traveller sites to be provided in this District, rather than the Executive?

In response the Deputy Leader, Councillor Coker, explained that as a Council we had a Duty to provide sites and this provision was required as part of the Local Plan. If the Council did not have a Local Plan, one could be imposed on it by the Department of Communities & Local Government. The original indication was that the Council would receive contributions from the Government and Traveller Community, but we had a clear problem that we had to provide these sites and we might have to contribute to them.

(Following a further question from Councillor Heath, the Chief Executive confirmed that this would be a decision for the Council to make and not the Executive).

Councillor Quinney asked the Portfolio Holder for Housing & Property Services, that while it was good that his service area had reduced the waiting time for Disabled Facilities Grants from 14 months to nine months, this was still a long time for residents to wait and, therefore, what was considered as a reasonable service standard (was it for example three months) and when would this be achieved?

In response the Portfolio Holder for Housing & Property Services, Councillor Phillips, agreed that this was an important service provided by the Council and he would take advice on this matter and update Council on this.

Councillor Naimo, asked the Portfolio Holder for Neighbourhood Services, that following his statement at the previous Council meeting, was he aware that there was already a friends of Eagle Rec?

In response, the Portfolio Holder for Neighbourhood Services, Councillor Shilton, explained that he was not personally aware of the Group but he would like to meet and work with them.

Councillor Rhead, asked the Deputy Leader, if the Executive would pay due and proper consideration to all consultation responses regarding the siting of any Gypsy and Traveller Site and could he confirm if a compulsory purchase order would be considered as an option before or after a green belt site?

In response the Deputy Leader, Councillor Coker, explained that a Compulsory Purchase Order would be the last resort but having that power available was essential because it could encourage a sale to take place. There were very few offers for the sale of land for this use and if Councillors knew of any potential sites please could they share these with us. As far as consultation responses these would be taken into consideration along with the viability and funding arrangements for each site.

29. **Executive Report**

The reports of the Executive meeting on 1 July 2015 and excerpt of 29 July 2015 were proposed, duly seconded and:

> **Resolved** that the Executive reports of 1 July 2015 and except of 29 July 2015, be approved.

30. **Local Plan – The Way Forward**

The Council considered a report from Development Services that updated them on the latest position with regard to the Local Plan and set out options for the way forward for the Plan.

The Local Plan Inspector wrote to the Council on 1 June 2015. His letter was shown in Appendix 1, to the report. This followed five days of initial hearings in May 2015, during which he considered Duty to Cooperate, overall housing requirements in the District and overall supply of housing. A briefing note prepared shortly after receiving the Inspector's letter was shown in Appendix 2, to the report.

Since then the Leader of the Council had written to the Secretary of State for Communities and Local Government asking that he considered intervening in the Local Plan examination due to the important implications that were likely to arise as a result of the Inspector's findings. The Secretary of State had responded via a recent meeting with the Deputy Leader of the Council and the Chief Executive at which he indicated that he did not intend to intervene at this stage but he suggested that the Council respond directly to the Inspector.

As a result of this, the Council needed to decide how to respond to the Inspector. The report considered three options and recommended that the Council write to the Inspector requesting that he agrees to suspend the Plan with the Examination recommencing in March 2016.

The report also sought agreement from the Council to the timetable agreed with the Coventry and Warwickshire Joint Committee for Economic Growth and Prosperity (CWJCEGP) for resolving the issue of unmet housing need arising in Coventry.

Resolved that the

(1) Local Plan Inspector's Interim Findings as set out in Appendix 1 to the report be noted;

(2) the timetable for resolving the issue of unmet housing need arising in Coventry set out in the report approved by the Coventry and Warwickshire Joint Committee for Economic Growth and Prosperity on 6th July 2015 as shown in Appendix 3 to the report, be noted;

(3) Council writes to the Local Plan Inspector to request that the Examination is suspended whilst the Inspector's concerns are addressed, in line with a timetable, to be agreed with the Inspector; and

(4) a contingency budget of £30,000 be allocated from the Planning Appeals Reserve to support the work required to achieve the timetable set out in the report and delegated authority is approved for the Head of Finance and Head of Development Services, in consultation with their respective Portfolio Holders, to approve any minor extra

funding from the same Reserve, if required to achieve the stated work.

31. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

32. **Confidential Executive Report**

The confidential report of the Executive meeting on 1 July 2015 was proposed, duly seconded and:

Resolved that the Executive report of 1 July 2015, be approved.

33. **Common Seal**

It was

Resolved that the Common Seal of Warwick District Council be affixed to such documents as may be required for implementing decisions of the Council arrived at this day.

(The meeting ended at 7.17 pm)

CHAIRMAN
23 September 2015

Executive

Minutes of the meeting held on Wednesday 29 July 2015 at the Town Hall, Royal Leamington Spa at 6.00 pm.

Present: Councillor Mobbs (Chairman); Councillors Cross, Coker, Gallagher, Grainger, Phillips, Shilton and Whiting.

Also present: Councillors Ashford and Mann (observing).

Apologies for absence were received from Councillor Barrott, Chair of Finance & Audit Scrutiny Committee, Councillor Boad, Chair of Overview & Scrutiny Committee and Councillor Mrs Falp, Whitnash Residents' Association (Independent) Observer.

Prior to the commencement of the meeting, the Leader acknowledged the apologies from the Scrutiny Chairs and reminded those present that the comments provided by both Scrutiny Committees would be given due weight.

20. Declarations of interest

<u>Minute Number 24 – Exemption from the Code of Procurement Practice – Provision of Support and Re-settlement Service</u>

Councillor Shilton declared a pecuniary interest because he was a Warwickshire County Councillor and left the room whilst the item was discussed.

<u>Minute Number 28 – Rural / Urban Capital Improvement Scheme (RUCIS) Application</u>

Councillor Whiting declared an interest because he was president of the club in question and left the room whilst the item was discussed.

21. Minutes

The minutes of the meeting held on 16 June 2015 were agreed as written and signed by the Chairman as a correct record.

The minutes of the meeting held on 1 July 2015 were agreed with the following amendments;

To remove Councillor Gallagher from the list of Councillors present because she had submitted her apologies for that meeting; and
to remove the final bullet point of resolution (1) to Minute Number 10.

Part 1

(Items on which a decision by Council is required)

22. **Budget Review to 30 June 2015**

The Executive considered a report from Finance which updated Members on the latest financial position. The Council's Medium Term Financial Strategy had been updated since the 2015/16 Budget was agreed in February of this year in light of later Government announcements and other known changes. Various changes to 2015/16 budgets had been identified and were now presented to Members for approval.

The Council needed to find financial savings of £1.1m over the next five years for the General Fund as detailed elsewhere in the report. Officers reviewed current year budgets on a monthly basis at the same time as considering implications for the medium term. As a consequence, Members were updated on a quarterly basis.

The report outlined the latest variances to the General Fund 2015/16 that had been identified by managers. Where the variance was not self-explanatory, further detail was provided and included information on salaries and the New Homes Bonus returned monies.

The report went on to explain the details of the current year Contingency Budgets and the balance remaining and were shown in Appendix A to the report.

Information relating to the salary vacancy factor, Revenue Slippage-Earmarked Reserves, the Housing Revenue Account and Capital budget was provided in section 3 of the report.

The Medium Term Financial Strategy (MTFS) was addressed in section 3.7 of the report and encompassed Business Rated Retention, New Homes Bonus Returned, Revenue Support Grant (RSG) and other funding liabilities.

Monitoring expenditure and income and maintaining financial projections was good financial management and part of good governance. Therefore, no alternative options had been considered.

Rather than fund most of the projected revenue shortfall for the current year now, using the £250,800 appropriated as part of the Final Accounts, it was possible to continue to leave this shortfall unfunded. However, given the size of the shortfall and the main driver (NHB Returned), this position was not likely to change and to leave it may be regarded as imprudent.

The Council could choose to leave the Coventry and Warwickshire Business Rates Pool. This would exclude the Council from any future benefit from the additional retained levy, and the Council would need to repay the Safety Net payment.

The Council could choose to leave the Council's credit ratings criteria un-amended. This would limit the Council's future investment opportunities and potentially reduce the investment returns.

The Finance & Audit Scrutiny Committee noted the report.

The Portfolio Holder for Finance, Councillor Whiting, addressed Members, highlighted a number of sections of the report and advised that performance was broadly in line with expectations.

He reminded Portfolio Holders of the significance of recommendations 2.5 and 2.6, advising that finances were set to deteriorate significantly. As a consequence, he reminded them to work with their relevant Heads of Service to plan accounts and remain vigilant with their budgets, encouraging a focus on 'buildings, equipment and ICT'.

Councillor Whiting also stated the importance of remaining in the Coventry and Warwickshire Business Rates Pool for 2016/17, which allowed the Council to pay back a lower proportion of business rates as a result. Councillor Whiting proposed the recommendations as laid out.

This was duly seconded and the Executive therefore

Recommended to Council that

(1) the latest projected variance for the General Fund for 2015/16 of £270,600 adverse, is noted and the budget changes detailed in paragraph 3.1 of the report, in respect of the General Fund totalling £270,600, funding of £250,800 from the General Fund Balance, are agreed and that £19,800 will currently be unfunded;

(2) the changes to the HRA budget, outlined in paragraph 3.5 of the report, are agreed, and the contribution to the Housing Revenue Account Capital Investment Reserve is reduced;

(3) the slippage in the Other Services Capital Programme as outlined in paragraph 3.6.2 of the report, is agreed;

(4) the changes to the Housing Investment Programme outlined in paragraph 3.6.3/3.6.4 of the report, financed from the Major Repairs Reserve, are agreed;

(5) the updated Medium Term Financial Strategy and the forecast required recurrent savings of £1.1m for the General Fund which will be addressed in a further report to Executive in September, are noted;

(6) Portfolio Holders and Heads of Service review all planned and potential demands for future

revenue or capital funding so that the Council's financial projections are as inclusive and accurate as possible;

(7) the Council should remain in the Coventry and Warwickshire Business Rates Pool for 2016/17 and that the Head of Finance, in consultation with the Finance Portfolio Holder, agrees any change to the Memorandum of Understanding; and

(8) the Council's use of Support and Viability ratings in determining suitable credit rating criteria for its investment counterparties is discontinued with immediate effect and that the current Treasury Management Practices are suitably amended. All other credit rating criteria to remain as approved in the 2015/16 Treasury Management and Annual Investment Strategies.

(The Portfolio Holder for this item was Councillor Whiting)
(Forward Plan reference 694)

Part 2

(Items on which a decision by Council is not required)

23. **Gypsies and Travellers – update on the progress of the Development Plan Document to allocate sites**

The Executive considered a report from Development Services which informed Members of the current position with regard to the preparation of the Draft Development Plan Document.

The report also updated Members on opportunities for working with a housing provider to bring forward sites; the funding opportunities through the Homes and Communities Agency (HCA); enabled consideration of applying for HCA funding and working with a housing provider and possible future need for Council investment to deliver sites; enabled consideration of a previously approved approach to seeking Green Belt land; and enabled consideration of invoking the Council's powers of Compulsory Purchase Order to secure land for sites.

In March 2015 the Executive approved a new approach to the identification of Gypsy & Traveller sites by considering land currently within the Green Belt that could be removed from the Green Belt through the Local Plan process, so freeing up a suitable site for further consideration. To date, this search had not yielded any additional, suitable, potential sites, even if that land were to be excluded from the Green Belt.

Furthermore, the Government had tightened up the guidance on the allocation of sites within the Green Belt to accommodate Gypsies and Travellers and the 'exceptional circumstances' required to allocate such land did not include the lack of non-Green Belt sites (Planning Policy for Traveller Sites, 2012).

It was therefore recommended that given officers' fruitless search for Green Belt sites and the tightening of Government guidance, further resource should not be deployed in exploring this as an option.

However, previously reported and identified Green Belt land at Oaklands Farm, Birmingham Road, Budbrooke was still felt to be worthy of further consideration. It had the potential to accommodate 15 pitches, was currently for sale on the open market and discussions had taken place in the past with the landowner with a view to the provision of a Traveller site there.

At that same March 2015 meeting, the Executive approved that officers make an approach to the HCA with regard to potential funding for a Gypsy and Traveller site(s). Officers had since met with a representative from the HCA to discuss possible funding options.

An alternative option was to not allocate sites for Gypsies and Travellers, but this would be contrary to national policy and the Development Plan Document would be found unsound without a commitment to meeting the need demonstrated by the GTAA.

Another option would be to not consider using Compulsory Purchase Order powers to purchase land. There were known risks to the procedure outlined in paragraphs 3.4 and 6.3 of the report. There was therefore a high risk of failure with this strategy but it may also be the only way to deliver acceptable sites outside the Green Belt.

The Finance & Audit Scrutiny Committee supported the recommendations in the report but had concerns about the wording of recommendation 2.4 regarding the use of compulsory purchase orders.

The committee therefore recommended that recommendation 2.4 be amended so that it was explicit that Compulsory Purchase Options should only be a last resort.

The Overview & Scrutiny Committee noted the report.

Councillor Phillips addressed Members and outlined his concerns regarding recommendation 2.3 (b) which related to land off Birmingham Road (Oaklands Farm). He advised that due to the issues raised by local residents, he would abstain from voting on this item.

Overall, Members felt unable to support the recommendation put forward by the Finance & Audit Scrutiny Committee because they felt that recommendation 2.4 was indicative of the situation the Council was in.

Members agreed that the Council had a duty to provide permanent and transit sites for Gypsies and Travellers and needed to relieve the existing problems caused by illegal encampments. In addition, Members were mindful that any decision on potential compulsory purchase orders would have to be agreed by the Executive and would automatically be scrutinised by both committees as part of the decision making process.

The Executive therefore agreed to dismiss the recommendation from the Finance and Audit Scrutiny Committee.

The Portfolio Holder for Development Services, Councillor Cross, endorsed the report and supported the wording of recommendation 2.4 remaining as written. He empathised with concerned residents who had suffered from poor experiences in the past and hoped that permanent sites would help give officers an element of control.

The Leader encouraged Members to pass any correspondence from concerned residents to the Executive to ensure all points of view had been considered.

The Executive therefore

Resolved that

(1) the latest position in respect of Green Belt Gypsy and Traveller site provision, is noted and officers should not take any further proactive steps to identify potential Gypsy and Traveller sites in the Green Belt;

(2) the funding that may be available from the Homes and Communities Agency and a housing association, is noted and business cases for site delivery that involve the use of Council funds, will be considered;

(3) officers will progress Gypsy and Traveller options at the following sites:

   a. Harbury Lane (Leamington Football Club) (see plan at Appendix 1);
   b. Land off Birmingham Road (Oaklands Farm) (see plan at Appendix 2); and

(4) the policy position in the Draft Local Plan that should any further non-Green Belt sites be identified as potential for Gypsy & Traveller provision is affirmed, any business case can include the option of Compulsory Purchase Order (CPO) and officers should reconsider non-Green Belt sites that were previously

discounted on the grounds that the owner would not sell;

(5) the opportunity for a Gypsy & Traveller site (either permanent or transit) on land to the east of Europa Way (see plan at Appendix 3) is noted and officers will develop respective business cases for such provision with full details being brought to a future Executive meeting.

(The Portfolio Holder for this item was Councillor Cross)
(Forward Plan reference 705)

24. **Exemption from the Code of Procurement Practice – Provision of Support and Re-settlement Service**

The Executive considered a report from Housing and Property Services which sought approval for an exemption from the Code of Procurement Practice to extend the arrangements for the provision of a Support and Re-settlement Service to provide housing related support to homeless families, or those families at risk of becoming homeless, provided by Bromford Support until 31 March 2016.

The Support and Re-settlement Service to homeless families was funded primarily from Housing Related Support (Supporting People) resources provided by Warwickshire County Council (WCC) to Warwick District Council (WDC). WCC commissioned WDC to provide the service, which WDC had opted to do by outsourcing it to a third party. A three year contract to provide the service was let to Bromford Support in April 2012.

WCC had, since 2014, been reviewing the future of Housing Related Support (Supporting People) funding. As this work progressed, it was increasingly clear that there was little intention to continue funding for the Support and Re-settlement Service beyond March 2015.

WDC was however advised on the 31 March 2015 by WCC that the County Council was to extend funding for the Support and Re-settlement Service for a period of up to 12 months, expiring in March 2016.

The report therefore recommended that an exemption to the Code of Procurement Practice be granted to allow for the extension of the current contract for the provision of the Support and Re-settlement Service, to no later than 31 March 2016.

Members were also asked to note that the extension of the current contract was dependent on the continued provision of Housing Related Support (Supporting People) funding from Warwickshire County Council.

An alternative option was to not continue with the service beyond March 2015, however, this would have brought to an end a service that was helpful to the overall provision of services, reduced the opportunity to maintain the current services and would have contravened the spirit of the agreement with WCC.

Another alternative was to retender the service, however, without clarity over long term funding this would result in a number of complex issues which were detailed in full at paragraph 7.2.1 of the report.

The Finance & Audit Scrutiny Committee expressed disappointment in another request for an exemption to the procurement practice. While it noted the late decision by Warwickshire County Council (WCC) on this matter, it felt this report could have come forward to the Executive earlier.

The Committee recognised that if the WCC removed this funding there would be tough choices on this area of work. That said the Committee supported the recommendations of the report.

Councillor Whiting addressed Members and highlighted the comments raised at Finance and Audit Scrutiny Committee. He felt the Committee's criticism had been harsh because exemptions should be used for exactly this situation.

The Portfolio Holder for Housing and Property Services, Councillor Phillips, thanked Councillor Whiting for his support and outlined the reasons for continuing with the existing supplier.

The Executive therefore

Resolved that

(1) an exemption to the Code of Procurement Practice, is granted, to allow for the extension of the current contract for the provision of the Support and Re-settlement Service, to no later than 31st March 2016; and

(2) the extension of the current contract is dependent on the continued provision of Housing Related Support (Supporting People) funding from Warwickshire County Council. The service will end when WCC's funding ends, unless alternative funding can be sourced.

(The Portfolio Holder for this item was Councillor Phillips)
(Forward Plan reference 715)

25. **Exemption from the Code of Procurement Practice – Cost Management Services**

The Executive considered a report from Housing and Property Services which sought an exemption from the Code of Procurement Practice to extend the contract with Impart Links for open book cost management services to support the Council's housing repairs and maintenance service.

In 2012 the Council re-procured its principal housing repair and maintenance contracts. Partnering contracts, using an open book cost model, were procured for an initial five year term commencing on 1 April 2013 and expiring on 31 March 2018 with options to renew for two further five year periods.

To limit the disruption to the management of the partnership contracts and to enable training of staff, Housing & Property Services procured a contract for cost management services based on a twelve month call-off arrangement with an estimated value of £100,000.

The report explained that the Council needed to retain the specialist skills of a commercial cost consultant, with specific experience of open book target cost models, if it was to effectively complete the remaining three quarterly reconciliations for 2015-2016 and the annual final accounts of the open book contracts. The Council therefore had two options available; Re-procurement or extending the current contract.

The option of undertaking a procurement exercise had been considered. For the reasons offered in Section 3 of this report this option was not recommended.

The Council could decide not to extend the current contract and also not to re-procure the service, discontinuing the cost management support services. However, this would expose the Council to the risk of increased costs resulting from the inability to perform and reconcile annual account audits. If this was the preferred option, the Council would need to accept this risk and acknowledge that there may be increases in costs for repairs and maintenance that may not be justifiable.

In addition, Housing & Property Services were undertaking a review of contract pricing models that would determine the future of the open book contracts. The review was programmed to be completed in November 2015. If this review concluded that open book cost models should remain in place either for the remaining duration of the repairs and voids contracts, or for a period of transition to a different cost model, then re-procurement of cost management services for the appropriate period would be undertaken at that time, to cover works ordered from 1 April 2016 onwards until such time as the open book cost model came to an end.

The Finance & Audit Scrutiny Committee was of the opinion that this should have been identified from the Housing & Property Services contract register earlier and ideally before the contract expired in May 2015.

That said the Committee supported the recommendations of the report.

The Portfolio Holder for Housing and Property Services, Councillor Phillips, endorsed the report and felt it was the best option to remain with the existing supplier because they had the expertise to continue.

The Executive therefore

Resolved that

(1) an exemption to the Code of Procurement Practice is approved under item 6.2.3 of the Code, to extend the Contract for open book cost management with Impart Links to 16 October 2016, to cover the reconciliation and final account of the 2015/2016 open book contracts; and

(2) Housing & Property Services are currently undertaking a review of contract pricing models that will determine the future of the open book contracts. The review is programmed to be completed in November 2015.

(The Portfolio Holder for this item was Councillor Phillips)
(Forward Plan reference 723)

26. **Pump Room Gardens Parks for People Project**

The Executive considered a report from Neighbourhood Services which updated Members on the Pump Room Gardens restoration project and sought approval to proceed with a second round Heritage Lottery Fund (HLF) Parks for People bid. The report provided an overview of the project, highlighting the financial implications and the benefits of the project.

At its meeting of 10 July 2013, the Executive approved a first round application to the Heritage Lottery Fund (HLF) for funding to restore the Pump Room Gardens. Following this successful application, a development grant was awarded by the HLF. This had been used to progress detailed plans and proposals for the Pump Room Gardens and to develop the Council's second and final round application, which was due to be submitted by 31 August 2015.

Due to the unique nature of the Pump Room Gardens, significant funding was required to bring it up to the standard expected for an English Heritage Grade II Listed Garden.

The Friends of the Pump Room Gardens had worked in partnership with Warwick District Council and Warwickshire County Council to develop the detailed plans and proposals for restoring the Pump Room Gardens, with its members sitting on the Pump Room Gardens Project Steering Group and also the Pump Room Gardens Project Board.

The detailed plans and proposals had been informed by a robust evidence base. This had included extensive public consultation and engagement feedback, historical research, and a full range of site specific surveys, such as topographical, ecological and arboricultural surveys.

The information gathered had been used to develop the following which were needed to support the Council's second round bid application: Master plan drawings; a conservation management plan; a ten year costed management and maintenance plan; an activity plan and a cost plan.

A breakdown of the project costs and funding for the second round application was provided at paragraph 5.2 of the report and a timetable outlined the key milestones to be reached over the next two years. A decision on the second round bid would be available in December 2015.

An alternative option was that the Council could decide to stop the project and not apply to HLF for funding and deal with the significant repairs and maintenance problems facing the Gardens on an ad hoc basis. However, given the condition of the Gardens including the bandstand, footpaths and other infrastructure, this was not a feasible option if the Gardens were to be kept open to the public over the longer term. Furthermore, the Council would miss out on the opportunity to secure £912,200 of HLF and other external funding.

The Council could deliver a smaller project with no bid to HLF. This would include doing a basic makeover of the park with all of the capital and on-going revenue costs being met by the Council. This option gives little overall benefit other than to retain the park at its current offer. Again this option would miss the opportunity of external investment. It would however allow the gardens to remain open to the public.

The Portfolio Holder for Neighbourhood Services, Councillor Shilton, addressed Members and thanked the Friends of Pump Room Gardens for attending the meeting. He stated that the second funding bid had his full support and reminded Members that improvements to the Gardens would attract more visitors to the area and would benefit the District as a whole.

In addition, the Leader requested that the Friends of the Pump Room Gardens be formally thanked for their work and commitment to the project.

The Executive therefore

Resolved that

(1) the Pump Room Gardens project designs and plans are approved. A Pump Room Gardens Masterplan showing the various capital improvements is included at Appendix A to the report;

(2) the Head of Neighbourhood Services, in consultation with the Neighbourhood Services Portfolio Holder, is authorised to finalise the details to the project designs and plans between now and the submission date;

(3) a submission for a second round Heritage Lottery Fund (HLF) Parks for People bid to be submitted by 31st August 2015, is approved; and

(4) the Friends of the Pump Room Gardens are formally thanked for their work and commitment to the project.

(The Portfolio Holder for this item was Councillor Shilton)
(Forward Plan reference 718)

27. **Significant Business Risk Register**

The Executive considered a report from Finance which set out the latest version of the Council's Significant Business Risk Register for review by the Executive. It had been drafted following discussions between the Leader of the Council, Chief Executive, Monitoring Officer, Section 151 Officer, and the Audit & Risk Manager.

The Significant Business Risk Register (SBRR) was based on the Council's corporate priorities and key strategic projects that were reflected in Fit for the Future. The Fit for the Future programme was also based on an agreed set of values amongst which were the ones of openness and honesty.

The SBRR was reviewed quarterly by the Council's Senior Management Team and the Council Leader and then, in keeping with Members' overall responsibilities for managing risk, by the Executive. The latest version was set out at Appendix 1 to the report. In addition, a summary of the risks and their position on the risk matrix was attached at Appendix 2 and the scoring criteria were set out at Appendix 3 to the report.

The report advised that six months ago there were five risks in the "red zone" and it had been previously advised that two of those would have reduced scores taking them out of the red zone. Since then, an additional risk (Risk 4 – Risk of corporate governance arrangements not maintained effectively) had had its score reduced to move it out of the red zone.

The two remaining risks in this area were summarised in paragraph 10 and included a risk of insufficient finances (Risk 6) and a risk of the Local Plan being delayed (Risk 16).

This report was not concerned with recommending a particular option in preference to others so there were no alternative options proposed.

The Finance & Audit Scrutiny Committee asked the Executive to reconsider the wording on the register item for the Local Plan, because it had been found as unsound and there were risks now associated with this which should be recorded.

Members felt that the discussions at Scrutiny had centred around the wording of the description of the risk rather than the risk itself and agreed that it was the mitigation measures which were important.

In response to the comment from Finance and Audit Scrutiny Committee, it was agreed that officers would look at the wording relating to the description of Risk 16, to ensure clarity.

Councillor Mobbs endorsed the report and the Executive therefore

Resolved that the Significant Business Risk Register attached at Appendix 1to the report is noted and no further actions should be taken to manage the risks facing the organisation.

(The Portfolio Holder for this item was Councillor Mobbs)
(Forward Plan reference 717)

28. **Rural / Urban Capital Improvement Scheme (RUCIS) Application**

The Executive considered a report from Finance which provided details of a Rural/Urban Capital Improvement Scheme grant application by Kenilworth Tennis, Squash and Croquet Club.

The Council operated a scheme to award Capital Improvement Grants to organisations in rural and urban areas. The grant recommended was in accordance with the Council's agreed scheme and would provide funding to help the project progress.

The report advised that Kenilworth Tennis, Squash and Croquet Club submitted an application to refurbish five tennis courts that had reached the end of their life span. The project works included resurfacing of two courts, colour coating of three courts, new fencing installation, new gate installation, gate replacement and raising the height of the existing fencing.

The Club had committed funds to the project from its cash reserves which had been evidenced through its annual accounts and bank statements. An application had also been submitted to Kenilworth Town Council requesting a £100 contribution toward the project and was awaiting a decision. The Club had not previously had a RUCIS grant.

The report therefore recommended that the Executive approve an award of a Rural/Urban Capital Improvement grant for 50% of the total project costs up to a maximum of £28,995.

The Council only had a specific capital budget to provide grants of this nature and therefore there were no alternative sources of funding if the Council was to provide funding for Rural/Urban Capital Improvement Schemes. However, Members could choose not to approve the grant funding, or to vary the amount awarded.

The Finance & Audit Scrutiny Committee asked the Executive that as there would be a significant underspend for this year, therefore would the Executive confirm whether this money would be rolled over to next year's budget?

In response, the Executive agreed that in light of the earlier budget report, and as it was only July, it would be premature to confirm that any monies would be rolled over to next year's budget.

Having considered the recommendations in the report, the Executive

Resolved that a Rural/Urban Capital Improvement Grant from the urban cost centre budget is approved for Kenilworth Tennis, Squash and Croquet Club of 50% of the total project costs to refurbish five tennis courts that have now come to the end of their life span, as detailed within paragraphs 1.1, 3.2 and 8.1 of the report, up to a maximum of £28,995 excluding VAT.

(The Portfolio Holder for this item was Councillor Whiting)

29. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Minute No.	Para Nos.	Reason
31	1	Information relating to an Individual
31	2	Information which is likely to reveal the identity of an individual
30	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)
30	5	Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

The full minutes for the following items would be set out in the confidential minutes of the meeting.

Part 2

(Items on which a decision by Council is not required)

30. **The Judicial Review of 2 Planning Decisions – Land at Plestowes Farm**

The Executive considered a report from Development Services.

The Executive

Resolved that the contents of the report, and the use of the Chief Executive's delegated powers (CE4), are noted.

(The Portfolio Holder for this item was Councillor Cross)

31. **Minutes**

The confidential minutes of the meetings held on 1 July 2015 were agreed as written and signed by the Chairman as a correct record with the following amendment:

To remove Councillor Gallagher from the list of Councillors present because she had submitted her apologies for that meeting.

(The meeting ended at 6.56 pm)

Executive

Minutes of the meeting held on Thursday 3 September 2015 at the Town Hall, Royal Leamington Spa at 6.00 pm.

Present: Councillor Mobbs (Chairman); Councillors Coker, Cross, Gallagher, Grainger, Phillips, Shilton and Whiting.

Also present: Councillor Ashford, Councillor Barrott, Chair of Finance & Audit Scrutiny Committee, Councillor Boad, Chair of Overview & Scrutiny Committee, Councillor Mrs Falp, Whitnash Residents' Association (Independent) Observer; and Councillor Parkins (Labour Group Observer).

32. **Declarations of interest**

There were no declarations of interest.

33. **Minutes**

The minutes of the meeting held on 29 July 2015 were agreed as written and signed by the Chairman as a correct record.

Part 1
(Items on which a decision by Council is required)

<u>Nil</u>

Part 2
(Items on which a decision by Council is not required)

34. **St Mary's Lands**

The Executive considered a report from the Chief Executive that updated Members on the latest position in respect of the work on the St Mary's Lands (SML) area of Warwick. This was a key project of the Council and the report proposed a number of steps to help move this work forward.

In November 2014 the Council considered a petition in respect of SML and resolved that:

- the Council notes the petition and that also a master plan for St Mary's Lands has yet to be developed;
- the development of the master plan be undertaken involving a reconstituted working party, including two representatives of the Friends of St Mary's Lands Group;
- the resultant draft master plan be the subject of widespread public consultation; and
- only following all of the above would a decision come before the Executive to be made on the master plan.

This followed a decision made by the Executive on the 1 October 2014, attached at Appendix 1 to the report, in relation to several matters being progressed.

In response to the Full Council decision and following a reallocation of work at CMT level, the Chief Executive called a meeting of the reconstituted Working Party on 27 February 2015. Another meeting was to be arranged but delays occurred initially whilst trying to find suitable dates; then the impact of the election results caused further delay as there was only one Councillor on the Working Party remaining from before the election and nominations were still being sought; and then the impact of the summer holidays. All these factors had combined to cause a significant delay in progressing work on a master plan.

In addition, the February 2015 meeting highlighted the very high extent of antipathy between a number of the attendees, making the Working Party as the engine to drive the preparation of the master plan for SML, very fraught and difficult. It was suggested therefore that, to help address this matter and to drive forward the work of developing a new master plan and to make up for lost time, a different approach was needed. In essence the proposal was to re-engage the consultants, Plincke, who had assisted the Council in the original work on a Strategy, Regeneration Masterplan and Management Plan from 1999 to 2006. The Company and personnel had the background knowledge, experience and independence to assist with a more facilitative, rapid and inclusive development of the work needed, which were not otherwise available within the Council.

The proposal was in 3 stages: (i) to review; (ii) to understand the issues; and, (iii) to build a consensus. These were explained in more detail at Appendix 2 to the report. A fourth stage could be anticipated once the outcome of the first three stages was complete. It was estimated that these stages would cost up to £20,000 and could be funded from the Service Transformation Fund which had £589,000 available. If a fourth stage was required, further consideration and agreement would be needed as to how this was to be funded and procured. The timeframe for this work meant that it was due for completion in January/February 2016. It was envisaged that the Working Party would re commence and would oversee the work of the consultants.

Since the discussion at Full Council in November 2014, a number of other elements had progressed and required decisions to be made by the Council in advance of agreement of an overall master plan. These related to; Racing Club Warwick Football Club, improvements to two Council owned football pitches, installation of a children's play area, Warwick Corps of Drums and Warwick Racecourse.

Under the terms of its 1992 lease, Racing Club Warwick Football Club, RCWFC had the right to renew for a further 21 years. This right had been exercised and a new lease was completed in June 2014. The only issue that remained outstanding was the amount of rent to be paid. This matter has been discussed by the representatives of RCWFC and Warwick District Council and was the subject of a separate report on this agenda.

The report to the Executive in October 2014 stated that RCWFC had developed its own proposals for consultation. These were as follows:

1. An all-weather pitch is created;
2. New changing-rooms, showering facilities and other functional rooms are created;
3. The Clubhouse is improved to offer an attractive function room for the local community.

The then representatives of RCWFC had worked very constructively on the previous Stakeholder Group which led to a decision that, to help RCWFC achieve its ambitions, the Council's officers should provide the necessary support to assist with any funding bids. This came to an unfortunate end in March 2015 when a proposed report seeking a way forward had to be withdrawn because of a clear difference of views with the then RCWFC Chairman.

The back drop to that situation was that for a considerable period of time (since 2009) relations between RCWFC and the Council had not been amicable and no progress on any of the matters had been made other than, more recently, on the lease issue.

However, after the events in March this year, a dialogue re-opened with newer members of the RCWFC's Committee and in July the Leader of the Council received a letter from the new Chairman of RCWFC who was leading what was effectively a new Committee. New Trustees were planned at the time of writing this report. This letter, attached at Appendix 3 to the report, sought a new and better relationship with the Council, putting aside old differences, including removing threats of legal action, which had stymied relations for many years. This positive approach deserved recognition and an appropriate positive response from the Leader of the Council and Chief Executive.

The letter also set out the wide range of community activities RCWFC ran and wished to expand. However, it also made clear that RCWFC needed considerable help to develop its community hub work, especially with young people, and its sporting activities. This was against a backdrop of poor facilities and very limited revenue finance available. Its accounts for the last financial year have been shared with Council officers.

This new positive approach from RCWFC had led to several meetings with officers, offers of advice, re-establishment of relationships with the Birmingham County FA and constructive discussions about what was needed to help take RCWFC forward on a more sustainable basis. RCWFC was also widening its engagement with other organisations and, for example, was discussing charity matches with UNICEF and Warwick Castle.

As a matter of urgency a range of minor works were needed to keep RCWFC operational in the short term for which they have asked for £20,000. It was suggested that as a gesture of support, the Council should agree to this request to be funded from the Contingency budget which had £215,000 available.

A matter arose when officers met with the new officials of the club concerning a number of outbuildings. There was a large portacabin on site, formerly owned and used by the boxing club (no longer in existence). The portacabin was not RCWFC's responsibility but was clearly being impacted by its derelict state and by its risk as a community safety nuisance and hazard. It was proposed, therefore, that as the freeholder of the land upon which it stood, the Council should remove the building; make good the ground (levelling and tarmac) and fence the area off to protect the area from further nuisance. Whilst doing this, officers felt it made sense, and achieved economy, to remove some other derelict buildings on site at the same time. The existing building layout, and as proposed after removal, were shown on the plan at Appendix 4, to the report. Prices from contractors indicated a cost of £55,000. This work would require a prior approval notification, already actioned, as the buildings were in a Conservation Area and to ensure there was no risk legally, the prior agreement of RCWFC's Trustees. This work could also be funded from the Council's Contingency Budget.

Discussions with officers and visits to the site had highlighted a number of critical issues with RCWFC's facilities which could have a serious impact on its future. One formal complaint from a match official about the state of its facilities had already been received this season and a Football Association Inspection was due shortly. Should RCWFC fail its inspection, this could lead at worst case to relegation for next season or immediately. The impact of this upon an F.A. Charter Standard Community club was that it would need to focus on raising the standard of the senior team to the detriment of its work with its youth teams and the wider community. This would undermine the approach that it was presently trying to develop as a community and sporting hub for the local community. At very worst case it could lead to the club folding and the Council then having to take responsibility directly for maintaining the ground. In such a scenario, the Council would no doubt be liable for investing to upgrade the facilities since the rent level was so low that a rent reduction incentive in exchange for capital investment was not a viable proposition.

The condition of the sporting facilities was clearly poor and without immediate investment the continued operation of the club was at risk. Left as it was, the ground would reflect poorly as much on the Council as on the previous administration of RCWFC. Essentially, a number of things needed to be put right and quickly; replacing the dug outs – which did not conform to FA requirements, replacing the flood lights – which were no longer technically repairable, and replacing the changing rooms.

Planning permissions and perhaps other statutory consents would be required and therefore some fee cost, a project resource, as well as a contingency would be needed. Costs were estimated to be in the region of £250,000.

RCWFC would be able to apply for grant aid to a number of bodies. The various eligible funds should be investigated and then the Council could consider how much might be needed to help with match funding. For example, RCWFC had in effect a pre-allocation from the Football

Association under its Stadium Improvement Facility Fund of up to £100,000 but match funding of at least 30% was required. It was suggested that such match funding be considered also in the context of a sound and credible business plan.

Alongside the ground improvements, this RCWFC had altered and updated its constitution; it was looking to appoint new Trustees; and, it wanted to develop a sound and credible business plan to put itself on a more sustainable financial basis so that it could more effectively operate as a local sporting and community hub. The lease it now held enabled it to consider the use of the former Cadets building and in this respect they wanted to apply for planning permission for a children's nursery which they hoped to sub-let to generate a financial return.

As well as making a financial contribution, the Council could also aid RCWFC by:

- Assisting with raising funds from other sources (e.g. Football Association, King Henry VIII Charitable Trust, etc.) towards the costs;
- Agreeing that its property staff manage the building works and contracts, if required in connection with recommendation 2.5 of the report but for which financial provision would be needed;
- Agreeing to give landlord's consent to the necessary alterations referred to in recommendation 2.5 of the report and elsewhere in this report subject to the prior submission of appropriate details;
- Agreeing to seek all appropriate statutory consents, including planning permissions, for the works described in this report where the club required such help.
- Agreeing to licence the land shown as area "X" on the plan attached at Appendix 4 to the report for a nominal fee of £1 to RCWFC on an annual basis to allow the club to use it for "children's sporting activities", the club to be responsible for any works or alterations needed (and cost thereof) to make the land appropriate for such use.

There were two Council owned pitches in the centre of SML that experienced poor drainage which limited their use by the community. They were often rented by RCWFC or other clubs but only when playable And the drainage needed to be improved. More detailed work needed to be undertaken to establish the cost and what works specifically were needed. It was proposed that officers undertake this work with a view to a proposal being put forward for consideration by Members for inclusion in 2016/17 financial year's capital programme.

Officers of the Council's Green Space team had been looking for a site for a children's play area to serve the Forbes Estate. The proposed works to the RCWFC ground would free up some land, shown as "Y" on the plan at Appendix 4 to the report. Whilst this was on the other side of Hampton Road to the Forbes Estate, as RCWFC was developing itself as a community hub for that estate in any case, it could make sense to bring community activities together. This site should therefore be considered as part of the master plan development. It could be paid for by S106 monies or similar when available.

At the Executive meeting of 16 April 2014 it was decided that if RCWFC was not prepared to agree to the Cadets constructing and occupying a new building on the land under their (RCWFC's) lease, then all negotiations with RCWFC were to end and instead negotiations begin with Warwick Corps of Drums to enable the Cadets to build a new facility on the land currently under the Corps of Drums' lease. As RCWFC was not prepared at that time to agree to Executive's request then attention turned to the alternative option for the Cadets to be accommodated on the Corps of Drums site.

The planning application was successful but owing to projected cost over runs the Cadets were now looking to locate their facility on Aylesford School and now had planning permission for their proposed new site. The matter was now at the stage where the Secretary of State for Education's consent was being sought for the location of the facility on a school playing field. This Council was also seeking a legal agreement to protect its investment. Both processes would need completion before construction can start on site. It was not currently possible to give a timetable for such works being complete.

As a key stakeholder, Warwick Corps of Drums had developed its own proposals for public consultation. The proposals were as follows:

1. Structural improvements be made to deal with the building's water penetration;
2. Investment be made in the fabric of the building to provide better insulation;
3. Internal improvements to the building be made enabling multi-use;
4. The toilet and showering facilities be upgraded.

As part of the work to support the negotiations between Warwick District Council, Warwick Corps of Drums and the Cadets, officers undertook building survey work on behalf of the Corps of Drums to enable them to determine how much investment would be required to undertake the changes described in the proposals. A rough estimate of costs at that time was £155,000.

The Corps of Drums was a registered charity and so would have access to a number of grant schemes that could deliver the improvements to its building. Council officers had worked closely with the organisation, supporting them in establishing building improvement costs, writing funding bids and general process facilitation. To provide the Corps of Drums with a start to lever in further funding, it was agreed at the October 2014 Executive to approve the release of £50,000 (a third of the anticipated necessary investment) from the Capital Investment Reserve to be administered by Deputy Chief Executive (AJ) in consultation with the Portfolio Holder for Development Services.

Owing to the discussions ongoing with the Cadets there again had been a delay in progressing this piece of work but it was now probable that the Cadets would not now relocate to the Corps of Drums site. Consequently, the Corps of Drums had now progressed their own specific proposals. The Corps of Drums had submitted details, at Appendix 5 to the report, which it estimated would cost approximately £110,000. It was clear from parallel discussions, though not from the documentation submitted, that the Corps of Drums wanted to consider the use of part of the premises for other purposes, including a children's nursery. This would require planning permission and consent from OFSTED could also be necessary.

Given the lack of written detail of their ambitions and in line with emerging practice on other schemes where the Council was contributing significant financial support, the Council should amend the previous decision to delegate release of the funds and grant landlord's consent to the Chief Executive in consultation with the Cultural Services portfolio holder and the Council also required the following details:

- A sound and credible business plan;
- Confirmation that the rest of the project funding had been secured;
- Confirmation of quotes received;
- Completion of a grant acceptance form (as was recently agreed for the St Chad's Centre in Bishop's Tachbrook);
- A standard draw down process of council funds as a proportion of overall cost e.g. if Council contribution is 50% overall then at each submission of builder's invoices the Council paid 50%.

Previous reports to Executive had painted a picture of a racing industry that was undergoing seismic changes due to the changes in Bookmaking (and consequently the Levy received from Government) and the various other leisure opportunities available to the paying customer. In fact, over the period 2005 to 2011, the Levy contribution to Warwick Racecourse had reduced by nearly £0.5m to £413k (a reduction of over 50%). This then had a knock-on effect on the level of prize money that could be offered and consequently the quality and number of racehorses entered for races. The manifestation of these challenges had been seen in recent years with the closures of Folkestone and Hereford racecourses and the proposed ending of flat turf racing and laying of an all-weather circuit at Newcastle and Catterick respectively.

This was the landscape that had seen many British racecourses diversify into areas such as conferences, concerts and events because they could no longer survive as viable businesses on just their previously allocated 20-25 race days per year.

It was within this industry context, the failure to achieve planning permission for the hotel and the substantial investment that would be required to address concerns about the condition of the flat racetrack, that The Jockey Club (parent company of Warwick Racecourse) announced that after 307 years, Warwick would no longer host flat racing but solely jump racing. 17 race fixtures had recently been announced for the year ahead.

However, in order to pursue the business model based on the racecourse being for jump racing only, a number of physical improvements were absolutely necessary and indeed were a pre-requisite for the course continuing in operation. The course had had issues about the "ground condition" and about the curvature across part of the track giving rise to safety issues. In response it was proposed to extend the existing reservoir in the northern enclosure to allow for more water to be held to irrigate the course (this was in addition to the current works of repairs to the bank owing to damage by trees and removing silt) and to level the track from the start line up to the first bend on the eastern side, as shown on the Plan, at Appendix 6 to the report. The racecourse also wished to improve the entrance (i.e. the turnstiles) to the course. These alterations would require planning permission and so would be subject to public consultation but would also need Landlords consent which it was recommended should be given if planning approval was given. These proposals would represent an investment of several hundred thousands of pounds by Warwick Racecourse Company.

The Council could decide not to pursue any or only a selection of the proposals referred to in the report, or defer them until the master plan was prepared and agreed.

The Council could decide not to appoint consultants but it was clear that to take the master plan scheme forward by a facilitated approach needed an additional resource input to the work that the Council did not possess internally. The Council could decide to tender for the consultancy work but the procurement timescale involved would delay the master plan timetable much further into 2016.

The consequences of not taking those forward for RCWFC, the Corps of Drums and Warwick Racecourse or of delaying a decision was that it would place each of those organisations in jeopardy for their continued operation with far more risk and financial consequence to the Council. There could also be a harmful impact on the local economy especially in respect of the rejection of Warwick Racecourse proposals if it then then closed. The impact on the Council of the loss of all or any of these organisations would mean having to take on the responsibility for the properties without at this time having any clear alternative plan of action for them.

The Council could decide not to pursue the proposals for improvements to the two football pitches nor to identify the location for a play area but in respect of the former – the proposal in effect is simply to investigate further and bring a more detailed and costed project forward for consideration for the next financial year. In respect of the children's play area, officers had been seeking a site in the vicinity of the Forbes Estate without success and the timing of its identification was helpful coinciding with the development of a master plan for the area. Neither were outright commitments at this point in time.

The other option was to consider inviting the Cadets to return to their original premises on RCWFC ground and using the £400,000 allocated to their new scheme on the works set out in this report. However, an early investigation by officers had ruled out this option owing to the irreparable damage incurred to relations between the Cadets and RCWFC.

The Overview & Scrutiny Committee noted the report.

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members were mindful that this report was not only about Racing Club Warwick but recognised that this was a new start and a positive way forward for the club.

The Executive welcomed the comments of the Scrutiny Committee and agreed that this was a small step forward for this area of Warwick and a move to a more positive relationship with all relevant parties especially Racing Club Warwick.

The Executive therefore

Resolved that

(1) the latest position in respect of St Mary's Lands (SML) as set out in this report, be noted;

(2) a review,as per Appendix 2 to the report, of the Council's previous Strategy, Regeneration Master Plan and Management Plan from Plincke Landscape, be commissioned;

(3) an exemption to the Council's Code of Procurement, be approved, to continue to utilise the previous experience from this consultancy, at a cost of up to £20,000 to be funded from the Service Transformation Reserve;

(4) the review work is to be overseen by the St Mary's Lands Working Party;

(5) the letter received from Racing Club Warwick Football Club (RCWFC) attached at Appendix 3 to the report, is welcomed by the Executive and authority is delegated to the Chief Executive, in consultation with the Leader of the Council, to draft and send a positive response;

(6) RCWFC's request for emergency funding of £20,000, as set out in Appendix 3 to the report, be approved and funded from the Contingency budget subject to completion of a grant agreement letter and paying of invoices as per the Council's RUCIS arrangements;

(7) removal of a number of derelict and potentially dangerous buildings, making good the ground and to properly secure the area by way of new fencing, as per the Plans at Appendix 4 to the report, be approved and funded, at an estimated cost of £55,000, from the Contingency Budget. The authorisation to proceed is delegated to the Chief Executive, in consultation with the Leader of the Council, and subject to them being satisfied on confirmation of changes in RCWFC's Trustees;

(8) subject to the prior submission of, and agreement to, a sound and credible business plan; and, confirmation of changes to Trustees, the Executive agrees in principle to consideration of providing match funding for a programme of necessary works including:
- replacement dug outs;
- replacement floodlights;
- putting in place new changing rooms; and
- fees, project resource and an overall contingency provision.

(9) in addition, the Council should:
- Assist with raising funds from other sources (e.g. Football Association, King Henry VIII Charitable Trust, etc.) towards the costs;
- Agree that its property staff manage the building works and contracts, if required in connection with recommendation 2.5 of the report but for which financial provision will be needed;
- Agree to give landlord's consent to the necessary alterations referred to in recommendation 2.5 of the report and elsewhere in the report subject to the prior submission of appropriate details;
- Agree to seek all appropriate statutory consents, including planning permissions, for the works described in this report where the club requires such help;
- Agree to licence the land shown as area "X" on the plan attached at Appendix 4 for a nominal fee of £1 to RCWFC on an annual basis to allow the club to use it for "children's sporting activities", the club to be responsible for any works or alterations needed (and cost thereof) to make the land appropriate for such use;

(10) officers investigate the causes of the poor drainage to the pitches in the centre of SML and work up and cost a scheme that would make the pitches playable in order that members can then consider whether a proposal should be considered for inclusion within its capital programme for next financial year (2016/17);

(11) a proposal for the establishment of a children's play area on the land shown as "Y" on the Plan at Appendix 4, adjacent to the RCWFC ground,

subject to the availability of Section 106 and other similar funds, will be considered within the master plan for SML;

(12) the Executive modify the decision made in October 2014, from:

"That Executive agrees to make available £50,000 from the Capital Investment Reserve to be administered by Deputy Chief Executive (AJ) in consultation with the Portfolio Holder for Development Services, as a pump-primer to help facilitate much needed investment in the Warwick Corps of Drums building." to "That the release of £50,000 from the Capital Investment Reserve to the Warwick Corps of Drums and landlord's consent for the proposed alterations referred to in Appendix 5 of the report, is delegated to the Chief Executive and the Portfolio Holder for Cultural Services upon receipt of confirmation of the other necessary funding, a sound and credible business plan and that planning permission and any other statutory consents are obtained."; and

(13) the proposals set out in paragraph 3.11 of the report by the Racecourse seek planning permission to make the course fit for use as a "Jump only" course and grants landlords consent should they be given planning approval, be noted.

(The Portfolio Holder for this item was Councillor Mrs Gallagher)

35. **Review of the Council's non-operational assets – Part A**

The Executive considered a report from the Deputy Chief Executive (BH) that set out the outcome of a review, by the LLP, of Council owned non-operational assets, as approved by the Executive in November 2014.

There was a separate Part B report on the agenda that set out specific recommendations arising from this work that were commercially confidential and the two reports were read in conjunction.

The Executive considered and approved a proposal to create a Limited Liability Partnership (LLP) between Warwick District Council and Public Sector PLC (PSP) in December 2012. As a result, the Warwick LLP was established in early 2013 as a vehicle to unlock regeneration and assist the Council's asset management.

The list of the significant assets (including Housing Revenue Account (HRA) owned non-residential assets) that the Council owned was set out at Appendix One, to the report. Various initiatives were already underway to review the majority of the operational assets so the LLP's review was restricted to those non-operational assets highlighted in bold. The Council's non-operational portfolio of assets generated approximately £900,000 per year in rental income. The LLP was asked to review this portfolio to establish whether there were any opportunities for it to add value to this asset base in some form. Officers worked closely with the LLP's specialist staff, employed by PSP, on this feasibility work.

The LLP assessed the Council's non-operational building assets (the shops and buildings the Council owned but which were not used for delivering Council services) and evaluated their potential for:

- Disposal, to create a capital receipt and/or increased revenue stream and/or reduction in future maintenance liabilities;
- Inclusion in a regeneration scheme;
- Alternative use to maximise revenue income; and
- Investment to maximise revenue income.

The Council's land assets were also evaluated to determine their potential for:

- Housing development;
- Inclusion in a regeneration scheme; and
- Disposal, to create a capital receipt and/or increased revenue stream and/or a reduction in future maintenance liabilities.

The methodology adopted by the LLP was to categorise the land and building assets into four sub-sets, income producing assets, potential develop site assets, ground rent assets and local shopping centre assets. The numbers of these and income per annum for each of these sets, was set out in the report.

The LLP's full report, which contained several commercially confidential elements, was set in the confidential Part B report elsewhere on the agenda.

The LLP's main conclusion was that the Council's portfolio was not substantial in terms of size of income and presented limited commercial opportunities where they could 'add value'. Although the LLP considered that it could not add general value at present, the Part B report did contain three specific recommendations for areas where they considered the Council could use the LLP to create additional value that would otherwise potentially remain unlocked.

Although the review had identified relatively few value creating opportunities this would be kept under review on an on-going basis and where appropriate further advice would be sought from the LLP. The Warwick LLP was part of a national LLP group of another 8 Councils, each with its own LLP established with the same commercial partner, PSP. One of these LLP's was devoting considerable time and energy to see how the LLP could add value to HRA non-residential properties, where the challenge was for any external party to legally gain flexible and effective commercial control over a mixed housing and retail HRA block. If an attractive LLP proposition was to emerge, it could potentially be applied to the HRA owned assets in Appendix One.

In tandem with this, officers would continue to identify and assess possible commercial opportunities involving the Council's non-operational assets as and when they emerged. For example, this could include opportunities for, say, a new supermarket proposal being created out of a number of under-performing HRA shop units.

No alternative options had been considered in respect of this report.

The Executive therefore

Resolved that

(1) the schedule of the Council's non-operational properties that have been considered by the LLP under this exercise, as set out at Appendix One to the report, be noted;

(2) the broad conclusion reached by the LLP, be noted; and

(3) on an on-going basis, officers continue to look at further opportunities within the Council's property portfolio and regeneration projects and that this will include continuing to work with the LLP to identify any new 'added value' opportunities. If any LLP propositions emerge as having further merit they will be reported back to Executive for consideration.

(The Portfolio Holders for this item were Councillors Cross, Mobbs and Whiting)
(Forward Plan reference 721)

36. **Housing Stock Condition Survey & Strategic Asset Management**

The Executive considered a report from Housing and Property Services that set out the rationale for undertaking a 100% stock condition survey of Housing Revenue Account (HRA) residential assets to collect condition data for a range of key building components.

It set out the requirement to invest in associated technology to support the survey and the ongoing maintenance of data and requested a budget of £378,000 for the projected cost of delivery of the survey, although all other associated costs would be met from existing HRA budgets. It also requested approval for an additional staffing resource to ensure that the survey process and the use of the resultant data collected was effectively managed.

The Council currently formulated its HRA Housing Investment Programme annually, using a process of annual inspections to identify and prioritise properties for inclusion in cyclical maintenance and improvement programmes. These inspections were used to supplement existing stock condition surveys which had historically been collected on a sample of different stock types. This current approach of Annual Maintenance Management had several limitations:

- Annual programme setting limits the Council's ability to take a long term approach to forecasting future maintenance requirements and planning the deployment of budgets and resources.
- The limited component age and condition data, based on sample stock condition survey information, hindered informed strategic decision making on the creation of long term maintenance programmes tailored to actual condition and lifecycles of the housing stock and its various components.
- Annual Maintenance Management was resource intensive, reducing the capacity of the service to closely manage works programmes and respond promptly to enquiries and ad hoc work requests.
- The lack of a long term programme was an obstacle in communicating future maintenance plans with and responding to enquiries from contractors and internal and external customers.

It was proposed that the Council should change to a process of Strategic Asset Management for its HRA stock. This was a business process with the underlying purpose of securing the best use of property assets and minimising the opportunity cost of resources tied up in property assets. This could only be achieved by fully understanding the condition of the stock and using that knowledge to put in place evidenced, targeted investment programmes to reduce the overall cost of keeping the stock in a usable condition. Full stock condition surveys gathered the intelligence and interactive databases allowed for this information to be managed together creating an effective Strategic Asset Management process.
The benefits of the proposed Strategic Asset Management approach included:

- The Council having the intelligence and the tools to test and prioritise its HRA maintenance and investment programmes.
- Use of medium and long term business and budget planning to enable the Council to prioritise resources based on actual need rather than historical expenditure.
- Supporting effective and pro-active communication between the Council and its customers and contractors and allowing the Council to be clearer when advising tenants and lease-holders works would be undertaken to specific properties.

Having a robust and interactive database in place allowed the Council to assemble, maintain and interrogate data to produce intelligent maintenance policy and provide a basis for strategic decision making on where, when and how to invest in Council housing. Maintaining the data base with up to date information was essential to ensure the success of Strategic Asset Management. This in turn provided opportunities to improve efficiency and generate increased value for money.

Officers in Housing & Property Services and ICT Services had developed the Council's ActiveH database and collated historical investment and maintenance data from a range of housing improvement programmes (for example, kitchen and bathroom replacement, window and door replacement). This information had already been uploaded into the

ActiveH asset management database and had improved the quality of condition based data for a range of key building components.

However, to support a transition from Annual Maintenance Management to Strategic Asset Management the Council needed to:
- Collect a complete set of data on the presence, age and condition of key building components across its housing stock to create a base-line understanding of its assets, by undertaking a full (100%) survey of its HRA residential assets.
- Allow for the data to be collected, assessed and used as quickly as possible and to ensure that the survey intelligence remained up to date by introducing mobile working practices and technology for Surveyors and Property Maintenance Officers.

The report recommendations provided for an estimated cost of the survey of £378,000. This was considered a prudent and realistic figure based on an evaluation of past costs. In 2010 the Council procured a decent homes survey of eight hundred and seventy nine properties. This cost £34,700, equating to circa £40 per property. Inflating this figure by an average of the Consumer Price Index for the period 2010 to 2015 (3% as calculated using data from the Office of National Statistics) increased the cost per dwelling to £46. The cost of a full 100% stock condition survey for all the HRA housing stock, currently 5,985 separate assets including individual dwellings and communal areas within blocks, based on this figure would therefore be £280,000. However, as this figure had not been market tested and the actual price would not be known until the procurement process was complete, it was considered prudent to allow for a contingency of 35%. Given that this would be a full survey, to a set specification using our own software and requiring considerable field work, taking the estimated cost to £378,000. If the procurement exerciseled to a cost below this figure, the reduction in the contribution to the Housing Capital Investment Reserve would be reduced accordingly.

The estimated value of the survey exceeded the £173,000 threshold for service contracts and would therefore require procurement in accordance with the Public Contract Regulations. There could be particular frameworks available to the Council to utilise that, if available, would shorten the procurement process timescale. However, if not available then due to the estimated value of the requirement a full OJEU tendering exercise would be required with a potential time period of up to six months. It was intended that the survey would be completed by 31 March 2016 but this was subject to the availability of consultant resources following procurement and rates of access to properties. It was therefore possible that the project may straddle the financial years 2015/16 and 2016/17.

The survey data would be used during 2016/17 by officers to shape the HRA Business Plan to support the investment needs of the Council's housing stock and to inform long term maintenance plans from April 2017 onwards. This would enable a holistic and all-embracing approach to be taken to reshaping the HRA Business Plan and its capacity to support investment needs, in response to the emerging thrust of national policy. At present the detail of the proposed introduction of Right-to-Buy for housing association tenants, funded by local authority stock sales and reductions in rent from 2016/17 onwards for four years and the potential impact on rent collection of proposed changes to welfare budgets would be clearer. Until a greater understanding of these changes was known and had been modelled, it was not going to be possible to undertake in the current financial year more than an interim review of the Business Plan.

To ensure that the survey effectively collected all required information in the format required for storage and assessment it was proposed that new mobile working technology was deployed. The Council's current preferred mobile software was Total Mobile. Officers within H&PS and ICT were currently developing Total Mobile survey templates and software that ensured survey data could be collected electronically and uploaded to the ActiveH database without the need for manual data entry. The specification for the Stock Condition Survey would stipulate the use of this technology by the successful surveying contractor.

The Total Mobile survey package was not only necessary to support the initial survey but was also essential for Council officers to maintain the stock condition data on an on-going basis. Licences were required to use the Total Mobile Software, sold as bundles of ten at a cost £750 per licence. Handheld ICT equipment was also required to complete the survey electronically. It was estimated that ten handheld units would be required at a cost of £240 per unit. It was also necessary to purchase a mobile data contract for each of the handhelds at an estimated cost of £48 per handheld unit per year. The total initial cost to invest in the mobile technology to support the survey was therefore circa £10,500 based on these estimates. Each software licence cost £75 a year to maintain; therefore the estimated recurring annual cost to maintain the software licences and mobile data contracts was circa £1,300. It should be noted that the technology was flexible and, once the Survey was complete, it would be used to support other working processes, for example, housing repairs inspections and Tenancy Officer Visits.

To make best use of the data to plan medium and long term investment programmes within necessarily limited and finite budgets, the Council needed to be able to test the future maintenance requirements of the HRA assets based on various scenarios to prioritise maintenance plans, identify opportunities to create value and produce need based budget forecasts to support more intelligent procurement and business planning. This could be efficiently undertaken using the ActiveH Smoothing and Modelling module. This software would allow the Council to model the long term maintenance needs of assets based on stock condition data held in the ActiveH database. The cost to purchase and install the module was £5,890. The annual maintenance costs for the module was £1,160. These costs were based on a quotation from ActiveH which was valid for ninety days from the 21 July 2015.

Managing the proposed stock condition survey and also completing the separate comprehensive structural survey of HRA multi-storey tower blocks and other properties of non-traditional construction types (as approved by Executive 11 March 2015) would require effective management that would require an additional temporary staffing resource.

It was proposed to recruit, subject to approval by Employment Committee, a 2 year surveyor post at a cost of £85,000. This post, which would be funded from existing non-staffing budgets within the HRA, would enable a permanent member of the current staffing establishment to be assigned to:

- Oversee and manage the Stock Condition Survey
- Oversee and manage the Structural Condition Survey
- Manage the collation, development and initial implementation (including any necessary procurement) of a long term planned and preventative maintenance programme to inform a revised HRA Business Plan
- Complete other supporting work, such as developing and implementing a new Voids Standard and taking forward any stock rationalisation opportunities that may arise from the survey work.

By utilising a permanent member of the team for this work rather than the new temporary post the knowledge and intelligence gained would be embedded within the organisation and the work itself was managed with a view to the long term use and value of the projects

Officers had earlier this year considered the option to undertake the survey using only in-house resources. This option was reported as being the preferred option in the HRA Business Plan Review Report, considered by Members in March 2015.

At that time, it was not clear whether or not a sample or 100% survey would be needed. Undertaking a sample survey was considered as an option. However, this would not have given the Council the detailed base-line knowledge of each of its properties it needed to be able to plan on an evidenced basis future planned maintenance programmes. A sample survey assumed that properties of a certain age and type shared not only similar types of construction but also similar components by reference to type, condition and age. Because properties were constantly being repaired, were subject to void works and had in the past may have benefitted from works undertaken as part of Annual Maintenance Management based programmes, this was not necessarily the case. As a result, future planning would include a degree of assumptions about properties that may result in programmes not being sufficiently well targeted to secure value for money and investment where it was most needed on a home-by-home basis. Moreover, a sample approach would not create a solid foundation within the database upon which to build an accurate and on-going knowledge of the condition of all Council homes. The value of constantly updating what could not necessarily be an accurate base-line database would therefore be compromised. Accordingly, a sample survey was not recommended.

Further investigation into the extent of the field work needed to achieve the desired outcome of a survey of as close as possible to 100% of the Council's homes showed that it would not be possible to undertake such a survey using only the Council's in-house resources. The need to devote asset management team resources to other priorities, including reviewing and implementing changes to the way the Council delivered day-to-day repairs to its housing stock and supporting the Leisure services Review, and the need to maintain at time of unfilled posts within the department, the capacity to deal with responsive repairs across the corporate and municipal housing stock meant that this option would not have been feasible if the Council wished to have the project completed by the end of 2015/16. The in-house option was therefore not recommended. However, because the survey template and database had been designed the Council and the project would be overseen by the Asset management team the Stock Condition Survey would still be able to benefit from local knowledge and sensitivities.

An option to undertake the survey in-house and recruit additional temporary surveying resource to reduce the disruption to core service need had been considered. This option was also not considered to be feasible because of the additional temporary increase in management responsibilities, the risks of unsuccessful recruitment processes and the probable distraction of officers from current operational priorities.

The Council could decide not to undertake a survey of key building components and continue with the current annual maintenance management processes. This option was not recommended for the reasons set out in Section Three of this report.

The Council could decide not to appoint a temporary surveyor for two years to provide the capacity to undertake a range of high profile, resource intensive projects essential to secure effective long term management of the Council's assets. However, this option had been rejected because it would require a reassessment of existing priority work and could potentially adversely impact on projects such as the Leisure Options review, development of the Asset Management Strategy as well as meaning the current inefficient methods of allocating programmed work for the HRA stock would need to be maintained.

An addendum to the report was circulated prior to the meeting updating recommendation 2.2 and paragraph 3.1 of the report. This was to rectify an error in the circulated report. The estimated cost of the data contract for each handheld unit was £576 per year (£48 per month) not £48 per year as set out in item 3.11 of the report. The amendments in this costing did not affect the affordability of the recommendations made in the report.

The Finance & Audit Scrutiny Committee supported the recommendation.

However, Members were concerned that there was no information contained in the report about the benefits of conducting the stock condition survey. They therefore requested that the Executive ask officers to gather further information on the costs and benefits of the survey, possibly by speaking to other similar sized neighbouring authorities who had been through the process.

The Executive were understanding with the views of Finance & Audit Scrutiny Committee and were mindful that Walsall Council had undertaken a similar survey. However, it was difficult to provide comparisons because each Council had its own unique stock portfolio, but they would ask officers to consider this point and look at any potential benefit this could provide the Council.

The Portfolio Holder highlighted the need to revise the proposed recommendation 2.2 and agreed with the request from Councillor Shilton that recommendation 2.3 of the report should be explicit in stating the length of the temporary contract. On that basis it was proposed, seconded and

Resolved that

(1) a change to the current HRA budget for 2015/16 and 2016/17 is approved to reduce the contributions made into the HRA Capital Investment Reserve by up to £378,000 to fund a 100% stock condition survey of HRA residential assets and to allow a transition to Strategic Asset Management;

(2) the estimated cost of £21,550 to purchase and the annual cost of £7,670 to maintain the hardware and software required to support the completion of the survey will be met from existing HRA budgets; and

(3) subject to approval by Employment Committee, the transfer of £85,000 to the Asset Management staffing budget from existing non-staff HRA budgets to fund the appointment of a temporary surveyor post for a maximum of two years, is approved.

(The Portfolio Holder for this item was Councillor Phillips)

37. **Sustainable Community Strategy & Fit For the Future Updates and Service Area Plans 2015/16**

The Executive considered a report from the Deputy Chief Executive (AJ) to approve changes to the Council’s Sustainable Community Strategy, Fit For the Future programme and agree the Service Area Plans for 2015/16.

At its Council meeting of 22 January 2014, Warwick District Council agreed a refreshed SCS based on five themes; Prosperity; Health & Wellbeing; Housing; Safer Communities; and Sustainability.

Each of these themes had its own strategic aims and priority areas for action which have underpinned Council officers’ day-to-day work.

With the formation of a new administration following the Council elections in May, officers had been working with the Portfolio Holders to develop further actions to help deliver the new Executive’s aspirations. These actions had been based on the following principles:

- that the Council should be commercial in its outlook through raising revenue and reducing cost;
- that the Council should encourage economic growth throughout the district;
- that the Council should partner with other organisations and share services where there is an evidence-based business case; and
- that all the district's residents should be able to access the necessary advice and support from the Council.

From these overarching principles, the Council's Executive asked that a programme of work was developed that was complementary to the current SCS priorities but which clearly set out what it wanted to achieve over the next four years. Working with Portfolio Holders, officers had drawn-up additional SCS priorities for the Executive's approval, which were outlined in the report.

The SCS was this Council's commitment to residents, businesses, visitors and investors. To deliver on the commitment the Council needed to have the appropriate resources in place. Since 2010, the Council had been running a Fit For the Future (FFF) programme to bring about organisational change. That programme had been extremely successful with savings / income generation of £3m; a basket of services that was largely undiminished; and a review of every service area within the Council to ensure that it was working as effectively and efficiently as possible. However, it was clear that against a national backcloth of public expenditure reduction, the Council's need for a programme of change remained and that the next chapter of FFF needed to be developed.

Members would be aware from the *Budget Review to 30th June 2015* report of 29th July, 2015 that the current financial projections indicated an ongoing saving requirement/ income generation of £1.1m by 2020/21 but with just under £1 million of that by April 2016. The full savings profile was set out in the report.

Officers had compiled a programme of work for Members' consideration which they believed could meet the financial challenge whilst at the same time protecting the vast majority of the Council's services. This programme was based on discussions with Portfolio Holders and the proposed priorities as set out at paragraph 3.3 of the report. Executive was therefore asked to endorse the following programme but recognising that many of the initiatives would require business cases and Executive agreement:

- Negotiate with trade unions to secure changes to car allowances and mileage rates - Potential saving £145k. £100k has already allowed for this within the financial projections above in 2018/19. However, it was now estimated that there may be additional savings, and that these should be able to be secured earlier;
- Amalgamate management of the Council's Arts and Entertainment Services - Potential saving £40k;
- Review Service Structure in Health & Community Protection - Potential saving £70k;
- Review Senior Management Team - Potential saving £70k;

- Undertake Support Services Review - Potential saving £100k;
- Restructure Land Charges function - Potential saving £20k;
- Provide investment in the Council's leisure centres to enable income to be maximised and costs reduced - Potential saving/ income £500k;
- Provide investment in the Council's information technology to enable more services to be accessed on-line (Digital by Default) - Potential saving £100k;
- Council's phone and one stop shop services reviewed - Potential saving £170k;
- Review housing advice contract arrangements - Potential saving £20k;
- Review transport support for residents - Potential saving £40k;
- Review car parking strategy - Potential income £50k;
- Transfer/ disposal of the Town Hall to another body - Potential saving £85k;
- Review the number of Warwick District Councillors in tandem with the recently completed review of the County Council's Divisional boundaries - Potential saving £80k;
- Review the role of the Council's Chairman - Potential saving £20k;
- Secure cheaper price for Council's new energy contracts - Potential saving £320k;
- Review various financial contingency provisions - Potential saving £50k;
- Consider alternative investment instruments - Potential income £50k;
- Reduce "discretionary spend" budgets by 5% - Potential saving £415k. 2.5% increases have already been factored into the financial projections for 2016/07 and 2017/18. It was now proposed that these be amalgamated into savings to be included within the 2016/17 Budget.

Should all of the aforementioned initiatives be achieved then officers estimated that savings/ increased income would total £1.83m over and above current MTFS forecasts. This was in excess of the savings requirement currently shown in the financial projections by £743k.

However, Members should also note that in addition to the projected shortfall, the following items were currently unfunded from the base annual budget in the medium term:-
- £250k for ICT equipment replacement
- £100k general equipment replacement
- £150k Rural/Urban Capital Investment Scheme
- £50k Historic Buildings Grant

If all the savings discussed above materialise, this should enable £550k per annum to be included within future Budgets for these items.

However, this would still leave the Capital Investment Reserve and Corporate Asset Reserve with no ongoing stream of funding. Officers would propose options to address this in a future report.

The proposed programme of work was in addition to the following projects that were currently work in progress not all of which would realise savings and so only the first bullet point below had a potential saving against it:

- Relocation of the Council's Headquarters - Potential saving £300k (already included within the financial projections within para 3.5.1);
- Review of Historic Building Grants/ Heritage Open Days;
- Review of Sports, Arts and small grants ;
- Review of Concurrent Services;
- Review of Council's assets; and
- Review of Economic Development functions

Taken together, the proposed and current programmes of work would realise savings/ increased income of £2.645m. This level of savings would give a "cushion" of circa £200k or 20% of the overall savings requirement within the financial projections.

The proposed change programme would leave a deficit of £182k in year 2016/17. This figure would undoubtedly change as the financial year progressed and officers would continue to develop proposals to meet this shortfall, although the Council did have the benefit of being able to use reserves as a one-off contribution.

At its meeting on 30 September 2015, Members would receive a report on the Council's proposed Fees and Charges for 2016/17. Officers would be working to ensure that a commercial approach was taken to the setting of fees and charges whilst at the same time ensuring that the more economically disadvantaged residents were not excluded from services.

The proposed programme of work at paragraph 3.5 of the report, was the inward-facing element of FFF, however, over a number of years officers had also been working on an outward-facing programme which was bringing or would bring about change in the district. Details of this element of the programme were detailed at Appendix A to the report. This programme had been reviewed to ensure it was aligned with the proposed priorities of the Executive and had the appropriate resources available for delivery. Members were asked to endorse these projects and feasibility studies.

At Appendices B to H to the report, were the proposed SAP's for 2015/16. They had been produced following discussion between the relevant Service Head and Portfolio Holder and were consistent with the proposed work programme described in this report. Members were asked to agree the Service Area Plans with any minor alterations being agreed with the appropriate Portfolio Holder.

Executive members had asked officers to develop a programme of work that detailed their priorities. The table at 3.3 of the report was thought to describe this and so no alternative options were considered.

The Council's FFF change programme had been running since 2010 and had proven to be successful in meeting the financial challenge whilst continuing to invest in services and staff. The updated programme could contain initiatives very different from those proposed; however, it was thought that the programme best reflected the Executive's priorities.

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members asked a number of questions around the overall subject of where savings would come from and how income was likely to be generated. Although they were mindful it was early days, the Committee did have genuine concerns and would continue to monitor the situation.

The Overview & Scrutiny Committee wished to know how the Executive would assess the feasibility/business case; financial or community impact? Which would have priority? Additionally, the Overview and Scrutiny Committee had a concern that the programme was over-ambitious.

The Executive thanked the Scrutiny Committees for their comments on this item and recognised the need for each business case to be robust and considered in terms of impact both on the community and the budget. However, tough decisions needed to be made to ensure the Council could continue to deliver its services.

Resolved that

(1) the additional priorities for the Council's Sustainable Community Strategy (SCS) as described at paragraph 3.3 of the report, are approved;

(2) the Fit For the Future (FFF) change programme and corporate projects/ feasibility studies described at paragraphs 3.4 and appendix A to the report, are approved, respectively noting that the change programme will be subject to ongoing review; and

(3) the Service Area Plans (SAP's) at Appendices B to H of the report, be approved with any minor alterations to these delegated to the relevant chief officer in consultation with their Portfolio Holder.

(The Portfolio Holders for this item were Councillors Coker and Mobbs)
(Forward Plan reference 724)

38. **Rural/Urban Capital Improvement Scheme (RUCIS) Application**

The Executive considered a report from Finance that provided details of a Rural/Urban Capital Improvement Scheme grant application by Shrewley Village Hall to refurbish their kitchen that had now come to the end of its life span.

The Council operated a scheme to award Capital Improvement Grants to organisations in rural and urban areas. The grant recommended was in accordance with the Council's agreed scheme and would provide funding to help the project progress.

This project contributed to the Council's Sustainable Community Strategy because without the Village Hall there would be fewer opportunities for the community to enjoy and participate in arts, cultural and physical activities which could potentially result in an increase in anti-social behaviour and disengage and weaken the community. If the kitchen was not refurbished, the facility would eventually need to be closed on Health & Safety grounds which would likely lead to reduced bookings and impact on the financial viability of the hall, detrimental effects may include:

- Potential increase in anti-social behaviour because there would be less opportunity for the community to participate in arts and cultural activities; currently there were regular garden society meetings, social club nights, "live and local" performances and ad-hoc events such as quiz nights, barn dances, flower shows etc which would cease if the hall became unviable;

- Potential increase in obesity, including in children, as there would be less opportunity for the community to be active; currently there were weekly keep fit classes and children's dance classes which would cease if the hall became unviable; and

- Potential disengagement and weakening of the community; the club was managed and run by a wide range of volunteers from across the community and the activities noted above bring people together from across the community which would cease if the hall became unviable

The Council only had a specific capital budget to provide grants of this nature and therefore there were no alternative sources of funding if the Council was to provide funding for Rural/Urban Capital Improvement Schemes.

Members could choose not to approve the grant funding, or to vary the amount awarded.

Councillor Mobbs endorsed the report and the Executive therefore

Resolved that a Rural/Urban Capital Improvement Grant from the rural cost centre budget for Shrewley Village Hall of 50% of the total project costs to refurbish their kitchen that has now come to the end of its life span, as detailed within paragraphs 1.1, 3.2 and 8.1, up to a maximum of £8,154 including VAT as set out at appendix 1 to the report, is approved.

(The Portfolio Holder for this item was Councillor Whiting)

39. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Minute No.	Para Nos.	Reason
42, 43 & 44	1	Information relating to an Individual
42, 43 & 44	2	Information which is likely to reveal the identity of an individual
40, 41 & 44	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

The full minutes for the following items would be set out in the confidential minutes of the meeting.

40. **Review of the Council's non-operational assets – Part B**

The Executive approved the recommendations in the report.

41. **Resolution of Rent Issues – Cadet's HQ Building**

The Executive approved the recommendations in the report.

42. **ICT Services - Establishment Changes**

The Executive approved the recommendations in the report.

43. **Regulatory (Licensing) Team Restructure**

The Executive approved the recommendations in the report.

44. **Minutes**

The confidential minutes of the meetings held on 29 July 2015 were agreed as written and signed by the Chairman as a correct record with the following amendment:

(The meeting ended at 6.56 pm)

	Council 23 September 2015	Agenda Item No. 11
WARWICK DISTRICT COUNCIL		

Title	Statement of Accounts and Annual Governance Statement 2014/15
For further information about this report please contact	Mike Snow Tel 01926 456800 mike.snow@warwickdc.gov.uk Marcus Miskinis Tel 01926 456804 marcus.miskinis@warwickdc.gov.uk
Wards of the District directly affected	None
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	Finance & Audit Scrutiny 10 June 2015 Executive 16 June 2015 Finance & Audit Scrutiny 28 July 2015
Background Papers	Accounts and Audit (England) Regulations 2011 Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (CIPFA) Service Reporting Code of Practice 2014/15 (CIPFA)

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 & Sustainability Impact Assessment Undertaken	N/A

Officer/Councillor Approval

Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	10 Sept 2015	Andrew Jones
Head of Service	10 Sept 2015	Mike Snow
CMT		
Section 151 Officer	10 Sept 2015	Mike Snow
Monitoring Officer	N/A	
Finance	N/A	Finance Report
Portfolio Holder(s)	13 Sept 2015	Councillor Whiting

Consultation & Community Engagement

Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.

The accounts have been made available for public inspection.

Final Decision?	Yes

1. SUMMARY

1.1 The accounts have been closed in respect of the financial year 2014/15 and the outturn duly reported to the Executive in June. The unaudited Statements were presented to the Finance and Audit Scrutiny Committee in July.

1.2 At the time of writing this report the audit was still ongoing. This report deals with the audit issues raised to date. An updated report and the Statement of Accounts 2014/15 will follow during the week 14 – 18 September.

2. RECOMMENDATIONS

2.1 The Council approves the Statement of Accounts 2014/15.

3. REASONS FOR THE RECOMMENDATIONS

3.1 As part of corporate governance, Members have an important role in overseeing the framework of internal control of the Council. There is a statutory requirement to have the Statement of Accounts approved by 30 September.

4. POLICY FRAMEWORK

4.1 **Policy Framework** – The Statement of Accounts for 2014/15 represents a historic account of the financial performance for that year and, therefore, identifies how well, or otherwise, the Budget and Policy frameworks have been complied with.

4.2 **Fit for the Future** – This report has no direct impact on Fit for The Future as it is a historical presentation of the past year's operations.

4.3 **Impact Assessments** - The Council's Statement of Accounts covers the community throughout the District. It is a statement of fact and officers will have considered any impact when finalising the accounts.

5. BUDGETARY FRAMEWORK

5.1 The Statement of Accounts 2014/15 (Appendix A) is a historic account of the financial performance of the year and shows comparison with the budget (where appropriate) for 2014/15 and the results for 2013/14.

5.2 Full details looking at the outturn for the year against the agreed budget was included within the Final Accounts report to the Executive in June.

6. RISKS

6.1 The main risk is that External Audit uphold any objections raised in respect of the accounts.

7. ALTERNATIVE OPTION(S) CONSIDERED

7.1 Not to approve the Statements. However, it should be noted that this would contravene statutory requirements to approve and sign the accounts before 30 September.

8. BACKGROUND

8.1 The accounts have been compiled so as to comply with the appropriate accounting standards and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

8.2 The Accounts and Audit Regulations 2011 require that the responsible financial officer must, no later than 30th June immediately following the end of a year, sign and date the statement of accounts.

8.3 An advertisement was placed in local newspapers and on the Council's website on 19 June informing electors of their rights to inspect the accounts between 13 July and 7 August and to question the auditor about those accounts from 10 August until the conclusion of the Audit.

8.4 The Regulations also require that members approve the audited accounts by no later than 30 September. Consequently, meetings have been set up for 22 and 23 September for the Finance and Audit Scrutiny Committee and Council, respectively, to meet their responsibilities.

8.5 The Audit has not been completed at the time of writing this report although it is expected that the work will be completed by 17 September and, consequently, the Statements will be forwarded once the audit has been finalised.

9. STATEMENT OF ACCOUNTS

9.1 The Statement of Accounts (to follow) has been prepared using principles and practices of accounting which 'presents a true and fair view' of the financial position and transactions of the Council. 'Proper accounting practices' are deemed to be those specified in CIPFA's "Code of Practice on Local Authority Accounting in the United Kingdom 2014/15" ("the Code") which involves interpretations of accounting standards and other pronouncements by the Accounting Standards Board.

9.2 As a consequence of the above, the Statements are required to be shown in a format which more closely follows that used to produce commercial accounts.

9.3 The Statement of Accounts comprises four primary statements plus two supplementary statements that reflect specific activities of a shire district council – the Housing Revenue Account and the Collection Fund.

9.4 The first primary statement is the Movement in Reserves Statement (page 9). This shows the movement in the year on the different reserves held by the Council and analyses them into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves (i.e. 'unusable reserves'). The statement shows the true economic cost of providing the Council's services, the statutory adjustments required for tax and rent setting and the use of any earmarked reserves.

9.5 The second primary statement is the Comprehensive Income and Expenditure Statement (page 10). This is a more detailed analysis of the true economic cost of providing services referred to above. Although it would appear that the Council is operating at a large surplus, this is mainly due to the new accounting regime operating in the wake of HRA Self Financing in 2011/12, whereby the Council is putting aside resources to build more homes and a large reversal in 2014/15 to past impairment revaluations on the HRA stock (£16.1m).

9.6 The Balance Sheet (page 11) is a relatively simple statement with the details now being provided in the notes.

9.7 Similarly, the Cash Flow Statement (page 12) is a more abridged version with the notes providing the details. The IFRS Cash Flow statement includes both cash and cash equivalents i.e. non-cash items that can be quickly liquidated, such as short term investments.

9.8 The accounts have been audited during August and September.

9.9 One significant error has been identified that has required changes throughout the Statements. The Council is required to ensure that its property assets reflect fair value in the Balance Sheet and in order to comply with this requirement a sample of General Fund assets is revalued at 31st March each year and the resultant valuation changes extrapolated over all other similar assets which have not themselves been revalued during the year. Where the valuation change is considered to be material the value in the Balance Sheet of the assets concerned is adjusted. The external auditors looked at the valuations of the car parks included in the 2014/15 review and deemed that the change in valuations was sufficient that the values of those car parks not reviewed should be revalued by a similar increase which amounted to £837,000. At the same time it was decided that a reduction in revaluation gains in respect of HRA properties (£241,000) be adjusted. This change has affected all of the four primary statements and many of the associated notes.

9.10 The valuation of Heritage Assets was received very late, which created a number of problems in terms of ensuring all of the correct entries went through the draft accounts as presented to members in July. As a result, all entries were taken through the revaluation reserve. However, further analysis of the revaluations demonstrates that they mostly relate to donated assets and as such are chargeable to the Capital Adjustment Account via the Comprehensive Income & Expenditure Statement. The impact of this change is £1.003m.

9.11 There was one other significant misstatement identified when compiling the audit working papers that required a change. It is in the Comprehensive Income and Expenditure Statement. The cost of administering the Housing Benefits Scheme is shown within the "Other Housing Services" line. However, part of the Benefits team's work is in respect of administering the Council Tax Reduction Scheme which should be included within the "Central Services to the Public" line. This is usually done through a manual adjustment to the Comprehensive Income & Expenditure Statement. The adjustment is £490,000.

9.12 None of the above changes have affected the General Fund Balance.

WARWICK DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2014/15 and

ANNUAL GOVERNANCE STATEMENT

CONTENTS

FOREWORD BY THE RESPONSIBLE FINANCIAL OFFICER

The Council is facing financial challenges as the Central Government support continues to reduce into the medium term. To date, the Council has managed to contain these reductions whilst continuing to maintain and improve key services. Whilst some income streams have been depressed in recent years, others, for example car parking and planning fees have seen improvements in the last couple of years with the local and national economies improving. Further reductions in Government financial support are forecast for subsequent years, with the Council providing for this in its Medium Term Financial Strategy and actively working to identify and achieve further efficiencies which will not impact on Services. With the continuing financial uncertainty, it is important that the Council maintains adequate reserves.

Despite these challenges, the Council finished the year in a more favourable position than expected, and is able to allocate £0.8m more to reserves and specific budgets than planned for when the budget was set for the year. This reflects the many savings that were made throughout the year and the additional income as referred to earlier. The Council has been in the enviable position of not having to cut services whilst freezing its element of the council tax.

Expenditure on capital projects totalled £10.2m, £8.1m being on Housing schemes, and £2.1m on other projects. Spending on some major projects was deferred until 2015/16. This was mainly due to circumstances beyond the control of the Council, including progress by external bodies or organisations.

At 31 March 2015, the Council held £2.1m in the General Fund Balance, £1.4m in the HRA Balance and £38.7m in earmarked reserves of which £21.7m is in respect of the Housing Revenue Account.

2014/15 was the second year of the Business Retention Scheme, whereby all local authorities get to keep a proportion of the business rates that they collect. This is intended to provide an incentive for councils to grow their business base, create employment, and encourage the local economy. Whilst there have been increases in the business rate base locally throughout 2014/15, this has been undermined by the large number and value of business rates appeals, many of which are still to be determined. Accordingly, it is necessary for a prudent approach to be taken in considering the future levels of retained business rates.

Following "Self Financing" in respect of the Housing Revenue Account (HRA) and the Council having to take on debt of £136.2m in 2012, the Business Plan for the HRA has continued to be monitored. Despite having to manage this substantial debt in respect of the HRA, the Council has also been able to set aside money to be used towards the provision of additional council housing within the District.

Looking forward, there continues to be concern as to how the limited public sector finances will impact upon the Council, notably with the further reductions expected in Government Grant. It is expected that the new Government will provide clarification over the future levels of funding for local authorities in the forthcoming months. As part of its agreed Fit For the Future programme, the Council is developing plans to ensure that its financial position is sustainable despite the income reduction by continuing to seek efficiencies. There are no plans to cut services.

Mike Snow, C.P.F.A.
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Royal Leamington Spa
Warwickshire
CV32 5QW

GUIDE TO THE FINANCIAL STATEMENTS

A brief outline of the purpose of the Council's financial statements is given below:

Page 8 **Statement of Responsibilities**
This statement identifies the responsibilities of the Council and of the Responsible Financial Officer.

Page 9 **Movement in Reserves Statement**
This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Page 10 **Comprehensive Income and Expenditure Statement**
This statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Page 11 **Balance Sheet**
The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the authority.

Page 12 **Cash Flow Statement**
This statement shows the changes in cash and cash equivalents of the authority during the reporting period.

Page 76 **Housing Revenue Account (HRA) Income and Expenditure Statement**
This statement shows in more detail the income and expenditure on HRA services included in the whole authority Comprehensive Income and Expenditure Statement.

Page 77 **Movement on the Housing Revenue Account Statement**
This statement shows the movement in the year on the different reserves held for the Housing Revenue Account, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves.

Page 83 **Major Repairs Reserve**
This statement details the income and expenditure during the year on major repairs and improvements to the Council's housing stock.

Page 84 **Collection Fund**
This statement details the transactions relating to the collection of council tax and national non-domestic rates (NNDR). The Council acts as an agent to collect revenue on behalf of Warwickshire County Council, the Office of the Warwickshire Police and Crime Commissioner and the Government.

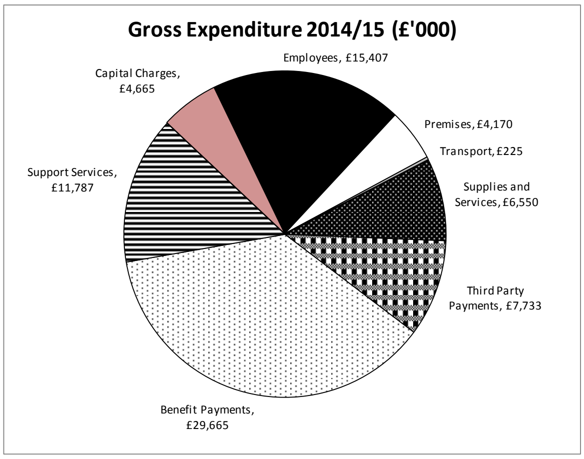
Where appropriate, comparative figures for the previous financial year are given. For specific items detailed notes are provided giving further information.

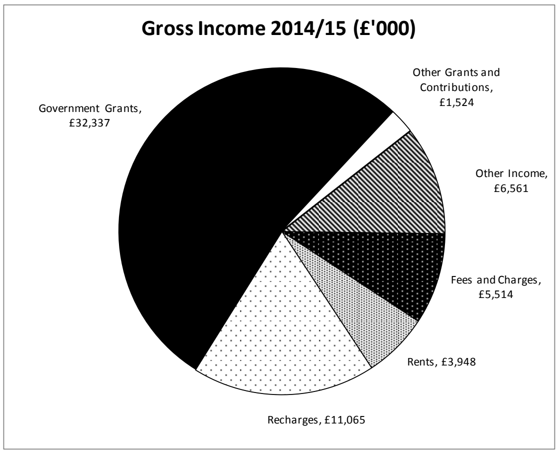
EXPLANATORY FOREWORD

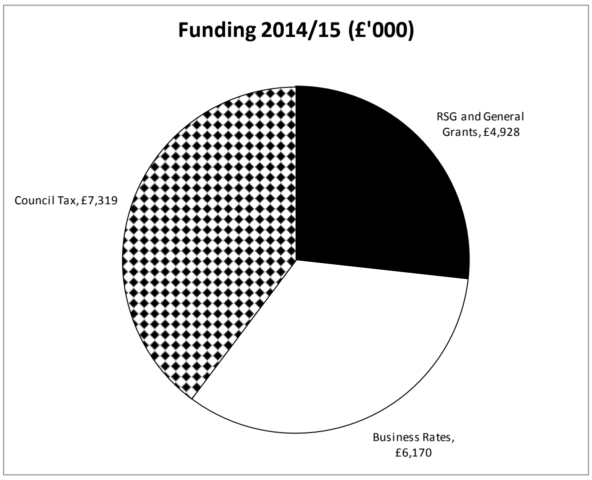
1. General Fund Summary

The General Fund encompasses all of the services the Council provides with the exception of the Housing Revenue Account (Council Housing), which has its own self-contained account. In February 2014 the Council approved a total net expenditure budget for 2014/15 of £16.0m and set a band D council tax for the district of £146.86, which is the same as it has been over the past five years.

Gross expenditure amounted to £80.2m, gross service income generated was £60.9m which resulted in £18.4m net expenditure to be financed from general Government grants, business rates and Council Tax.







The following table shows how the actual net expenditure compared to the original budgets by Portfolio holder:

General Fund Net Service Expenditure	Original £'000	Actual £'000	Variation £'000
Culture Portfolio	3,266	5,042	1,776
Development Portfolio	1,947	2,115	168
Finance Portfolio	2,927	1,844	(1,083)
Health and Community Protection Portfolio	2,419	2,301	(118)
Housing and Property Portfolio	2,047	2,193	146
Neighbourhood Portfolio	5,050	4,296	(754)
Strategic Leadership Portfolio	1,327	1,462	**135**
TOTAL GENERAL FUND NET EXPENDITURE	**18,983**	**19,253**	**270**
Funding Adjustments	(2,939)	(1,295)	**1,644**
NET EXPENDITURE FOR DISTRICT PURPOSES	**16,044**	**17,958**	**1,914**
Less Council Tax, Business Rates, General Revenue Grants and Collection Fund Deficit	(16,044)	(18,559)	(2,515)
(SURPLUS) / DEFICIT FOR YEAR	**-**	**(601)**	**(601)**

The key points regarding financial performance in 2014/15 includes the notional Business Rates Retention estimate which was understated by £2.5m. Accounting rules require that the original income estimate be included in the accounts for the year and any actual surpluses or deficits be dealt with in the following years. This notional increased income has been transferred to an earmarked reserve to offset the actual Collection Fund deficit.

Other major service related items include increased Car Parking income (-£237,000); Reduced costs of Housing Benefit payments, net of subsidy (-£222,000); increased Crematorium income due to a delay until 2015/16 in the temporary closure for improvement works (-£150,000); various contingency budgets (e.g. inflation) not required (-£90,000) offset by an increased bad debts provision in respect of overpaid Housing Benefits (+£95,000).

2. Housing Revenue Account

In February 2014, the Council approved a total net surplus budget on Council Housing for 2014/15 of £39,700.

The following table shows how the actual net surplus compared to the original estimates:

Housing Revenue Account	Original £'000	Actual £'000	Variation £'000
Expenditure	13,192	(1,346)	(14,538)
Income	(26,870)	(27,456)	(586)
Net Cost of HRA Services	**(13,678)**	**(28,802)**	**(15,124)**
Financing and other adjustments	13,638	28,762	15,124
(SURPLUS) / DEFICIT FOR YEAR	**(40)**	**(40)**	**-**

As a result of the valuation exercise carried out by the District Valuer at 01/04/2015 Impairments, totalling £16.1m which had been charged to the HRA in previous financial years were reversed out. This reflects an improvement in house prices within the economy in general during the last financial year.

There is no subsidy from council tax payers to Council Housing. These costs of the service are met entirely from rents (£26.0m) and other income and charges (£1.4m). See pages 76 to 83 for more details.

3. Balance Sheet

The Balance Sheet reflects the current value of the Council's Property, Plant and Equipment which together with its Heritage and Investment Properties totals £349m. The Council is no longer debt-free following the advent of the Housing self-financing regime which saw the Council take on £136.2m of debt to buy itself out of the Housing Subsidy regime.

During 2014/15 net current assets increased by £11.7m from £37.7m to £49.4m. The main items being increases in cash and equivalents (+£4.6m), short term investments (+£5.1m) less decreases in short term creditors (+£2.9m), provisions (-£0.5m) and Assets Held for Sale (-£0.4m).

A total of £38.7m is held in earmarked reserves. Of this total, £21.6m is held for housing improvement, £4.7m is for future other capital investment and the remaining £12.4m is for specific revenue items. A full list of these reserves can be found in Note 7 to the Accounts.

4. Collection Fund

The Collection Fund represents all the transactions on the collection and distribution of monies in respect of Council Tax and Business Rates.

During 2014/15 £77.3m (£74.6m in 2013/14) of Council Tax was received. The precepts and demands on the Collection Fund were: Warwickshire County Council (£58.7m), Warwick District Council (£8.5m of which £1.2m relates to Town and Parish Council precepts) and the Office of the Warwickshire Police and Crime Commissioner (£9.2m). A deficit of £693,000 for the year reduced the opening surplus balance of £1,194,000 on the Fund to a closing surplus balance of £501,000. This surplus will be redistributed to the preceptors in proportion to their demands on the Fund in future years.

Each year the Government sets a national uniform business rate (48.2p for 2014/15) which, when multiplied by each non-domestic property's rateable value, determines the business rate levy for the year. £66.4m of Business Rates was collected during 2014/15 (£67.4m in 2013/14). This income is distributed between the Council (40%), Central Government (50%) and Warwickshire County Council (10%).

Details of the transactions on the Collection Fund can be found on pages 84 to 88.

5. Capital Expenditure

Capital investment of £10.2m took place during the year. The main items of expenditure are:

- Council Housing Improvement / Renewal Works	£4.2 million
- New Build Housing	£2.9 million
- Cemetery & Crematorium Improvements	£0.6 million
- New Build Housing and Registered Providers	£0.5 million
- Leisure and Culture Facilities	£0.4 million
- Flood Alleviation Schemes	£0.4 million
- Private Sector Renewal and Disabled Facilities Grants	£0.4 million

Net capital expenditure was financed from the Council's internal resources - usable capital receipts (£1.3m), reserves (£6.5m) and revenue (£0.2m) – and Government Grants and other contributions (£2.2m).

During the year the Council sold 27 council houses under the "Right to Buy" legislation.

6. Treasury Management

The Council's Treasury Management Policy Statement and Treasury Management Practices detail how the Council will manage its activities in relation to borrowing and investment. A copy of the statement and practices may be obtained from The Head of Finance, Warwick District Council, P.O. Box 2180, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5QW.

Following the need to borrow £136m to buy itself out of the Housing Subsidy regime, the Council lost its debt free status at the end of 2011/12, a status it had held after previously repaying its remaining external long term debt in 2003/04. The loans were all taken from the Public Works Loans Board and were for varying maturities of between 41 and 50 years in line with the Self Financing Business Plan requirements.

7. Pension Costs

Pension costs are included in the accounts to meet the requirements of IAS 19 which requires an authority to see beyond its commitment to pay contributions to the pension fund and to determine the full longer-term effect that the award of retirement benefits in any year has had on the authority's financial position. A net pension asset indicates that an authority has effectively overpaid contributions relative to the future benefits earned to date by its employees. A net liability shows an effective underpayment.

As at 31 March 2015 this Council's pension fund liability is £45.4m. This policy reflects our commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund. Over the period 2006/07 to 2014/15 the Council's contribution rate has increased. From 2014/15 the pension fund's actuary requires contributions to be split between current pension costs (a smaller percentage rate on current salaries) plus a lump sum adjustment for past service costs to ensure that the pension fund liability can be met in full.

Further details of Pension transactions can be found in Note 36 in the Notes to the Accounts.

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Statement of Accounts approved at the Council meeting on 23 September 2015

Chair of the Council Meeting
Councillor Michael Doody

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the C.I.P.F.A. / L.A.S.A.A.C. Code of Practice on Local Authority Accounting in the United Kingdom (the Code):

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code.

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify, that to the best of my knowledge and belief, the Statement of Accounts presents a true and fair view of the financial position of Warwick District Council at 31 March 2015 and its income and expenditure in the year ended 31 March 2015.

17 September 2015

Mike Snow C.P.F.A.
Chief Financial Officer
Warwick District Council
P.O. Box 2180
Riverside House
Milverton Hill
Royal Leamington Spa
Warwickshire
CV32 5QW

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (Deficit) on the provision of Services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The 'Net Increase / (Decrease) before transfers to Earmarked Reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2013	**1,535**	**12,452**	**1,283**	**13,001**	**4,457**	**-**	**1,038**	**33,766**	**140,550**	**174,316**
Movement in reserves during 2013/14										
Surplus or (Deficit) on provision of services (accounting basis)	(2,822)	-	27,131	-	-	-	-	24,309	-	24,309
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	-	-	3,883	3,883
Total Comprehensive Income and Expenditure	**(2,822)**	**-**	**27,131**	**-**	**-**	**-**	**-**	**24,309**	**3,883**	**28,192**
Adjustments between accounting basis and funding basis under regulations (Note 6)	4,815	-	(22,301)	-	1,194	764	824	(14,704)	14,704	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	**1,993**	**-**	**4,830**	**-**	**1,194**	**764**	**824**	**9,605**	**18,587**	**28,192**
Transfers to / (from) Earmarked Reserves (Note 7)	(2,026)	2,026	(4,790)	4,790	-	-	-	-	-	-
Increase / (Decrease) in 2013/14	**(33)**	**2,026**	**40**	**4,790**	**1,194**	**764**	**824**	**9,605**	**18,587**	**28,192**
Balance at 31 March 2014 carried forward	**1,502**	**14,478**	**1,323**	**17,791**	**5,651**	**764**	**1,862**	**43,371**	**159,137**	**202,508**
Movement in reserves during 2014/15										
Surplus or (Deficit) on provision of services (accounting basis)	(4,752)	-	22,946	-	-	-	-	18,194	-	18,194
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	-	-	(6,079)	(6,079)
Total Comprehensive Income and Expenditure	**(4,752)**	**-**	**22,946**	**-**	**-**	**-**	**-**	**18,194**	**(6,079)**	**12,115**
Adjustments between accounting basis and funding basis under regulations (Note 6)	7,862	-	(19,047)	-	(67)	1,835	(795)	(10,212)	10,212	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	**3,110**	**-**	**3,899**	**-**	**(67)**	**1,835**	**(795)**	**7,982**	**4,133**	**12,115**
Transfers to / (from) Earmarked Reserves (Note 7)	(2,508)	2,508	(3,869)	3,869	-	-	-	-	-	-
Increase / (Decrease) in Year	**602**	**2,508**	**30**	**3,869**	**(67)**	**1,835**	**(795)**	**7,982**	**4,133**	**12,115**
Balance at 31 March 2015 carried forward	**2,104**	**16,986**	**1,353**	**21,660**	**5,584**	**2,599**	**1,067**	**51,353**	**163,270**	**214,623**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Gross Expenditure 2013/14 £000	Gross Income 2013/14 £000	Net Expenditure 2013/14 £000		Notes	Gross Expenditure 2014/15 £000	Gross Income 2014/15 £000	Net Expenditure 2014/15 £000
2,470	(1,347)	1,123	Central Services to the Public		2,655	(1,297)	**1,358**
9,525	(3,644)	5,881	Cultural and Related Services		11,164	(3,728)	**7,436**
7,747	(2,565)	5,182	Environmental and Regulatory Services		7,700	(2,583)	**5,117**
4,821	(2,005)	2,816	Planning Services		5,011	(1,997)	**3,014**
2,461	(2,994)	(533)	Highways and Transport Services		2,542	(3,137)	**(595)**
12,848	(26,770)	(13,922)	Local Authority Housing (HRA)		14,743	(27,533)	**(12,790)**
(16,500)	-	(16,500)	Local Authority Housing (HRA) - Impairment charges / reversals		(16,110)	-	**(16,110)**
34,009	(32,307)	1,702	Other Housing Services		32,870	(31,663)	**1,207**
1,667	(7)	1,660	Corporate and Democratic Core		1,761	(17)	**1,744**
520	-	520	Non-Distributed Costs		207	-	**207**
59,568	**(71,639)**	**(12,071)**	**Cost of Services - continuing operations**		**62,543**	**(71,955)**	**(9,412)**
1,904	(1,581)	323	Other Operating Income and Expenditure	8	3,345	-	**3,345**
7,990	(951)	7,039	Financing and Investment Income and Expenditure	9	7,113	(995)	**6,118**
-	(19,600)	(19,600)	Taxation and Non-Specific Grant Income and Expenditure	10	-	(18,245)	**(18,245)**
		(24,309)	**(Surplus) or Deficit on Provision of Services**				**(18,194)**
			Other Comprehensive Income and Expenditure:				
		(514)	(Surplus) or Deficit on revaluation of Property, Plant and Equipment assets	22			**(3,697)**
		(11)	Surplus or deficit on revaluation of available for sale financial assets	22			**(65)**
		(3,358)	Remeasurement of the net defined benefit liability / (asset)	22			**9,841**
		(3,883)	**Other Comprehensive Income and Expenditure**				**6,079**
		(28,192)	**Total Comprehensive Income and Expenditure**				**(12,115)**

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'. These financial statements replace the unaudited financial statements certified by the Chief Financial Officer on 30 June 2015.

31 March 2014 £000		Notes	31 March 2015 £000
	Operational Assets:		
311,147	Property, Plant and Equipment	11	331,258
8,981	Heritage Assets	12	7,919
9,535	Investment Properties	13	8,942
58	Intangible Assets	14	49
7,026	Long Term Investments	15	1
311	Long Term Debtors	15	867
337,058	**LONG TERM ASSETS**		**349,036**
27,104	Short Term Investments	15	32,226
748	Assets Held for Sale	16	363
44	Inventories		39
3,401	Short Term Debtors	17	3,394
18,686	Cash and Cash Equivalents	18	23,314
49,983	**CURRENT ASSETS**		**59,336**
(10,364)	Short Term Creditors	19	(7,488)
(1,964)	Provision Liabilities payable in less than 1 year	20	(2,473)
(12,328)	**CURRENT LIABILITIES**		**(9,961)**
(1,354)	Provision Liabilities payable in more than 1 year	20	(1,729)
(136,209)	Long Term Borrowing	15	(136,209)
(76)	Other Long Term Liabilities	15	(45)
(915)	Capital External Grants/Contributions in Advance	31	(374)
(33,651)	Net Pensions Liability	36	(45,431)
(172,205)	**LONG TERM LIABILITIES**		**(183,788)**
202,508	**NET ASSETS**		**214,623**
43,371	Usable Reserves	21	**51,353**
159,137	Unusable Reserves	22	**163,270**
202,508	**TOTAL RESERVES**		**214,623**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2013/14 £000		Notes	2014/15 £000
(24,309)	Net (Surplus) or deficit on the provision of services		(18,194)
1,226	Adjust net (surplus) or deficit on the provision of services for noncash movements	23	4,794
6,184	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	23	3,243
(16,899)	**Net cash flows from Operating Activities**		**(10,157)**
11,465	Investing Activities	24	5,005
(214)	Financing Activities	25	524
(5,648)	**Net (increase) or decrease in cash and cash equivalents**		**(4,628)**
(13,038)	Cash and cash equivalents at the beginning of the reporting period		(18,686)
(18,686)	**Cash and cash equivalents at the end of the reporting period**		**(23,314)**

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a. General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

b. Accruals of Income and Expenditure

Revenue and capital transactions are accounted for on an accruals basis. This means that all income is recorded when the debt has been established rather that when the money has been received. Similarly, expenditure is recorded when it is owed rather than when the payment is made.

Money owed to the Council at 31 March is included as Debtors. Money owed by the Council at 31 March is included as Creditors.

c. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, on demand deposits and short-term investments which are readily convertible to cash.

d. Prior Period Adjustments and Changes in Accounting Policies

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the period as if the new policy had always been applied.

e. Charges to Revenue for Non-current Assets

Services and support services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance minimum revenue provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

f. Employee Benefits

Benefits Payable During Employment

The accounts reflect an accrual for accumulating short-term absences, that is annual leave and flexi-time carry forward at 31 March. The charge is made to service accounts in the Comprehensive Income and Expenditure Statement and a short-term creditor created on the Balance Sheet.

The impact of this on the Comprehensive Income and Expenditure Statement is reversed out of the service expenditure to the Accumulated Absences Adjustment Account in the Unusable Reserves on the Balance Sheet.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Council are eligible to join the Local Government Pension Scheme, administered by Warwickshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme – the liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis and the assets of the fund attributable to the Council are included in the Balance Sheet at their fair value.

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment and funding benefits in accordance with statutory provisions. The balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding is available by the time the benefits come to be paid.

The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements, however, require benefits earned to be financed as the Council makes employer's contributions to the Pension Fund or pays any pension for which it is directly responsible.

The Council has agreed a strategy with the Pension Fund's Actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. The last valuation took place on 31 March 2013, with new arrangements effective from 1 April 2014. The next triennial valuation is due to be completed on 31 March 2016.

The Pension Fund has changed from a final salary scheme to an average salary scheme with effect from 1 April 2014 in line with the Public Pensions Services Act 2013.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

g. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

h. Financial Instruments

Financial instruments are contracts that give rise to a financial asset or financial liability and these are represented by loans and receivables, long-term debtors and creditors, and are carried in the Balance Sheet at amortised cost.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the loss over the term that was remaining on the loan against which the premium was payable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The Council took out £136.157m in PWLB fixed interest rate long term loans with varying maturities of between 41 and 50 years on the 28th March 2012 in order to fulfil its obligations under the new HRA self-financing regime. Although PWLB long term loans are carried in the balance sheet at amortised cost, the Council is required to disclose the fair value of these loans. This requires a calculation of the net present value of the cash flows that are scheduled to take place over the remaining life of each loan. The fair value of these loans will be different to the amortised cost if prevailing interest rates differ from those applicable to the loans when taken out. The fair value of these PWLB loans at 31st March is £186,540,133 as the interest rates on 31st March were lower than those in force when the loans were taken out.

Loans and receivables are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in 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. For the loans that the Council has 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.

Any loans made by the Council at less than market rates are called “soft loans”. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the recipient, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of the amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. It has been determined that the few “soft” loans that the Council has e.g. car loans to employees or loans to private householders for disabled adaptations require no adjustment to the accounts as they are de-minimis.

i. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. There are no such gains or losses at 31st March 2015.

j. Government Grants and Contributions

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised in the Comprehensive Income and Expenditure Statement as income, except where the grantor contribution has conditions that have not been satisfied. General Grants and contributions (e.g. the Revenue Support Grant) are included in the Comprehensive Income and Expenditure Statement as Non-ring-fenced government grants. Specific grants and contributions are included as income for the relevant service area.

Where a grant or contribution has conditions outstanding 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 credited to the Comprehensive Income and Expenditure Statement as capital grants and contributions are reversed out of the General Fund Balance in the Movement in Reserves Statement. Unapplied grant is posted to the Capital Grants Unapplied Reserve; applied grant is posted to the Capital Adjustment Account.

k. Heritage Assets

All the Council's heritage assets are held due to their cultural, environmental or historical associations making their preservation for future generations important. The majority of these assets are held at the Art Gallery and Museum within the Royal Pump Room, Royal Leamington Spa. The Council also holds a number of other assets including art works and ceramics.

Where the Council has information on the cost or value of heritage assets, these assets are recognised on the Balance Sheet.

Except for those items of low value where an internally agreed nominal value of £50 is applied, Heritage Assets are recognised and measured at valuations made by an external valuer. The last such valuation having been carried out in September 2014 by Tim Ritchie and Associates Ltd.

l. Intangible Assets

Intangible Assets refers to expenditure above the capital de-minimis limit of £20,000 on non-monetary assets that do not have physical substance but are controlled by the Council, e.g. software licences.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. Where a finite life can be identified, the depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. If no finite life can be identified, the asset is held on the balance sheet at its original value but is subject to an annual impairment review. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. The Intangible Assets with no finite lives within the Balance Sheet have been tested for impairment and no losses revealed.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves

Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

m. Inventories and long-term contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

n. Investment Property

Investment properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but, using the latest rental values applicable to each property, are revalued regularly in accordance with the Council's revaluation policies and are tested annually for impairments in value Revaluation gains and losses are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental income received is credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

o. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant and equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

p. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. The Council has two arrangements of this nature as a depot has been leased by a contractor specifically to carry out repairs contracts relating to the Council's housing stock and in another instance a contractor employs a number of vans specifically on a WDC heating contract. These "embedded leases" haves been assessed as operating leases and accounted for accordingly.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services using the leased asset. Charges are made on a straight-line basis over the life of the lease.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the start of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property– applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement of Reserves Statement.

It has been determined that all leases where the Council is the lessor are operating leases and are accounted for as described in the following paragraph.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease. Where identifiable, initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

q. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Accounting Code of Practice 2014/15* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council’s status as a multi-functional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

r. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE).

Recognition

In 2014/15 the Council had a de-minimis limit of £20,000 in relation to capital expenditure on land and buildings and a de-minimis limit of £5,000 on plant or equipment. Expenditure above these limits on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure below the de-minimis limit or that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as it is incurred.

Measurement

Assets are initially measured at cost, comprising

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.
Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Operational assets have been valued on the basis of either open market value for existing use, depreciated replacement cost or in the case of equipment, vehicles and plant, historical cost. Any additions or enhancements during 2014/15 which have not been the subject of a valuation are included at historical cost.
- Non-operational assets, including investment property, have been valued at open market value. The accrued cost of work in progress for capital schemes is also included with non-operational assets. The adoption of FRS 30 "Heritage Assets" gave the Council the option to either continue to carry its Community Assets at historic cost or to have them valued on the same basis as Heritage Assets. The Council continues to record its Community Assets (e.g. land and buildings purchased for the benefit of the community and with little or no prospect of ever being disposed of) and for the time being Infrastructure Assets (e.g. Flood Alleviation Works) at historical cost.
- General Fund property values in the Balance Sheet are based on 31st March 2009, 1st April 2009, 1 April 2010, 31st March 2011, 1st April 2011, 31st March 2012, 1st April 2012, 31st March 2013, 1st April 2013, 1st April 2014, 31st March 2015 04 1st April 2015 valuations with the exception of properties acquired during 2014/15

which have been valued as at the date of acquisition or the date on which they became operational. In addition, an exercise was carried out using a representative sample of General Fund assets to ascertain whether the Balance Sheet value at 31 March 2015 of assets not revalued during 2014/15 still represented Fair Value. This exercise revealed that certain of the Council's Car Parks when compared to the Car Parks included in the representative sample were undervalued by £0.837m and the Balance Sheet has been updated accordingly. The £0.837m was calculated by extrapolating the percentage change in valuations pertaining to these Car Parks in the sample over similar Car Parks not in the sample both physically and geographically. Where appropriate, the values have been updated, for capital expenditure, sales, impairments and depreciation in 2014/15 to provide the value at 31st March 2015 as shown in the Balance Sheet. The valuations were carried out by the District Valuer, a part of the Valuation Office Agency. For Housing Revenue Account properties (excluding some land which is valued at 1st April 2010) the valuation is based upon the valuation at 1st April 2015 provided by the District Valuer.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Also gains may be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement. During 2014/15, such charges were debited to the Comprehensive Income and Expenditure in respect of various properties notably Victoria Park Bowls Pavilion (£0.260m), Riverside House (£0.53m) and Heritage Assets (£1.003m).

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

The Council's housing stock is valued annually on an Existing Use – Social Housing (EUV-SH) basis which is defined as the value that a property, if sold, would sell for assuming that it continued to be used for social housing purposes. It is derived from the open market value discounted down by a regional adjustment factor, defined by DCLG, which for the West Midlands is 34% i.e. the EUV-SH value is 34% of the open market value. The adjustment factor reflects the fact that sitting tenants enjoy rents lower than open market rents and tenants' rights including Right to Buy. However, such revaluation changes are not to impact on the "bottom line" of the HRA and have been reversed out and debited to the Capital Adjustments Account.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets and on Heritage Assets, where appropriate, by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

Asset Type	Depreciation Method	Period of Years
General Fund Buildings	Straight Line	4 to 60 years
Infrastructure	Straight Line	40 years
Community Assets	Straight Line	Up to 100 years
Heritage Assets – Buildings	Straight Line	Up to 90 years
Surplus Assets	Straight Line	3 to 23 years
Vehicles, Plant, Furniture and Equipment	Straight Line	3 to 21 years
Council Houses	Straight Line	Up to 90 years
HRA Shops, Community Centres etc.	Straight Line	27 to 60 years
HRA Garages	Straight Line	5 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

For this Council the de minimis threshold will be a Current Net Book Value of £500,000 or greater. Individual items of Property, Plant and Equipment below this level will not be assessed for componentisation on the grounds that the difference in depreciation will be limited.
The Council is required to assess its assets for components when either the asset is first acquired or when it has capital expenditure incurred upon it or when the asset has been revalued.

The Council revalues its General Fund assets on a one-fifth annual rolling basis and as each fifth comes up for valuation each asset within that tranche where the Current Net Book Value is £500,000 or greater will be assessed for component depreciation and if there is a material increase in depreciation when compared with depreciation charged on the whole asset then that asset will be accounted for and depreciated based on its separate components.

With regard to assets within the Housing Revenue Account, guidance from DCLG has been received indicating that for the first five years of the Self Financing regime, depreciation on Council Housing stock should continue on the existing basis i.e. the use of the Major Repairs Allowance allocation for the year where that is a reasonable proxy for depreciation. For the rest of the assets in the Housing Revenue Account e.g. shops, garages, offices etc. each asset should have its components separately depreciated but only where there is likely to be a significant change to the depreciation levied on the whole asset. The relevant assets have been reviewed and given that the amount of depreciation charged against each whole asset is relatively insignificant, the conclusion has been reached that there would be no significant difference in overall depreciation if each individual component were to be separately depreciated.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value i.e. market value, less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. In respect of the HRA, those council houses in the process of being sold at 31st March 2015 have been transferred to the HRA Assets Held For sale account.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of the £10,000 capital receipts de-minimis limit are categorised as capital receipts. Under the Self Financing regime receipts relating to housing disposals are shared between the Council and Government. The Council is allowed to reduce the initial receipt by its transaction costs, a contribution towards the debt attributable to the property sold, an element which can be used to finance capital expenditure for any purpose including the repayment of debt and finally by an element which has to be reserved for Housing new build only. The subsequent balance is then paid over to the Government. The Council’s share of the receipt is required to be credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. Usable Capital Receipts at 31 March 2015 amounted to £5,584,300. Interest on usable capital receipts held during the year is credited to the General Fund with a share going to the Housing Revenue Account in respect of receipts reserved for new build only.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

s. Provisions and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income in the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

t. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The relevant amount from the reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

u. Revenue Expenditure Funded From Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset, e.g. Environmental Health Improvement Grants, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

v. Value Added Tax

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.

w. Investments

Investments are recorded at original cost including broker's commission and other attributable expenses, with the exception of an investment in 2½% Consolidated Stock which is stated at market value as at 1st April 1974 and 6 Certificate of Deposit investments which are valued on a mid-price basis at 31st March 2015.

x. Interest Charges

Interest is credited to the Housing Revenue Account in respect of its revenue, capital and reserve balances during the year. This is calculated using the actual external investment rate. All remaining interest income is credited to the General Fund Revenue Account.

z. Agency Income and Expenditure

Expenditure and income relating to agency services is not included in the Comprehensive Income and Expenditure Statement since it is not incurred as part of the Council's normal responsibilities. Information in respect of agency work is disclosed as a note to the accounts.

The collection of council tax and Business Rates is treated as agency work in respect of the amounts collected for the major preceptors and the government. All balances of arrears, prepayments and bad debt provisions are apportioned out and only the Council's share is included in the Balance Sheet.

2. Accounting Standards that have been Issued but have not yet been adopted

For 2014/15 the following accounting policy changes that need to be reported relate to:

IFRS13 Fair Value Measurement: This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.

IFRIC21 Levies: This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.

Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally proving clarification and will not have a material impact on the Statement of Accounts.

The 2016/17 Accounting Code of Practice will require a change in accounting policy in that the basis on which Infrastructure Assets are measured will change from historic cost to depreciated replacement cost (DRC). The Council's infrastructure assets comprise mainly flood alleviation works, cycleways and rural street lighting but work will be needed during 2015/16 to identify any additional assets not currently recognised in the balance sheet due to their having no historic cost. It will be necessary for all infrastructure assets to be valued on a DRC basis during 2015/16. Infrastructure Assets within the 2015/16 statement of accounts will be based on the current i.e. historic cost basis but it will then be necessary for the 1st April 2015 balance sheet and ultimately the 2015/16 statement of accounts to be restated to take account of this change and any material impact between historic cost derived depreciation and DRC based depreciation. The 2015/16 accounts will then form the comparator year for the 2016/17 accounts.

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has 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, the Council has determined that this uncertainty is not yet sufficient to provide an indication that assets of the Council might be impaired as a result of the need to close facilities and reduce levels of service provision.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council 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 the Council's 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 that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on capital enhancements and repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £342k for every year that the useful lives had to be reduced.
Provisions	The Council has made provisions for insurance cover in respect of outstanding claims from the public and HRA tenants. The extent of the provisions relates to the excess on existing claims as at 31 March 2015 where such excesses have been negotiated when agreeing premiums. A provision has also been established to cover the possible refund of personal search fees in respect of local land charges. Following the introduction of the retention of business rates scheme new provisions have been created to provide for the potential successful appeals against rateable values.	An increase over the forthcoming year of 10% in settlements would have the effect of adding £247,300 to the provisions needed.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the 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 Council with expert advice about the assumptions to be applied.	The Pensions actuary will set the employer's pension contribution rates to ensure that pension liabilities are met.
Arrears	At 31 March 2015, the Council had a balance of arrears of Housing Rents, Council Tax and other sundry debtors for	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an

	£3.96m. A review of the above suggested that an impairment of doubtful debts of 54.3% (£2.15m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	additional £2.15m to be set aside as an allowance.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price supported by a professional valuation.

5. Events After the Reporting Period

The Statement of Accounts was authorised for issue by the Head of Finance on 30 June 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund Balance is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. However, the balance is not available to be applied to funding Housing Revenue Account services.

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain a Major Repairs Reserve. Each year an amount equivalent to the depreciation charge on HRA assets is transferred into this reserve along with an adjustment to make the overall transfer for dwellings equal to the Major Repairs Allowance set out in the Self Financing determination. This reserve can be used to fund capital expenditure to help maintain or improve HRA assets, or repay HRA debt. Any balance on this account shows the amount not applied by year end that is available for future years.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

NOTES TO THE ACCOUNTS

2014/15	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(3,802)	(2,952)		-		6,754
Revaluation gains on Property Plant and Equipment	216	16,110				(16,326)
Movements in the market value of Investment Properties	(465)	-				465
Amortisation of intangible assets	(9)	-				9
Capital grants and contributions applied	1,422	-				(1,422)
Movement in revaluation and new Donated Assets	9					(9)
Revenue expenditure funded from capital under statute	(1,038)	(81)				1,119
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(564)	(3,090)				3,654
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Capital expenditure charged against General Fund and HRA balances	2,036	1,256				(3,292)
Adjustment primarily involving the Capital Grants Unapplied Account:						
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	26	-			(28)	2
Application of grants to capital financing transferred to the Capital Adjustment Account	(823)	-			823	-

2014/15	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(150)	1,954	(2,104)			300
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	1,315			(1,315)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(856)	-	856			
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	564	-				(564)
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	6,023		(6,023)		
Use of the Major Repairs Reserve to finance new capital expenditure	-	-		4,188		(4,188)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-				-
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	(3,675)	(324)				3,999
Employer's pensions contributions and direct payments to pensioners payable in the year	1,910	150				(2,060)

NOTES TO THE ACCOUNTS

2014/15	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Collection Fund Adjustment Account:						
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	(2,660)	-				2,660
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3)	1				2
Total Adjustments	**(7,862)**	**19,047**	**67**	**(1,835)**	**795**	**(10,212)**

NOTES TO THE ACCOUNTS

2013/14	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(2,413)	(2,147)		(444)		5,004
Revaluation losses on Property Plant and Equipment	-	17,114				(17,114)
Movements in the market value of Investment Properties	(1,319)	-				1,319
Amortisation of intangible assets	(41)	-				41
Capital grants and contributions applied	1,915	-				(1,915)
Movement in revaluation and new Donated Assets	173					(173)
Revenue expenditure funded from capital under statute	(1,117)	(56)				1,173
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(450)	(1,543)				1,993
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Capital expenditure charged against General Fund and HRA balances	982	484				(1,466)
Adjustment primarily involving the Capital Grants Unapplied Account:						
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	873	-			(873)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(41)	-			49	(8)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	456	3,119	(3,575)			-
Use of the Capital Receipts Reserve to finance new capital expenditure		-	1,599			(1,599)

NOTES TO THE ACCOUNTS

2013/14	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(782)	-	782			
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	5,495		(5,495)		
Use of the Major Repairs Reserve to finance new capital expenditure	-	-		5,175		(5,175)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	12				(12)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	(3,836)	(391)				4,227
Employer's pensions contributions and direct payments to pensioners payable in the year	1,807	201				(2,008)
Adjustments primarily involving the Collection Fund Adjustment Account:						
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	(998)	-				998
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(24)	13				11
Total Adjustments	**(4,815)**	**22,301**	**(1,194)**	**(764)**	**(824)**	**(14,704)**

NOTES TO THE ACCOUNTS

7. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2014/15.

	Balance at 1 April 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance at 31 March 2014 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance at 31 March 2015 £000
General Fund:							
Art Fund Reserve	53	-	5	58	-	6	64
Art Gallery Gift Reserve	57	-	-	57	-	-	57
Biodiversity Off Setting Reserve	-	-	2	2	(2)	-	-
Building Control Reserve	253	-	21	274	(25)	44	293
Business Rate Retention Volatility Res	-	-	842	842	(823)	3,383	3,402
Capital Investment Reserve	3,790	(340)	847	4,297	(1,251)	505	3,551
Car Parks Repairs & Maintenance Reserve	176	(2)	41	215	(18)	22	219
Community Forums Reserve	-	-	160	160	(24)	-	136
Corporate Assets Reserve	300	-	261	561	-	777	1,338
Earmarked Balances Reserve	529	(529)	488	488	(488)	639	639
Election Expenses	35	-	30	65	-	30	95
Energy Management	112	(19)	-	93	-	5	98
Enterprise Projects Reserve	-	-	-	-	-	21	21
Equipment Renewals Reserve	1,350	(118)	200	1,432	(976)	-	456
G M Commuted Sums	357	(54)	30	333	(51)	-	282
GF Early Retirements Reserve	16	(6)	200	210	(125)	-	85
Gym Equipment Replacement Reserve	93	-	30	123	(59)	30	94
ICT Replacement Reserve	-	-	-	-	(92)	1,121	1,029
Insurance Reserve	368	(46)	-	322	-	-	322
Local Plan Delivery Reserve	-	-	250	250	(13)	-	237
Planning Appeal Reserve	573	(368)	300	505	(321)	330	514
Public Amenity Reserve	394	(14)	298	678	(140)	300	838
Public Open Space Planning Gain Reserve	69	(23)	149	195	(4)	159	350
Rent Bond Scheme Reserve	22	-	-	22	-	-	22
Revenue Grants / Contributions Received in Advance	940	(118)	24	846	(174)	180	852
Right to Bid Reserve	5	-	7	12	-	8	20
Right to Challenge Reserve	8	-	9	17	-	9	26
Services Transformation Reserve	2,757	(1,124)	683	2,316	(414)	-	1,902
St Marys Lands/Forbes Estate Community	104	(60)	-	44	(44)	-	-
Tourism Reserve	91	(30)	-	61	(17)	-	44
TOTAL GENERAL FUND	**12,452**	**(2,851)**	**4,877**	**14,478**	**(5,061)**	**7,569**	**16,986**
HRA:							
HRA Capital Investment Reserve	12,913	(331)	5,149	17,731	(1,131)	4,941	21,541
HRA Early Retirements Reserve	78	(108)	80	50	(258)	317	109
HRA Rev Grants/Contribs In Advance Res	10	-	-	10	-	-	10
TOTAL HRA	**13,001**	**(439)**	**5,229**	**17,791**	**(1,389)**	**5,258**	**21,660**
TOTAL EARMARKED RESERVES	**25,453**	**(3,290)**	**10,106**	**32,269**	**(6,450)**	**12,827**	**38,646**

The purpose of the significant earmarked reserves are:

Capital Investment Reserve: Used to provide finance for the Council's General Fund capital programme not met by other resources e.g. borrowing, capital receipts, revenue contributions, external contributions and other reserves.

ICT Replacement Reserve : Used to finance a rolling programme of ICT equipment and software replacement and renewal.

Equipment Renewals Reserve: Used to finance a rolling programme of equipment and property replacement and renewal.

Services Transformation Reserve: Used to finance service improvements and to enable services to continue to be provided pending delivery of required savings and to finance "Fit For the Future" schemes so as to help the Council secure savings needed in its medium term financial strategy.

HRA Capital Investment Reserve: Used to finance significant council housing projects, including building or acquiring new council homes.

8. Other Operating Income and Expenditure

Gross Expenditure 2013/14 £000	Gross Income 2013/14 £000	Net Expenditure 2013/14 £000		Gross Expenditure 2014/15 £000	Gross Income 2014/15 £000	Net Expenditure 2014/15 £000
1,122	-	**1,122**	Parish Council Precepts	1,208	-	**1,208**
782	-	**782**	Payments to Govt. Housing Capital Receipts Pool	854	-	**854**
-	(1,581)	**(1,581)**	Gain or loss on the disposal of non-current assets	1,283	-	**1,283**
1,904	**(1,581)**	**323**	**Total**	**3,345**	**-**	**3,345**

9. Financing and Investment Income and Expenditure

Gross Expenditure 2013/14 £000	Gross Income 2013/14 £000	Net Expenditure 2013/14 £000		Gross Expenditure 2014/15 £000	Gross Income 2014/15 £000	Net Expenditure 2014/15 £000
4,774	-	**4,774**	Interest Payable and similar charges	4,773	-	**4,773**
1,579	-	**1,579**	Net Interest on the net defined benefit liability	1,456	-	**1,456**
-	(381)	**(381)**	Interest receivable and similar income	-	(439)	**(439)**
1,637	(570)	**1,067**	Income and expenditure in relation to investment properties and changes in their fair value	884	(556)	**328**
7,990	**(951)**	**7,039**	**Total**	**7,113**	**(995)**	**6,118**

10. Taxation and Non Specific Grant Income and Expenditure

Gross Income 2013/14 £000		Gross Income 2014/15 £000
(8,362)	Council Tax income	(8,589)
(2,336)	Non-domestic rates income and expenditure	(2,833)
(6,293)	Non-ringfenced Government Grants	(5,684)
(2,609)	Capital Grants and Contributions	(1,139)
(19,600)	**Total**	**(18,245)**

NOTES TO THE ACCOUNTS

11. Property, Plant and Equipment

Movements on Balances

Movements in 2014/15

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant and Equipment £000
Cost or valuation								
At 1 April 2014	245,791	54,715	7,300	1,247	7,006	2,613	1,100	**319,772**
Additions	4,403	416	430	392	31	1,005	2,298	**8,975**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	12	251	-	-	-	-	-	**263**
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	13,666	(556)	-	-	-	-	-	**13,110**
Derecognition - disposals	(1,132)	-	-	-	-	(1,802)	-	**(2,934)**
Assets reclassified (to) / from Other Accounts	(241)	278	-	667		-	(945)	**(241)**
At 31 March 2015	262,499	55,104	7,730	2,306	7,037	1,816	2,453	338,945
Accumulated Depreciation and Impairment								
At 1 April 2014	-	(2,855)	(5,087)	(163)	(290)	(230)	-	**(8,625)**
Depreciation charge for 2014/15	(2,444)	(2,230)	(555)	(32)	(47)	(100)	-	**(5,408)**
Depreciation written out to the Revaluation Reserve	12	3,468	-	-	-	15	-	**3,495**
Depreciation written out to the Surplus / Deficit on the Provision of Services	2,432	419	-	-	-	-	-	**2,851**
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-	**-**
At 31 March 2015	-	(1,198)	(5,642)	(195)	(337)	(315)	-	(7,687)
Net Book Value								
31 March 2015	**262,499**	**53,906**	**2,088**	**2,111**	**6,700**	**1,501**	**2,453**	**331,258**
31 March 2014	**245,791**	**51,860**	**2,213**	**1,084**	**6,716**	**2,383**	**1,100**	**311,147**

NOTES TO THE ACCOUNTS

Movements on Balances

Movements in 2013/14

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant and Equipment £000
Cost or valuation								
At 1 April 2013	229,001	54,682	7,047	1,016	6,830	515	262	**299,353**
Additions	5,309	441	253	231	176	210	1,063	**7,683**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	12	70	-	-	-	-	-	**82**
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	14,955	-	-	-	-	-	-	**14,955**
Derecognition - disposals	(1,406)	-	-	-	-	(5)	-	**(1,411)**
Assets reclassified (to) / from Other Accounts	(2,080)	(478)	-	-	-	1,893	(225)	**(890)**
At 31 March 2014	245,791	54,715	7,300	1,247	7,006	2,613	1,100	319,772
Accumulated Depreciation and Impairment								
At 1 April 2013	-	(1,057)	(4,527)	(137)	(244)	(215)	-	**(6,180)**
Depreciation charge for 2013/14	(2,159)	(2,217)	(560)	(26)	(46)	(15)	-	**(5,023)**
Depreciation written out to the Revaluation Reserve	12	422	-	-	-	-	-	**434**
Depreciation written out to the Surplus / Deficit on the Provision of Services	2,147	-	-	-	-	-	-	**2,147**
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	-	(3)	-	-	-	-	-	**(3)**
At 31 March 2014	-	(2,855)	(5,087)	(163)	(290)	(230)	-	(8,625)
Net Book Value								
31 March 2014	**245,791**	**51,860**	**2,213**	**1,084**	**6,716**	**2,383**	**1,100**	**311,147**
31 March 2013	**229,001**	**53,625**	**2,520**	**879**	**6,586**	**300**	**262**	**293,173**

The Vehicles, Plant & Equipment Net Book Value at 31st March 2015 is split between owned assets of £2,044k and £44k Finance leased assets relating to photocopiers and a dog wardens van.

Capital Commitments and Planned Works

At 31 March 2015, the Council has entered into a number of contracts for construction or enhancement of Property, Plant and Equipment in 2015/16 and future years and further planned works budgeted to cost £24.9m. Similar commitments at 31 March 2014 were £16.2m. The major commitments are:

	£000
General Fund:	
Crematorium Improvements	611
Fen End - City Deal	559
Bishops Tachbrook Community Centre	450
Urban and Rural Initiatives Programme	439
Play Area Improvement Programme	434
West Midlands Reserve & Cadet Force - new building	400
Jubilee House Phase 2	332
Housing Investment Programme:	
Housing New Build / Reprovision	14,446
Council House Improvements / Renewal	5,441
Private Sector Housing - Grants and Loans	764

Revaluations

The values of the Council Dwellings and Other HRA Property (shops, offices, community centres, garages, surgery and hostel) are based on valuations at 1 April 2015. In the case of land (excluding the land element of the Council Dwellings and Other HRA Property) the valuation date is 1st April 2010. The Council Dwellings and Other HRA Property in the Housing Revenue Account are subject to an annual "desktop" review with a full revaluation based on inspection of 'beacon' homes carried out for the 1 April 2010 valuation. The 2015 valuation was undertaken by Mr. K.Shirer MRICS, a senior surveyor within the Valuation Office Agency. During 2014/15 a further one fifth of the General Fund Property Assets was valued as at 1st April 2014 in what was the final year of a five year rolling programme which will provide more up to date Balance Sheet values than would occur with a wholesale revaluation once every five years. The valuations were undertaken by Mr. P.D. Chapman MRICS & Mr. K.Shirer MRICS for the District Valuer.

The current contract for the provision of the Council's General Fund and Housing Revenue Account property valuation requirements is in the process of being tendered for and the successful valuers will be carrying out a full revaluation during 2015/16.

The values at 31st March 2015 also take account of any depreciation, impairments and in year capital expenditure which has occurred since the last valuation took place for that specific asset.

The District Valuer (Mr. K.Shirer) has also undertaken a review of a representative selection of General Fund property assets in order to ascertain whether the carrying values of the General Fund property assets represent fair value at 31st March 2015. The carrying values in the Balance Sheet for those assets in the representative sample have been updated to 31st March 2015 as a result of the review and in addition the carrying values in the Balance Sheet of the Council's Car Parks which were not included in the representative sample have also been increased in line with the percentage change in value applicable to physically and geographically similar Car Parks included within the sample.

Operational Property Assets, excluding Community Assets, Infrastructure Assets and Equipment are valued at open market value for existing use or depreciated replacement cost based on modern equivalent assets (MEA). Community and Infrastructure Assets are valued at historical cost as are Equipment Assets due to the nature of their short lives. Non Operational Property Assets and Investment Properties are valued at open market value.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, etc. £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	-	816	2,043	2,111	6,700	-	2,453	14,123
Valued at fair value as at:								
- 2014/15	262,499	43,389	-	-	-	880	-	306,768
- 2013/14	-	144	-	-	-	441	-	585
- 2012/13	-	461	-	-	-	-	-	461
- 2011/12	-	2,441	-	-	-	110	-	2,551
- 2010/11	-	5,793	-	-	-	-	-	5,793
- 2009/10	-	860	-	-	-	70	-	930
- 2008/09	-	3	-	-	-	-	-	3
Total Cost or Valuation	**262,499**	**53,907**	**2,043**	**2,111**	**6,700**	**1,501**	**2,453**	**331,214**

It should be noted that the total figure in the above table does not reconcile with the Property, Plant and Equipment total recorded in the Balance Sheet by £44,000. This difference relates to the balance outstanding at 31 March 2015 on the Photocopiers and Dog Wardens Van Finance leases (see note 34) which is not included in the table above.

12. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	Decorative Arts Collection £000	Visual Arts Collection £000	Other £000	Total Assets £000
Cost or Valuation				
1 April 2013	356	7,634	811	8,801
Additions	-	180	2	182
Revaluations	-	1	-	1
Depreciation	-	-	(3)	(3)
31 March 2014	356	7,815	810	**8,981**
Cost or Valuation				
1 April 2014	356	7,815	810	8,981
Additions	-	8	2	10
Revaluations	(26)	(1,159)	116	(1,069)
Depreciation	-	-	(3)	(3)
31 March 2015	330	6,664	925	**7,919**

Decorative Arts & Visual Arts Collections
The majority of the Council's collections of Decorative Arts (ceramics, porcelain, glass and other artefacts of a similar nature) and Visual Arts (paintings and drawings) were revalued by Tim Ritchie & Associates in September 2014.Those items not externally valued due to their low intrinsic worth have been assigned an internal nominal value of £50. The policy is to revalue the collections every 5 years with the next valuation due in September 2019.

Other
This comprises the remainder of the Art Gallery and Museum's collections (Archaeology, Ethnography, Numismatics, Pictorial and Social History) and also the Abbey Fields Barn.

In the case of the Art Gallery and Museum's collections some articles have been valued externally as part of the September 2014 revaluation exercise referred to above but the vast majority have been given nominal values of £50 each by the Art Gallery and Museum staff. In the case of the Social History collection, new assets valued at £1,690 were acquired by donation and £250 'untraced' items in 2014/15. Also, £315 of Numismatics were donated.

The Abbey Fields Barn was valued by the District Valuer in 2011/12 at £252,000 on a depreciated replacement cost basis and depreciation has been applied to this asset from 2012/13 based on the remaining life in years determined by the District Valuer.

Heritage Assets: Five-Year Summary of Transactions

	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000
Cost of Addditions of Heritage Assets:					
Donations:					
Visual Arts	-	-	-	-	8
Social History etc.	-	-	-	-	2
Total cost of Additions	-	-	-	-	10
Revaluation of Heritage Assets:					
Decorative Arts	-	-	-	-	(26)
Visual Arts	-	-	24	1	(1,159)
Social History etc.	-	-	-	-	116
Total Revaluations	-	-	24	1	(1,069)

Heritage Assets: Further Information on The Art Gallery and Museum's Collection
Full details of all the artefacts in the various collections can be found by visiting the Leamington Spa Art Gallery & Museum's Collections website www.lsagmcollections.org.uk and also through Windows on Warwickshire.

Heritage Assets of Particular Importance
In the Art Collection there are 6 significant exhibits of donated assets. These paintings are, "St Peters Penitence" by P. Champaigne valued at £300,000, "The Prodigal Son" by Abraham Bloemaert valued at £200,000, "The Mission Room" by L.S. Lowry valued at £700,000, 'Tulips' by Leslie George Hunter valued at £500,000, 'Cookham Rise' by Sir Stanley Spencer valued at £250,000 and finally 'The Critics' by Henry Scott Tuke valued at £200,000. In addition, there is one other donated painting worth £110,000. In all cases, these donated assets have no conditions outstanding. Indeed, it is a condition of accepting donated assets that there are no conditions attached to the offer. Amongst the purchased exhibits there is a painting "Self Portrait By Candlelight" by Schalcken worth £200,000 and a sculpture by Catherine Long worth £270,000. Again, full details of these exhibits can be found by visiting the website referred to in the paragraph above.

Preservation and Management
The Art Gallery and Museum has recently revised its various policies covering Collections Access, Collections Care and Conservation, Collections Documentation and Collection Development and full details of these policies can be obtained by contacting the Art Gallery & Museum at prooms@warwickdc.gov.uk.

NOTES TO THE ACCOUNTS

13. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement:

	2014/15 £000	2013/14 £000
Rental income from investment property	**556**	569
Direct operating expenses arising from investment property	**(419)**	(317)
Net gain / (loss)	**137**	252

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

A significant number of the Council's investment properties were revalued during 2013/14 and the remaining properties were revalued during 2014/15.

The following table summarises the movement in the fair value of investment properties over the year:

	2014/15 £000	2013/14 £000
Balance at start of the year	**9,535**	9,530
Additions:		
- Construction	**-**	1,103
- Subsequent expenditure	**119**	54
Disposals	**(247)**	(450)
Net gains / losses from fair value adjustments	**(465)**	(1,320)
Transfers:		
- To / from Property, Plant and Equipment	**-**	618
Balance at end of year	**8,942**	9,535

Within the Housing Revenue Account the Council has a number of shops etc. which whilst still forming part of its Operational non-current assets are leased out on a commercial basis in order to derive rental income. These properties generated rental income of £315,800 in 2014/15. Details of these properties are disclosed in Note 34 Leases.

14. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licences and software.

Wherever appropriate, software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The remaining useful lives at 31st March 2015 assigned to the major software suites and licences used by the Council are:

5 years	VDI Project Software	Amount Amortised	£962
2 years	e-Consultation Software	Amount Amortised	£1,244
0 years	Infrastructure Replacement Software	Amount Amortised	£7,153

The carrying amount of intangible assets is amortised on a straight-line basis but where the intangible asset has an indefinite life then the value of that asset is left on the balance sheet and not amortised to revenue.

The movement on Intangible Asset balances during the year is as follows:

	2014/15			2013/14		
	General Fund £000	**HRA £000**	**Total £000**	General Fund £000	HRA £000	Total £000
Balance at start of year:			-			-
- Gross carrying amount	873	23	896	865	23	888
- Accumulated amortisation	(838)	-	(838)	(797)	-	(797)
Net carrying amount at start of year	**35**	**23**	**58**	68	23	91
Additions:						
- Purchases	-	-	-	8	-	8
Amortisation for the period	(9)	-	(9)	(41)	-	(41)
Net carrying amount at end of year	**26**	**23**	**49**	35	23	58
Comprising:						
- Gross carrying amount	873	23	896	873	23	896
- Accumulated amortisation	(847)	-	(847)	(838)	-	(838)
	26	**23**	**49**	35	23	58

NOTES TO THE ACCOUNTS

15. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long Term 31 March 2015 £000	Long Term 31 March 2014 £000	Current 31 March 2015 £000	Current 31 March 2014 £000
Investments:				
Loans and receivables	1	7,026	43,464	37,774
Available for sale financial assets	-	-	12,076	8,011
Total Investments	**1**	**7,026**	**55,540**	**45,785**
Debtors:				
Loans and receivables	867	311	4,728	5,105
Total Debtors	**867**	**311**	**4,728**	**5,105**
Borrowings:				
Financial Liabilities at amortised cost	(136,169)	(136,201)	(85)	(84)
Total Borrowings	**(136,169)**	**(136,201)**	**(85)**	**(84)**
Creditors:				
Financial Liabilities at amortised cost	-	-	(9,472)	(11,255)
Total Creditors	**-**	**-**	**(9,472)**	**(11,255)**

Income, Expense, Gains and Losses

	2014/15 Financial Liabilities measured at amortised cost £000	2014/15 Financial Assets: Loans and receivables £000	2014/15 Financial Assets: Available for sale £000	2014/15 Total £000	2013/14 (RESTATED) Financial Liabilities measured at amortised cost £000	2013/14 (RESTATED) Financial Assets: Loans and receivables £000	2013/14 (RESTATED) Financial Assets: Available for sale £000	2013/14 (RESTATED) Total £000
Interest expense	(4,773)	-	-	(4,773)	(4,774)	-	-	(4,774)
Total expense in Surplus or Deficit on the Provision of Services	**(4,773)**	**-**	**-**	**(4,773)**	**(4,774)**	**-**	**-**	**(4,774)**
Interest income	-	364	76	440	-	370	11	381
Total income in Surplus or Deficit on the Provision of Services	**-**	**364**	**76**	**440**	**-**	**370**	**11**	**381**
Net gain / (loss) for the year	**(4,773)**	**364**	**76**	**(4,333)**	**(4,774)**	**370**	**11**	**(4,393)**

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed using 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
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

For each of the categories of Financial Assets and Liabilities an assessment of the carrying amount against fair value has been made and in all cases the carrying amount was found to be equal to fair value. For instance, in respect of trade receivables and payables this was because they are of short duration and have no stated interest rate and with respect to investments the carrying and fair values are the same due to the investments having fixed principal, interest rates and terms, or in the case of Money Market Funds, which are subject to variable daily interest rates, the investments are of such short duration that the effective interest rate and the actual interest rates are essentially the same.

16. Assets Held for Sale

	Current	
	2014/15	2013/14
	£000	£000
Balance outstanding at start of year	**748**	614
Assets newly classified as held for sale:		
- Property, Plant and Equipment	**242**	272
Revaluation gains	**121**	476
Assets sold	**(748)**	(614)
Balance outstanding at year-end	**363**	748

At the end of 2014/15, it was expected that 10/14 Chapel Street Warwick would be sold in 2015/16.However, it should be noted that this property is an Investment Property and as such the code does not permit its transfer to Assets Held for Sale and it continues to be accounted for as an Investment Property within the balance sheet until the actual date of its disposal.

NOTES TO THE ACCOUNTS

17. Debtors

	31 March 2015 £000	31 March 2014 £000
Debtors:		
Central Government Bodies	**1,086**	501
Other Local Authorities	**489**	521
NHS Bodies	**2**	-
Public Corporations and Trading Funds	**6**	-
Other Entities and Individuals	**3,961**	4,676
TOTAL DEBTORS	**5,544**	5,698
Bad Debt Provisions:		
Council Tax Payers	**(82)**	(84)
Business Rate Payers	**(200)**	(300)
Housing Tenants	**(914)**	(1,095)
Housing Benefits - Rent Allowances	**(822)**	(677)
Other Debtors	**(132)**	(141)
TOTAL BAD DEBT PROVISIONS	**(2,150)**	(2,297)
NET SHORT TERM DEBTORS	**3,394**	**3,401**

18. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2015 £000	31 March 2014 £000
Cash held by the Council	**-**	5
Bank current accounts	**361**	174
Short term deposits with Money Market Funds	**22,953**	18,507
Total Cash and Cash Equivalents	**23,314**	18,686

19. Creditors

	31 March 2015 £000	31 March 2014 £000
Central Government Bodies	**1,063**	2,837
Other Local Authorities	**596**	1,409
Other Entities and Individuals	**5,829**	6,118
TOTAL CREDITORS	**7,488**	10,364

NOTES TO THE ACCOUNTS

20. Provisions

	Land Charges £000	Subsistence Compensation £000	Business Rates Appeals £000	Insurances General Fund £000	Insurances HRA £000	Total £000
Provisions > 1 year:						
Balance at 1 April 2014	**-**	**-**	**920**	**279**	**155**	**1,354**
Additional provisions made in 2014/15	-	-	400	24	65	**489**
Amounts payable < 1 year transferred to short term creditors	-	-	-	(65)	(49)	**(114)**
Balance at 31 March 2015	**-**	**-**	**1,320**	**238**	**171**	**1,729**
Provisions < 1 year:						
Balance at 1 April 2014	**200**	**-**	**1,702**	**28**	**34**	**1,964**
Additional provisions made in 2014/15	-	117	2,700	-	-	**2,817**
Amounts used in 2014/15	(2)	-	(2,316)	(57)	(47)	**(2,422)**
Amounts payable < 1 year transferred from L/T Provision	-	-	-	65	49	**114**
Balance at 31 March 2015	**198**	**117**	**2,086**	**36**	**36**	**2,473**

Business Rates Appeals
The appeals are complex and can take several years to be decided. The total level of the provision for appeals is £8.5m. The Council's share is included in the above table. Further details can be found in the Collection Fund section of the accounts.

21. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 7 – Transfers to / from Earmarked Reserves.

31 March 2014 £000		31 March 2015 £000
1,502	General Fund Revenue Balance	**2,104**
1,323	Housing Revenue Account Balance	**1,353**
764	Major Repairs Reserve	**2,599**
5,651	Usable Capital Receipts Reserve	**5,584**
1,862	External Capital Grants / Contributions Unapplied	**1,067**
32,269	Earmarked Reserves	**38,646**
43,371	**TOTAL USABLE RESERVES**	**51,353**

22. Unusable Reserves

31 March 2014 £000		31 March 2015 £000
15,598	Revaluation Reserve	**18,763**
224	Deferred Capital Receipts Reserve	**788**
11	Available For Sale Financial Instruments Reserve	**76**
178,256	Capital Adjustment Account	**193,037**
(13)	Financial Instruments Adjustment Account	**(13)**
(33,651)	Pensions Reserve	**(45,431)**
(1,008)	Collection Fund Adjustment Account	**(3,668)**
(280)	Accumulated Absences Account	**(282)**
159,137	**TOTAL UNUSABLE RESERVES**	**163,270**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property. It also includes the gains made when assets e.g. Heritage Assets (except donated Heritage Assets) are recognised in the balance sheet for the first time. Plant, Equipment and Intangible Assets are currently valued on a Historic Cost basis therefore the Revaluation Reserve does not contain any balances for these non-current 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 that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2013/14 £000		2014/15 £000	2014/15 £000
15,062	**Balance at 1 April**		**15,598**
538	Upward revaluation of assets	4,904	
(23)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(1,207)	
515	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		3,697
-	Recognition of Heritage Assets on Donation		1
21	Difference between fair value depreciation and historical cost depreciation	(533)	
21	Amount written off to the Capital Adjustment Account		(533)
15,598	**Balance at 31 March**		**18,763**

NOTES TO THE ACCOUNTS

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2013/14 £000		**2014/15 £000**
224	**Balance at 1 April**	**224**
-	Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Account	564
-	Transfer to the Capital Receipts Reserve upon receipt of cash	-
224	**Balance at 31 March**	**788**

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains lost
- Disposed of and the gains realised.

2013/14		**2014/15**	
£000		**£000**	**£000**
-	**Balance at 1 April**		**11**
11	Upward revaluation of investments	76	
-	Downward revaluation of investments not charged to the Surplus / Deficit on the Provision of Services	(11)	
	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		65
11	**Balance at 31 March**		**76**

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 financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment 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 set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties and Assets Held for Sale and in the case of Heritage Assets the gains on initial recognition of donated Heritage Assets with no outstanding conditions. The Council acquired further donated Heritage Assets in 2014/15 and the gains recognised on these assets are also held in this account.

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.

The Account also contains the effects of the special one-off payment to DCLG (£136,157m) made on 28 March 2012 which was required to buy out the Governments share of the Housing Stock on the creation of the HRA Self Financing Regime on 1 April 2012.

Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

NOTES TO THE ACCOUNTS

2013/14 £000		2014/15 £000	£000
160,359	**Balance at 1 April (credit)** **Note: figures in brackets are debits**		**178,256**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
12,078	- Charges for depreciation and impairment of non-current assets	9,654	
477	- Revaluation losses on Assets Held For Sale and reversal of previous revaluation impairments	8	
(41)	- Amortisation of intangible assets	(9)	
(1,172)	- Revenue expenditure funded from capital under statute	(1,118)	
(2,470)	- Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(3,929)	
8,872			4,606
(21)	Difference between fair value depreciation and historical cost depreciation		533
8,851	Net written out amount of the cost of non-current assets consumed in the year		5,139
	Capital Financing applied in the year:		
1,599	- Use of the Capital Receipts Reserve to finance new capital expenditure	1,166	
5,175	- Use of the Major Repairs Reserve to finance new capital expenditure	4,188	
1,915	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,753	
8	- Application of grants to capital financing from the Capital Grants Unapplied Account	490	
-	- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	-	
1,465	- Capital expenditure charged against the General Fund and HRA balances	2,469	
10,162			10,066
31	Minimum Revenue Provision		32
(1,320)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(465)
173	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		9
178,256	**Balance at 31 March**		**193,037**

NOTES TO THE ACCOUNTS

Financial Instruments Adjustment Account

2013/14 £000		2014/15 £000	2014/15 £000
(25)	**Balance at 1 April**		**(13)**
12	Proportion of premiums incurred in previous financial years to be charged against the General Fund & HRA Balances in accordance with statutory requirements	-	
	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		-
(13)	**Balance at 31 March**		**(13)**

Pensions Reserve

2013/14 £000		2014/15 £000
(34,790)	**Balance at 1 April**	**(33,651)**
3,358	Remeasurements of the net defined benefit liability	(9,841)
(4,227)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,999)
2,008	Employer's pensions contributions and direct payments to pensions payable in the year	2,060
(33,651)	**Balance at 31 March**	**(45,431)**

Collection Fund Adjustment Account

Council Tax 2013/14 £000	NNDR 2013/14 £000	Total 2013/14 £000		Council Tax 2014/15 £000	NNDR 2014/15 £000	Total 2014/15 £000
(11)	-	(11)	**Balance at 1 April**	**135**	**(1,143)**	**(1,008)**
146	(1,143)	(997)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(80)	(2,580)	**(2,660)**
135	(1,143)	(1,008)	**Balance at 31 March**	**55**	**(3,723)**	**(3,668)**

Accumulated Absences Account

2013/14 £000		2014/15 £000	2014/15 £000
(269)	**Balance at 1 April**		**(280)**
269	Settlement or cancellation of accrual made at the end of the preceding year	280	
(280)	Amounts accrued at the end of the current year	(282)	
(11)	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		(2)
(280)	**Balance at 31 March**		**(282)**

23. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2013/14 £000		2014/15 £000
(378)	Interest received	**(369)**
4,770	Interest paid	**4,771**
4	Interest Element of finance lease payments	**3**

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2013/14 £000		2014/15 £000
(5,023)	Depreciation	**(5,411)**
17,102	Impairment and revaluations in consolidated income and expenditure	**14,951**
(41)	Amortisation of intangible assets	**(9)**
(2,880)	(Increase) / decrease in creditors	**2,137**
685	Increase / (decrease) in debtors	**(475)**
(411)	(Increase) / decrease in provision for bad debt	**147**
-	Increase / (decrease) in inventories	**(5)**
(2,219)	Movement in pension liability	**(1,939)**
(1,993)	Carrying amount of non-current assets, assets held for sale, sold or derecognised	**(3,090)**
(3,994)	Other non-cash items charged to the net surplus or deficit on the provision of services	**(1,512)**
1,226		**4,794**

NOTES TO THE ACCOUNTS

The (surplus) or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2013/14 £000		**2014/15 £000**
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	**-**
3,575	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**2,104**
2,609	Any other items for which the cash effects are investing or financing cash flows	**1,139**
6,184		**3,243**

24. Cash Flow Statement – Investing Activities

2013/14 £000		**2014/15 £000**
8,876	Purchase of property, plant and equipment, investment property and intangible assets	9,836
31,000	Purchase of short-term and long-term investments	21,000
-	Other payments for investing activities	-
(3,499)	Proceeds from sale of property, plant and equipment, non-current assets held for sale, investment property and intangible assets	(2,104)
(23,000)	Proceeds from the sale of short-term and long-term investments	(23,000)
(1,912)	Other receipts from investing activities	(727)
11,465	**Net cash flows from investing activities**	**5,005**

25. Cash Flow Statement – Financing Activities

2013/14 £000		**2014/15 £000**
-	Cash receipts of short- and long-term borrowing	-
(1,291)	Other receipts from financing activities	492
31	Cash payments for the reduction of the outstanding liabilities relating to finance leases	32
-	Repayments of short- and long-term borrowing	-
1,046	Other payments for financing activities	-
(214)	**Net cash flows from financing activities**	**524**

26. Amounts Reported for Resource Allocation Decisions

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.* However, decisions about resource allocation are taken by the Council's Executive on the basis of budget reports analysed across portfolio areas. These reports are prepared on the same basis as the accounting policies used in the financial statements.

The income and expenditure of the Council's portfolio areas recorded in the budget reports for the year is as follows:

Portfolio Income and Expenditure 2014/15	CULTURE £000	DEVELOPMENT £000	FINANCE £000	HEALTH & COMMUNITY PROTECTION £000	HOUSING & PROPERTY G. FUND £000	NEIGHBOURHOOD £000	STRATEGIC LEADERSHIP £000	HOUSING REVENUE ACCOUNT £000	TOTAL £000
Government Grants	-	(68)	(30,956)	(40)	(312)	-	(44)	-	(31,420)
Other Grants and Contributions	(39)	(97)	(76)	(227)	(611)	(917)	(5)	(502)	(2,474)
Agency Services	-	-	-	-	-	(469)	-	-	(469)
Sales	(164)	(16)	-	(1)	-	(14)	(2)	-	(197)
Other Income	(10)	(96)	(22)	(64)	(11)	(486)	(294)	(193)	(1,176)
Fees and Charges	(2,936)	(1,598)	(441)	(379)	(52)	(5,381)	(41)	(802)	(11,630)
Rents	(278)	(779)	-	(15)	(144)	(67)	-	(26,036)	(27,319)
Recharges	(1,299)	(603)	(1,527)	(1,946)	(1,556)	(2,732)	(4,134)	(172)	(13,969)
Total Income	**(4,726)**	**(3,257)**	**(33,022)**	**(2,672)**	**(2,686)**	**(10,066)**	**(4,520)**	**(27,705)**	**(88,654)**
Employees	2,792	2,021	2,349	1,708	1,525	2,289	2,723	2,310	17,717
Premises	1,767	340	3	492	342	1,190	36	6,248	10,418
Transport	11	52	13	50	43	33	23	92	317
Supplies and Services	1,187	539	776	933	754	1,139	1,222	811	7,361
Third Party Payments	139	835	148	69	111	6,226	205	667	8,400
Transfer Payments	-	-	29,665	-	-	-	-	-	29,665
Support Services	1,763	1,510	1,852	1,384	1,147	2,478	1,653	1,854	13,641
Capital Financing Charges	2,109	75	60	337	957	1,007	120	(13,079)	(8,414)
Total Expenditure	**9,768**	**5,372**	**34,866**	**4,973**	**4,879**	**14,362**	**5,982**	**(1,097)**	**79,105**
Surplus or deficit on the provision of services	**5,042**	**2,115**	**1,844**	**2,301**	**2,193**	**4,296**	**1,462**	**(28,802)**	**(9,549)**

NOTES TO THE ACCOUNTS

Portfolio Income and Expenditure 2013/14	COMMUNITY & CORPORATE SERVICES £000	CULTURE £000	DEVELOPMENT £000	FINANCE £000	HEALTH & COMMUNITY PROTECTION £000	HOUSING & PROPERTY G. FUND £000	NEIGHBOURHOOD £000	STRATEGIC LEADERSHIP £000	HOUSING REVENUE ACCOUNT £000	TOTAL £000
Government Grants	(7)	-	(1)	(31,713)	(15)	(304)	-	-	-	(32,040)
Other Grants and Contributions	(15)	(19)	(50)	(8)	-	(635)	(261)	-	(11)	(999)
Contributions from other Authorities	(843)	-	-	(68)	(28)	-	(139)	-	-	(1,078)
Agency Reimbursements	-	-	-	-	-	-	(918)	-	-	(918)
Fees and Charges	(48)	(2,801)	(1,799)	(347)	(1,783)	(4)	(4,775)	-	(705)	(12,262)
Rents	-	(360)	(813)	-	(82)	(164)	(46)	-	(25,256)	(26,721)
Other Income	(61)	(175)	(114)	(26)	(138)	(20)	(456)	(237)	(296)	(1,523)
Recharges	(4,524)	(1,349)	(559)	(1,480)	(1,757)	(1,203)	(1,864)	(1,650)	(3,184)	(17,570)
Total Income	**(5,498)**	**(4,704)**	**(3,336)**	**(33,642)**	**(3,803)**	**(2,330)**	**(8,459)**	**(1,887)**	**(29,452)**	**(93,111)**
Employees	2,863	2,714	1,883	2,634	1,842	1,384	1,394	944	2,374	18,032
Premises	2	1,708	265	2	859	394	750	30	6,181	10,191
Transport	11	10	50	17	56	40	39	13	100	336
Supplies and Services	1,914	1,034	533	648	484	763	694	534	577	7,181
Third Party Payments	309	124	716	145	220	28	6,716	758	776	9,792
Transfer Payments	-	-	-	30,705	-	-	-	-	-	30,705
Support Services	985	1,725	1,486	1,983	1,343	705	2,755	849	3,586	15,417
Capital Financing Charges	248	818	176	66	276	982	1,033	2	(14,467)	(10,866)
Total Expenditure	**6,332**	**8,133**	**5,109**	**36,200**	**5,080**	**4,296**	**13,381**	**3,130**	**(873)**	**80,788**
Surplus or deficit on the provision of services	**834**	**3,429**	**1,773**	**2,558**	**1,277**	**1,966**	**4,922**	**1,243**	**(30,325)**	**(12,323)**

Reconciliation of Housing Revenue Account Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

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

	2014/15 £000	2013/14 £000
Net Expenditure in the HRA Analysis	(28,802)	(30,325)
HRA share of Corporate and Democratic Core and Non-Distributed costs included in the Corporate and Democratic Core line in the Comprehensive Income and Expenditure Statement	(98)	(97)
Cost of HRA Services in Comprehensive Income and Expenditure Statement	**(28,900)**	**(30,422)**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of the portfolio area income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	**PORTFOLIO ANALYSIS £000**	**SUPPORT SERVICES £000**	**INTERNAL RECHARGES £000**	**AGENCY WORK £000**	**INVESTMENT PROPERTIES £000**	**TOTAL £000**
Government Grants	(31,420)	-	-	-	-	(31,420)
Other Grants and Contributions	(2,474)	471	-	-	23	(1,980)
Agency Services	(469)	-	-	469	-	-
Sales	(197)	-	-	-	-	(197)
Other Income	(1,176)	129	-	-	8	(1,039)
Fees and Charges	(11,630)	52	-	1,147	4	(10,427)
Rents	(27,319)	(10)	-	-	521	(26,808)
Recharges	(13,969)	10,791	3,178	-	-	-
Total Income	**(88,654)**	**11,433**	**3,178**	**1,616**	**556**	**(71,871)**
Employees	17,717	(6,438)	-	-	-	11,279
Premises	10,418	(582)	-	-	(146)	9,690
Transport	317	(81)	-	(4)	-	232
Supplies and Services	7,361	(1,470)	-	(52)	(2)	5,837
Third Party Payments	8,400	(398)	-	(1,147)	(108)	6,747
Transfer Payments	29,665	-	-	-	-	29,665
Support Services	13,641	(2,131)	(3,178)	(413)	(158)	7,761
Capital Financing Charges	(8,414)	(333)	-	-	(5)	(8,752)
Total Expenditure	**79,105**	**(11,433)**	**(3,178)**	**(1,616)**	**(419)**	**62,459**
Surplus or deficit on the provision of services	**(9,549)**	**-**	**-**	**-**	**137**	**(9,412)**

2013/14 Comparative Figures	PORTFOLIO ANALYSIS £000	SUPPORT SERVICES £000	INTERNAL RECHARGES £000	AGENCY WORK £000	INVESTMENT PROPERTIES £000	TOTAL £000
Government Grants	(32,040)	7	-	-	-	(32,033)
Other Grants and Contributions	(999)	24	-	-	14	(961)
Contributions from other Authorities	(1,078)	741	-	-	-	(337)
Agency Reimbursements	(918)	-	-	918	-	-
Fees and Charges	(12,262)	18	-	2,002	-	(10,242)
Rents	(26,721)	84	-	-	547	(26,090)
Other Income	(1,523)	69	-	-	8	(1,446)
Recharges	(17,570)	11,755	5,285	-	-	(530)
Total Income	**(93,111)**	**12,698**	**5,285**	**2,920**	**569**	**(71,639)**
Employees	18,032	(6,563)	-	-	-	11,469
Premises	10,191	(787)	-	-	(78)	9,326
Transport	336	(84)	-	(14)	-	238
Supplies and Services	7,181	(1,658)	-	(80)	(7)	5,436
Third Party Payments	9,792	(1,141)	-	(2,004)	(83)	6,564
Transfer Payments	30,705	-	-	-	-	30,705
Support Services	15,417	(2,137)	(5,285)	(822)	(144)	7,029
Capital Financing Charges	(10,866)	(328)	-	-	(5)	(11,199)
Total Expenditure	**80,788**	**(12,698)**	**(5,285)**	**(2,920)**	**(317)**	**59,568**
Surplus or deficit on the provision of services	**(12,323)**	**-**	**-**	**-**	**252**	**(12,071)**

27. Agency Income and Expenditure

In August 2007 the Decriminalisation of Parking Enforcement was introduced within the Council's area. This moved parking enforcement from the former Warwickshire Police Authority to Warwickshire County Council and saw the introduction of on-street parking charges within the Council's area. As district councils are already responsible for off-street parking arrangements it is considered good practice for them to administer on-street parking as agents for county councils.

The County Council reimburses the Council for direct costs of the service, an agreed proportion of the shared costs and a contribution towards the administrative costs. The net surplus of fee income generated less collection costs is paid to the County Council.

A summary of income and expenditure in respect of the activity, which is not included in the Comprehensive Income and Expenditure Account, is as follows:

	2014/15 £000	2013/14 £000
Direct Costs	**56**	96
Proportion of Shared Costs	**344**	687
Administrative Costs	**69**	136
Income	**(1,147)**	(2,002)
Net Surplus paid to Warwickshire County Council	**(678)**	(1,083)

This Agency Agreement was terminated at 31 October 2014.

28. Members' Allowances

In England, the Local Authorities (Members Allowances) (England) Regulations 2003 provide for the circumstances in which allowances are payable to members and the maximum amounts payable in respect of certain allowances.

The total value of allowances paid to the Council's members during 2014/15 was:

	2014/15 £000	2013/14 £000
Allowances:		
Basic	**212**	213
Special Responsibility	**56**	55
Chair and Vice Chair Allowances	**17**	18
Co-Optees	**1**	2
Other Allowances (Travel, Subsistence, etc.)	**10**	11
Total Allowances	**296**	299

Details of the amounts paid to individual members may be obtained from The Head of Finance, Warwick District Council, P.O. Box 2180, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire CV32 5QW.

29. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

Post Title		**Salary (inc Fees & Allowances) £**	**Pension Contribution £**	**Total Remuneration Inc Pension Contribution £**
Chief Executive	**2014/15**	**107,312**	**14,487**	**121,799**
	2013/14	110,006	17,683	127,689
Deputy Chief Executive	**2014/15**	**84,923**	**11,465**	**96,388**
	2013/14	85,345	14,253	99,598
Deputy Chief Executive	**2014/15**	**100,075**	**12,123**	**112,198**
	2013/14	82,062	13,704	95,766
S151 Officer	**2014/15**	**74,872**	**10,108**	**84,980**
	2013/14	75,245	12,566	87,811
TOTALS	**2014/15**	**367,182**	**48,183**	**415,365**
TOTALS	2013/14	352,658	58,206	410,864

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	Number of Employees Total 2014/15	**Left in Year**	Number of Employees Total 2013/14	Left in Year
£50,000 - £54,999	**-**	**-**	2	2
£55,000 - £59,999	**1**	**-**	-	-
£60,000 - £64,999	**3**	**-**	3	1
£65,000 - £69,999	**1**	**1**	-	-
£75,000 - £79,999	**-**	**-**	1	1
£100,000 - £104,999	**-**	**-**	1	1

The number of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the table below:

(a)	(b)		(c)		(d)		(e)	
Exit Package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band [(b) + (c)]		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0 - £20,000	-	7	4	6	4	13	£25,605	£111,952
£20,001 - £40,000	2	3	1	3	3	6	£91,907	£164,022
£40,001 - £60,000	2	1	-	1	2	2	£84,248	£94,220
£60,001 - £80,000	1	1	-	-	1	1	£69,679	£61,821
£100,001 - £120,000	1	-	-	-	1	-	£111,052	-
Total cost included in bandings and in CIES	6	12	5	10	11	22	£382,491	£432,015

30. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors Grant Thornton UK LLP:

	2014/15 £'000	2013/14 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	**71**	74
Fees payable to Grant Thornton for the certification of grant claims and returns	**12**	11
Audit Commission rebate re reduced closure costs	**(7)**	-
TOTAL PAID	**76**	85

NOTES TO THE ACCOUNTS

31. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

	2014/15	2013/14
	£000	£000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	**(3,515)**	(4,552)
New Homes Bonus	**(1,232)**	(1,009)
Small Business Rate Relief Grant	**(756)**	(525)
Council Tax Freeze Grant	**(78)**	(79)
Council Tax Support Grant	**(80)**	(63)
Capitalisation Provision Redistribution	**-**	(24)
Council Tax Localising	**-**	(22)
Right To Challenge Grant	**(8)**	(9)
Right To Bid New Burdens Grant	**(8)**	(8)
Transparency Setup Grant	**(6)**	(2)
Council Tax Annex Discount Grant	**(1)**	-
Capital Grants and Contributions:		
- Flood Alleviation	**(105)**	(947)
- Chase Meadow Community Centre	**(1)**	(664)
- DCLG: Fen End - City Deal	**-**	(559)
- Donated Heritage Assets	**(9)**	(173)
- Other contributions towards Biomass Boiler, thermal improvements etc.	**-**	(36)
- Kenilworth Skate Park	**-**	(29)
- Replacement Rural Footway Street Lighting	**-**	(21)
- 26 Hamilton Terrace Gaming Hub	**(108)**	-
- S106 Contribs towards social housing & play equipment	**(1,302)**	(180)
TOTAL	**(7,209)**	(8,902)
Credited to Services		
DWP grants for Housing Benefits	**(30,099)**	(30,794)
Housing Benefit Administration Grant	**(631)**	(707)
DCLG Disabled Facilities Grant	**(312)**	(304)
Contribution towards NNDR Collection	**(214)**	(213)
Individual Electoral Registration	**(44)**	-
LA-Community Advice and Support	**(10)**	-
Efficiency and Transformation Grant	**(13)**	-
Site Delivery Fund	**(50)**	-
EU Inspire	**-**	(7)
Implementation of Homelessness Act	**(30)**	-
TOTAL	**(31,403)**	(32,025)
TOTAL GRANTS	**(38,612)**	(40,927)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have legally binding conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	2014/15 £000	2013/14 £000
Capital Grants / Contributions Receipts in Advance		
S106 Contributions towards social housing, car parking & play equipment	**(374)**	(915)
TOTAL	**(374)**	(915)

32. Related Party Transactions

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government:
Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 26. Grant receipts outstanding at 31 March 2015 are included within the figures shown in Note 31.

Warwickshire County Council and the Office of the Warwickshire Police and Crime Commissioner:
These authorities issue precepts on the Council and these are shown in the Collection Fund Statement. Warwickshire County Council is the administering authority for the Pension Fund and details of the employer's contributions paid by this Council are shown in Note 36.

Precepting Bodies:
The various Town and Parish Councils in the Council's area issue precepts on the Council. For 2014/15 the precepts issued totalled £1,207,647 (£1,122,295 2013/14). The major preceptors were:

	2014/15 £000	2013/14 £000
Warwick Town Council	**306**	291
Royal Leamington Spa Town Council	**291**	273
Kenilworth Town Council	**175**	173
Whitnash Town Council	**103**	91

Council Members and Chief Officers:
Council Members make disclosures of their pecuniary and non-pecuniary interests in the Members' Register, and also have to make declarations on individual committee agenda items. In addition to Council Members, the Chief Executive and two Deputy Chief Executives also make annual declarations in respect of any Related Party Transactions they may have.

Council Members have direct control over the Council's financial and operating policies. Grants totalling £424,600 (£345,607 2013/14) were paid to voluntary organisations in which six members had positions on the governing body. The grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. The major grants awarded were:

	2014/15	2013/14
	£000	£000
Citizens' Advice Bureau	**151**	102
Brunswick Healthy Living Centre	**104**	84
Warwickshire Community and Voluntary Action (CAVA)	**92**	65
The Chain	**49**	43

Details of Members' Allowances paid in 2014/15 are shown in Note 28 and Officer Salaries are disclosed in Note 29.

Leamington Business Improvement District:
The Council acts as an agent in respect of Leamington Business Improvement District (Bid) whereby it collects the levy due on the Bid's behalf (£296,000 in 2014/15).

33. 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 leases), 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 by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	2014/15	**2013/14**
	£000	**£000**
Opening Capital Financing Requirement	**134,460**	**134,460**
Capital Investment:		
Property, Plant and Equipment including Finance Leases	9,095	8,824
Intangible Assets	-	8
Revenue Expenditure Funded from Capital Under Statute	1,118	1,330
Finance Leases Principal	44	76
Long Term Debtors	3	-
Sources of Finance:		
Capital Receipts	(1,315)	(1,599)
Government grants and other contributions	(2,261)	(1,915)
Major Repairs Account	(4,188)	(5,176)
Sums set aside from revenue	(2,452)	(1,472)
Adjustment for expenditure where MRP is being met by Asset Life or Depreciation Methods	(44)	(76)
Closing Capital Financing Requirement	**134,460**	**134,460**

NOTES TO THE ACCOUNTS

34. Leases

Authority as Lessee

Finance Leases

In 2011/12 and 2012/13 the Council acquired photocopiers under a Finance Lease and then in 2014/15 acquired a Dog Wardens van also under a Finance Lease . The liability remaining in the balance sheet at 31st March was £44,479. The minimum lease payments over the coming years are analysed below:

2015/16	£32,911
2016/17	£2,971
2017/18	£1,973
2018/19	£2,090
2019/20	£2,207
2020/21	£2,327

Authority as Lessor

The Council, as a lessor, does not have any leases which qualify as finance leases.

Operating Leases

With effect from 1st April 2010, the Council entered into an operating lease with Mack Trading whereby the Council leased out the operation of the Newbold Comyn Golf Course for a term of 50 years at a rent of £20,000 per annum commencing in year 4 and subject to 5 yearly rent reviews.

Within the Housing Revenue Account the Council has a number of shops etc. which whilst still forming part of its Operational non-current assets are leased out on a commercial basis in order to derive rental income.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2015 £000	31 March 2014 £000
Not later than one year	**318**	305
Later than one year and not later than five years	**1,371**	1,302
Later than five years	**840**	880
	2,529	**2,487**

The General Fund has a number of investment properties that it leases out which generates £569,000 rental income. Transactions relating to these properties are disclosed in Note 13 Investment Properties.

35. Impairment/Revaluation Losses

During 2014/15, the Council has recognised no impairment losses charged to the General Fund as a result of writing out or down physically impaired or obsolete assets.

Revaluation losses amounting to £1,355,690 relating to Heritage Assets, Riverside House and Victoria Park Bowls Pavilion were charged to the General Fund and then in accordance with statutory accounting requirements reversed out to the Capital Adjustments Account to ensure no impact on the Council Tax. In addition, Revaluation impairments amounting to £215,872 charged to the General Fund in previous years as a result of revaluations carried out by the District Valuer were recovered.

Within the Housing Revenue Account, the Council has recognised a revaluation impairment gain amounting to £16,109,487 relating to its housing stock which has partially reversed previous revaluation impairment losses charged to the HRA.

36. Defined Benefit Pension Schemes

Participation in Pension Schemes
As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments for those benefits and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme administered locally by Warwickshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

Transactions Relating to Post-employment Benefits
We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2014/15 £000	2013/14 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
- current service cost	**2,510**	2,547
- past service costs	**33**	101
- (gain) / loss from settlements	**-**	-
Financing and Investment Income and Expenditure:		
- net interest expense	**1,456**	1,579
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**3,999**	**4,227**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in the net interest expense)	**(8,056)**	(5,652)
- Actuarial gains and losses arising on changes in demographic assumptions	**-**	(720)
- Actuarial gains and losses arising on changes in financial assumptions	**18,954**	3,303
- Other	**(1,057)**	(289)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**13,840**	**869**
Movement in Reserves Statement		
- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**(3,999)**	(4,227)
Actual amount charged against the General Fund and HRA Balances for pensions in the year:		
Employer's contributions payable to scheme	**2,060**	2,008

Pensions Assets and Liabilities Recognised in the Balance Sheet
The amount included in the Balance Sheet arising from the Council’s obligation in respect of its defined benefit plans is as follows:

	2014/15 £000	2013/14 £000
Present value of the defined benefit obligation	**148,809**	127,143
Fair value of plan assets	**(103,378)**	(93,492)
Net liability arising from defined benefit obligation	**45,431**	**33,651**

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets:

	2014/15	2013/14
	£000	£000
Opening fair value of scheme assets	**93,492**	85,498
Interest income	**3,972**	3,812
Remeasurement gain / (loss):		
- The return on plan assets, excluding the amount included in the net interest expense	**8,056**	5,652
The effect of changes in foreign exchange rates		
Contributions from employer	**2,060**	2,008
Contributions from employees into the scheme	**691**	666
Benefits paid	**(4,893)**	(4,144)
Closing fair value of scheme assets	**103,378**	93,492

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	2014/15	2013/14
	£000	£000
Opening balance at 1 April	**127,143**	120,288
Current service cost	**2,510**	2,547
Interest cost	**5,428**	5,391
Contributions from scheme participants	**691**	666
Remeasurement (gains) / losses:		
- Actuarial gains / losses arising from changes in demographic assumptions	**-**	(720)
- Actuarial gains / losses arising from changes in financial assumptions	**18,954**	3,303
- Other experience	**(1,057)**	(289)
Past service cost	**33**	101
Benefits paid	**(4,893)**	(4,144)
Closing balance at 31 March	**148,809**	127,143

Local Government Pension Scheme assets comprised:

	Period Ended 31 March 2015			Period Ended 31 March 2014		
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000
Cash and cash equivalents	4,914	-	4,914	-	385	385
Equity Securities (by industry type):						
- Consumer	10,788	-	10,788	10,005	-	10,005
- Manufacturing	4,586	-	4,586	5,259	-	5,259
- Energy and Utilities	3,681	-	3,681	2,245	-	2,245
- Financial Institutions	6,035	-	6,035	4,425	-	4,425
- Health and Care	2,440	-	2,440	1,860	-	1,860
- Information Technology	2,718	-	2,718	3,271	-	3,271
- Other	2,821	-	2,821	2,758	-	2,758
Sub-total equity	37,983	-	37,983	29,823	385	30,208
Property:						
- UK Property	10,421	-	10,421	8,723	-	8,723
- Overseas Property	137	-	137	167	-	167
Sub-total property	10,558	-	10,558	8,890	-	8,890
Private Equity:						
- All	-	1,863	1,863	-	1,013	1,013
Investment Funds and Unit Trusts:						
- Equities	26,628	-	26,628	26,636	-	26,636
- Bonds	17,967	-	17,967	14,623	-	14,623
- Hedge Funds	-	4,574	4,574	-	4,233	4,233
- Other	3,805	-	3,805	7,889	-	7,889
Sub-total Investments	48,400	4,574	52,974	49,148	4,233	53,381
TOTAL ASSETS	96,941	6,437	103,378	87,861	5,631	93,492

Basis for Estimating Assets and Liabilities
Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Warwickshire County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2013.

NOTES TO THE ACCOUNTS

The significant assumptions used by the actuary have been:

	2014/15	2013/14
Long-term expected rate of return on assets in the scheme:		
Equity investments	3.2%	4.3%
Bonds	3.2%	4.3%
Property	3.2%	4.3%
Cash	3.2%	4.3%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.4 years	22.4 years
Women	24.4 years	24.4 years
Longevity at 65 for future pensioners:		
Men	24.3 years	24.3 years
Women	26.6 years	26.6 years
Rate of inflation	2.8%	3.6%
Rate of increase in salaries	4.3%	4.6%
Rate of increase in pensions	2.4%	2.8%
Rate of discounting scheme liabilities	3.2%	4.3%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that like expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	4,464	(4,464)
Rate of increase in salaries (increase or decrease by 1%)	9,234	(9,234)
Rate of increase in pensions (increase or decrease by 1%)	19,988	(19,988)
Rate for discounting scheme liabilities (increase or decrease by 1%)	29,880	(29,880)

Impact on the Council's Cash Flows
The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The Council anticipates paying £1,937,000 expected contributions to the scheme in 2015/16.

The weighted average duration of the defined benefit obligation for scheme members is 18 years, 2014/15 (18 years 2013/14).

There is an inconsistency between the total scheme assets as determined by the actuary and the total scheme assets as per the pension scheme accounts. This is because the actuary has estimated the value of assets using the actual return on assets to December 2014 and has estimated the return on assets for January to March 2015.

37. Contingent Liabilities

Municipal Mutual Insurance Limited:
Before it stopped underwriting operations in September 1992, Municipal Mutual Insurance Limited (MMI) was the predominant insurer of public sector bodies, including local authorities, police and fire and rescue services. The implementation of a Scheme of Arrangement in 1993 means that even today many of those bodies and their successor authorities still have potentially significant exposure to MMI.

After several years of a deteriorating solvency position, and an adverse judgement in the Supreme Court, in November 2012 the Scheme was triggered. In April 2013, the Scheme Administrator announced that the "initial rate of the levy" would be 15% of the total of claims paid since 1993 (less £50,000) by the Scheme member or its successors.

This means that in future only 85% of claim amounts will be paid out. Members also face potential future calls if the situation deteriorates further. Although the Council has provided for the bulk of this claw back there is potential for a further £100,000 to be reclaimed if the situation deteriorates further.

Business Rates Appeals:
The Council has included a provision for Business Rate appeals of £8.5m for businesses both submitting and being successful with an appeal, the details of which are included at note 20 on page 48. Due to the nature of the appeals process there is a potential for businesses to still appeal against their current rating. However, we have been unable to make a reliable estimate for the value of the potential liability of appeals that have not yet been submitted.

38. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as 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 the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch's Ratings Services. The Council also has regard to ratings published by Standard & Poor and Moody's and credit default swap overlays supplied by its Treasury consultants. The Treasury function also takes note of market intelligence. The Annual Investment Strategy also imposes a maximum sum to be invested with each type of financial institution located within each category.

The credit criteria at 1st April 2015 in respect of financial assets held by the Council are:

Financial Asset Category	**Minimum Criteria (Fitch ratings)**	**Maximum Investment (per Counterparty or Group)**	**Maximum Duration**	**Proportion of Portfolio at 31st March 2015 £'000**
Deposits With Banks	Sovereign equal to UK rating	£5m (private)	Up to 2 years	10,357
	Long Term A+ (Nationalised banks A) Short Term F1 Viability BBB minimum Support 1	£9m (nationalised)	Up to 2 years	18,133
Deposits With Building Societies Category A	Sovereign equal to UK rating Long Term A+ Short Term F1	£4m	Up to 2 years	2,005
Deposits with Money Market Funds	Constant Net Asset Value Funds - S & P AAAm or Moody's Aaa-mf or Fitch AAAmmf	£9m	Not defined - depends on cash flow	9,621
Deposits with Money Market Funds	Variable Net Asset Value Funds - S & P AAAfS1 or Moody's Aaa-bf or Fitch AAA/V1	£6m	Not defined - depends on cash flow	6,017
Local and Police Authorities	Secured by statute on revenues of Authority	£9m	Up to 5 years	9,046
				55,179

The investments in force at 31 March 2015 totalling £55,179m have been reviewed and it is considered that following stabilisation of the UK banking system after the banking crisis of 2008 the Council is at a low risk of a counterparty defaulting during the remaining term of the investments as default is less likely particularly as the banks are now required to maintain much higher liquidity levels and "bail-in" regulations ensure that if default should be a possibility then shareholders of that particular institution will be required to put more funds into it in order to support it. It is also expected that the UK Government will still act as lender of last resort if the failed institution should be of sufficient size that its demise would threaten the stability of the UK banking system.

Where appropriate the Council makes use of a credit checking agency so that customers for goods and services e.g. major contracts are assessed and suitable credit limits set. At 31 March 2015, sundry debts outstanding stood at £2.376m of which £0.496m related to general debts and £1.880m to Housing and Council Tax Benefit overpayments. An assessment has taken place of the likelihood of these debts being defaulted upon and bad debts provisions of £0.035m (7.1%) and £0.821m (43.7%) have been established in respect of the general debts and Housing and Council Tax Benefit Overpayments respectively. An analysis by age of the £2.376m less £0.856m bad debts provision follows:

	31 March 2015	31 March 2014
	£000	£000
Less than three months	**583**	668
Four to six months	**180**	91
Seven to nine months	**136**	101
Ten to twelve months	**137**	48
More than one year	**484**	464
Total	**1,520**	1,372

At 31 March 2015, outstanding arrears in respect of council house rents and charges stood at £1.576m; again an assessment of the default rate on these arrears has been made and a bad debts provision of £1.013m (64.3%) has been established.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council is able to borrow, subject to the limits imposed by the relevant Prudential Indicators, from the Money Markets to make up the shortfall. The relevant Prudential Indicators in this instance are the Operational Boundary for External Debt (2014/15 revised £151.127m and 2015/16 £151.095m) which manages the day to day cash flow requirements and the Authorised Limit for External Debt which sets an absolute ceiling on the amount of borrowing allowed (2014/15 revised £163.127m and 2015/16 £185.095m). The Council did not incur any borrowing either for cash flow or long term purposes in 2014/15 and there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments in 2015/16. The Public Works Loan Board loans taken out to finance the HRA Self Financing buy out in 2011/12 mature between 2053 and 2062. The amount in the Balance Sheet includes £52,225 interest relating to 2014/15 which will be paid in 2015/16.

The Council has within its balance sheet, £0.424m in respect of external contributions paid to it by developers and other contributors to be spent on mainly capital expenditure for which there is no precise indication of when the related spend will take place. If the spend does not take place, the contributions will need to be refunded but this is not expected to be an issue in 2015/16. All of the Council’s trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The Council’s external borrowing is made up of PWLB Fixed Rate Maturity loans with maturities of between 41 and 50 years and the average rate of the portfolio is 3.50%. This gives certainty in terms of interest payments but the principal disadvantage to this certainty arises from movements in long term borrowing rates which are influenced by Gilt yields. Should long term borrowing rates drop below the portfolio average of 3.50% it will be difficult for the Council to take advantage without incurring considerable premiums in buying itself out of the PWLB loans. Conversely, should interest rates rise then the Council may be able to take advantage of this and restructure its PWLB loans thus generating discounts.

The main risk to its investment income comes from movements in Bank Rate and the Money Market Rates. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the assets will fall.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

According to this assessment strategy, based on the 2014/15 out-turn a 0.25% movement upwards in interest rates would have produced an additional £0.154m interest. Conversely the same movement downwards would have reduced investment interest by a similar amount.

Price Risk

The Council does not invest in equity shares. However it does invest in Certificates of Deposits and Corporate Bonds which are instruments where the price does fluctuate, the Council manages this risk by only purchasing investments with a relatively short term to run and by holding the investments to maturity thus nullifying the effect of price fluctuations as the investments are redeemed at par i.e. face value.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and, thus, has no exposure to loss arising from movements in exchange rates.

39. Authorisation of Accounts for Issue

The Chief Financial Officer re-authorised the Statement of Accounts for issue to the Council's members on 17 September 2015.

HOUSING REVENUE ACCOUNT INCOME & EXPENDITURE STATEMENT

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2013/14 £'000		Notes	2014/15 £'000	2014/15 £'000
	EXPENDITURE			
4,988	Repairs and Maintenance		**5,548**	
5,591	Supervision and Management		**5,568**	
134	Rents, Rates, Taxes and Other Charges		**130**	
99	Increased Provision for Bad Debts		**328**	
(14,522)	Depreciation and Impairment of Non-Current Assets	**7**	**(13,159)**	
2	Debt Management Costs		**2**	
56	Amortisation of Intangible Assets & Revenue Expenditure Funded from Capital Under Statute		**81**	
(3,652)	**TOTAL EXPENDITURE**			**(1,502)**
	INCOME			
(24,474)	Dwelling Rents		**(25,229)**	
(782)	Non-Dwelling Rents		**(807)**	
(873)	Charges for Services and Facilities		**(823)**	
(641)	Contributions Towards Expenditure		**(597)**	
(26,770)	**TOTAL INCOME**			**(27,456)**
(30,422)	**Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure**			**(28,958)**
97	HRA services share of Corporate and Democratic Core			**74**
-	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services			**82**
(30,325)	**Net Income for HRA Services**			**(28,802)**
(1,576)	Gain or Loss on sale of HRA non-current assets			**1,137**
4,766	Interest payable and similar charges			**4,766**
135	Pensions Interest Cost and Expected Return on Pensions Assets	**11**		**131**
(131)	HRA Interest and Investment Income			**(178)**
(27,131)	**(Surplus) / Deficit for the year on HRA services**			**(22,946)**

MOVEMENT ON THE HRA BALANCE STATEMENT

The 'Surplus or (Deficit) for the year on HRA services' line shows the true economic cost of providing the authority's services, more details of which are shown in the HRA Income and Expenditure Statement. These are different from statutory amounts required to be charged to the Housing Revenue Account for dwellings rent setting purposes. The 'Net Increase / (Decrease) before transfers to earmarked reserves' line shows the change in the statutory Housing Revenue Account Balance before any discretionary transfers to or from reserves undertaken by the Council.

2013/14 £000		Notes	2014/15 £000	£000
1,283	**Balance on the HRA at the end of the previous year**			**1,323**
27,131	Surplus or (deficit) for the year on the HRA Income and Expenditure Statement		**22,946**	
(22,301)	Adjustments between accounting basis and funding basis under statute	Main Notes 6	**(19,047)**	
4,830	**Net increase or (decrease) before transfers to or from reserves**		**3,899**	
(4,790)	Transfers (to) or from reserves		**(3,869)**	
40	**Increase or (decrease) in year on the HRA**			**30**
1,323	**Balance on the HRA at the end of the current year**			**1,353**

NOTES TO THE HOUSING REVENUE ACCOUNT

1. **Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure by service on the face of the Housing Revenue Account Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice.* However, decisions about resource allocation are taken by the Council's Executive on the basis of budget reports analysed across portfolio areas. These reports are prepared on the same basis as the accounting policies used in the financial statements.

The income and expenditure of the Council's Housing Revenue Account portfolio area recorded in the budget reports for the year is as follows:

	2014/15	2013/14
	£000	£000
Other Grants and Contributions	(502)	(11)
Fees and Charges	(802)	(705)
Rents	(26,036)	(25,256)
Other Income	(193)	(296)
Recharges	(172)	(3,184)
Total Income	**(27,705)**	(29,452)
Employees	2,310	2,374
Premises	6,248	6,181
Transport	92	100
Supplies and Services	811	577
Third Party Payments	667	776
Support Services	1,854	3,586
Capital Financing Charges	(13,079)	(14,467)
Total Operating Expenses	**(1,097)**	(873)
Net Cost of HRA Services	**(28,802)**	(30,325)

NOTES TO THE HOUSING REVENUE ACCOUNT

2. Housing Stock

The Council was responsible for managing the following Council dwellings included in the Housing Revenue Account:

	31 March 2015 Nos.	31 March 2014 Nos.
Houses	**2,446**	2,461
Flats	**2,380**	2,422
Bungalows	**669**	669
	5,495	5,552

The change in housing stock can be summarised as follows:

	2014/15 Nos.	2013/14 Nos.
Housing Stock at 1 April	**5,552**	5,591
Purchases	**1**	-
Right to Buy Sales	**(27)**	(39)
Demolition for redevelopment	**(31)**	-
Housing Stock at 31 March	**5,495**	5,552

3. Housing Revenue Account Non-Current Assets and Assets Held For Sale

The total Housing Revenue Account non-current assets and assets held for sale can be analysed as follows:

	31 March 2015 £'000	1 April 2014 £'000
Council Dwellings	**262,499**	245,791
Other Properties	**6,194**	6,162
Land	**186**	179
Equipment	**79**	100
Assets Under Construction	**1,829**	151
Surplus Assets	**1,221**	2,103
Assets Held for Sale	**363**	748
Total Balance Sheet Items	**272,371**	**255,234**

NOTES TO THE HOUSING REVENUE ACCOUNT

4. Valuation of Dwellings

The 'vacant possession' value of dwellings represents the open market value of the housing stock, whilst the Balance Sheet value represents the reduced valuation owing to the stock being used for social housing. The difference between the two valuations (a reduction to 34% of the market valuation) is the 'Economic Cost' of providing council housing at less than open market rents.

	1 April 2014 £'000	1 April 2013 £'000
Vacant Possession Value of Dwellings	**719,732**	671,312
Balance Sheet Value of Dwellings	**245,791**	229,001
Economic Cost to Government	**473,941**	442,311

5. Summary of Capital Expenditure Funding Sources

	2014/15 £'000	2013/14 £'000
Usable Capital Receipts	**764**	13
Revenue and Other Contributions	**2,220**	542
Major Repairs Reserve	**4,188**	5,175
TOTAL CAPITAL EXPENDITURE FUNDING	**7,172**	5,730

6. Intangible Assets / Revenue Expenditure Funded from Capital under Statute

During 2014/15 the Housing Revenue Account incurred expenditure amounting to £80,525 on Revenue Expenditure Funded from Capital under Statute (£55,627 in 2013/14), which is capital expenditure incurred by the Council on non-physical assets. All of the £80,525 was spent on Transfer Incentive Scheme Payments, assisting tenants whose home is too large for their needs to downsize to more suitable accommodation, freeing up larger housing stock for families. The entire cost was amortised to revenue in 2014/15. No expenditure was incurred on Intangible Assets.

7. Revaluations Impairment

The 1st April 2015 valuation by the District Valuer, calculated by reference to indices, shows that the value of the Council's housing stock has increased by £16.109m which has been credited to the HRA to partially reverse previous years revaluation impairments made to that account.

The housing stock is valued on an "Existing Use – Social Housing" (EUV-SH) basis, derived from the Open Market Value (OMV), discounted by a Regional Adjustment Factor, which is determined by the Department for Communities and Local Government (DCLG). Currently, this is just 34% of the Open Market Value. A full valuation of the stock including physical inspection of beacon houses will be undertaken for 1st April 2016.

NOTES TO THE HOUSING REVENUE ACCOUNT

8. Summary of Capital Receipts

	2014/15 £'000	2013/14 £'000
Sale of Council Houses	**1,989**	2,998
Sale of Council Houses Advances Repaid	**-**	6
TOTAL CAPITAL RECEIPTS	**1,989**	3,004

9. Depreciation of Fixed Assets

	2014/15 £'000	2013/14 £'000
Council Dwellings	**2,432**	2,160
Other Buildings	**494**	403
Equipment	**25**	28
TOTAL DEPRECIATION	**2,951**	**2,591**

10. Arrears and Provision for Bad or Doubtful Debts

	2014/15 £'000	2013/14 £'000
HRA Rent & Charges Arrears		
Current Tenant Rent Arrears	**997**	883
Former Tenant Rent Arrears	**201**	536
Dwelling Rent Arrears	**1,198**	1,419
Garage Rent Arrears	**11**	7
Supporting People Charge Arrears	**37**	29
Court Cost Arrears	**105**	110
Overpayment of Benefit Arrears	**211**	231
Other Arrears	**14**	-
Total Arrears	**1,562**	1,796
HRA Bad Debt Provisions		
Rent Bad Debt Provision	**(914)**	(1,095)
Court Cost Bad Debt Provision	**(100)**	(104)
Total Bad Debt Provisions	**(1,014)**	(1,199)

NOTES TO THE HOUSING REVENUE ACCOUNT

11. HRA – Accounting for Pensions under IAS19

The following transactions have been made in the HRA Income and Expenditure Account and Statement of Movement in the HRA Balance during the year:

	2014/15 £000	2013/14 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
- current service cost	**194**	256
Financing and Investment Income and Expenditure:		
- net interest expense	**131**	135
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**325**	**391**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability	**-**	-
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**325**	**391**
Movement in Reserves Statement		
- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**(325)**	(391)
Actual amount charged against the Housing Revenue Account Balance for pensions in the year:		
- employer's contributions payable to scheme	**150**	**201**

HOUSING MAJOR REPAIRS RESERVE ACCOUNT

Under the Resource Accounting regime there is a statutory requirement to keep a Major Repairs Reserve (MRR) Account. An amount equivalent to the depreciation charge on HRA assets is transferred into this account. HRA 'Self Financing' was introduced on 1st April 2012; for a five year transitional period an adjustment is made to adjust the amount transferred into the MRR for dwellings to the 'Major Repairs Allowance' value set out in the Self Financing determination.

This reserve can be used for capital expenditure to help maintain or improve HRA assets. It can also be used to repay the principal of HRA debt; it cannot, however, be used to pay for debt servicing costs i.e. payment of interest due.

Actual 2013/14 £000		Notes	**Actual 2014/15 £000**
	INCOME		
(2,160)	Depreciation on HRA Dwellings		**(2,530)**
(431)	Depreciation on Other Non-Current HRA Assets		**(421)**
(3,348)	Appropriation Adjustment	1	**(3,072)**
(5,939)	**TOTAL INCOME**		**(6,023)**
	EXPENDITURE		
5,175	Capital Expenditure Funded from MRR	2	**4,188**
5,175	**TOTAL EXPENDITURE**		**4,188**
(764)	**Net (Surplus) / Deficit to Balances**		**(1,835)**
-	Balance Brought Forward		**(764)**
(764)	**Balance carried forward**	3	**(2,599)**

1. **Appropriation Adjustment**

   This reflects the difference between the Transitional Major Repairs Allowance (MRA) from the Self Financing settlement and depreciation on HRA dwellings.

2. **Capital Expenditure Funded from Major Repairs Reserve**

   This is a contribution to fund capital repairs and maintenance of the housing stock.

3. **Balance on Account**

   After financing capital expenditure on maintaining and improving homes in 2014/15 there is a balance of £2,598,818 to be carried forward to 2015/16.

COLLECTION FUND

This statement details the transactions relating to the collection of council tax and business rates. The Council acts as an agent to collect council tax and business rates on behalf of Warwickshire County Council and the Office of the Warwickshire Police and Crime Commissioner and business rates on behalf of the Government.

2013/14 Council Tax £000	2013/14 Business Rates £000	2013/14 Total £000		Notes	2014/15 Council Tax £000	2014/15 Business Rates £000	2014/15 Total £000
			INCOME				
(74,571)	-	(74,571)	Council Tax Receivable		**(77,280)**	**-**	**(77,280)**
-	(67,390)	(67,390)	Business Rates Receivable		**-**	**(66,381)**	**(66,381)**
-	(198)	(198)	Transitional Protection Payments receivable		**-**	**-**	**-**
			Contributions towards earlier years' Collection Fund Deficit:				
(226)	-	(226)	- Warwickshire County Council		**-**	**-**	**-**
(35)	-	(35)	- The Office of the Warwickshire Police and Crime Commissioner		**-**	**-**	**-**
(33)	-	(33)	- Warwick District Council		**-**	**-**	**-**
(74,865)	(67,588)	(142,453)	**TOTAL INCOME**		**(77,280)**	**(66,381)**	**(143,661)**
			EXPENDITURE				
			Precepts and Demands:				
-	31,657	31,657	- Central Government	**4**	**-**	**34,417**	**34,417**
56,064	6,331	62,395	- Warwickshire County Council	**4**	**58,717**	**6,883**	**65,600**
8,782	-	8,782	- The Office of the Warwickshire Police and Crime Commissioner	**4**	**9,198**	**-**	**9,198**
8,250	25,325	33,575	- Warwick District Council	**4**	**8,527**	**27,534**	**36,061**
73,096	63,313	136,409			**76,442**	**68,834**	**145,276**
			Distribution of earlier years' Collection Fund Surplus:				
-	-	-	- Central Government		**-**	**461**	**-**
-	-	-	- Warwickshire County Council		**965**	**92**	**1,057**
-	-	-	- The Office of the Warwickshire Police and Crime Commissioner		**151**	**-**	**151**
-	-	-	- Warwick District Council		**142**	**369**	**511**
-	-	-			**1,258**	**922**	**2,180**
			Charges to the Collection Fund:				
233	367	600	- Write-offs of uncollectable amounts		**273**	**520**	**793**
-	213	213	- Warwick District Council: Cost of Collection Allowance		**-**	**214**	**214**
244	-	244	- Increase / (Decrease) in Bad Debts Provision		**-**	**(250)**	**(250)**
-	6,553	6,553	- Increase / (Decrease) in Provision for Appeals		**-**	**1,961**	**1,961**
-	-	-	- Transitional Protection Payments payable		**-**	**796**	**796**
-	-	-	- Deferrals		**-**	**(166)**	**(166)**
477	7,133	7,610			**273**	**3,075**	**3,348**
(1,292)	2,858	1,566	**Net (Surplus) / Deficit for Year**		**693**	**6,450**	**7,143**
98	-	98	(Surplus) / Deficit brought forward 1 April		**(1,194)**	**2,858**	**1,664**
(1,194)	**2,858**	**1,664**	**(Surplus) / Deficit carried forward 31 March**	**5**	**(501)**	**9,308**	**8,807**

NOTES TO THE COLLECTION FUND

1. **General**

The Collection Fund is a statutory account which shows the transactions of the billing authority (Warwick District Council) in terms of Council Tax and Business Rates, and demonstrates how income from these sources is distributed to precepting bodies and the General Fund. The surplus or deficit on the Collection Fund at the yearend is distributed to, or recovered from, the billing authority and the precepting bodies on the basis of fund outturn balance estimates made in the January before the year end.

2. **Council Tax**

Council Tax income is derived from charges according to the value of residential properties that have been classified into 8 valuation bands. These numbers are adjusted for various items. The number of properties for each band is then converted into a Band D equivalent by applying a designated ratio to arrive at the Council Tax Base. Individual charges are determined by dividing the demands and precepts of the Council, Warwickshire County Council and The Office of the Warwickshire Police and Crime Commissioner by the Council Tax base. The Council Tax base for 2014/15 was calculated as follows:

Band	Dwellings in Banding List	Disabled Persons Adjustments No of Cases	Less Exemptions Properties Affected	Less Discounts	Adjusted Amount for Council Tax Band	Ratio	Band D Equivalent Dwellings
@	0	15	0	(3.00)	12.00	5 / 9	6.67
A	4,717	23	(213)	(720.25)	3,806.75	6 / 9	2,537.83
B	11,364	46	(619)	(1,348.25)	9,442.75	7 / 9	7,344.36
C	16,377	1	(477)	(1,427.00)	14,474.00	8 / 9	12,865.78
D	12,240	(23)	(305)	(843.00)	11,069.00	9 / 9	11,069.00
E	6,945	(12)	(325)	(378.25)	6,229.75	11 / 9	7,614.14
F	4,794	(17)	(100)	(200.25)	4,476.75	13 / 9	6,466.42
G	3,840	(14)	(34)	(144.25)	3,647.75	15 / 9	6,079.58
H	412	(19)	(9)	(11.25)	372.75	18 / 9	745.50
	60,689	**0**	**(2,082)**	**(5,075.50)**	**53,531.50**		**54,729.28**

Adjustment for new properties, collection rates, changes during the year for successful appeals against valuation banding, demolitions, disabled persons relief and exempt properties	(169.09)
Less Council Tax Support Scheme	(4,723.31)
COUNCIL TAX BASE 2014/15	**49,836.88**

The Council Tax demands and precepts on the Collection Fund for 2014/15 totalled £76.442m (£73.095m in 2013/14) which, when divided by the Council Tax base, gave an average Band D equivalent of 1,533.84 (1,506.20 in 2013/14). The actual income credited to the Fund was £77.07m which is made up as follows:

	£'000
Income from Council Tax	(77,280)
Write-offs	273
INCOME FROM COUNCIL TAX 2014/15	**(77,007)**

Prior to 2014/15 certain eligible taxpayers had some, or all, of their charge met by Council Tax Benefits. The amount of the benefit was credited to the Collection Fund and appeared as a charge in the billing authority’s Central Services to the Public line in the Comprehensive Income and Expenditure Statement. This expenditure was financed by way of a Government grant. From 2014/15 Council Tax Benefits has been replaced by a Council Tax Reduction Scheme which is applied directly to the Council Tax base.

3. Income from Business Ratepayers

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate of 48.2p.

Prior to 2014/15 the total amount, less certain reliefs and other deductions, was paid to a central pool (the NNDR Pool) managed by Central Government, which in turn paid back to authorities their share of the pool based on a standard amount per head of resident population.

From 2014/15 Councils will be able to keep a proportion of the business rates revenue as well as growth that is generated in their area. This will provide a direct link between business rates growth and the amount of money councils have to spend on local people and local services.

The total rateable value of properties in the Warwick District area was £163,662,499 at 31 March 2015.

4. Names of Significant Preceptors on the Collection Fund

Council Tax:
The following authorities made significant demand on the Collection Fund during 2014/15:

Warwickshire County Council	£58,717,313.65
The Office of the Warwickshire Police and Crime Commissioner	£9,197,952.00
Warwick District Council	£8,526,691.00

Business Rates:
The following organisations made significant demand on the Collection Fund during 2014/15:

Government	£34,417,248
Warwickshire County Council	£6,883,450
Warwick District Council	£27,533,798

The Council subsequently makes a tariff payment to the Government of £22,456,934.

NOTES TO THE COLLECTION FUND

5. Accounting for the Collection Fund

The Code requires the collection of council tax and NNDR to be treated as agency work in respect of the amounts collected for the major preceptors and the government. All balances of arrears, prepayments and bad debt provisions are apportioned out and only the Council's elements are included in the Balance Sheet in their respective groups. The net amounts attributable to the other major preceptors and central government are included as either debtors or creditors depending on the net position for each.

COLLECTION FUND 31st March 2014					COLLECTION FUND 31st March 2015			
Warwick District £'000	Warwicks. County £'000	Warwicks. PCC £'000	Total £'000	**COUNCIL TAX**	Warwick District £'000	Warwicks. County £'000	Warwicks. PCC £'000	Total £'000
256	1,764	276	2,296	**Arrears**	253	1,774	278	2,305
(84)	(576)	(90)	(750)	**Impairment Allowance for Doubtful Debts**	(82)	(577)	(90)	(749)
(90)	(620)	(97)	(807)	**Overpayments and Prepayments**	(104)	(733)	(115)	(952)
				Collection Fund Balance:				
-	(916)	-	(916)	Warwickshire County Council	-	(386)	-	(386)
-	-	(143)	(143)	The Office of the Warwickshire Police and Crime Commissioner	-	-	(60)	(60)
(135)	-	-	(135)	Warwick District Council	(55)	-	-	(55)
(135)	**(916)**	**(143)**	**(1,194)**	**TOTAL COLLECTION FUND**	**(55)**	**(386)**	**(60)**	**(501)**
				Balance Sheet:				
256	-	-	256	Debtors	253	78	13	344
(90)	(348)	(54)	(492)	Creditors	(104)	-	-	(104)
(84)	-	-	(84)	Bad Debts	(82)	-	-	(82)
(135)	-	-	(135)	Collection Fund Adjustment A/c	(55)	-	-	(55)

NOTES TO THE COLLECTION FUND

COLLECTION FUND 31st March 2014					COLLECTION FUND 31st March 2015			
Central Govt. £'000	Warwick District £'000	Warwicks. County £'000	Total £'000	BUSINESS RATES	Central Govt. £'000	Warwick District £'000	Warwicks. County £'000	Total £'000
574	459	114	1,147	**Arrears**	493	394	99	**986**
(375)	(300)	(75)	(750)	**Impairment Allowance for Doubtful Debts**	(250)	(200)	(50)	**(500)**
(368)	(294)	(73)	(735)	**Overpayments and Prepayments**	(535)	(428)	(107)	**(1,070)**
(3,277)	(2,621)	(655)	(6,553)	**Provision for Appeals**	(4,257)	(3,406)	(851)	**(8,514)**
				Collection Fund Balance:				
1,429	-	-	1,429	Central Government	4,654	-	-	**4,654**
-	1,143	-	1,143	Warwick District Council	-	3,723	-	**3,723**
-	-	286	286	Warwickshire County Council	-	-	931	**931**
1,429	**1,143**	**286**	**2,858**	**TOTAL COLLECTION FUND**	**4,654**	**3,723**	**931**	**9,308**
				Balance Sheet:				
-	459	-	459	Debtors	105	394	22	**521**
(2,017)	(294)	(403)	(2,714)	Creditors	-	(428)	-	**(428)**
-	(300)	-	(300)	Bad Debts	-	(200)	-	**(200)**
-	(2,621)	-	(2,621)	Provision for Appeals	-	(3,406)	-	**(3,406)**
-	1,143	-	1,143	Collection Fund Adjustment A/c	-	3,723	-	**3,723**

GLOSSARY

This section explains 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)
The changes in the pension fund's deficits or surpluses that arise because of:
a) Events have not coincided with the assumption used by the actuary when carrying out the previous triennial valuation of the fund; or
b) The actuary changing the assumptions used in the current triennial valuation exercise from those used previously.

Agency
Where one Authority (the main Authority) pays another Authority (the agent) to do work for them.

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.

Band D Equivalent
Council Tax is a tax on domestic properties. Each domestic property is placed in a 'band' from A to H based on the capital value of that property in April 1991. Band D is the middle band and the other bands are weighted in relation to Band D. (e.g. Band A is weighted 5/9ths of Band D and Band H is 18/9ths of Band D). Using the weighted number of the domestic properties in the area produced the Band D Equivalent number of properties.

Best Value
Under the Local Government Act 1999, Local Authorities must constantly aim to improve their services. Best Value was the approach introduced that gives Local Authorities a duty to provide local people with high-quality and efficient services.

Billing Authority
This is the Local Authority which collects the Council Tax for its area. In shire counties 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 – NNDR)
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. The amount charged is based on multiplying the rateable value of each business property by the national rate in the pound. From 1 April 2013 Government reforms have amended this process by allowing some degree of Business Rate retention.

Business Rate Retention Scheme
From 1 April 2013 councils will be able to keep a proportion of the business rates revenue as well as growth on the revenue that is generated in their area. It will provide a direct link between business rates growth and the amount of money councils will have to spend on local people and local services.

Capital Adjustment Account
Resources set aside to meet past capital expenditure.

GLOSSARY

Capital programme
Our plan of future spending on capital projects such as buying land, buildings, vehicles and equipment.

Capital receipt
Income from selling assets that have a long-term value. Capital receipts can be used to finance new capital expenditure within rules set by central government, but they cannot be used to finance day-to-day spending.

Capital spending
Spending on assets that have a lasting value, for example, land, buildings and large items of equipment such as vehicles.

Capital spending charged to revenue
Paying for capital spending direct from the Council's revenue monies.

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. One of the major accountancy institutes which specialises in the public sector.

Collection Fund
A fund managed by the billing Authority (this Council) to receive Business Rates income and Council Tax income. It is also used to make payments to the national business rates pool and to pay a share of Council Tax collected to the County Council, Police Authority, this Council and the town and parish councils.

Contingent liability
A possible liability which may arise when we know the outcome of outstanding claims made against us.

Corporate and democratic core
Spending relating to the need to co-ordinate and account for the many services we provide to the public including the cost of member representation and activities associated with public accountability.

Council Tax
A tax charged on domestic householders based on which of eight Council Tax Bands their property falls into. There is a reduction for empty properties or if you live on your own. From 1 April 2013 councils must have a Council Tax Reduction Scheme which allows for Council Tax reductions of people, or classes of people, that are considered to be in financial need. In Warwickshire, the District or Borough Council issues Council Tax bills and collects the Council Tax.

Council Tax Base
An assessment by each billing Authority of the number of converted to Band D equivalents (the average band) properties, after allowing for non-collection and new properties, on which a tax can be charged.

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 that constantly change in value such as stocks, debtors and bank balances.

GLOSSARY

Current liabilities
Monies that are due to be paid in less than one year such as bank overdrafts and money owed to suppliers.

Current service cost
The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee’s on-going membership of the pension scheme.

Current spending
The yearly running costs of Local Authorities, not including specific grants and the cost of buying our assets.

Curtailment costs
Curtailment costs are the amounts of money that are paid to a new pension scheme when a defined group of staff transfer from one pension scheme to another. The costs represent the value of the pension rights accrued by the transferring staff.

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 such as buildings and vehicles which reflects wear and tear, age and the asset becoming out of date.

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.

Financial Reporting Standard (FRS)
Recommendations on the way we need to treat certain items in our accounts.

General reserves
Money set aside to be used in the future to meet unforeseen eventualities.

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).

Gross spending
The cost of providing our services before allowing for government grants or other income.

International Financial Reporting Standards (IFRS)
Accounting standards/ practices on the way we need to treat certain items in our accounts.

Inventories
Goods bought which have not yet been used.

Leasing
A method of renting the use of vehicles, machinery and equipment. The items do not belong to us, but are the property of the leasing company to whom we pay rentals.

Liabilities
Money we will have to pay to people or organisations in the future.

GLOSSARY

Loss
The amount left over when expenses are higher than all income received.

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 statutory minimum amount by which the Council must set aside each year to repay loans.

Net book value
The value of an asset after depreciation.

Net spending
The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. 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.

Petty Cash
Small sums of cash kept by departments to pay minor expenses.

Precept
The amount each non-billing Authority, (County Council, Police Authority) asks a billing Authority (this Council) to collect every year to meet their spending.

Property, Plant and Equipment
An item that is intended to be used for several years such as a building or a vehicle.

Provisions
Money set aside to meet specific service liabilities, and to meet spending.

Prudential Code
A statutory code of practice that sets out the framework for Local Authority capital finance that ensures:

- Capital expenditure plans are affordable;

- All external borrowing and other long term liabilities are within prudent and sustainable levels; and
- Treasury management decisions are taken in accordance with professional good practice.

Rateable Value (RV)
A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Inland Revenue’s Valuation Office Agency.

Reconciliation
A reconciliation explains how figures are worked out, and shows how they are used in different statements in our accounts.

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.

Revaluation Reserve
Store of gains on the revaluation of fixed assets.

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 Support Grant
The main government grant to support local authority services.

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. Specific grants are usually a fixed percentage of the costs of a service or project.

Surplus
The remainder after taking away all expenses from income.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICK DISTRICT COUNCIL

To follow after audit

ANNUAL GOVERNANCE STATEMENT

1. SCOPE OF RESPONSIBILITY

1.1 Warwick District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. Warwick District Council also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and arrangements for the management of risk.

1.3 Warwick District Council has 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. A copy of the Code is on our website at www.warwickdc.gov.uk or can be obtained in hard copy form on request from the Audit and Risk Manager.

1.4 This statement explains how Warwick District Council has complied with the Code and meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1 The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Warwick District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place at Warwick District Council for the year ended 31st March 2015 and up to the date of approval of the statement of accounts.

3. THE GOVERNANCE FRAMEWORK

The key elements of the systems, processes and activities that comprise the Authority's governance arrangements are as follows:

3.1 Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users

3.1.1 In October 2010 the Council adopted Fit for the Future (FFF), its strategic response to dealing with the challenges of reduced income, rising customer expectations and demand. FFF provides a framework to help the Council make progress towards its organisational purpose "To make Warwick District a great place to live, work and visit". It sets out a range of activities, interventions and projects falling into two broad areas:

a) Activities that are designed to improve community outcomes. These are developed by the Council's Service Areas or jointly with partners and relate to one or more of the priority or cross cutting themes of the Sustainable Community Strategy (SCS). A review of the SCS was undertaken during 2013 that led to a refreshed Strategy focusing on five priority themes with the first among equals being Prosperity.

b) Activities that are designed to improve our organisation and the services provided by the Council. These activities aim to bring about the following improvements:

i) Money - delivering a balanced budget; whilst
ii) Service - maintaining or if possible improving the services we provide to customers; and
iii) People - helping develop our organisation and culture so that we are better able to improve continuously.

3.1.2 FFF was formulated following an extensive period of consideration and consultation which took account of:

- Warwick District Council's values;
- The political ambitions of the Council's ruling Administration;
- The Warwick Partnership Sustainable Community Strategy (for Warwick District);
- A Systems Thinking approach to service design;
- An organisational design focusing on People and Place;
- The state of public finances;
- Information on the quality of life in Warwick District;
- Information from the most recent Citizens' Panel Survey;
- Strategy rationalisation;
- Views of Members, staff, unions and various stakeholders and partners.

3.1.3 A performance management system is in place to manage the progress of FFF. A wide range of measures are used to track the Council's progress and results are reported quarterly to Senior Management Team.

3.1.4 FFF has three strands covering the financial challenge, service quality and cultural change (money, services and people). A 2013 review of the Council's governance arrangements reported that, whilst robust plans are in place to address the first two, the organisation needed to make progress in addressing the third. Cultural change was regarded as essential in achieving the first two strands and in achieving the Council's objectives overall.

3.1.5 Consequently, a plan of action to drive cultural change has been developed with the Senior Management Team (SMT) and was rolled out as part of the Chief Executive's annual presentation to employees in March 2013. Following on from this a consultant was engaged to kick start work on staff engagement in October 2013. This has resulted in a staff engagement action plan being created and implementation is underway. Activities within 2014/15 have included:

- Communication of FFF reviewed and refreshed to ensure it is meaningful to all staff.

- ➢ A Staff Council has been created, Staff Voice with 25 staff representatives from all service areas covering all sites.
- ➢ Core Brief has been revamped with a focus on ensuring articles are engaging and relevant to the audience, including highlights from management team meetings.
- ➢ Senior Officer Meetings are planned in more detail, with a focus on what the presenter wants Senior Officers to know and take back to their teams. They are interesting, lively and interactive.
- ➢ Jabber has been rolled out to all staff. It is a tool enabling staff to check others' availability instantly, to send quick messages without using e-mail, enables group conversations and desk top sharing to encourage collaborative working.
- ➢ Rumour Mill was launched in February 2014. It is an anonymous communication tool, giving all staff the opportunity to ask questions, or make comments directly to the leadership without anyone knowing who asked the question.
- ➢ 'How we do it here' – An audit tool to allow the organisation to verify that staff have read and agreed to comply with corporate policies. Where relevant this is linked with E-Learning to ensure learning has also been achieved.
- ➢ CX Talk has a more informal approach to encourage interaction and engagement.

A review of the Engagement plan took place in Dec 14 with clear support from both Senior Management and Members regarding the approach we are taking to ensure we are in line with the People strand of FFF.

The People Strategy Action Plan is now being reviewed for 2015-2018 to include actions from the Investors in People Review and Peer review of 2014/15.

3.1.6 The Council's Portfolio Holders each publish an annual Service Area Plan identifying and communicating the Council's priorities for the year. The statements are approved by Executive and published on the Council's website.

3.1.7 Progress in achieving the Council's objectives is communicated to the local community via a variety of media including the Council's website and local newspapers.

3.2 Reviewing the Authority's vision and its implications for the Authority's governance arrangements

3.2.1 The SCS has a vision of improving the quality of life for all the residents of Warwick district by making the district a great place to live, work and visit. The review of the SCS in 2014/15 fed into the development of the Service Area Plans for 2014/15. It is possible that the Strategy will need revisiting once again following the elections in May 2015.

3.2.2 The 2013 review did not touch on the Council's constitutional governance arrangements. These can be summarised as follows:

- Council is the ultimate decision making body for those matters that have not been delegated to Executive, specific officers or are required to be taken at Council level by law.
- Executive will make decisions in respect of the majority of Council matters or make recommendations to the Council.
- Overview and Scrutiny Committee will have oversight responsibility for policy development and performance monitoring whilst Finance and Audit Scrutiny

Committee will oversee the adequacy of the Council's risk management and control frameworks, especially that of financial control.

3.2.3 A great deal of progress has been made in engaging the Scrutiny Committees in a new approach to scrutiny, particularly in the area of Partnerships, Service Area Plans and, most especially, Risk Registers (service and corporate) and Contract Registers.

3.2.4 The Group Leaders, with assistance from the Overview & Scrutiny Committee, review annually the terms of reference and work of Members appointed to outside bodies. This helps ensure the Council is focused on its key role within the community and helps to reduce potential conflicts of interests for Councillors. This has seen a reduction in the numbers appointed and will likely lead to further reductions in 2015.

3.3 Measuring the quality of service for users, for ensuring they are delivered in accordance with the Authority's objectives and for ensuring that they represent the best use of resources

3.3.1 Performance monitoring and reporting mechanisms ensure performance management is embedded into the core management structures of the organisation. The Council has moved away from performance targets as it is considered that these act as a barrier to the ethos of continuous improvement. In their place the Council is using key performance measures to track service delivery progress. Key customer performance measures are identified in the Service Plans.

3.3.2 The Council is committed to actively consulting and involving the public in improving services. It measures regularly the experience of users of its services and gathers citizens' opinions on a variety of subjects. To this end, it employs various devices including an annual Housing Services survey, Customer Service surveys, Community Forums, online polls and online consultations.

3.3.3 The Council has adopted an approach that does not use targets as a basis for monitoring. We measure things to learn about how well we are delivering our purpose and what matters to customers and to enable us to understand what we need to do to improve continuously. To this end, service areas gather data against measures identified during the Service Area Planning process.

3.3.4 Where service falls below customer expectations it often manifests itself in complaints. The Complaints Policy has been reviewed and is due to be formally approved and introduced in the next 12 months. There will also be consideration of the resources given to supporting this as part of the current support services review. The trends for complaints are monitored through the corporate measures process.

3.3.5 Benchmarking is seen as a key tool for managing performance through comparing process and cost with others. Finance services such as accountancy, internal audit, treasury management, payroll and debtors are periodically benchmarked against other local authorities in terms of price and performance.

3.4 Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and other functions, with clear delegation arrangements and protocols for effective communication.

3.4.1 The Constitution sets out the respective responsibilities of Members and Officers through Codes and Protocols. It sets out the terms of reference for the Council and all of the Council's Committees. The Executive reviews the Constitution on an ongoing basis and ensures the levels of delegation are appropriate. The review of the Council's Constitution is well underway. The Code of Conduct for Members, the Code of Conduct for Employees, the Member/Officer protocol, the Council Procedure Rules, the

Responsibilities of Housing Appeal Review Panels and the Code of Procurement Practice have all been reviewed and adopted by Council. The Code of Financial Practice, Officer Scheme of Delegation, Public Speaking at Council and the Call-in procedure are due to be completed by the end of the Municipal year. This will leave just a few Constitution-related documents to be updated, the majority of which will be to ensure they reflect the other decisions taken on the Constitution. These will be completed by early winter 2015. (Action 1)

3.4.2 A management matrix shows the relationship between Portfolio Area and Service Area. This has been communicated to all service managers and is used as part of the induction programme for new staff.

3.5 Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

3.5.1 The Constitution contains a Member/Officer Protocol and Codes of Conduct for Members and Officers. All new Members and Officers receive a copy of their respective Codes and reference is often made to them in reports that are submitted to Committees.

3.5.2 There is a regular review of Member interests (detailed on the Council's website) by the Standards Committee and a six-monthly review by SMT of officer interests and declarations of gifts and hospitality. Staff are reminded annually through their payslip of the need to make declarations for conflicts of interest.

3.5.3 There is an Anti-Fraud and Corruption Policy that is reviewed annually by Finance & Audit Scrutiny Committee. All new staff receive training on the Policy as part of the induction process and it is brought to the attention of all staff annually through the Council's Intranet.

3.5.4 The Council's Information Security & Conduct Policy (ISCP) defines the Council's standards of behaviour when using ICT equipment or managing information. In addition, the ISCP also includes 'acceptable use' policies. The ISCP is communicated to staff during the induction process and when a major revision has occurred. Individual aspects of the policy are also highlighted to staff via the 'Core Brief' or the Council's Intranet.

3.5.5 The Authority agreed Organisational Values in 2007. These are now reflected in the revised Appraisal and Competency Framework where the emphasis on 'How's work' forms part of a more flexible and tailored approach to the importance of the appraisal conversation. The Organisational Values have been a key element in the development of FFF.

3.5.6 There is significant concern that during the year yet more confidential information has been disclosed to third parties. It has been very difficult to identify the source of the "leak" but the damage is done as soon as the disclosure occurs. Both the Chief Executive and the Council's Leader have brought the matter to Council's attention on a number of occasions and the Monitoring Officer has written to Councillors advising of the legal implications of disclosure.

3.6 Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which define clearly how decisions are taken and the processes and controls required managing risks

3.6.1 The Code of Financial Practice and the Code of Procurement Practice form part of the Council's Constitution.

3.6.2 Following thorough reviews, the updated Code of Procurement Practice was agreed by Council in January 2015, and the updated Code of Financial Practice was reviewed by Executive in March 2015 for agreement by Council in April. "e-Training" has been provided on the code of Financial Practice to all officers during 2014/15. Training on the Code of Procurement Practice has started to be rolled out to staff since January as part of broader Procurement workshop training. This training will continue to be provided during 2015 and will be supplemented by a further workshop that considers specifications and contract management. (Action 2)

3.6.3 Training on the Code of Procurement Practice was offered two years ago to Members but take-up was not as comprehensive as required. Discussion with Members on this issue highlighted a need for Member training to be organised in a proactive, planned fashion. A Procurement training session is planned for members as part of the Member Training Programme being developed for after the 2015 elections. (Action 3)

3.6.4 A Procurement Strategy has been agreed by the Council and an annual Procurement Action Plan is monitored by Finance & Audit Scrutiny Committee. The Plan is overseen by the Procurement Manager who champions procurement issues across the Council.

3.6.5 Finance & Audit Scrutiny Committee has taken a keen interest in procurement, forming a Procurement Working Party of three members that has helped raise the profile of the function throughout the organisation. Finance & Audit Scrutiny Committee is reviewing all the Services' contract registers as part of a rolling programme.

3.6.6 A uniform report template sets out the standard information required for a Committee decision to be taken, and a protocol is in place for officer attendance at Committees. There are guidance notes for officers on writing reports. The template and associated guidance were updated during 2014.

3.6.7 A system has been set-up to monitor the implementation of Executive decisions. The Deputy Chief Executive now reviews the decisions on a three-month rolling basis.

3.6.8 The Council's Risk Management Policy Statement and Strategy is updated annually and reported to Finance & Audit Scrutiny Committee. This explains the methodology that provides a comprehensive framework for the management of risk throughout the Council. A cross-departmental Risk Management Group meets quarterly to help embed risk management across the Authority.

3.6.9 High level corporate risks are set out in the Significant Business Risk Register (SBRR) which is reviewed quarterly by SMT and then by Executive via Finance & Audit Scrutiny Committee. Risks relating to the FFF programme are incorporated within the SBRR.

3.6.10 Concerns had developed that some aspects of maintaining the SBRR may not be robust. Consequently, a review of the process for producing and monitoring the SBRR has been undertaken leading to much fuller engagement by SMT and ongoing oversight by the Council's Leader.

3.6.11 Operational risks are recorded on service risk registers. Services are required to review their risk registers on a regular (at least quarterly) basis with their portfolio holders. It is recognised that not all services adhere to this. (Action 4)

3.6.12 A programme of review of service risk registers by Finance & Audit Scrutiny Committee is in place that has helped greatly to raise awareness of good risk management.

3.6.13 Business continuity plans are in place across the council to help services react to emergency events. It is recognised, however, that several plans are in need of updating. (Action 5)

3.7 Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practice for Local Authorities*

3.7.1 The core functions of an audit committee are delivered by the Authority's Finance & Audit Scrutiny Committee. These are set out in its terms of reference approved by the Executive.

3.7.2 The main purposes of the Finance & Audit Scrutiny Committee are to provide independent assurance of the adequacy of the risk management framework and the associated control environment; independent scrutiny of the Authority's financial and non-financial performance to the extent that if affects the Authority's exposure to risk and weakens the control environment; and to oversee the financial reporting process.

3.7.3 In addition to the main purposes of the Finance & Audit Scrutiny Committee it also:

- Approves (but not directs) Internal Audit's strategy and annual plan and reviews its performance;
- Reviews summary Internal Audit reports and the main issues arising and seeks assurance that action has been taken where necessary;
- Considers the reports of external audit and inspection agencies;
- Considers the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
- Seeks assurances that action is being taken on risk related-issues identified by auditors and inspectors;
- Satisfies itself that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;
- Ensures that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted;
- Reviews the financial statements, external auditor's opinion and reports to members and monitors management action in response to the issues raised by external audit. Review the robustness of business cases
- Promote value for money and good procurement practice
- Make recommendation on good financial management practices
- Keep the treasury management performance under review
- Make recommendation to the Council regarding the approval of the Statement of Accounts in accordance with regulation 10 of the Accounts and Audit Regulations 2003.
- Review specific Executive items and past decisions.

3.8 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

3.8.1 Compliance with law and regulation is assisted by recruiting suitably qualified staff and having job descriptions and personal specifications for all posts. All senior managers receive a local government briefing to alert them to changes in the external regulatory framework and major changes are identified for reports to the Executive or

Council as appropriate. As part of the service planning process the impact of new laws is addressed.

3.8.2 SMT will monitor compliance with internal policies from time to time. Examples include: the annual review of appraisals undertaken; compliance with health and safety policy; monitoring of our Equality and Diversity annual report. Internal Audit will identify any key policies that might need to be tested as part of any audit.

3.8.3 To ensure expenditure is lawful the Council agrees detailed budgets. Managers responsible for the budgets are required to sign acceptance of them. The Code of Financial Practice and Code of Procurement Practice set out procedures to ensure lawful expenditure. Both Finance staff and the Chief Financial Officer are required to sign off Committee reports to ensure relevant financial issues have been addressed. Where appropriate, reports are considered by the Council's shared Legal Service. All Executive reports are considered by the Council's Monitoring Officer.

3.8.4 Budget monitoring takes place across the Council throughout the year, with regular reports being considered by SMT (monthly) and Executive (quarterly), with intelligence from across the authority informing the process. The budget monitoring process has continued to be reviewed, with specific consideration during 2014/15 of the capital budget and slippage of revenue and capital schemes, resulting in much greater scrutiny of these aspects. Services recognise, however, that there is still some scope for improvement in budget monitoring, including how the Property Management system ('ActiveH') and main financial system ('Total') are used together for budget monitoring. (Action 6)

3.8.5 There have been a limited number of projects in the last couple of years where the original project budget has proved to be insufficient. This has resulted in reports to members to seek additional funding. The reasons for the need for additional funding vary for each project. In view of this the Executive agreed that for all new building projects and professional services contracts from 1 April 2015, the Council adopts the RIBA staged process and for all other projects the Prince2 approach. By adopting this approach, it is intended that members should be able to have greater confidence in any estimates being presented for new schemes.

3.8.6 Establishing a shared Legal Service with the County Council has meant that arrangements have been put in place whereby there is a responsibility for the relevant Head of Service to satisfy themselves as to the legality of any recommendation and if there is any doubt seek advice.

3.8.7 The Council publishes a Forward Plan on a monthly basis that contains details of all decisions to be made by the Executive.

3.8.8 Following the report to members in March 2014 highlighting failing in procurement processes in parts of the organisation, the authority's approach to procurement has been reviewed. A more centralised approach is now adopted, requiring the Council's procurement team to be central to all procurement opportunities and providing instructions to officers. Alongside this, a comprehensive set of actions was identified, with these actions being monitored and reported to members during 2014/15.

3.9 Whistle-blowing and arrangements for receiving and investigating complaints from the public

3.9.1 An Anti-Fraud and Corruption Strategy and a Whistle-blowing Policy and Procedure are in place. Both documents are reviewed annually by Finance & Audit Committee and publicised widely, including on the Council's website.

3.9.2 The Anti-Fraud and Corruption Strategy comprises a series of measures and procedures that are designed to frustrate any attempted fraudulent or corrupt acts. This includes:

- Establishing the appropriate culture
- Appointing statutory officers
- Maintaining a Council committee structure which reviews decisions, examines specific issues and promotes high standards, as well as investigating alleged breaches of the code of conduct
- Recruiting and retaining high calibre staff
- Establishing relevant procedures and codes that form the Council's overall control framework
- Exchanging information with other bodies
- Undertaking a comprehensive approach to the preparation of the Annual Governance Statement.

3.9.3 The Strategy also describes the arrangements for investigating allegations of wrongdoing.

3.9.4 The Whistle-blowing Policy provides a channel for those that have serious concerns about any aspect of the Council's work to come forward and express those concerns anonymously and safely.

3.9.5 The policy aims to:

- Encourage employees to feel confident in raising serious concerns and to question and act upon concerns about practice
- Provide avenues for employees to raise those concerns and receive feedback on any action taken
- Ensure that employees receive a response to their concerns and that they are aware of how to pursue them if they are not satisfied
- Reassure employees that they will be protected from possible reprisals or victimisation if they have reported their concerns in good faith.

3.9.6 The policy gives examples of the possible concerns that may exist, how these should be raised and how the Council will respond. In the event of dissatisfaction, other avenues for raising concerns are also set out within the policy.

3.9.7 This includes the Council's confidential telephone helpline 'In Touch'.

3.9.8 The Council has a Complaints Policy that describes how members of the public can make a complaint. All investigating officers have attended the LGO training course on effective complaint handling. If a complainant is dissatisfied with the outcome of the initial investigation they can request that the complaint be investigated again. This will be by an officer outside of the service to which the complaint relates. If the complainant is still dissatisfied they have the right to have the complaint referred to the Local Government Ombudsman for investigation and resolution.

3.10 Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

3.10.1 There is a Members' Development Programme agreed by the Members' Development Group and Employment Committee.

3.10.2 Training for senior officers is identified through the induction programme and on an ongoing basis through the competency and personal development framework process that requires a review of development needs.

3.10.3 CMT attends appropriate training courses organised by the Society of Local Authority Chief Executives (SOLACE), West Midlands Employers (WME) and the Local Government Association (LGA) whilst all senior managers are encouraged to attend relevant professional seminars and conferences.

3.10.4 As identified earlier, training for senior officers and members is required in the areas of contract and financial management.

3.10.5 The review of governance arrangements two years ago confirmed a need to provide training for Portfolio Holders and Shadow Portfolio Holders to help them fulfil their role effectively. A short remit for these roles has been agreed and training on this is included within the member induction programme for 2015. (Action 7)

3.11 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

3.11.1 Locality Working, which has extended the remit of the local neighbourhood policing forums to cover the totality of local government working (District, County and Parish/Town) along with the Primary Care Trust and Voluntary and Community Sector, is now active in all parts of the District through the operation of 7 Community Forums. Forum attendees identify community priorities and allocate resources provided by the District and County Councils to specific projects.

3.11.2 The Community Engagement Strategy was developed on behalf of the Warwick Partnership Group as a means of enabling a dialogue between communities and public sector organisations. The Warwick Partnership led on the Community Engagement Strategy for Warwick District. As a result of the changes in the partnership landscape, however, the Community Engagement Strategy is no longer required. The focus is now on the adoption of a set of principles and values that will govern the community engagement work. In addition, the link with the Engaging Communities Co-ordination Project overseen by Warwickshire Community and Voluntary Action (WCAVA) provides a means for the Council to engage with communities of interest.

3.11.3 A Channel Strategy based on understanding customer behaviour and their needs was adopted in April 2012. The channels our customers use vary from more traditional ones like face-to-face and telephone to newer channels like social media and mobile web access. The strategy ensures we are focusing our resources on the channels and services that are important to our customers. The associated action plan is now largely complete.

3.11.4 A programme of work to improve service requests through the Council's website will commence during 2015. The programme, Digital by Default, will enable high-volume requests to be delivered fully electronically to ensure the customer receives an improved and efficient service.

3.11.5 An overarching Communications Strategy, containing an action plan with proposed improvements, was adopted in June 2013. This identifies the different ways the Council will deliver messages to its audiences in an organised and targeted way. Progress in implementing the action plan is reported quarterly to the Senior Management Team.

3.12 Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Authority's overall governance arrangements

3.12.1 The Council has updated its policy for managing its partnership arrangements. The governance arrangements for all partnerships have been reviewed with all lead officers being required to complete a Partnership Checklist to identify any governance weaknesses. All new partnerships must be approved by Executive with a partnership checklist accompanying the report presented to the Executive.

3.12.2 The Scrutiny Committees also have a role for reviewing the effectiveness of partnerships. This work has enabled Scrutiny Committees to play a valuable role in ensuring that the Council's partnerships remain effective and are value for money.

3.12.3 Last year's review of governance arrangements found that formal agreements such as a memorandum of understanding or service level agreement are not applied consistently to all shared service arrangements. No new shared service arrangements have been created in recent years although current agreements are kept under review.

4. REVIEW OF EFFECTIVENESS

4.1 Warwick District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the work of senior managers within the Authority who have responsibility for the development and maintenance of the governance environment;
- the Audit & Risk Manager's annual report; and
- comments made by the external auditors and other review agencies and inspectorates.

4.2 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is as follows:

4.3 The Council

4.3.1 The Council is responsible for agreeing the changes to the Constitution that have been developed during the year. This Annual Governance Statement is also reported to the Council when it approves the financial statements.

4.4 The Executive

4.4.1 The Code of Corporate Governance brings together in one document all the governance and accountability arrangements which the Council currently has in place and highlights areas where more work is required. The Executive last agreed the Code of Corporate Governance in March 2008. Although it is endorsed by Standards Committee each year it is never-the-less due for a thorough review. (Action 8)

4.5 The Finance & Audit Scrutiny Committee and the Overview and Scrutiny Committee

4.5.1 The Council has delegated to Finance & Audit Scrutiny Committee responsibility for discharging the functions of an audit committee. Its main purposes are to provide independent assurance of the adequacy of the risk management framework and the associated control environment; independent scrutiny of the authority’s financial and non-financial performance; and oversee the financial reporting process.

4.5.2 Each quarter the committee reviews the findings from Internal Audit assignments completed during those periods, whilst annually it receives a report on the effectiveness of Internal Audit. It also considers reports from external audit and other review agencies as and when they are issued.

4.5.3 The rigour applied by these Committees in carrying out their scrutiny role has contributed to an effective governance framework and to the Council achieving its objectives. For example, the ongoing review by Finance & Audit Scrutiny Committee of service risk registers has improved risk management throughout the organisation and member championing of effective procurement has resulted in major improvements in procurement practice and the attainment of significant savings from the commissioning of goods and services.

4.6 The Standards Committee

4.6.1 Following a review of the remit of the Standards Committee, responsibility for approving the Annual Governance Statement has moved to the Finance & Audit Scrutiny Committee operating, in effect, as the Council’s Audit Committee.

4.7 Internal Audit

4.7.1 Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a three-year plan which is approved by Finance & Audit Scrutiny Committee and from which the audit assignments are identified.

4.7.2 A report of each audit is submitted to the relevant Service Area Manager. The report includes an action plan comprising recommendations for improvements in control and management responses.

4.7.3 During the year Internal Audit gave moderate levels of assurance in respect of three key areas: Corporate Procurement, Shared Legal Services and Section 106 Agreements. It is important that recommendations relating to these reviews are acted upon in accordance with the required timescales. (Action 9)

4.7.4 Quarterly reports are issued to Members on progress in achieving the annual plan. The reports also contain copies of all action plans issued to managers in the quarter, details of any outstanding responses and, where the level of assurance given is less than substantial, copies of the audit reports.

4.7.5 The Internal Audit Section complies with the Public Sector Internal Audit Standards that came into force on 1 April 2013 and is subject to regular inspection by the Council’s external auditors who place reliance on the work that the Section carries out.

4.8 Chief Financial Officer

4.8.1 To comply with the CIPFA Code of Practice on Local Authority Accounting, a specific statement is required to be reported in the Annual Governance Statement on whether the authority’s financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2010) to ensure an effective system of internal control is maintained and operated in connection with the resources concerned.

4.8.2 The governance requirements in the Statement are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the Leadership Team, with a status at least equivalent to other members. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the authority’s Annual Governance Report, together with how these deliver the same impact.

4.8.3 The Head of Finance has confirmed that the Council’s financial management arrangements conform to the CIPFA Statement other than in 3 specific matters:

- Head of Finance reporting directly to Chief Executive.
- Head of Finance being a member of Leadership Team
- Head of Finance having responsibility for Asset Management.

4.8.4 The Council’s view is that the way it operates – the Head of Finance’s regular attendance at CMT/Exec meetings, budget planning meetings, and numerous ad-hoc meetings – enables the officer to have unhindered access to the most senior officer as well as senior members. The Head of Finance reports to the Deputy Chief Executive/Monitoring Officer. This way of operating has subsisted for several years without any apparent problems; consequently, the Council considers that the risk of there being a detriment to the authority is low.

4.8.5 With regard to asset management, responsibility for this comes under the Head of Housing & Property Services and the Council considers this is the appropriate place for it to be as that is where the expertise lies.

4.8.6 Naturally the Council will need to keep all reporting and responsibility arrangements under review and would be prepared readily to discuss any perceived shortcomings with the Council’s external auditors if and when they arise.

4.9 **Other review/assurance mechanisms**

4.9.1 The Scrutiny Committees, the Standards Committee and External Audit contribute to the review of the Authority’s compliance with policies, procedures, laws and regulations. Occasional use has been made of other review agencies such as peer assessors from the West Midlands Local Government Association, this latterly being in 2012, with a review update planned for summer 2014.

4.9.2 The Council is audited annually to ensure it meets a set of mandatory information assurance requirements set by central government called the Code of Connection (CoCo). CoCo requires local authorities to provide a compliance statement that documents how their information technology meets baseline requirements that are adopted from ISO 27001. The effective use of ICT Resources is critical in the efficient delivery of Council services to its citizens. ICT Governance is undertaken by the Council’s ICT Steering Group and this group is responsible for ensuring that ICT resource allocation is directly aligned to Council priorities and appropriate reporting and monitoring arrangements have been put in place.

4.9.3 The Council has been Investors in People accredited since 1998 and received Bronze accreditation in 2011. A further review is planned for March 2015 in conjunction with a staff survey co-ordinated by the Staff Voice. A number of services are externally accredited against specific standards. Food Safety's ISO9000 quality management system was re-accredited during the year. In addition, Housing & Property Services achieved the Telecare Services Association’s Platinum Standard and Cultural Services’ leisure centres continue to be Approved Training Centres for the Institute of Qualified Lifeguards. The Plain English Campaign awarded the Council website its Internet Crystal Mark standard. The Council also received during the year the ‘Positive about

Disability' Award for its employee recruitment and selection processes. The Council's website was also awarded Digital Accessibility Centre Accreditation.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 Governance issues that are identified for improvement are set out below. The actions have been identified from the processes involved in producing the statement (e.g. meeting with committee chairs) and from the sources of evidence supporting it (e.g. service assurance statements).

1. All constitution-related documents that have not been reviewed in the previous twelve months to be reviewed. (para. 3.4.1 above)
2. Service-specific contract management training to be delivered to relevant managers. (para. 3.6.2)
3. Procurement training to be provided to new Members. (para. 3.6.3)
4. Service risk registers to be reviewed by service management teams and portfolio holders on at least a quarterly basis. (para. 3.6.11)
5. Business Continuity Plans for services to be updated. (para. 3.6.13)
6. Budget monitoring systems to continue to be improved. (para. 3.8.4)
7. Training to be provided to Portfolio Holders and Shadow Portfolio Holders to help them fulfil their role effectively. (para. 3.10.5)
8. The Code of Corporate Governance to be reviewed and updated. (Brought forward from last year.) (para. 4.4.1)
9. To ensure that the necessary management actions emanating from the internal audit reviews of Corporate Procurement, Shared Legal Services and Section 106 Agreements (which all received moderate assurance opinions) are acted upon in accordance with the required timescales. (para 4.7.3)

5.2 We propose over the coming year to take steps to address the above matters to enhance further our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

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Andrew Mobbs Leader of the Council	Chris Elliott Chief Executive

Dated:

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