

# Finance and Audit Scrutiny Committee

Tuesday 25 July 2017

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A meeting of the Finance and Audit Scrutiny Committee will be held at the Town Hall, Royal Leamington Spa on Tuesday 25 July 2017 at 6.00pm.

Membership:

|                      |                            |
|----------------------|----------------------------|
|                      | Councillor Barrott (Chair) |
| Councillor Cain      | Councillor Illingworth     |
| Councillor Davies    | Councillor Margrave        |
| Councillor Gallagher | Councillor Noone           |
| Councillor Gifford   | Councillor Quinney         |
| Councillor Howe      | Vacancy - Conservative     |

## Emergency Procedure

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

## Agenda

### Part A – General Items

#### 1. Apologies and Substitutes

- (a) to receive apologies for absence from any Councillor who is unable to attend; and
- (b) to receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

#### 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 held on 31 May 2017(**Item 3/Page 1**)

**Part B Audit Items**

4. **Audited Statement of Accounts**

To receive a report from Finance

**(Pages 1 to 6 + Statement of Accounts 1 to 94)**

5. **Anti-Fraud & Corruption Progress Report 2016/17**

To consider a report from Finance

**(Pages 1 to 18)**

**Part C – Scrutiny Items**

6. **Development Services Risk Register**

To consider a report from Development Services

**(Pages 1 to 35)**

7. **Comments from the Executive**

To consider a report from Democratic Services

**(Pages 1 to 4)**

8. **Review of the Work Programme and Forward Plan**

To consider a report from Democratic Services

**(Pages 1 to 15)**

9. **Executive Agenda (Non Confidential Items and Reports) – Wednesday 26 July 2017**

To consider the non-confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting.

**You are requested to bring your copy of that agenda to this meeting.  
(Circulated separately)**

10. **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 paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

11. **Executive Agenda (Confidential Items and Reports) – Wednesday 26 July 2017**

To consider the confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting.

**You are requested to bring your copy of that agenda to this meeting.  
(Circulated separately)**

12. **Confidential Minutes**

To confirm the minutes of the meeting held on 31 May 2017 **(To follow)**  
**(Not for Publication)**

Agenda published Monday 17 July 2017

General Enquiries: Please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ.

Telephone: 01926 456114  
E-Mail: [committee@warwickdc.gov.uk](mailto:committee@warwickdc.gov.uk)


For enquiries about specific reports, please contact the officers named in the reports

You can e-mail the members of the Committee at [f&a@warwickdc.gov.uk](mailto:f&a@warwickdc.gov.uk)

Details of all the Council's committees, Councillors and agenda papers are available via our website [www.warwickdc.gov.uk/committees](http://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) 456114 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 456114.**

|   |   |  |
|---|---|--|
|  <b>Finance and Audit 25/7/2017</b>  |   | <b>Agenda Item No.</b><br><br><b>4</b> |
| <b>Title</b>  | Statement of Accounts and Annual Governance Statement 2016/17   |  |
| <b>For further information about this report please contact</b>   | Marcus Miskinis Tel 01926 456804<br>marcus.miskinis@warwickdc.gov.uk  |  |
| <b>Wards of the District directly affected</b>  | None  |  |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b> | No  |  |
| <b>Date and meeting when issue was last considered and relevant minute number</b>   | 27 July 2016: Budget Review to 30 June 2016<br><br>28 September 2016: Fees and Charges 2017/18<br><br>2 November 2016: Budget Review to 30 September 2016<br><br>30 November 2016: General Fund Base Budgets latest 2016/17 and Original 2017/18<br><br>30 November 2016: Housing Revenue Account Base Budgets latest 2016/17 and Original 2017/18<br><br>8 February 2017: GF Budget 2017/18 And Council Tax – Revenue & Capital<br><br>HRA Budget 2017/18 And Rents<br><br>23 February 2017: Formal Council Tax Resolution |  |
| <b>Background Papers</b>  |   |  |

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

|  |                 |
|--|-----------------|
|  | matter of fact) |
|--|-----------------|

|  |             |                     |
|--|-------------|---------------------|
| <b>Officer/Councillor Approval</b>                                       |             |                     |
| <b>Officer Approval</b>  | <b>Date</b> | <b>Name</b>         |
| Chief Executive/Deputy Chief Executive                                   | 10/7/2017   |                     |
| Head of Service  | 10/7/2017   | Mike Snow           |
| CMT  | 10/7/2017   |                     |
| Section 151 Officer  | 10/7/2017   | Mike Snow           |
| Monitoring Officer   | 10/7/2017   |                     |
| Finance  | 10/7/2017   | Report from Finance |
| Portfolio Holder(s)  | 10/7/2017   | Peter Whiting       |
| <b>Consultation &amp; Community Engagement</b>                           |             |                     |
| Not Applicable   |             |                     |
| <b>Final Decision?</b>   |             | Yes                 |
| <b>Suggested next steps (if not final decision please set out below)</b> |             |                     |

## 1. **Summary**

- 1.1 The 2016/17 Accounts have been closed, are currently being audited and are to be made available on the Council's Website by the end of July. The Audited Statement of Accounts are presented to Finance and Audit Committee for their approval.
- 1.2 The Executive are due to consider the Final Accounts on 26<sup>th</sup> July. This report will detail the out-turn by Fund with explanations for significant variations from Budget.
- 1.3 The Final Accounts process for 2016/17 has been brought forward this year to comply with the regulations which come into force for the 2017/18 Final Accounts. Under the Accounts and Audit Regulations 2015, local authorities' audited Statement of Accounts from 2017/18 must be published by 31 July 2018, and annually thereafter. The Final Accounts process for 2016/17 has been brought forward this year to comply with this.
- 1.4 The Accounts were completed by the end of May, allowing 2 months for the Audit process.

## 2. **Recommendation**

- 2.1 It is recommended that the Committee:-
  - a) Notes the 2016/17 Audit Findings Report (report to follow)
  - b) Approves the letter of representation (to follow), on behalf of the Council.
  - c) Approve the Audited Statement of Accounts.

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

- 3.1 As part of corporate governance, Members have an important role in overseeing the framework of internal control of the Council.
- 3.2 The Council's Constitution states that the Finance and Audit Scrutiny Committee will act as the Council's audit committee. In November 2016, the Constitution was updated so that this Committee will approve the Council's Statement of Accounts each year.
- 3.3 As at the time of writing this report, the audit of the accounts is still on-going. However, it is understood that the audit is progressing well. The auditors have yet to finalise their Audit Findings report. This is hoped to be available shortly, and will be sent to members of the Finance and Audit Scrutiny Committee as soon as possible, ahead of the meeting on the 25<sup>th</sup>. The external auditors will be present at that meeting.
- 3.4 The Council also needs to provide a Letter of Representation to the auditors before they will issue their opinion. A draft of the letter will be provided along with the Audit Findings Report.

## 4. **Policy Framework**

- 4.1 **Policy Framework** – The Final Accounts for 2016/17 represent 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** – Any variations impacting on Fit For the Future projects will be incorporated into those projects. This report is looking into the previous year, only savings already achieved will be included in these figures.
- 4.3 **Impact Assessments** – The Council's Final Account covers the community throughout the District. It is a statement of fact and officers will have considered any impact when amending their budgets.

## 5. **Budgetary Framework**

- 5.1 The Statement of Accounts 2016/17 (Appendix A) is a historic account of the financial performance of the year and shows comparison with the budget (where appropriate) for 2016/17 and with 2015/16.
- 5.2 The Final Accounts for 2016/17 represent 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. More details on the Council's overall performance, with details of the Revenue and Capital variations are discussed within the Final Accounts report on the 26 July Executive agenda.

## 6. **Risks**

- 6.1 There have been numerous risks throughout the process, with Officers maintaining a Risk Register to monitor these. Approval of the Statements is the final stage prior to publication.
- 6.2 Audit issues, failure to gain approval of these Statements or IT problems are the only risks remaining for 2016/17.

## 7. **Alternative Option(s) considered**

- 7.1 This Council could have chosen to delay the early closure process until next year. However, piloting this in advance provides an opportunity to review where problems are likely to arise and refine the timetable for future years.

## 8. **Background**

### 8.1 **The Statements**

- 8.1.1 The Statement of Accounts is attached as Appendix A. This has been updated from the initial draft completed in May to reflect the initial comments from the auditors, these so far being minor changes to the narrative. The Statement 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 2016/17" ("the Code") which involves interpretations of accounting standards and other pronouncements by the Accounting Standards Board.
- 8.1.2 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.
- 8.1.3 A new Supplementary Statement (page 18) precedes the primary statements. The Expenditure and Funding Analysis demonstrates to council tax and rent

payers how the funding to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how the expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

- 8.1.4 The first primary statement is the Comprehensive Income and Expenditure Statement (page 19). 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 HRA impairments reversal (-£36.8m) and 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. This is now shown by Portfolio and not the CIPFA Service categories. The 2015/16 analysis has been restated accordingly.
- 8.1.5 The second primary statement is the Movement in Reserves Statement (page 20). 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.
- 8.1.6 The Balance Sheet (page 21) is a relatively simple statement with the details now being provided in the notes.
- 8.1.7 Similarly, the Cash Flow Statement (page 22) is a summarised account with the notes providing the details. The Cash Flow statement includes both cash and cash equivalents i.e. non-cash items that can be quickly liquidated, such as short term investments.

## **8.2 Annual Governance Statement**

- 8.2.1 The Accounts and Audit (England) Regulations 2015 require local authorities to 'conduct a review at least once a year of the effectiveness of its system of internal control' and include a statement on internal control in any Statement of Accounts. The regulations require local authorities to produce the statement in accordance with 'proper practices in relation to internal control'.
- 8.2.2 Following various reviews a new Framework has been put in place which recommends that the review of the effectiveness of the system of internal control should be reported in an Annual Governance Statement.
- 8.2.3 To support the conclusions in the Annual Governance Statement, each year a review is to be carried out of the system of internal control to highlight any serious control issues and actions needed to deal with them.
- 8.2.4 The Annual Governance Statement, containing the findings of the review, is appended to the Statement of Accounts.



- 8.2.5 As expected, for an authority of our size, the review identified a number of areas for improvement in internal control and these form a series of actions to take. The progress on the actions coming out of the Annual Governance Statement is regularly monitored by the Senior Management Team.
- 8.2.6 The Annual Governance Statement was approved by this Committee at its meeting on 31<sup>st</sup> May 2017.

**WARWICK DISTRICT COUNCIL**  
**UNAUDITED STATEMENT OF ACCOUNTS 2016/17 and**  
**ANNUAL GOVERNANCE STATEMENT**  
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**Please note: The status of the Statement of Accounts is unaudited and that the Statement of Accounts as published may be subject to change.**

**Mike Snow C.P.F.A.  
Head of Finance**

# **NARRATIVE REPORT**

## **Message from the Head of Finance – Mike Snow**

Legislation requires that an authority's audited Statement of Accounts is submitted to the appropriate body for approval by 30 September after the end of the financial year, in order to aid transparency, it also requires all local authorities to have a common thirty day public inspection period which includes the first ten working days in July. There is no longer a requirement for the audit committee to review the draft accounts; however, in line with good practice they will be presented to the Finance and Audit Scrutiny Committee in July.

From the 2017/18 Accounts, it is required that all local authority draft accounts are completed by 31 May following the year end, and agreed by members by 31 July. In preparation for this early closedown, the 2016/17 accounts have been prepared on this timescale. As part of the changes to enable this, the audited Statement of Accounts is to be presented to Finance and Audit Scrutiny Committee in July for approval.

As the financial statements demonstrate, the financial standing of the Council continues to be robust. We have established good financial management disciplines, processes and procedures and, recognising that we operate in an environment of continuous change, we pursue our drive for on-going improvement and excellence.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance (CIPFA). It aims to provide information so that members of the public, including electors and residents of Warwick District, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and the outturn for 2016/17;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Council is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. In accordance with the Auditors' 2015/16 recommendation, the content has been reviewed and the "de-cluttering" exercise has continued to seek to make the accounts more understandable.

The Narrative Report provides information about Warwick District, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2017 and is structured as below:

- Guide to the Financial Statements
- An Introduction to Warwick District
- Key Facts about Warwick District
- Key Information about Warwick District Council
- The 2016/17 Revenue Budget Process
- Capital Strategy and Capital Programme 2016/17 to 2019/20
- Financial Performance of the Council 2016/17
- Non-Financial Performance of the Council 2016/17
- Corporate Risks
- Summary Position
- Receipt of Further Information
- Acknowledgements

This is followed by an explanation of the Financial Statements, including information on significant transactions during 2016/17.

# NARRATIVE REPORT

## An Introduction to Warwick District

Warwick District Council is one of five district / borough councils within the shire county of Warwickshire. It lies in the south of Warwickshire and covers approximately 28,288 hectares. The district is a mixture of urban – there are four towns within the district: Royal Leamington Spa, Warwick, Kenilworth and Whitnash – and rural areas.

Royal Leamington Spa has wide boulevards, Georgian and Edwardian architecture and expansive, award-winning parks. Both Warwick and Kenilworth are steeped in history and each has a renowned castle.

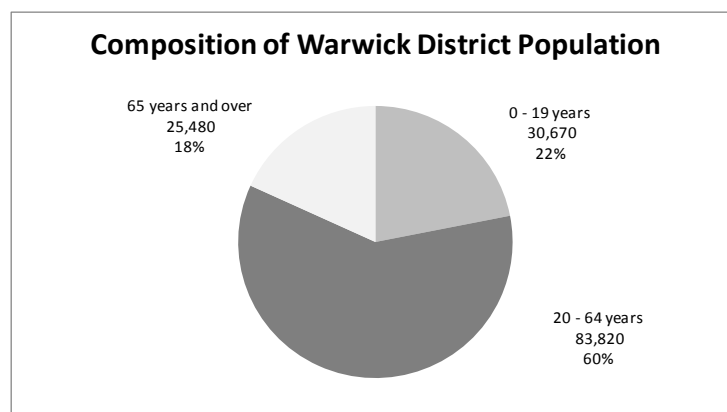
The Council's vision is to "make Warwick District a Great Place to Live, Work and Visit".

## Key Facts about Warwick District

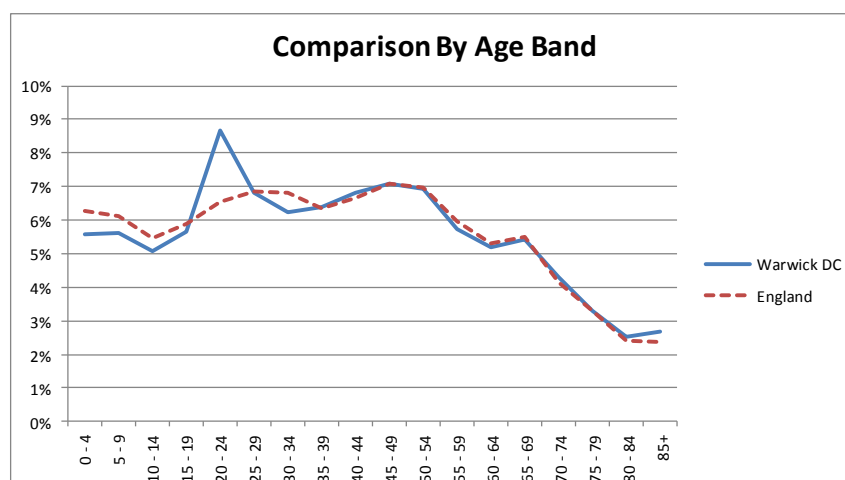
The profile of the local population dictates the direction and substance of the services provided by the Council.

## Population

The Office for National Statistics Mid-Year Estimates for 2015 reported that Warwick District's estimated population was 139,970 with the age profile as presented below:



A comparison of Warwick District's age profile with England as a whole shows that for people aged 35 years and above the Warwick District population is virtually the same. However, at up to 19 years old the District is below the national average but has a much higher percentage of 20 to 29 year olds reflecting the large number of students in the area.



# NARRATIVE REPORT

## Key Information about Warwick District Council

Warwick District Council is a multifunctional and complex organisation. Its policies are directed by the political leadership and implemented by Portfolio Holders, who make up the Executive, and officers of the Council. The following section describes the political and management structures of the Council, the political ethos driving the policy agenda and the means by which these are implemented and managed.

## Political Structure in the 2016/17 Municipal Year

Warwick District has 22 wards and the Council consists of 46 Councillors and following the local election on 7 May 2015 the political make-up of the Council was:

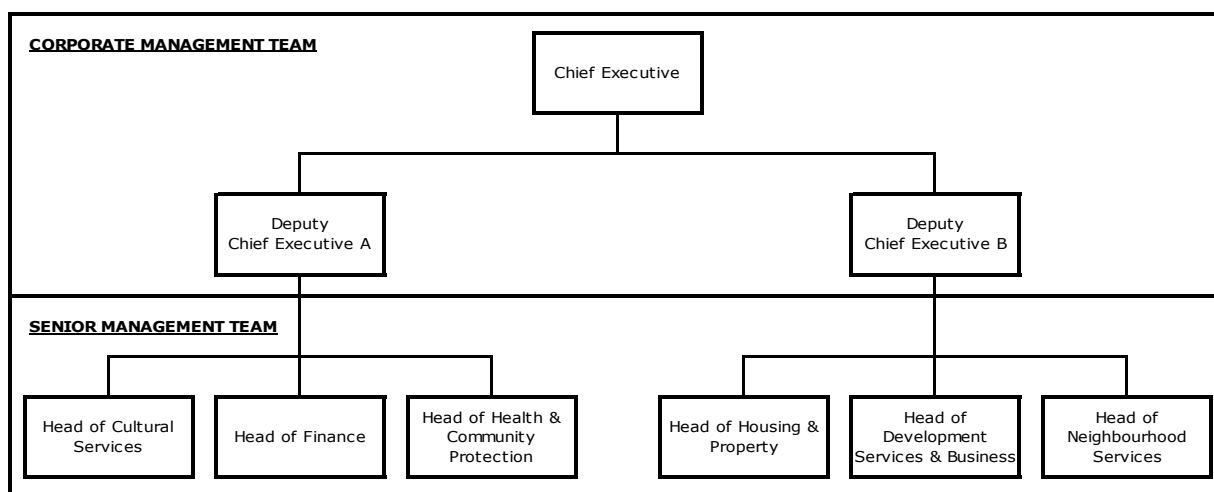
|  |                |
|--|----------------|
| Conservative Party                           | 31 Councillors |
| Labour Party                                 | 9 Councillors  |
| Whitnash Residents Association (Independent) | 3 Councillors  |
| Liberal Democrat Party                       | 2 Councillors  |
| Green Party                                  | 1 Councillor   |

The Council has adopted the Leader and Executive model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Executive has responsibility for the allocation of Portfolios and the delegation of Executive Functions. Executive members are held to account by a system of scrutiny which is also set out in the Constitution. Scrutiny of Executive decisions for 2016/17, including the setting of a balanced budget for 2017/18, has been undertaken by either the:

- Finance and Audit Scrutiny Committee; or the
- Overview and Scrutiny Committee.

## Management Structure

Supporting the work of Councillors is the organisational structure of the Council headed by the Corporate Management Team, led by the Chief Executive.



During 2016/17 the Corporate Management Team was comprised of the Chief Executive and two Deputy Chief Executives. Deputy Chief Executive A also performs the duties of the Monitoring Officer and Legal Client Manager.

The Head of Finance periodically attends the Corporate Management Team meetings in his role as the Council's Chief Financial Officer (the officer responsible under statute for the administration of the Council's financial affairs) together with other Heads of Service as required. This ensures that the key statutory officers are represented at the most senior level of the Council.

# **NARRATIVE REPORT**

The Corporate Management Team is responsible for the delivery of Council services, directing improvements and future plans for Warwick District. It provides managerial leadership and supports Councillors in:

- Developing strategies;
- Identifying and planning resources;
- Delivering plans; and
- Reviewing the Council's effectiveness with the overall objective of providing excellent services to the public.

Supporting the Corporate Management Team is the Senior Management Team which consists of six Heads of Service as shown in the diagram on the previous page.

## **Council Employees**

The whole time equivalent number of staff employed by the Council in April 2016 was 471. This reduced over the year by 21 to 450 in March 2017 following 7 retirements, 5 end of contracts and 3 other changes. There were also 6 redundancies following service restructures.

## **Sustainable Community Strategy**

The Council has faced significant cuts in its funding from central government over the past few years resulting in revenue reductions of over £5m during the period 2009/10 to 2016/17. A further £0.8m of savings have been built into the budgets during 2017/18 to 2020/21.

Working with its partners who share the same vision the Council has consulted widely to find out the views of residents, local community groups and neighbourhood forums. Together we have produced a long term plan, known as the Sustainable Community Strategy. This will guide the Council towards creating a District where people feel safe, enjoy a healthy lifestyle and sense of wellbeing, have their housing needs met and there is a strong, diverse economy.

Fit for the Future change programme was approved by the Council on 20 October 2010. This programme will enable the Council to provide high quality services which its customers value, improve the way it develops as an organisation and balance its budget.

In moving forwards it is critical that we are clear of our place, leadership role and priorities. We are now five years into our Fit for the Future, with the programme having been regularly reviewed and updated over that period. Following a Corporate Peer Challenge review in 2016, Fit For the Future has been further reviewed with an updated plan agreed for the next few years.

## **The Council's Corporate Action Plan**

In 2009 The Warwick Partnership (the Local Strategic Partnership) published its Sustainable Community Strategy (SCS) for the District SCS, with a shared Vision of Warwick District as "a great place to live, work and visit, where we aspire to build sustainable, safer, stronger and healthier communities". As time has moved on and the national and local landscape has evolved, the Council has ensured that the Strategy has remained relevant with a significant review in 2013. The review concluded that the Strategy should focus on five key themes:

- Health & Wellbeing;
- Housing;
- Prosperity;
- Safer Communities; and
- Sustainability.

Progress against the strategic priorities is reported to Members on a six-monthly basis.

# NARRATIVE REPORT

## Key Factors that Influenced the Council and its Financial Position in 2016/17

The key factors that have influenced the Council and the services that it provided in 2016/17 are:

- Local Government Finance Acts;
- The Local Government Finance Settlements; and
- Economic climate and continuing reduction in the national deficit.

These issues will continue to frame the way in which Council services are provided in future financial years.

### Political

- Local Government Finance –work has continued to reduce the national deficit continued with the Chancellor's Budget in March 2016 confirming a revised level of public spending throughout the period, with the aim of achieving a budget surplus of £10.4bn by 2019/20 that an additional £20 billion of public sector spending reductions would be required by 2020. The Chancellor's Budget of March 2016 included additional savings equivalent to 0.5% of total government spending by 2019/20, for which a departmental efficiency review would identify how this could be saved.
- Following the Referendum in June 2016, in the Chancellor's Autumn Statement the government abandoned its commitment to reduce public sector net borrowing to a surplus by the end of this Parliament, with it planning for a deficit of £21.9bn in 2019/20.
- During 2016/17 the Government consulted on the proposed 100% Business Rate Retention scheme then planned for 2019/20, with the consequent end of Revenue Support Grant. With the announcement of the General Election in June 2017, the timetable for the timing for the introduction of 100% Business Rates Retention is in doubt.
- As with the rest of the country, the result of the Brexit Referendum will undoubtedly impact upon the Council. Until more details are known about the negotiations, it is not possible to understand how the Council will be affected.

### Economic

- Government austerity measures – aimed at getting the public sector deficit under control have continued to influence resources available to the Council, with the Council having to make considerable budget reductions. As the Government's own targets have changed, it has meant that the austerity measures have been extended to 2020.
- Business Rate Relief – Most of the schemes, including Small Business Rate Relief which operated throughout 2015/16 were extended for one more year and business rates increases were 0.8% from April 2016. The Retail Relief was not continued into 2016/17, this ended as at 31st March 2016.

### Social

- The 2015 Office for National Statistics mid-year estimates reported Warwick District's population at 139,970.
- Warwick District has a slightly lower proportion of people up to 19 years old compared to England as a whole. However, the proportion of people aged 20 to 29 is considerably higher in the District. From 30 years onwards the District has a similar proportion of people as the national average.
- The National Living Wage increases to £7.50 per hour in April 2017 for over-25s only; it is uncertain how its introduction will affect local small businesses and low-paid local sectors such as childcare and retail.

# NARRATIVE REPORT

## Technological

- The huge increase in the use of the internet, social media and social networking has made these channels one of the main ways of informing and communicating with others.
- As part of the Council's redesign of services its Digital Transformation Policy will greatly enhance the use of digital technology for its customers to access the council's services.

## Legal

- Finance Act 2015 and National Insurance Contributions (Rate Ceilings) Act 2015 – include legislation to ensure that there would be no rise in the Income Tax rate, VAT or National Insurance before 2020. It also raises the Income Tax threshold to £12,500 by 2020.
- The Welfare Reform and Work Act 2016 – received royal assent in March 2016 and includes wide-ranging provisions covering employment and the apprenticeships targets, support for troubled families and life chances, the benefit cap, social security and tax credits, loans for mortgage interest and social housing rents.
- Accounts and Audit Regulations 2015 – which has changed the timeline for the production and approval of Local Authorities' Statement of Accounts.
- Housing and Planning Act 2016 introduces legislation to allow the sale of higher value local authority homes, more building of starter homes and "Pay to Stay" and other measures intended to promote home ownership and boost levels of housebuilding.
- Following the announcement of the June 2017 General Election, there is uncertainty as to when, and if, the provisions within the 2017 Local Government Finance Bill will be passed. These include 100% Business Rate Retention and other matter relating to business rates.

## Environmental

- Carbon Reduction Commitment (CRC) – the Government proposes by 2019 to end the current mandatory scheme, which was aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. The replacement will be a new universal Climate Change Levy on business, resulting in a new tax on the Council's energy costs.
- Adverse weather conditions may require extra investment in preventative measures and could result in costs to the local economy if the infrastructure is out of action for an extended period of time.

## The 2016/17 Revenue Budget Process

The 2016/17 revenue budget process was influenced and framed by the continued need to make reductions in expenditure whilst progressing Council priorities.

In December 2015 the Executive and Council approved detailed budget reports for both the General Fund and Housing Revenue Account for setting the 2016/17 revenue budgets.

By February 2016 the Council had received the 2016/17 Revenue Support Grant Settlement; updated business rate retention projections for 2016/17, the New Homes Bonus allocation 2016/17 and an updated Council Rent Policy. Any further changes in circumstances that had been identified were also taken into account. The Executive recommended that the net General Fund revenue budget for 2016/17 be set at £7.878m; this was approved by Council at its meeting on 24 February 2016. Council also approved the Capital Programme for 2016/17 to 2019/20 and the Medium Term Financial Strategy 2016/17 to 2020/21 along with the Housing Revenue Account Budget for 2016/17.



# NARRATIVE REPORT

## Council Tax

Council policy in 2016/17 was to increase the Band D Equivalent Council Tax by £5 as allowed in the Government's Final Grant Settlement announcement. This was equivalent to a 3.4% increase. Both Warwickshire County Council and the Office for the Warwickshire Police and Crime Commissioner increased their Council Tax by 3.99% and 1.99% respectively.

The comparison of Council Tax levels from 2014/15 to 2016/17 is shown below:

| <b>Band D Council Tax by Tax Raising Body</b>        | <b>2014/15<br/>£</b> | <b>2015/16<br/>£</b> | <b>2016/17<br/>£</b> |
|--|----------------------|----------------------|----------------------|
| Warwick District Council                             | 146.86               | 146.86               | 151.86               |
| Warwickshire County Council                          | 1,178.19             | 1,201.14             | 1,249.02             |
| Office of Warwickshire Police and Crime Commissioner | 184.56               | 188.23               | 191.98               |
| Average Parish and Town Councils                     | 24.23                | 24.26                | 25.17                |
| <b>TOTAL Band D Council Tax</b>                      | <b>1,533.84</b>      | <b>1,560.49</b>      | <b>1,618.03</b>      |

## Council Tax Base

The revision to the 2016/17 Tax Base, resulting in an increase of 1,042.47 to the number of Band D equivalent properties (as shown in the table below), produced a net increase in Council Tax income of £158,309 for Warwick District Council. This in part reflects the Council's support for local house building and the regeneration of the district.

|                                       | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> |
|---------------------------------------|----------------|----------------|----------------|
| Number of Band D equivalent dwellings | 49,836.88      | 50,836.73      | 51,879.20      |

## Collection Fund – Council Tax

Payments out of the Collection Fund for in-year Council Tax (excluding prior year surpluses / deficits) from 2014/15 to 2016/17 are set out in the table below and show a year on year increase in funding available for the precepting bodies reflecting the increase in the Council Tax Base and any increase in demand:

|  | <b>2014/15<br/>£'000</b> | <b>2015/16<br/>£'000</b> | <b>2016/17<br/>£'000</b> |
|--|--------------------------|--------------------------|--------------------------|
| Warwick District Council                             | 7,319                    | 7,466                    | 7,878                    |
| Warwickshire County Council                          | 58,717                   | 61,062                   | 64,798                   |
| Office of Warwickshire Police and Crime Commissioner | 9,198                    | 9,569                    | 9,960                    |
| Average Parish and Town Councils                     | 1,208                    | 1,233                    | 1,306                    |
| <b>TOTAL Demands</b>                                 | <b>76,442</b>            | <b>79,330</b>            | <b>83,942</b>            |

## Medium Term Financial Strategy for 2016/17 to 2020/21

The Medium Term Financial Strategy (MTFS) was approved at the Council meeting on 24 February 2016 and it set the framework to enable the Council to determine an appropriate course of action to address significant financial challenges not only for 2016/17 but for future financial years. In line with the vast majority of local authorities, the Council accepted the Government's offer to "fix" the subsequent three year grant figures included in the 2016/17 Grant Settlement and duly submitted the required Efficiency Statement.

## NARRATIVE REPORT

The revenue budget reductions included in the MTFS highlighted that the Council would have to continue the Fit for the Future change programme for future business and organisational arrangements in order to continue to provide value for money public services. The original MTFS budget reduction requirements reflected future years' revised targets following the Comprehensive Spending Review of 2013 and the 2016/17 Settlement. Information provided in the Settlement was for 2016/17 and the following three years have enabled a much more comprehensive assessment of the Council's future financial position.

The major influences on the budget going forward to 2017/18 and beyond are the continued anticipated reductions in Central Government support, including the implementation of 100% business rates retention, and expenditure pressures relating to: pay awards, inflation and capital financing in relation to the Council's capital programme.

### Budget Reviews

Revenue and capital budget review information is reported monthly to the Senior Management Team and quarterly to the Executive. Executive reports are reviewed by the Finance and Audit Scrutiny Committee. The third quarter report to the Executive (November) is a detailed review of budgets which also includes the first draft of the detailed budgets for the forthcoming year.

### Capital Programme 2016/17 to 2019/20

The Capital Programme was approved at the Council meeting of 24 February 2016. The programme is set over a four year period 2016/17 to 2019/20.

In total the planned programme for 2016/17 was £11.7m, mostly funded from internal reserves. As 2016/17 progressed, the initial plans were revised to incorporate expenditure re-profiled from the previous year, new assumptions, approvals and scheme updates, as information became available. The revised capital budget for 2016/17 was £21.5m. The largest elements of the budget for the year were Leisure Centre Refurbishments (£3.6m) Restoration of the Pump Room Gardens (£1.3m), the building of new Council housing stock (£7.6m) and improvements to existing housing stock (£4.9m).

### Resources Available for the Capital Programme

The table below summarises the approved resources available for the 2016/17 Capital Programme and the indicative programme to 2019/20. This level of resources ensures that the overall planned spending and funding are in balance.

|  | Original<br>2016/17<br>£000 | Latest<br>2016/17<br>£000 | Proposed<br>2017/18<br>£000 | Proposed<br>2018/19<br>£000 | Proposed<br>2019/20<br>£000 |
|--|-----------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| Capital Receipts                       | 504                         | 4,971                     | 1,335                       | 264                         | 188                         |
| Internal Borrowing                     | 50                          | 3,467                     | 8,996                       | 152                         | -                           |
| Grants and Other Contributions         | 499                         | 2,608                     | 2,626                       | 452                         | 422                         |
| Leasing                                | -                           | 74                        | -                           | -                           | -                           |
| Revenue Contributions                  | 10,665                      | 10,395                    | 5,899                       | 5,239                       | 4,956                       |
| <b>Total Capital Programme Funding</b> | <b>11,718</b>               | <b>21,515</b>             | <b>18,856</b>               | <b>6,107</b>                | <b>5,566</b>                |

### Financial Performance of the Council 2016/17

#### Revenue Outturn Position – General Fund Services

The Council's 2016/17 revenue outturn position in respect of its General Fund Services is shown in the table below. The original budget set at the Council meeting on 24 February 2016 was £12.704m. The original budget set out how the Council planned to allocate its funding

## NARRATIVE REPORT

during the year in order to deliver services to the people and communities within Warwick District.

In overall terms, the Council achieved a surplus of £0.456m for the financial year when comparing budgeted (planned) expenditure with actual expenditure. The surplus for the year has been allocated to reserves.

|                                   | Original<br>Budget<br>£000 | Actual<br>£000  | Variation<br>£000 |
|-----------------------------------|----------------------------|-----------------|-------------------|
| <b>Net Revenue Expenditure:</b>   |                            |                 |                   |
| Culture                           | 3,160                      | 4,017           | 857               |
| Development Services & Business   | 1,938                      | 2,642           | 704               |
| Finance                           | 2,352                      | 2,025           | (327)             |
| Health & Community Protection     | 2,597                      | 2,691           | 94                |
| Housing and Property Services     | 2,104                      | 1,526           | (578)             |
| Neighbourhood Services            | 4,838                      | 3,437           | (1,401)           |
| Strategic Leadership              | 1,176                      | 1,392           | 216               |
| <b>Net Service Expenditure</b>    | <b>18,165</b>              | <b>17,730</b>   | <b>(435)</b>      |
| <b>Less Financing Adjustments</b> | <b>(5,461)</b>             | <b>(6,653)</b>  | <b>(1,192)</b>    |
| <b>Total Net Expenditure</b>      | <b>12,704</b>              | <b>11,077</b>   | <b>(1,627)</b>    |
| <b>Financed By:</b>               |                            |                 |                   |
| Council Tax Payers                | (7,878)                    | (7,878)         | -                 |
| Revenue Support Grant             | (1,587)                    | (1,587)         | -                 |
| Retained Business Rates           | (877)                      | 283             | 1,160             |
| New Homes Bonus Grant             | (2,258)                    | (2,258)         | -                 |
| New Homes Bonus Returned Funding  | (10)                       | (7)             | 3                 |
| Transition Grant                  | (39)                       | (40)            | (1)               |
| Other Grants                      | -                          | (41)            | (41)              |
| Collection Fund Surplus           | (55)                       | (55)            | -                 |
| <b>Total Financing</b>            | <b>(12,704)</b>            | <b>(11,583)</b> | <b>1,121</b>      |
| <b>NET UNDERSPEND FOR YEAR</b>    | <b>-</b>                   | <b>(506)</b>    | <b>(506)</b>      |

Within the Net Service Expenditure there are a number of notional charges that are reversed out in the Financing Adjustments. The two most notable items are:

- Capital charges – re-profiling of the capital programme, depreciation and impairment charges has resulted in increased capital charges of £0.5m.
- £0.3m of various revenue programmes not completed in 2016/17 has been carried forward to 2017/18.

Excluding the above notional charges there is a net underspend of £0.5m for the year. The two most notable items are:

- Increased income from Planning fees and charges £0.4m.
- Reductions in staffing costs due to staff turnover, etc. £0.1m.

### Revenue Outturn Position - Housing Revenue Account

The Council's 2016/17 revenue outturn position in respect of its Housing Revenue Account (HRA) is shown in the table below. The original budget set at the Council meeting on 24 February 2016 was to transfer an operating surplus of £4.526m to the HRA Capital Investment

## NARRATIVE REPORT

Reserve. Alongside agreeing the HRA Budget, the rents were agreed for tenants. Existing tenants received a 1% reduction in their rents in line with Government requirements. The rents for new tenancies continue to be set in line with target social rents, and Warwick affordable rent for Sayer Court. The original budget set out how the Council planned to allocate its funding during the year in order to deliver its landlord services to its tenants within Warwick District. As the year progressed various amendments were made to work programmes.

In overall terms, the HRA achieved a surplus of £5.599m for the financial year, an increase of £1,073,000 when comparing budgeted (planned) expenditure with actual expenditure.

|  | <b>Original<br/>Budget<br/>£000</b> | <b>Actual<br/>£000</b> | <b>Variation<br/>£000</b> |
|--|-------------------------------------|------------------------|---------------------------|
| <b>Expenditure:</b>                      |                                     |                        |                           |
| Employees                                | 2,544                               | 2,348                  | (196)                     |
| Premises                                 | 7,059                               | 6,030                  | (1,029)                   |
| Transport                                | 107                                 | 90                     | (17)                      |
| Supplies and Services                    | 952                                 | 558                    | (394)                     |
| Third Party Payments                     | 863                                 | 854                    | (9)                       |
| Support Services                         | 3,724                               | 7,891                  | 4,167                     |
| Capital Charges                          | 3,171                               | (33,328)               | (36,499)                  |
| <b>Total Expenditure</b>                 | <b>18,420</b>                       | <b>(15,557)</b>        | <b>(33,977)</b>           |
| <b>Income:</b>                           |                                     |                        |                           |
| Other Grants and Contributions           | (213)                               | (204)                  | 9                         |
| Other Income                             | (96)                                | (199)                  | (103)                     |
| Fees and Charges                         | (706)                               | (850)                  | (144)                     |
| Rents                                    | (26,574)                            | (26,585)               | (11)                      |
| Recharges                                | (2,952)                             | (6,421)                | (3,469)                   |
| <b>Total Income</b>                      | <b>(30,541)</b>                     | <b>(34,259)</b>        | <b>(3,718)</b>            |
| <b>Net Cost of Services</b>              | <b>(12,121)</b>                     | <b>(49,816)</b>        | <b>(37,695)</b>           |
| <b>Adjustments and Appropriations:</b>   |                                     |                        |                           |
| Interest on Balances                     | (253)                               | (208)                  | 45                        |
| Capital Charges Adjustment               | 3,002                               | 39,461                 | 36,459                    |
| External Interest Paid                   | 4,766                               | 4,766                  | -                         |
| Revenue Contrib. to Capital Outlay       | 220                                 | 104                    | (116)                     |
| Contribution to / (from) Reserves        | 8                                   | 152                    | 144                       |
| Increase in HRA Balance                  | 14                                  | 14                     | -                         |
| Other Adjustments                        | (162)                               | (72)                   | 90                        |
| <b>Transfer to HRA Cap. Invest. Res.</b> | <b>4,526</b>                        | <b>5,599</b>           | <b>(1,073)</b>            |

The main variances relate to:

- £359,000 less doubtful debts provision required.
- £283,000 reduction on repairs and maintenance programme.
- £97,000 reduction in staffing costs.
- £94,000 increased service charges recovered from tenants.

# NARRATIVE REPORT

## Treasury Management

On 24 February 2016 the Council approved the Treasury Management Strategy for 2016/17. Treasury management performance is reported to the Executive with further reviews undertaken by the Finance and Audit Committee.

The Department for Communities and Local Government (DCLG) requires Councils to set aside 'prudent' provision for the repayment of debt where they have used borrowing arrangements to finance capital expenditure (historic and current) but allows certain flexibility as to how this is calculated.

## Capital

The Council spent £16.7m on its Capital Programme in 2016/17 compared with an updated forecast spend of £21.5m. The Capital Programme was financed through a number of sources including capital receipts, external grants and contributions and revenue contributions. The capital expenditure incurred during the year and financing of this expenditure are shown in the tables below:

| <b>HOUSING INVESTMENT<br/>PROGRAMME (HIP)</b> | <b>Revised<br/>Budget<br/>£000</b> | <b>Actual<br/>£000</b> | <b>Variation<br/>£000</b> |
|---|------------------------------------|------------------------|---------------------------|
| <b>HRA Related HIP:</b>                       |                                    |                        |                           |
| New Build / Reprovision of Housing            | 7,572                              | 6,636                  | (936)                     |
| Improvement / Renewals                        | 4,871                              | 4,069                  | (802)                     |
| <b>Total HRA HIP</b>                          | <b>12,443</b>                      | <b>10,705</b>          | <b>(1,738)</b>            |
| <b>General Fund Related HIP:</b>              |                                    |                        |                           |
| Private Sector Housing                        | 787                                | 653                    | (134)                     |
| <b>TOTAL HIP</b>                              | <b>13,230</b>                      | <b>11,358</b>          | <b>(1,872)</b>            |
| <b>Financed By:</b>                           |                                    |                        |                           |
| Capital Receipts                              | (3,471)                            | (3,211)                | 260                       |
| Capital Grant                                 | (734)                              | (607)                  | 127                       |
| Major Repairs Reserve                         | (4,564)                            | (3,964)                | 600                       |
| HRA Capital Investment Reserve                | (4,154)                            | (3,472)                | 682                       |
| Revenue                                       | (307)                              | (104)                  | 203                       |
| <b>Total Financing</b>                        | <b>(13,230)</b>                    | <b>(11,358)</b>        | <b>1,872</b>              |

# NARRATIVE REPORT

| Other Services Programme        | Revised<br>Budget<br>£000 | Actual<br>£000 | Variation<br>£000 |
|---------------------------------|---------------------------|----------------|-------------------|
| <b>Capital Expenditure:</b>     |                           |                |                   |
| Culture                         | 4,072                     | 3,291          | (781)             |
| Development Services & Business | 1,524                     | 1,086          | (438)             |
| Finance                         | 90                        | 114            | 24                |
| Health & Community Protection   | 2                         | 2              | -                 |
| Neighbourhood Services          | 2,153                     | 584            | (1,569)           |
| Strategic Leadership            | 444                       | 256            | (188)             |
| <b>Net Service Expenditure</b>  | <b>8,285</b>              | <b>5,333</b>   | <b>(2,952)</b>    |
| <b>Financed By:</b>             |                           |                |                   |
| Internal Borrowing              | (3,467)                   | (2,759)        | 708               |
| Capital Receipts                | (1,500)                   | (1,093)        | 407               |
| External Contributions          | (1,948)                   | (783)          | 1,165             |
| Revenue / Reserves              | (1,370)                   | (698)          | 672               |
| <b>Total Financing</b>          | <b>(8,285)</b>            | <b>(5,333)</b> | <b>2,952</b>      |

The variance between the adjusted forecast capital expenditure and the final outturn for the year was a reduction of £4.82m. Some of this was savings on completed projects but the majority is work not completed in the year. This will require the re-profiling £3.15m of planned expenditure into 2017/18 together with the associated financing. Therefore this does not present any financial issues for the Council.

## Non-Financial Performance of the Council 2016/17

### Achievements

Although times are challenging for Warwick District Council and the Local Government Sector as a whole, the Council has achieved significant success in its key policy areas. For example:

#### Health and Wellbeing:

- In November the Council agreed to investment of over £14m in the leisure centres at Newbold Comyn and St Nicholas Park.
- Following a comprehensive procurement process a new operator was selected to run the Council's leisure centres from Summer 2017 which will present the Council with financial savings as well as meeting the cost of the investment in the centres.
- The Green Flag and Green Heritage Awards have been retained for Jephson Gardens, and Warwick Town Council and Leamington Town Council were assisted in achieving the Britain in Bloom Gold Award.

#### Housing:

- Over 200 new affordable housing completions, including the first 81 council homes built in the district for over two decades at Sayer Court.
- The number of people registered on the HomeChoice scheme fell, from c3,500 at the start of the year to under 2,600 at the end.
- In addition to the council's existing 17 units of temporary accommodation a further 5 units are in the process of being brought on-stream during the coming month which will allow the use of bed and breakfast to be restricted to emergencies only.
- At Station Approach in Royal Leamington Spa building work started on site in September 2016 and the first properties are scheduled for release in 2018. In total, Station Approach will deliver 212 homes of which 75% will be affordable housing.

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## Prosperity:

- The 2016 National Women's Aviva Cycle event passed through Kenilworth and Warwick for the first time, providing significant promotion opportunities for these towns. Furthermore, in 2017 stage 3 of the event will be finishing in Royal Leamington Spa Town Centre, which will enable the promotion of the town and provide activities and events to make this a real occasion to be proud of.
- Royal Spa Centre - the venue has enjoyed a successful year attracting over 93,000 visitors in 2016/17 and including one of the most financially successful pantomime seasons ever, with over 22,000 people attending and attracting some of the best feedback ever received.

## Safer Communities:

- Continued investment in CCTV led directly to over 520 arrests.
- The Council achieved the Purple Flag for Royal Leamington Spa in September 2016, demonstrating the safety and vibrancy of the night time economy in the town centre.

## Sustainability:

- The Council's recycling rate is approximately 56%, which is well ahead of the national target of 50% by 2020.
- The electric vehicles were delivered over the summer 2016 and are being used by nominated officers across the council. This is helping to reduce the council's impact on the local environment.
- Under the Council's Rural and Urban Capital Initiative Scheme 11 grants totalling £114,000 were agreed by Executive in 2016/17 which will help facilities in local communities.

## Performance Against Corporate Objectives

As the Council's main strategy documents the Sustainable Community Strategy and Fit For The Future Change Programme play key roles in shaping the performance management framework for the Council. The main objectives are:

- Support all town centres to flourish.
- Support the District's economically disadvantaged residents.
- Adopt a Local Plan that balances the needs of all stakeholders.
- Help to attract inward investment to the District.

They all contribute to the Council's Vision of making Warwick District a great place to live, work and visit.

Each service area produces a Service Area Plan which is approved and reviewed by the Executive.

## Corporate Risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The Significant Business Risk Register plays an integral role to support the Council's activities and is the responsibility of the Executive and is subject to review by the Finance and Audit Scrutiny Committee, alongside all the Service Risk Registers.

## Summary Position

It is clear that the Council's financial and non-financial performance in 2016/17 continues to be good.

In 2016/17, the Council has faced and dealt successfully with significant change. This trend will continue and accelerate but the Council is well placed to adapt to the challenges and to take advantage of the opportunities offered. There are risks as highlighted above, but there



## **NARRATIVE REPORT**

are well established and robust risk management processes in place and, together with robust financial management reporting, the Council is in a strong position as it moves into 2017/18.

### **Content and Format of the Statement of Accounts**

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

#### **Statements to the Accounts**

Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Council and the Chief Finance Officer (Head of Finance).

#### **Core Financial Statements**

Comprehensive Income and Expenditure Statement shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax, and other Government grants. The amount funded from Council Tax and Government grants differ from this by a series of adjustments made in accordance with regulations. These adjustments are made in the Movement in Reserves Statement.

Movement in Reserves 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. This includes Capital Grants Unapplied Account which are grants received but not yet utilised; Useable Capital Receipts Reserve which holds the balance of receipts from disposals of assets; Major Repairs Reserve holds the balance of funding to support capital spending in the Housing Revenue Account. The 'Surplus or (Deficit) on the 'provision of services' line shows the true economic cost of providing the Council's services, which is shown in more detail in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

Balance Sheet shows the value of the Council's assets and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories, Usable and Unusable reserves. Unusable reserves are not available to support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred. For example, the Revaluation Reserve for Non-Current Assets will only become available if the asset is sold and the full value of the asset realised.

Cash Flow Statement shows the changes in the Council's cash and cash equivalents 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 by the recipients of services provided. 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 when predicting claims on future cash flows to the Council by providers of capital, i.e. borrowing.

#### **Supplementary Statements**

Expenditure and Funding Analysis – the objective is to demonstrate to council tax and rent payers how the funding to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how the expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure



## **NARRATIVE REPORT**

accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Housing Revenue Account (HRA) shows the in-year economic cost 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 the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies. For Warwick, the Council Tax precepting bodies are Warwickshire County Council and the Office of the Police and Crime Commissioner for Warwickshire.

### **Statement of accounting policies**

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

### **Notes to the core financial statements**

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

### **Auditor's Report**

Auditor's Report gives the auditor's opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

### **Main Changes to the Core Statements and Significant Transactions 2016/17**

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet have increased by £3.8m during the year, mainly as a result of changes to the financial assumptions used by the pension fund Actuary (Hymans-Robertson). The main change relates to the increase in the discount rate used by the Actuary to discount the future cash flows of the fund. These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 35.

Following the "Telling the Story" changes to the CIPFA Code of Practice on Local Authority Accounting 2016/17 a number of amendments have been made to the Council's core financial statements and supporting disclosure notes. This includes a simplified Movement in Reserves Statement and a Comprehensive Income and Expenditure Statement presented in the Council's reporting format where previously the Net Cost of Services has been reported by SeRCOP classification. In line with International Financial Reporting Standards a full retrospective restatement of the 2015/16 Comprehensive Income and Expenditure Statement and Movement in Reserves Statement have been included within the 2016/17 Statement of Accounts. Further details of the restatement between SeRCOP and local reporting formats can be found in Note 6, Prior Year Restatements.

### **Receipt of Further Information**

If you would like to receive further information about these accounts, please do not hesitate to contact me.

# **NARRATIVE REPORT**

## **Acknowledgements**

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

Mike Snow, C.P.F.A.  
Head of Finance  
Warwick District Council  
P.O. Box 2180  
Riverside House  
Milverton Hill  
Royal Leamington Spa  
Warwickshire  
CV32 5QW

# 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 Head of Finance.
- 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

Chair of the Meeting  
Councillor

## The Head of Finance's Responsibilities

The Head of Finance 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 Head of Finance 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 Head of Finance 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 2017 and its income and expenditure in the year ended 31 March 2017.

5 June 2017

Mike Snow C.P.F.A.  
Head of Finance  
Warwick District Council  
P.O. Box 2180  
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Milverton Hill  
Royal Leamington Spa  
Warwickshire  
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## EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis is not a primary statement but a note to the accounts. This note is required to be given due prominence in the accounts and has, consequently, been placed before the Comprehensive Income and Expenditure Statement.

|   | 2016/17                             |  |   |  |   |
|---|-------------------------------------|--|---|--|---|
| Portfolio:  | As Reported for resource management | Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|   | £'000                               | £'000  | £'000   | £'000  | £'000   |
| Cultural Services   | 4,017                               | (1,166)  | 2,851   | 1,166  | 4,017   |
| Development Services & Business   | 2,642                               | (956)  | 1,686   | 956  | 2,642   |
| Finance   | 2,025                               | 226  | 2,251   | (226)  | 2,025   |
| Health & Community Protection   | 2,691                               | (615)  | 2,076   | 615  | 2,691   |
| Housing & Property Services   | 1,526                               | (828)  | 698   | 1,010  | 1,708   |
| Housing Revenue Account   | (49,816)                            | 42,888   | (6,928)   | (42,888)   | (49,816)  |
| Neighbourhood Services  | 3,437                               | (366)  | 3,071   | 366  | 3,437   |
| Strategic Leadership  | 1,392                               | 68   | 1,460   | (68)   | 1,392   |
| <b>Net Costs of Services</b>  | <b>(32,086)</b>                     | <b>39,251</b>  | <b>7,165</b>  | <b>(39,069)</b>                                      | <b>(31,904)</b>   |
| Other Income and Expenditure  | (11,867)                            | 5,010  | (6,857)   | (5,192)  | (12,049)  |
| <b>(Surplus) or Deficit</b>   | <b>(43,953)</b>                     | <b>44,261</b>  | <b>308</b>  | <b>(44,261)</b>                                      | <b>(43,953)</b>   |
| Opening General Fund and HRA Balance                                    |                                     |  | (42,291)  |  |   |
| Less / Plus Surplus / (Deficit) on General Fund and HRA Balance in Year |                                     |  | 308   |  |   |
| <b>Closing General Fund and HRA Balance at 31 March *</b>               |                                     |  | <b>(41,983)</b>   |  |   |

\* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement

|   | 2015/16                             |  |   |  |   |
|---|-------------------------------------|--|---|--|---|
| Portfolio:  | As Reported for Resource Management | Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|   | £'000                               | £'000  | £'000   | £'000  | £'000   |
| Cultural Services   | 5,530                               | (2,929)  | 2,601   | 2,929  | 5,530   |
| Development Services & Business   | 1,901                               | (598)  | 1,303   | 598  | 1,901   |
| Finance   | 2,012                               | 1,700  | 3,712   | (1,700)  | 2,012   |
| Health & Community Protection   | 3,059                               | (928)  | 2,131   | 928  | 3,059   |
| Housing & Property Services   | 396                                 | 457  | 853   | (288)  | 565   |
| Housing Revenue Account   | (31,763)                            | 27,975   | (3,788)   | (27,975)   | (31,763)  |
| Neighbourhood Services  | 4,666                               | (1,836)  | 2,830   | 1,836  | 4,666   |
| Strategic Leadership  | 1,602                               | (369)  | 1,233   | 369  | 1,602   |
| <b>Net Costs of Services</b>  | <b>(12,597)</b>                     | <b>23,472</b>  | <b>10,875</b>   | <b>(23,303)</b>                                      | <b>(12,428)</b>   |
| Other Income and Expenditure  | (12,878)                            | 1,815  | (11,063)  | (1,984)  | (13,047)  |
| <b>(Surplus) or Deficit</b>   | <b>(25,475)</b>                     | <b>25,287</b>  | <b>(188)</b>  | <b>(25,287)</b>                                      | <b>(25,475)</b>   |
| Opening General Fund and HRA Balance                                    |                                     |  | (42,103)  |  |   |
| Less / Plus Surplus / (Deficit) on General Fund and HRA Balance in Year |                                     |  | (188)   |  |   |
| <b>Closing General Fund and HRA Balance at 31 March *</b>               |                                     |  | <b>(42,291)</b>   |  |   |

\* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

| 2015/16 (Restated)         |                       |                          |   |    | 2016/17                    |                       |                          |
|----------------------------|-----------------------|--------------------------|---|----|----------------------------|-----------------------|--------------------------|
| Gross Expenditure<br>£'000 | Gross Income<br>£'000 | Net Expenditure<br>£'000 | Portfolio:  |    | Gross Expenditure<br>£'000 | Gross Income<br>£'000 | Net Expenditure<br>£'000 |
| 9,004                      | (3,474)               | 5,530                    | Cultural Services   |    | 7,438                      | (3,421)               | 4,017                    |
| 5,243                      | (3,342)               | 1,901                    | Development Services & Business   |    | 5,406                      | (2,764)               | 2,642                    |
| 33,851                     | (31,839)              | 2,012                    | Finance   |    | 32,114                     | (30,089)              | 2,025                    |
| 3,676                      | (617)                 | 3,059                    | Health & Community Protection   |    | 3,307                      | (616)                 | 2,691                    |
| 1,828                      | (1,263)               | 565                      | Housing & Property Services   |    | 2,911                      | (1,203)               | 1,708                    |
| (3,692)                    | (28,071)              | (31,763)                 | Housing Revenue Account   |    | (21,978)                   | (27,838)              | (49,816)                 |
| 10,881                     | (6,215)               | 4,666                    | Neighbourhood Services  |    | 9,514                      | (6,077)               | 3,437                    |
| 2,131                      | (529)                 | 1,602                    | Strategic Leadership  |    | 2,004                      | (612)                 | 1,392                    |
| 62,922                     | (75,350)              | (12,428)                 | Cost of Services - continuing operations                                    |    | 40,716                     | (72,620)              | (31,904)                 |
| 2,211                      | (527)                 | 1,684                    | Other Operating Income and Expenditure                                      | 11 | 2,276                      | (1,762)               | 514                      |
| 6,605                      | (3,982)               | 2,623                    | Financing and Investment Income and Expenditure                             | 12 | 6,456                      | (1,152)               | 5,304                    |
| -                          | (17,354)              | (17,354)                 | Taxation and Non-Specific Grant Income and Expenditure                      | 13 | -                          | (17,867)              | (17,867)                 |
|                            |                       | (25,475)                 | (Surplus) or Deficit on Provision of Services                               |    |                            |                       | (43,953)                 |
|                            |                       |                          | Other Comprehensive Income and Expenditure:                                 |    |                            |                       |                          |
|                            |                       | (17,405)                 | (Surplus) or Deficit on revaluation of Property, Plant and Equipment assets | 23 |                            |                       | (21,683)                 |
|                            |                       | 17                       | Surplus or deficit on revaluation of available for sale financial assets    | 23 |                            |                       | (15)                     |
|                            |                       | (13,874)                 | Remeasurement of the net defined benefit liability / (asset)                | 23 |                            |                       | 2,060                    |
|                            |                       | (31,262)                 | Other Comprehensive Income and Expenditure                                  |    |                            |                       | (19,638)                 |
|                            |                       | (56,737)                 | Total Comprehensive Income and Expenditure                                  |    |                            |                       | (63,591)                 |

## MOVEMENT IN RESERVES STATEMENT

|  | General<br>Fund<br>Balance<br>£'000 | Housing<br>Revenue<br>Account<br>£'000 | Capital<br>Receipt<br>Reserves<br>£'000 | Major<br>Repairs<br>Reserve<br>£'000 | Capital<br>Grants<br>Unapplied<br>£'000 | Total<br>Usable<br>Reserves<br>£'000 | Unusable<br>Reserves<br>£'000 | Total<br>Authority<br>Reserves<br>£'000 |
|--|-------------------------------------|--|---|--------------------------------------|---|--------------------------------------|-------------------------------|---|
| <b>2015/16 (Restated)</b>  |                                     |  |   |                                      |   |                                      |                               |   |
| <b>Balance at 31 March 2015</b>  | <b>19,090</b>                       | <b>23,013</b>                          | <b>5,584</b>                            | <b>2,599</b>                         | <b>1,067</b>                            | <b>51,353</b>                        | <b>163,270</b>                | <b>214,623</b>                          |
| <b>Movement in reserves during 2015/16</b>   |                                     |  |   |                                      |   |                                      |                               |   |
| Total Comprehensive Income and Expenditure   | (2,097)                             | 27,572                                 | -                                       | -                                    | -                                       | <b>25,475</b>                        | 31,262                        | <b>56,737</b>                           |
| Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 9) | 3,063                               | (28,350)                               | 1,372                                   | 2,012                                | (85)                                    | (21,988)                             | 21,988                        | -                                       |
| <b>Increase / (Decrease) in 2015/16</b>  | <b>966</b>                          | <b>(778)</b>                           | <b>1,372</b>                            | <b>2,012</b>                         | <b>(85)</b>                             | <b>3,487</b>                         | <b>53,250</b>                 | <b>56,737</b>                           |
| <b>Balance at 31 March 2016 carried forward</b>  | <b>20,056</b>                       | <b>22,235</b>                          | <b>6,956</b>                            | <b>4,611</b>                         | <b>982</b>                              | <b>54,840</b>                        | <b>216,520</b>                | <b>271,360</b>                          |
| <b>2016/17</b>   |                                     |  |   |                                      |   |                                      |                               |   |
| <b>Balance at 31 March 2016</b>  | <b>20,056</b>                       | <b>22,235</b>                          | <b>6,956</b>                            | <b>4,611</b>                         | <b>982</b>                              | <b>54,840</b>                        | <b>216,520</b>                | <b>271,360</b>                          |
| <b>Movement in reserves during 2016/17</b>   |                                     |  |   |                                      |   |                                      |                               |   |
| Total Comprehensive Income and Expenditure   | (2,969)                             | 46,922                                 | -                                       | -                                    | -                                       | <b>43,953</b>                        | 19,638                        | 63,591                                  |
| Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 9) | 288                                 | (44,549)                               | (270)                                   | 2,171                                | (481)                                   | (42,841)                             | 42,841                        | -                                       |
| <b>Increase / (Decrease) in 2016/17</b>  | <b>(2,681)</b>                      | <b>2,373</b>                           | <b>(270)</b>                            | <b>2,171</b>                         | <b>(481)</b>                            | <b>1,112</b>                         | <b>62,479</b>                 | <b>63,591</b>                           |
| <b>Balance at 31 March 2017 carried forward</b>  | <b>17,375</b>                       | <b>24,608</b>                          | <b>6,686</b>                            | <b>6,782</b>                         | <b>501</b>                              | <b>55,952</b>                        | <b>278,999</b>                | <b>334,951</b>                          |

# BALANCE SHEET

| 31 March<br>2016<br>£'000 |   | Notes | 31 March<br>2017<br>£'000 |
|---------------------------|---|-------|---------------------------|
|                           | <b>Operational Assets:</b>                        |       |                           |
| 369,905                   | Property, Plant and Equipment                     | 14    | 435,019                   |
| 8,255                     | Heritage Assets                                   | 15    | 8,271                     |
| 11,477                    | Investment Properties                             | 16    | 11,425                    |
| 47                        | Intangible Assets                                 |       | 46                        |
| 862                       | Long Term Debtors                                 | 17    | 866                       |
| <b>390,546</b>            | <b>LONG TERM ASSETS</b>                           |       | <b>455,627</b>            |
| 31,361                    | Short Term Investments                            | 17    | 35,695                    |
| 796                       | Assets Held for Sale                              | 18    | 122                       |
| 25                        | Inventories                                       |       | 16                        |
| 4,224                     | Short Term Debtors                                | 19    | 5,049                     |
| 29,463                    | Cash and Cash Equivalents                         | 20    | 35,758                    |
| <b>65,869</b>             | <b>CURRENT ASSETS</b>                             |       | <b>76,640</b>             |
| (8,280)                   | Short Term Creditors                              | 21    | (16,903)                  |
| (1,084)                   | Provision Liabilities payable in less than 1 year | 22    | (2,819)                   |
| <b>(9,364)</b>            | <b>CURRENT LIABILITIES</b>                        |       | <b>(19,722)</b>           |
| (3,707)                   | Provision Liabilities payable in more than 1 year | 22    | (1,482)                   |
| (136,209)                 | Long Term Borrowing                               | 17    | (136,209)                 |
| (12)                      | Other Long Term Liabilities                       | 17    | (79)                      |
| (1,596)                   | Capital External Grants/Contributions in Advance  | 30    | (1,886)                   |
| (34,167)                  | Net Pensions Liability                            | 35    | (37,938)                  |
| <b>(175,691)</b>          | <b>LONG TERM LIABILITIES</b>                      |       | <b>(177,594)</b>          |
| <b>271,360</b>            | <b>NET ASSETS</b>                                 |       | <b>334,951</b>            |
| 54,840                    | Usable Reserves                                   |       | <b>55,952</b>             |
| 216,520                   | Unusable Reserves                                 | 23    | <b>278,999</b>            |
| <b>271,360</b>            | <b>TOTAL RESERVES</b>                             |       | <b>334,951</b>            |

## CASH FLOW STATEMENT

| 2015/16<br>£'000 |  | Notes | 2016/17<br>£'000 |
|------------------|--|-------|------------------|
| (25,475)         | Net (Surplus) or deficit on the provision of services  |       | (43,953)         |
| 7,737            | Adjust net (surplus) or deficit on the provision of services for noncash movements   | 24    | 20,158           |
| 5,145            | Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities | 24    | 5,703            |
| <b>(12,593)</b>  | <b>Net cash flows from Operating Activities</b>  |       | <b>(18,092)</b>  |
| 6,410            | Investing Activities   | 25    | 10,486           |
| 34               | Financing Activities   | 26    | 1,311            |
| <b>(6,149)</b>   | <b>Net (increase) or decrease in cash and cash equivalents</b>   |       | <b>(6,295)</b>   |
| (23,314)         | Cash and cash equivalents at the beginning of the reporting period   |       | (29,463)         |
| <b>(29,463)</b>  | <b>Cash and cash equivalents at the end of the reporting period</b>  |       | <b>(35,758)</b>  |



# NOTES TO THE ACCOUNTS

## 1. **ACCOUNTING POLICIES**

### **General Principles**

The content, layout and general rules used to prepare these accounts comply with the Code of Practice on Local Authority Accounting 2016/17 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with International Financial Reporting Standards (IFRSs).

### **Accruals of Income and Expenditure**

Income is recorded when the debt has been established rather than when the money has been received. Similarly, expenditure is recorded when it is owed rather than when the payment is made. Where income and expenditure have been recognised but cash has not been received / paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

Exceptions to the above rule include items paid for on an annual or periodic basis (e.g. subscriptions, insurance premiums, etc.) where the accounts still show an annual equivalent cost. It is not expected that the effect to be material to the overall accounting position.

### **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.

### **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.

### **Council Tax and Non-Domestic Rates**

The Council, as a billing authority, acts as an agent collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as a principal, collecting council tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

# NOTES TO THE ACCOUNTS

## Accounting for Council Tax and NDR

The council tax and NDR income in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## **Employee Benefits**

### Benefits Payable During Employment

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

### 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. Termination benefits are recognised immediately as an expense to the service in the Comprehensive Income and Expenditure Statement as the earlier of when the Council can no longer withdraw the offer or when it recognises the cost of a restructuring.

### Local Government Pension Scheme

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

The Council's employees are members of the Local Government Pension Scheme which provides them with pensions and other benefits related to their pay and length of service. Details of this scheme, the accounting policies and impact on the financial statements are shown in note 35.

## **Events After the Balance Sheet Date**

The Council considers any material events that occur between the date of the Balance Sheet and the date the accounts are authorised for issue by the Head of Finance.

## **Fair Value**

The Council values its assets at fair value. This is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In 2016/17 fair value affects only non-operational property, plant and equipment classified as surplus assets and financial instruments.

## NOTES TO THE ACCOUNTS

The Council uses appropriate valuation techniques, maximising the use of relevant known data and thereby minimising the use of estimates and reducing subjective or uncertain valuations.

The Council assesses the level of uncertainty in its valuations by assigning its assets into three categories:

- Level 1 – quoted prices of identical assets or liabilities;
- Level 2 – inputs other than quoted prices that are observable, either directly or indirectly;
- Level 3 – unobservable inputs.

### **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.

Loans and receivables are subsequently measured at their amortised cost. 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”. 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.

### **Foreign Currency Translation**

Transactions denominated in a foreign currency are converted into sterling at the exchange rate applicable on the date the transaction was effective.

### **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 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.

### **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.

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

## NOTES TO THE ACCOUNTS

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 appropriately qualified valuer.

### **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.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets 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, 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 are posted to the service lines in the Comprehensive Income and Expenditure Statement. Gains or losses arising on the disposal or abandonment of an intangible asset are posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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 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.

### **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.

### **Inventories and long-term contracts**

Inventories are materials or supplies that will be consumed in producing goods or services. Stocks are valued at the cost the Council paid for them. This method of valuing stocks is different from the method set out by the CIPFA Code. This does not have a major effect on the financial statements.

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.

### **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 i.e. market 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. 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.

## NOTES TO THE ACCOUNTS

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.

### 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 asset to the Council. 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 as Lessee

##### Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at 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.

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).

##### 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

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

## NOTES TO THE ACCOUNTS

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.

### Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. 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.

### 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 2016/17 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 2016/17 which have not been the subject of a valuation are included at historical cost.

## NOTES TO THE ACCOUNTS

Non-operational assets, including investment property, have been valued at open market value which under IFRS 13 is considered to be equal to fair value. The accrued cost of work in progress for capital schemes is also included with non-operational assets. The Council records 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 Infrastructure Assets (e.g. Flood Alleviation Works) at historical cost.

General Fund property values in the Balance Sheet are based on 1<sup>st</sup> April 2015, 1<sup>st</sup> April 2016 or 31<sup>st</sup> March 2017 valuations. Housing Revenue Account property values are based on 1<sup>st</sup> April 2017 valuations.

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.

### Impairment

Assets are assessed for 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.

### 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



## NOTES TO THE ACCOUNTS

(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:

| <b>Asset Type</b>                        | <b>Depreciation Method</b> | <b>Period of Years</b> |
|--|----------------------------|------------------------|
| General Fund Buildings                   | Straight Line              | 5 to 55 years          |
| Infrastructure                           | Straight Line              | 40 years               |
| Community Assets                         | Straight Line              | Up to 100              |
| Heritage Assets – Buildings              | Straight Line              | years                  |
| Surplus Assets                           | Straight Line              | Up to 80               |
|  |                            | years                  |
|  |                            | 5 to 10 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              | 25 to 55               |
|  |                            | 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 in entirety once every five years and thereafter 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.

For the first five years of the Self Financing regime of which 2016/17 is the final year, depreciation on Council Housing stock continues 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. The rest of the assets in the Housing Revenue Account e.g. shops, garages, offices etc. each asset have their components separately depreciated but only where there is likely to be a significant change to the depreciation levied on the whole asset.

### 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. Depreciation is not charged on Assets Held for Sale. In respect of the HRA, those council houses in the process of being sold at 31<sup>st</sup> March 2017 have been transferred to the HRA Assets Held For sale account.



## NOTES TO THE ACCOUNTS

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.

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. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement thus calculating the gain or loss on the 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'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.

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.

### **Provisions and Contingent Liabilities**

#### Provisions

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

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

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

#### 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.

### **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

## NOTES TO THE ACCOUNTS

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.

### **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. Disabled Facilities 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.

### **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. The Council is subject to Partial Exemption. This means that, as long as the VAT the Council claims on purchases used to generate exempt incomes is less than 5% of all VAT claimed on purchases in the year, the Council can claim all of its VAT back in full.

### **Investments**

Investments are recorded at original cost including broker's commission and other attributable expenses, with the exception of some Certificate of Deposit and Corporate Bond investments which are valued on a mid-price basis at 31<sup>st</sup> March 2017.

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

For 2016/17 the following accounting policy changes that need to be reported relate to:

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration.

It is not expected that any of the above amendments will have a material impact on the information in the financial statements.

## **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:

- Uncertainty around future funding levels 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.
- The Council has entered into joint ventures with PSP Warwick LLP and Waterloo Housing Association. An assessment has been undertaken of the relationship with these parties. There is a group relationship with PSP Warwick LLP but transactions during 2016/17 were not considered material for the Council and group accounts have not been prepared on this basis. There was no group relationship with Waterloo Housing Association.

## NOTES TO THE ACCOUNTS

- All of the Council's Surplus Property Assets and Investment Properties were revalued in 2015/16 with a further revaluation of some of the Investment Properties in 2016/17 and as such it is considered that for the purposes of IFRS13, the carrying value is equal to Fair Value under that standard. For those properties where the new value was set with reference to rent reviews relating to that particular property it is considered that this equates to a level 1 input. The rest of the properties were revalued using direct observation of the passing rents on similar properties within the local property market and this equates to a level 2 input.

#### **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 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| <b>Item</b>                   | <b>Uncertainties</b>   | <b>Effect if Actual Results Differ from Assumptions</b>  |
|-------------------------------|--|--|
| 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.  | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £249k for every year that the useful lives had to be reduced.</p> |
| 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 2017 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 | An increase over the forthcoming year of 10% in settlements would have the effect of adding £282,000 to the provisions needed.   |

# NOTES TO THE ACCOUNTS

provide for the potential successful appeals against rateable values.

|                    |  |  |
|--------------------|--|--|
| Pensions Liability | <p>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.</p> | <p>The Pensions actuary will set the employer's pension contribution rates to ensure that pension liabilities are met.</p>   |
| Arrears            | <p>At 31 March 2017, the Council had a balance of arrears of Housing Rents, Council Tax and other sundry debtors for £5.31m. A review of the above suggested that an impairment of doubtful debts of 43.0% (£2.28m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>  | <p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £2.28m to be set aside as an allowance.</p> |

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 unaudited Statement of Accounts was authorised for issue by the Head of Finance on 5 June 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The Council does not invest directly in equity shares but from 2017/18 the Council will be investing in Corporate Equity Funds and any year end price fluctuations in these funds will be managed through the use of the Financial Instruments Available For Sale Reserve thus ensuring no impact on the General Fund. The Council will also establish a reserve financed from the additional investment interest that these vehicles are expected to generate. Initially this reserve will be used to finance any losses resulting from premature redemptions within the fund thus reducing the impact on the General Fund although the Council's policy will be to retain its investments in such funds for at least 5 years in order to achieve the optimum investment returns and minimising the risk to the capital value from stock market price falls. The Financial Instruments Available For Sale Reserve is due for abolition in 2018/19 and any year end price fluctuations from then on will need to be charged to the General Fund. It is intended that this new reserve will also manage these to ensure the minimum impact on the General Fund.

# NOTES TO THE ACCOUNTS

## 6. Prior Year Restatements

### Comprehensive Income and Expenditure Statement

Expenditure on services and income relating to or derived from those services is classified in the Comprehensive Income and Expenditure Statement in accordance with the CIPFA Code of Local Authority Accounting in the UK. The 2016/17 Code requires that authorities present expenditure and income on services on the basis of its reportable segments. These reportable segments are based on the authority's internal management reporting structure. This is a change from the previous requirement to present expenditure and income in accordance with the Service Expenditure Code of Practice (SERCOP). This note shows how the 2015/16 net expenditure and income has been restated:

|   | Central Services to the Public<br>£'000 | Cultural and Related Services<br>£'000 | Environmental & Regulatory Services<br>£'000 | Planning Services<br>£'000 | Highways & Transport Services<br>£'000 | Local Authority Housing (HRA)<br>£'000 | Other Housing Services<br>£'000 | Corporate & Democratic Core<br>£'000 | Non-Distributed Costs<br>£'000 | Support Services<br>£'000 | Cost of Services<br>£'000 |
|---|---|--|--|----------------------------|--|--|---------------------------------|--------------------------------------|--------------------------------|---------------------------|---------------------------|
| <b>GROSS EXPENDITURE</b>                |   |  |  |                            |  |  |                                 |                                      |                                |                           |                           |
| Cultural Services                       | -                                       | 7,844                                  | -  | -                          | -                                      | -                                      | -                               | -                                    | -                              | 1,160                     | 9,004                     |
| Development Services & Business         | 214                                     | 726                                    | -  | 4,207                      | 96                                     | -                                      | -                               | -                                    | -                              | -                         | 5,243                     |
| Finance                                 | 1,886                                   | 56                                     | -  | 45                         | -                                      | -                                      | 31,017                          | 795                                  | 52                             | -                         | 33,851                    |
| Health & Community Protection           | -                                       | -                                      | 2,174  | 1,502                      | -                                      | -                                      | -                               | -                                    | -                              | -                         | 3,676                     |
| Housing & Property Services             | -                                       | -                                      | 659  | 5                          | 196                                    | -                                      | 2,388                           | -                                    | -                              | (1,420)                   | 1,828                     |
| Housing Revenue Account                 | -                                       | -                                      | -  | -                          | -                                      | (3,790)                                | -                               | 73                                   | 25                             | -                         | (3,692)                   |
| Neighbourhood Services                  | -                                       | 3,179                                  | 5,806  | -                          | 1,896                                  | -                                      | -                               | -                                    | -                              | -                         | 10,881                    |
| Strategic Leadership                    | 903                                     | -                                      | -  | 83                         | 41                                     | -                                      | -                               | 1,080                                | -                              | 24                        | 2,131                     |
| Reallocation of Support Services        | (11)                                    | (44)                                   | (32)   | (22)                       | (8)                                    | -                                      | (111)                           | (7)                                  | (1)                            | 236                       | -                         |
| <b>TOTAL GROSS EXPENDITURE</b>          | <b>2,992</b>                            | <b>11,761</b>                          | <b>8,607</b>                                 | <b>5,820</b>               | <b>2,221</b>                           | <b>(3,790)</b>                         | <b>33,294</b>                   | <b>1,941</b>                         | <b>76</b>                      | <b>-</b>                  | <b>62,922</b>             |
| <b>GROSS INCOME</b>                     |   |  |  |                            |  |  |                                 |                                      |                                |                           |                           |
| Cultural Services                       | -                                       | (3,474)                                | -  | -                          | -                                      | -                                      | -                               | -                                    | -                              | -                         | (3,474)                   |
| Development Services & Business         | (316)                                   | (236)                                  | -  | (2,743)                    | (47)                                   | -                                      | -                               | -                                    | -                              | -                         | (3,342)                   |
| Finance                                 | (775)                                   | -                                      | -  | -                          | -                                      | -                                      | (30,946)                        | (118)                                | -                              | -                         | (31,839)                  |
| Health & Community Protection           | -                                       | -                                      | (499)  | (118)                      | -                                      | -                                      | -                               | -                                    | -                              | -                         | (617)                     |
| Housing & Property Services             | -                                       | -                                      | (77)   | (2)                        | -                                      | -                                      | (1,184)                         | -                                    | -                              | -                         | (1,263)                   |
| Housing Revenue Account                 | -                                       | -                                      | -  | -                          | -                                      | (28,071)                               | -                               | -                                    | -                              | -                         | (28,071)                  |
| Neighbourhood Services                  | -                                       | (1,023)                                | (2,019)                                      | -                          | (3,173)                                | -                                      | -                               | -                                    | -                              | -                         | (6,215)                   |
| Strategic Leadership                    | (417)                                   | -                                      | -  | (7)                        | (48)                                   | -                                      | -                               | (57)                                 | -                              | -                         | (529)                     |
| <b>TOTAL GROSS INCOME</b>               | <b>(1,508)</b>                          | <b>(4,733)</b>                         | <b>(2,595)</b>                               | <b>(2,870)</b>             | <b>(3,268)</b>                         | <b>(28,071)</b>                        | <b>(32,130)</b>                 | <b>(175)</b>                         | <b>-</b>                       | <b>-</b>                  | <b>(75,350)</b>           |
| <b>NET EXPENDITURE / (INCOME)</b>       |   |  |  |                            |  |  |                                 |                                      |                                |                           |                           |
| Cultural Services                       | -                                       | 4,370                                  | -  | -                          | -                                      | -                                      | -                               | -                                    | -                              | 1,160                     | 5,530                     |
| Development Services & Business         | (102)                                   | 490                                    | -  | 1,464                      | 49                                     | -                                      | -                               | -                                    | -                              | -                         | 1,901                     |
| Finance                                 | 1,111                                   | 56                                     | -  | 45                         | -                                      | -                                      | 71                              | 677                                  | 52                             | -                         | 2,012                     |
| Health & Community Protection           | -                                       | -                                      | 1,675  | 1,384                      | -                                      | -                                      | -                               | -                                    | -                              | -                         | 3,059                     |
| Housing & Property Services             | -                                       | -                                      | 582  | 3                          | 196                                    | -                                      | 1,204                           | -                                    | -                              | (1,420)                   | 565                       |
| Housing Revenue Account                 | -                                       | -                                      | -  | -                          | -                                      | (31,861)                               | -                               | 73                                   | 25                             | -                         | (31,763)                  |
| Neighbourhood Services                  | -                                       | 2,156                                  | 3,787  | -                          | (1,277)                                | -                                      | -                               | -                                    | -                              | -                         | 4,666                     |
| Strategic Leadership                    | 486                                     | -                                      | -  | 76                         | (7)                                    | -                                      | -                               | 1,023                                | -                              | 24                        | 1,602                     |
| Reallocation of Support Services        | (11)                                    | (44)                                   | (32)   | (22)                       | (8)                                    | -                                      | (111)                           | (7)                                  | (1)                            | 236                       | -                         |
| <b>TOTAL NET EXPENDITURE / (INCOME)</b> | <b>1,484</b>                            | <b>7,028</b>                           | <b>6,012</b>                                 | <b>2,950</b>               | <b>(1,047)</b>                         | <b>(31,861)</b>                        | <b>1,164</b>                    | <b>1,766</b>                         | <b>76</b>                      | <b>-</b>                  | <b>(12,428)</b>           |

### Movement in Reserves Statements

The CIPFA Code of Local Authority Accounting in the UK 2016/17 requires the total General Fund Balance and total Housing Revenue Account Balance be presented. In the past, it was recommended that Earmarked General Fund Reserves and Earmarked Housing Revenue Account Reserves be separately presented. The 2015/16 Movement in Reserves Statement has been restated for this change.

# NOTES TO THE ACCOUNTS

|   | General Fund<br>Balance as<br>previously<br>stated<br>£'000 | Earmarked<br>General Fund<br>Reserves as<br>previously<br>stated<br>£'000 | General Fund<br>Balance<br>Restated<br>£'000 | Housing<br>Revenue<br>Account<br>Balance as<br>previously<br>stated<br>£'000 | Housing<br>Revenue<br>Account<br>Reserves as<br>previously<br>stated<br>£'000 | Housing<br>Revenue<br>Account<br>Balance<br>Restated<br>£'000 |
|---|---|---|--|--|---|---|
| <b>2015/16 (Restated)</b>   |   |   |  |  |   |   |
| Balance at 31 March 2015  | 2,104   | 16,986  | 19,090                                       | 1,353  | 21,660  | 23,013  |
| <b>Movement in reserves during 2015/16</b>  |   |   |  |  |   |   |
| Total Comprehensive Income and Expenditure  | (2,097)   | -   | (2,097)                                      | 27,572   | -   | 27,572  |
| Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 10) | 3,063   | -   | 3,063  | (28,350)   | -   | (28,350)  |
| <b>Increase / (Decrease) before transfers to Earmarked Reserves</b>   | <b>966</b>  | <b>-</b>  | <b>966</b>                                   | <b>(778)</b>   | <b>-</b>  | <b>(778)</b>  |
| Transfer to from earmarked funds  | (1,260)   | 1,260   | -  | 811  | (811)   | -   |
| <b>Balance at 31 March 2016 carried forward</b>   | <b>1,810</b>  | <b>18,246</b>   | <b>20,056</b>                                | <b>1,386</b>   | <b>20,849</b>   | <b>22,235</b>   |

## Note 19 Debtors

In the Statement of Accounts 2015/16 debtors and bad debt provisions were shown separately. The Code of Practice requires the debtors to be shown net of any bad debt provisions. The 2015/16 position has been restated as follows:

|                                    | 31 March 2016<br>£000 | Bad Debts<br>Provisions<br>£000 | Restated<br>31 March 2016<br>£000 |
|------------------------------------|-----------------------|---------------------------------|-----------------------------------|
| <b>Debtors:</b>                    |                       |                                 |                                   |
| Central Government Bodies          | 1,090                 | -                               | 1,090                             |
| Other Local Authorities            | 515                   | (8)                             | 507                               |
| NHS Bodies                         | 2                     | -                               | 2                                 |
| Other Entities and Individuals     | 4,804                 | (2,179)                         | 2,625                             |
| <b>TOTAL DEBTORS</b>               | <b>6,411</b>          | <b>(2,187)</b>                  | <b>4,224</b>                      |
| <b>Bad Debt Provisions:</b>        |                       |                                 |                                   |
| Council Tax Payers                 | (93)                  | 93                              | -                                 |
| Business Rate Payers               | (200)                 | 200                             | -                                 |
| Housing Tenants                    | (883)                 | 883                             | -                                 |
| Housing Benefits - Rent Allowances | (815)                 | 815                             | -                                 |
| Other Debtors                      | (196)                 | 196                             | -                                 |
| <b>TOTAL BAD DEBT PROVISIONS</b>   | <b>(2,187)</b>        | <b>2,187</b>                    | <b>-</b>                          |
| <b>NET SHORT TERM DEBTORS</b>      | <b>4,224</b>          | <b>-</b>                        | <b>4,224</b>                      |

# NOTES TO THE ACCOUNTS

## 7. Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis  
2016/17

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts   | Adjustments for Capital Purposes (Note 1) | Net change for the Pensions Adjustment (Note 2) | Other Adjustments (Note 3) | Total Adjustments (Note 3) |
|--|---|---|----------------------------|----------------------------|
|  | £000                                      | £000  | £000                       | £000                       |
| Cultural Services  | (1,033)                                   | (137)   | 4                          | (1,166)                    |
| Development Services & Business  | (817)                                     | (141)   | 2                          | (956)                      |
| Finance  | (52)                                      | 281   | (3)                        | 226                        |
| Health & Community Protection  | (516)                                     | (99)  | -                          | (615)                      |
| Housing & Property Services  | (918)                                     | (89)  | (3)                        | (1,010)                    |
| Housing Revenue Account  | 42,960                                    | (67)  | (5)                        | 42,888                     |
| Neighbourhood Services   | (252)                                     | (111)   | (3)                        | (366)                      |
| Strategic Leadership   | 213                                       | (146)   | 1                          | 68                         |
| <b>Net Cost Of Services</b>  | <b>39,585</b>                             | <b>(509)</b>                                    | <b>(7)</b>                 | <b>39,069</b>              |
| Other income and expenditure from the Expenditure and Funding Analysis   | 1,649                                     | (1,202)   | 4,745                      | 5,192                      |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b> | <b>41,234</b>                             | <b>(1,711)</b>                                  | <b>4,738</b>               | <b>44,261</b>              |

Adjustments between Funding and Accounting Basis  
2015/16

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts   | Adjustments for Capital Purposes (Note 1) | Net change for the Pensions Adjustment (Note 2) | Other Adjustments (Note 3) | Total Adjustments (Note 3) |
|--|---|---|----------------------------|----------------------------|
|  | £000                                      | £000  | £000                       | £000                       |
| Cultural Services  | (2,674)                                   | (238)   | (17)                       | (2,929)                    |
| Development Services & Business  | (335)                                     | (269)   | 6                          | (598)                      |
| Finance  | 1,356                                     | 320   | 24                         | 1,700                      |
| Health & Community Protection  | (746)                                     | (182)   | -                          | (928)                      |
| Housing & Property Services  | 437                                       | (141)   | 161                        | 457                        |
| Housing Revenue Account  | 28,133                                    | (150)   | (8)                        | 27,975                     |
| Neighbourhood Services   | (1,639)                                   | (198)   | 1                          | (1,836)                    |
| Strategic Leadership   | (89)                                      | (281)   | 1                          | (369)                      |
| <b>Net Cost Of Services</b>  | <b>24,443</b>                             | <b>(1,139)</b>                                  | <b>168</b>                 | <b>23,472</b>              |
| Other income and expenditure from the Expenditure and Funding Analysis   | 2,462                                     | (1,471)   | 824                        | 1,815                      |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b> | <b>26,905</b>                             | <b>(2,610)</b>                                  | <b>992</b>                 | <b>25,287</b>              |

### Adjustments for Capital Purposes

- Adjustments for capital purposes – this column adds depreciation and impairment and revaluation gains and losses in the service line, and for:
  - Other operating expenditure** – adjusts for capital disposals with a transfer of income on the disposal of assets and the amounts written off for those assets.
  - Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The

## NOTES TO THE ACCOUNTS

Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Net Changes for the Pensions Adjustments

- 2 Net changes for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
  - **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
  - For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### Other Differences

- 3 Other differences between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute:
  - For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
  - The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be receivable at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.



# NOTES TO THE ACCOUNTS

## Segmental Income

Income received on a segmental basis is analysed below:

| Portfolio   | 2016/17<br>Income from Services<br>£000 | 2015/16<br>Income from Services<br>£000 |
|---|---|---|
| Culture   | 3,422                                   | 3,715                                   |
| Development Services & Business                   | 2,748                                   | 2,938                                   |
| Finance   | 459                                     | 627                                     |
| Health & Community Protection                     | 616                                     | 637                                     |
| Housing & Property Services                       | 1,173                                   | 2,034                                   |
| Housing Revenue Account                           | 27,838                                  | 28,070                                  |
| Neighbourhood                                     | 6,077                                   | 6,551                                   |
| Strategic Leadership                              | 578                                     | 581                                     |
| <b>Total income analysed on a segmental basis</b> | <b>42,911</b>                           | <b>45,153</b>                           |

## 8. Expenditure and Income Analysed by Nature

The Council's expenditure and income by nature is analysed as follows:

| Expenditure / Income                                  | 2016/17<br>£000  | 2015/16<br>£000  |
|---|------------------|------------------|
| <b>Expenditure</b>                                    |                  |                  |
| Employee benefits expenses                            | 1,711            | 2,745            |
| Other services expenses                               | 69,888           | 70,322           |
| Support service recharges                             | 19,875           | 17,264           |
| Depreciation, amortisation and impairment             | (29,190)         | (10,501)         |
| Interest payments                                     | 4,767            | 4,767            |
| Precepts and Levies                                   | 1,306            | 1,233            |
| Payments to Housing Capital Receipts Pool             | 970              | 978              |
| <b>Total Expenditure</b>                              | <b>69,327</b>    | <b>86,808</b>    |
| <b>Income</b>   |                  |                  |
| Fees, charges and other service income                | (42,911)         | (45,153)         |
| Gain on the disposal of assets                        | (1,762)          | (527)            |
| Interest and investment income                        | (536)            | (528)            |
| Income from Council Tax and Business Rates            | (12,976)         | (11,483)         |
| Government grants and contributions                   | (35,220)         | (37,328)         |
| Support service recharges                             | (19,875)         | (17,264)         |
| <b>Total Income</b>                                   | <b>(113,280)</b> | <b>(112,283)</b> |
| <b>Surplus or Deficit on the Provision of Service</b> | <b>(43,953)</b>  | <b>(25,475)</b>  |

# NOTES TO THE ACCOUNTS

## 9. 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 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 contains the balance of income and expenditure as defined by the Part VI of the Local Government and Housing Act 1989 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**

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.

### **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.

### **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

2016/17

|  | Usable Reserves              |                                    |                                  |                               |                                  |
|--|------------------------------|------------------------------------|----------------------------------|-------------------------------|----------------------------------|
|  | General Fund Balance<br>£000 | Housing Revenue<br>Account<br>£000 | Capital Receipt Reserves<br>£000 | Major Repairs Reserve<br>£000 | Capital Grants Unapplied<br>£000 |
| <b>Adjustments to the Revenue Resources</b>  |                              |                                    |                                  |                               |                                  |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: |                              |                                    |                                  |                               |                                  |
| ■ Pensions costs (transferred to (or from) the Pensions Reserve)   | (1,485)                      | (226)                              | -                                | -                             | -                                |
| ■ Council tax and NDR (transfers to or from Collection Fund Adjustment Account)  | 4,744                        | -                                  | -                                | -                             | -                                |
| ■ Holiday pay (transferred to / (from) the Accumulated Absences Reserve)   | (1)                          | (5)                                | -                                | -                             | -                                |
| ■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)                 | (3,275)                      | 30,146                             | -                                | -                             | 481                              |
| <b>Total Adjustments to the Revenue Account</b>  | <b>(17)</b>                  | <b>29,915</b>                      | <b>-</b>                         | <b>-</b>                      | <b>481</b>                       |
| <b>Adjustments between Revenue and Capital Resources</b>   |                              |                                    |                                  |                               |                                  |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve   | -                            | 5,003                              | (5,003)                          | -                             | -                                |
| Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)  | (969)                        | -                                  | 969                              | -                             | -                                |
| Posting of HRA resources from Revenue to the Major Repairs Reserve   | -                            | 6,135                              | -                                | (6,135)                       | -                                |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)  | 698                          | 3,496                              | -                                | -                             | -                                |
| <b>Total Adjustments between Revenue and Capital Resources</b>   | <b>(271)</b>                 | <b>14,634</b>                      | <b>(4,034)</b>                   | <b>(6,135)</b>                | <b>-</b>                         |
| <b>Adjustments to Capital Resources</b>  |                              |                                    |                                  |                               |                                  |
| Use of the Capital Receipts Reserve to finance capital expenditure   | -                            | -                                  | 4,304                            | -                             | -                                |
| Use of the Major Repairs Reserve to finance capital expenditure  | -                            | -                                  | -                                | 3,964                         | -                                |
| <b>Total Adjustments to Capital Resources</b>  | <b>-</b>                     | <b>-</b>                           | <b>4,304</b>                     | <b>3,964</b>                  | <b>-</b>                         |
| <b>Total Adjustments</b>   | <b>(288)</b>                 | <b>44,549</b>                      | <b>270</b>                       | <b>(2,171)</b>                | <b>481</b>                       |

# NOTES TO THE ACCOUNTS

2015/16

|  | Usable Reserves              |                                    |                                  |                               |                                  |
|--|------------------------------|------------------------------------|----------------------------------|-------------------------------|----------------------------------|
|  | General Fund Balance<br>£000 | Housing Revenue<br>Account<br>£000 | Capital Receipt Reserves<br>£000 | Major Repairs Reserve<br>£000 | Capital Grants Unapplied<br>£000 |
| <b>Adjustments to the Revenue Resources</b>  |                              |                                    |                                  |                               |                                  |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: |                              |                                    |                                  |                               |                                  |
| ■ Pensions costs (transferred to (or from) the Pensions Reserve)   | (2,286)                      | (324)                              | -                                | -                             | -                                |
| ■ Council tax and NDR (transfers to or from Collection Fund Adjustment Account)  | 133                          | -                                  | -                                | -                             | -                                |
| ■ Holiday pay (transferred to / (from) the Accumulated Absences Reserve)   | 7                            | (8)                                | -                                | -                             | -                                |
| ■ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)                 | (1,879)                      | 12,227                             | -                                | -                             | 85                               |
| <b>Total Adjustments to the Revenue Account</b>  | <b>(4,025)</b>               | <b>11,895</b>                      | <b>-</b>                         | <b>-</b>                      | <b>85</b>                        |
| <b>Adjustments between Revenue and Capital Resources</b>   |                              |                                    |                                  |                               |                                  |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve   | 482                          | 4,008                              | (4,490)                          | -                             | -                                |
| Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)  | (977)                        | -                                  | 977                              | -                             | -                                |
| Posting of HRA resources from Revenue to the Major Repairs Reserve   | -                            | 5,886                              | -                                | (5,886)                       | -                                |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)  | 1,457                        | 6,561                              | -                                | -                             | -                                |
| <b>Total Adjustments between Revenue and Capital Resources</b>   | <b>962</b>                   | <b>16,455</b>                      | <b>(3,513)</b>                   | <b>(5,886)</b>                | <b>-</b>                         |
| <b>Adjustments to Capital Resources</b>  |                              |                                    |                                  |                               |                                  |
| Use of the Capital Receipts Reserve to finance capital expenditure   | -                            | -                                  | 2,141                            | -                             | -                                |
| Use of the Major Repairs Reserve to finance capital expenditure  | -                            | -                                  | -                                | 3,874                         | -                                |
| <b>Total Adjustments to Capital Resources</b>  | <b>-</b>                     | <b>-</b>                           | <b>2,141</b>                     | <b>3,874</b>                  | <b>-</b>                         |
| <b>Total Adjustments</b>   | <b>(3,063)</b>               | <b>28,350</b>                      | <b>(1,372)</b>                   | <b>(2,012)</b>                | <b>85</b>                        |

# NOTES TO THE ACCOUNTS

## 10. Movements In Earmarked Reserves

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 2016/17.

|  | Balance at<br>1 April 2015<br>£'000 | Transfers<br>Out<br>2015/16<br>£'000 | Transfers<br>In<br>2015/16<br>£'000 | Balance at<br>31 March 2016<br>£'000 | Transfers<br>Out<br>2016/17<br>£'000 | Transfers<br>In<br>2016/17<br>£'000 | Balance at<br>31 March 2017<br>£'000 |
|--|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|
| <b>General Fund:</b>                               |                                     |                                      |                                     |                                      |                                      |                                     |                                      |
| Art Fund Reserve                                   | 64                                  | -                                    | 3                                   | 67                                   | -                                    | 4                                   | 71                                   |
| Art Gallery Gift Reserve                           | 57                                  | -                                    | -                                   | 57                                   | -                                    | -                                   | 57                                   |
| Building Control Reserve                           | 293                                 | (44)                                 | -                                   | 249                                  | (20)                                 | -                                   | 229                                  |
| Business Rate Retention Volatility Res             | 3,402                               | (49)                                 | -                                   | 3,353                                | (3,658)                              | 750                                 | 445                                  |
| Capital Investment Reserve                         | 3,551                               | (1,325)                              | 821                                 | 3,047                                | (1,532)                              | 318                                 | 1,833                                |
| Car Parks Repairs & Maintenance Reserve            | 219                                 | -                                    | 286                                 | 505                                  | (38)                                 | 323                                 | 790                                  |
| Cemetery Land Purchase Reserve                     | -                                   | -                                    | -                                   | -                                    | -                                    | 3                                   | 3                                    |
| Community Forums Reserve                           | 136                                 | (17)                                 | -                                   | 119                                  | (48)                                 | -                                   | 71                                   |
| Corporate Assets Reserve                           | 1,338                               | (66)                                 | 570                                 | 1,842                                | (38)                                 | 575                                 | 2,379                                |
| Covent Garden Multi Storey Reserve                 | -                                   | -                                    | 900                                 | 900                                  | -                                    | -                                   | 900                                  |
| Earmarked Balances Reserve                         | 639                                 | (639)                                | 381                                 | 381                                  | (381)                                | 288                                 | 288                                  |
| Election Expenses Reserve                          | 95                                  | (80)                                 | -                                   | 15                                   | -                                    | 30                                  | 45                                   |
| Energy Management Reserve                          | 98                                  | -                                    | 5                                   | 103                                  | -                                    | 5                                   | 108                                  |
| Enterprise Projects Reserve                        | 21                                  | -                                    | 38                                  | 59                                   | -                                    | 23                                  | 82                                   |
| Equipment Renewals Reserve                         | 456                                 | -                                    | 374                                 | 830                                  | (48)                                 | -                                   | 782                                  |
| G M Commuted Sums Reserve                          | 282                                 | (78)                                 | 334                                 | 538                                  | (97)                                 | 107                                 | 548                                  |
| GF Early Retirements Reserve                       | 85                                  | (82)                                 | 100                                 | 103                                  | (217)                                | 147                                 | 33                                   |
| Gym Equipment Replacement Reserve                  | 94                                  | (1)                                  | 30                                  | 123                                  | (123)                                | -                                   | -                                    |
| Hill Close Gardens Reserve                         | -                                   | -                                    | 80                                  | 80                                   | (20)                                 | -                                   | 60                                   |
| ICT Replacement Reserve                            | 1,029                               | (167)                                | 3                                   | 865                                  | (358)                                | -                                   | 507                                  |
| Insurance Reserve                                  | 322                                 | -                                    | -                                   | 322                                  | (30)                                 | -                                   | 292                                  |
| Leisure Options Reserve                            | -                                   | -                                    | -                                   | -                                    | (383)                                | 2,440                               | 2,057                                |
| Local Plan Delivery Reserve                        | 237                                 | (84)                                 | -                                   | 153                                  | (4)                                  | -                                   | 149                                  |
| Planning Appeal Reserve                            | 514                                 | (154)                                | 204                                 | 564                                  | (244)                                | 150                                 | 470                                  |
| Public Amenity Reserve                             | 838                                 | (90)                                 | -                                   | 748                                  | (209)                                | -                                   | 539                                  |
| Public Open Space Planning Gain Reserve            | 350                                 | -                                    | 576                                 | 926                                  | (251)                                | 283                                 | 958                                  |
| Rent Bond Scheme Reserve                           | 22                                  | -                                    | -                                   | 22                                   | -                                    | -                                   | 22                                   |
| Revenue Grants / Contributions Received in Advance | 852                                 | (125)                                | 47                                  | 774                                  | (107)                                | 53                                  | 720                                  |
| Right to Bid Reserve                               | 20                                  | -                                    | -                                   | 20                                   | -                                    | -                                   | 20                                   |
| Right to Challenge Reserve                         | 26                                  | -                                    | -                                   | 26                                   | -                                    | -                                   | 26                                   |
| Riverside House Maintenance Reserve                | -                                   | -                                    | 30                                  | 30                                   | -                                    | -                                   | 30                                   |
| Services Transformation Reserve                    | 1,902                               | (716)                                | 200                                 | 1,386                                | (321)                                | 158                                 | 1,223                                |
| Tourism Reserve                                    | 44                                  | (5)                                  | -                                   | 39                                   | -                                    | -                                   | 39                                   |
| <b>TOTAL GENERAL FUND</b>                          | <b>16,986</b>                       | <b>(3,722)</b>                       | <b>4,982</b>                        | <b>18,246</b>                        | <b>(8,127)</b>                       | <b>5,657</b>                        | <b>15,776</b>                        |
| <b>HRA:</b>  |                                     |                                      |                                     |                                      |                                      |                                     |                                      |
| HRA Capital Investment Reserve                     | 21,541                              | (6,204)                              | 5,388                               | 20,725                               | (3,392)                              | 5,599                               | 22,932                               |
| HRA Early Retirements Reserve                      | 109                                 | (3)                                  | 8                                   | 114                                  | (20)                                 | 8                                   | 102                                  |
| HRA Earmarked Reserves                             | -                                   | -                                    | -                                   | -                                    | -                                    | 164                                 | 164                                  |
| HRA Rev Grants/Contribs In Advance Res             | 10                                  | -                                    | -                                   | 10                                   | -                                    | -                                   | 10                                   |
| <b>TOTAL HRA</b>                                   | <b>21,660</b>                       | <b>(6,207)</b>                       | <b>5,396</b>                        | <b>20,849</b>                        | <b>(3,412)</b>                       | <b>5,771</b>                        | <b>23,208</b>                        |
| <b>TOTAL EARMARKED RESERVES</b>                    | <b>38,646</b>                       | <b>(9,929)</b>                       | <b>10,378</b>                       | <b>39,095</b>                        | <b>(11,539)</b>                      | <b>11,428</b>                       | <b>38,984</b>                        |

# NOTES TO THE ACCOUNTS

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.

**Covent Garden Multi Storey Car Park Reserve:** Will be used to smooth the lost car park income from Covent Garden Car Park when it closes for redevelopment as part of the New Offices project. Reserve will also finance initial borrowing costs for the project.

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

## 11. Other Operating Income and Expenditure

| Gross Expenditure<br>2015/16<br>£'000 | Gross Income<br>2015/16<br>£'000 | Net Expenditure<br>2015/16<br>£'000 |  | Gross Expenditure<br>2016/17<br>£'000 | Gross Income<br>2016/17<br>£'000 | Net Expenditure<br>2016/17<br>£'000 |  |
|---------------------------------------|----------------------------------|-------------------------------------|--|---------------------------------------|----------------------------------|-------------------------------------|--|
| 1,233                                 | -                                | 1,233                               | Parish Council Precepts                              | 1,306                                 | -                                | 1,306                               |  |
| 978                                   | -                                | 978                                 | Payments to Govt. Housing Capital Receipts Pool      | 970                                   | -                                | 970                                 |  |
| -                                     | (527)                            | (527)                               | (Gain) or loss on the disposal of non-current assets | -                                     | (1,762)                          | (1,762)                             |  |
| 2,211                                 | (527)                            | 1,684                               | Total  | 2,276                                 | (1,762)                          | 514                                 |  |

## 12. Financing and Investment Income and Expenditure

| Gross Expenditure<br>2015/16<br>£'000 | Gross Income<br>2015/16<br>£'000 | Net Expenditure<br>2015/16<br>£'000 |   | Gross Expenditure<br>2016/17<br>£'000 | Gross Income<br>2016/17<br>£'000 | Net Expenditure<br>2016/17<br>£'000 |  |
|---------------------------------------|----------------------------------|-------------------------------------|---|---------------------------------------|----------------------------------|-------------------------------------|--|
| 4,767                                 | -                                | 4,767                               | Interest Payable and similar charges  | 4,767                                 | -                                | 4,767                               |  |
| 1,471                                 | -                                | 1,471                               | Net Interest on the net defined benefit liability   | 1,203                                 | -                                | 1,203                               |  |
| -                                     | (528)                            | (528)                               | Interest receivable and similar income  | -                                     | (536)                            | (536)                               |  |
| 367                                   | (3,454)                          | (3,087)                             | Income and expenditure in relation to investment properties and changes in their fair value | 486                                   | (616)                            | (130)                               |  |
| 6,605                                 | (3,982)                          | 2,623                               | Total   | 6,456                                 | (1,152)                          | 5,304                               |  |

## 13. Taxation and Non Specific Grant Income and Expenditure

| Gross Income<br>2015/16<br>£'000 |   | Gross Income<br>2016/17<br>£'000 |
|----------------------------------|---|----------------------------------|
| (8,714)                          | Council Tax income                        | (9,156)                          |
| (2,769)                          | Non-domestic rates income and expenditure | (3,820)                          |
| (5,385)                          | Non-ringfenced Government Grants          | (4,658)                          |
| (486)                            | Capital Grants and Contributions          | (233)                            |
| (17,354)                         | Total                                     | (17,867)                         |

# NOTES TO THE ACCOUNTS

## 14. Property, Plant and Equipment

### Movements on Balances

Movements in 2016/17

|  | Council Dwellings<br>£'000 | Other Land and Buildings<br>£'000 | Vehicles, Plant, Furniture &<br>Equipment<br>£'000 | Infrastructure Assets<br>£'000 | Community Assets<br>£'000 | Surplus Assets<br>£'000 | Assets Under Construction<br>£'000 | Property, Plant and Equipment<br>£'000 |
|--|----------------------------|-----------------------------------|--|--------------------------------|---------------------------|-------------------------|------------------------------------|--|
| <b>Cost or valuation</b>   |                            |                                   |  |                                |                           |                         |                                    |  |
| At 1 April 2016  | 282,885                    | 69,599                            | 8,013  | 2,403                          | 7,037                     | 1,058                   | 6,822                              | <b>377,817</b>                         |
| Additions  | 10,508                     | 593                               | 899  | 2                              | 114                       | -                       | 2,811                              | <b>14,927</b>                          |
| Revaluation increases / (decreases) recognised in the Revaluation Reserve                            | 19,445                     | 444                               | -  | -                              | -                         | 5                       | -                                  | <b>19,894</b>                          |
| Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services | 33,873                     | 165                               | -  | -                              | -                         | -                       | -                                  | <b>34,038</b>                          |
| Derecognition - disposals  | (2,429)                    | -                                 | (60)   | -                              | -                         | -                       | -                                  | <b>(2,489)</b>                         |
| Assets reclassified (to) / from Other Accounts   | 6,889                      | (6)                               | -  | -                              | -                         | (441)                   | (6,526)                            | <b>(84)</b>                            |
| At 31 March 2017   | 351,171                    | 70,795                            | 8,852  | 2,405                          | 7,151                     | 622                     | 3,107                              | 444,103                                |
| <b>Accumulated Depreciation and Impairment</b>   |                            |                                   |  |                                |                           |                         |                                    |  |
| At 1 April 2016  | -                          | (754)                             | (6,223)  | (253)                          | (383)                     | (299)                   | -                                  | <b>(7,912)</b>                         |
| Depreciation charge for 2016/17  | (2,923)                    | (2,385)                           | (510)  | (61)                           | (47)                      | (28)                    | -                                  | <b>(5,954)</b>                         |
| Depreciation written out to the Revaluation Reserve  | 17                         | 1,750                             | -  | -                              | -                         | 17                      | -                                  | <b>1,784</b>                           |
| Depreciation written out to the Surplus / Deficit on the Provision of Services                       | 2,906                      | 94                                | -  | -                              | -                         | -                       | -                                  | <b>3,000</b>                           |
| Impairment losses / (reversals) recognised in the Revaluation Reserve                                | -                          | -                                 | -  | -                              | -                         | -                       | -                                  | -                                      |
| Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services     | -                          | -                                 | (2)  | -                              | -                         | -                       | -                                  | <b>(2)</b>                             |
| At 31 March 2017   | -                          | (1,295)                           | (6,735)  | (314)                          | (430)                     | (310)                   | -                                  | <b>(9,084)</b>                         |
| <b>Net Book Value</b>  |                            |                                   |  |                                |                           |                         |                                    |  |
| <b>31 March 2017</b>   | <b>351,171</b>             | <b>69,500</b>                     | <b>2,117</b>                                       | <b>2,091</b>                   | <b>6,721</b>              | <b>312</b>              | <b>3,107</b>                       | <b>435,019</b>                         |
| <b>31 March 2016</b>   | <b>282,885</b>             | <b>68,845</b>                     | <b>1,790</b>                                       | <b>2,150</b>                   | <b>6,654</b>              | <b>759</b>              | <b>6,822</b>                       | <b>369,905</b>                         |

# NOTES TO THE ACCOUNTS

## Movements on Balances

Movements in 2015/16

|   | Council Dwellings<br>£000 | Other Land and Buildings<br>£000 | Vehicles, Plant, Furniture &<br>Equipment<br>£000 | Infrastructure Assets<br>£000 | Community Assets<br>£000 | Surplus Assets<br>£000 | Assets Under Construction<br>£000 | Property, Plant and Equipment<br>£000 |
|---|---------------------------|----------------------------------|---|-------------------------------|--------------------------|------------------------|-----------------------------------|---------------------------------------|
| <b>Cost or valuation</b>  |                           |                                  |   |                               |                          |                        |                                   |                                       |
| At 1 April 2015   | 262,499                   | 55,104                           | 7,730   | 2,306                         | 7,037                    | 1,816                  | 2,453                             | <b>338,945</b>                        |
| Additions   | 6,347                     | 608                              | 283   | 97                            | -                        | -                      | 5,672                             | <b>13,007</b>                         |
| Revaluation increases /<br>(decreases) recognised in the<br>Revaluation Reserve                               | 355                       | 14,610                           | -   | -                             | -                        | 69                     | -                                 | <b>15,034</b>                         |
| Revaluation increases /<br>(decreases) recognised in the<br>Surplus / Deficit on the Provision<br>of Services | 16,109                    | (1,227)                          | -   | -                             | -                        | (47)                   | -                                 | <b>14,835</b>                         |
| Derecognition - disposals   | (2,666)                   | (52)                             | -   | -                             | -                        | (780)                  | -                                 | <b>(3,498)</b>                        |
| Assets reclassified (to) / from<br>Other Accounts   | 241                       | 556                              | -   | -                             | -                        | -                      | (1,303)                           | <b>(506)</b>                          |
| At 31 March 2016  | 282,885                   | 69,599                           | 8,013   | 2,403                         | 7,037                    | 1,058                  | 6,822                             | 377,817                               |
| <b>Accumulated Depreciation and Impairment</b>  |                           |                                  |   |                               |                          |                        |                                   |                                       |
| At 1 April 2015   | -                         | (1,198)                          | (5,642)   | (195)                         | (337)                    | (315)                  | -                                 | <b>(7,687)</b>                        |
| Depreciation charge for 2015/16   | (2,639)                   | (2,259)                          | (581)   | (58)                          | (46)                     | (28)                   | -                                 | <b>(5,611)</b>                        |
| Depreciation written out to the<br>Revaluation Reserve  | 13                        | 2,280                            | -   | -                             | -                        | 44                     | -                                 | <b>2,337</b>                          |
| Depreciation written out to the<br>Surplus / Deficit on the Provision<br>of Services                          | 2,626                     | 423                              | -   | -                             | -                        | -                      | -                                 | <b>3,049</b>                          |
| At 31 March 2016  | -                         | (754)                            | (6,223)   | (253)                         | (383)                    | (299)                  | -                                 | <b>(7,912)</b>                        |
| <b>Net Book Value</b>   |                           |                                  |   |                               |                          |                        |                                   |                                       |
| <b>31 March 2016</b>  | <b>282,885</b>            | <b>68,845</b>                    | <b>1,790</b>                                      | <b>2,150</b>                  | <b>6,654</b>             | <b>759</b>             | <b>6,822</b>                      | <b>369,905</b>                        |
| <b>31 March 2015</b>  | <b>262,499</b>            | <b>53,906</b>                    | <b>2,088</b>                                      | <b>2,111</b>                  | <b>6,700</b>             | <b>1,501</b>           | <b>2,453</b>                      | <b>331,258</b>                        |



# NOTES TO THE ACCOUNTS

## Capital Commitments and Planned Works 2017/18

|   | £'000  |
|---|--------|
| <b>General Fund:</b>                              |        |
| Leisure Refurbishments                            | 11,968 |
| Pump Room Gardens Restoration                     | 1,179  |
| Play Area Improvement Programme                   | 550    |
| Acquisition of Spencer Yard premises              | 300    |
| ICT Developments                                  | 249    |
| Recycling & Refuse Containers                     | 176    |
| Wall Repairs Barford                              | 134    |
| Rural & Urban Initiatives                         | 126    |
| St. Peter's Multi-storey car park structural work | 120    |
| St John's Flood Alleviation Partnership           | 100    |
| <b>Housing Investment Programme:</b>              |        |
| Council House Improvements / Renewal              | 5,439  |
| Housing New Build / Reprovision                   | 840    |
| Private Sector Housing - Grants and Loans         | 699    |

### Revaluations

The values of the Council Dwellings and Other HRA Property (shops, offices, community centres, garages, surgery, hostel and land) are based on valuations at 1 April 2017 following a "desktop" revaluation exercise by Carter Jonas LLP. Following the full revaluation exercise carried out on all of the General Fund property assets as at 1<sup>st</sup> April 2015, a fifth of the General Fund property assets comprising office buildings, leisure centres, public parks and open spaces were revalued as at 1st April 2016, this being the first tranche of a five year rolling programme of General Fund property valuations.

The values at 31<sup>st</sup> March 2017 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.

Carter Jonas has also undertaken a review of a representative selection of General Fund property assets including surplus assets in order to ascertain whether the carrying values of the General Fund property assets represent fair value at 31<sup>st</sup> March 2017. The carrying values in the Balance Sheet for those assets in the representative sample have been updated to 31<sup>st</sup> March 2017 and it is considered that as a result of the review the carrying values of the rest of the assets represent fair value. The table below shows the valuation basis for each asset class within the Balance Sheet:

| Asset Class   | Valuation Basis   |
|---|---|
| Operational Property e.g. Car Parks and Housing Stock | Existing Use Value<br>Existing Use Value – Social Housing<br>Depreciated Replacement Cost (MEA) |
| Non Operational Property e.g. Surplus Assets          | Open Market Value   |
| Investment Properties                                 | Open Market Value   |
| Community Assets                                      | Historic Cost   |
| Infrastructure Assets                                 | Historic Cost   |
| Equipment   | Historic Cost   |
| Assets Under Construction                             | Historic Cost   |

All of the Council's Surplus Property Assets were revalued by Carter Jonas LLP in 2015/16 and some properties were revalued at 31<sup>st</sup> March 2017 as part of the representative sample previously referred to above and as such it is considered that for the purposes of

## NOTES TO THE ACCOUNTS

IFRS13, the carrying value at 31<sup>st</sup> March 2017 is still equal to Fair Value under that standard. For those properties where the new value was set with reference to rent reviews relating to that particular property it is considered that this equates to a level 1 input. The rest of the properties were revalued using direct observation of the passing rents on similar properties within the local property market and this equates to a level 2 input.

|                                | Council<br>Dwellings<br>£'000 | Other Land<br>and<br>Buildings<br>£'000 | Vehicles,<br>Plant, etc.<br>£'000 | Infrastructure<br>Assets<br>£'000 | Community<br>Assets<br>£'000 | Surplus<br>Assets<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|--------------------------------|-------------------------------|---|-----------------------------------|-----------------------------------|------------------------------|----------------------------|---------------------------------------|----------------|
| Carried at historical cost     | -                             | 143                                     | 2,038                             | 2,091                             | 6,721                        | -                          | 3,107                                 | 14,100         |
| Valued at fair value as at:    |                               |   |                                   |                                   |                              |                            |                                       |                |
| - 2016/17                      | 351,171                       | 58,564                                  | -                                 | -                                 | -                            | 127                        | -                                     | 409,862        |
| - 2015/16                      | -                             | 10,793                                  | -                                 | -                                 | -                            | 185                        | -                                     | 10,978         |
| <b>Total Cost or Valuation</b> | <b>351,171</b>                | <b>69,500</b>                           | <b>2,038</b>                      | <b>2,091</b>                      | <b>6,721</b>                 | <b>312</b>                 | <b>3,107</b>                          | <b>434,940</b> |

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 £79,000. This difference relates to the balance outstanding at 31 March 2017 on the Colour Copier and Dog Wardens Van Finance leases (see note 33) which is not included in the table above.

### 15. Heritage Assets

|                          | Decorative Arts<br>Collection<br>£'000 | Visual Arts<br>Collection<br>£'000 | Other<br>£'000 | Total<br>Assets<br>£'000 |
|--------------------------|--|------------------------------------|----------------|--------------------------|
| <b>Cost or Valuation</b> |  |                                    |                |                          |
| 1 April 2015             | 330                                    | 6,664                              | 925            | 7,919                    |
| Additions                | 1                                      | 259                                | 6              | 266                      |
| Revaluations             | -                                      | -                                  | 73             | 73                       |
| Depreciation             | -                                      | -                                  | (3)            | (3)                      |
| <b>31 March 2016</b>     | <b>331</b>                             | <b>6,923</b>                       | <b>1,001</b>   | <b>8,255</b>             |
| <b>Cost or Valuation</b> |  |                                    |                |                          |
| 1 April 2016             | 331                                    | 6,923                              | 1,001          | 8,255                    |
| Additions                | -                                      | -                                  | 8              | 8                        |
| Revaluations             | -                                      | -                                  | 11             | 11                       |
| Depreciation             | -                                      | -                                  | (3)            | (3)                      |
| <b>31 March 2017</b>     | <b>331</b>                             | <b>6,923</b>                       | <b>1,017</b>   | <b>8,271</b>             |

#### **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 were 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.

## NOTES TO THE ACCOUNTS

In the case of the Art Gallery and Museum's collections some articles were 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. During 2016/17, items amounting to £8,090 have been added to the Social History collection. The vast majority of those items acquired in 2016/17 were of a low intrinsic value, two items costing £140 and £500 respectively will be valued in due course by Tim Ritchie & Associates.

The Abbey Fields Barn was valued by Carter Jonas at 1/4/2016 at £293,000 on a depreciated replacement cost basis.

### Heritage Assets: Summary of Transactions

|  | 2015/16<br>£'000 | 2016/17<br>£'000 |
|--|------------------|------------------|
| <b>Cost of Additions of Heritage Assets:</b> |                  |                  |
| <b>Donations:</b>                            |                  |                  |
| Visual Arts                                  | 259              | -                |
| Decorative Arts                              | 1                | -                |
| Social History etc.                          | 6                | 8                |
| <b>Total cost of Additions</b>               | <b>266</b>       | <b>8</b>         |
| <b>Revaluation of Heritage Assets:</b>       |                  |                  |
| Abbey Fields Barn                            | 42               | 11               |
| Social History etc.                          | 31               | -                |
| <b>Total Revaluations</b>                    | <b>73</b>        | <b>11</b>        |

### 16. 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:

|  | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|
| Rental income from investment property                     | 616              | 536              |
| Direct operating expenses arising from investment property | (434)            | (367)            |
| <b>Net gain / (loss)</b>                                   | <b>182</b>       | <b>169</b>       |

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

## NOTES TO THE ACCOUNTS

|  | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|
| <b>Balance at start of the year</b>              | <b>11,477</b>    | <b>8,942</b>     |
| Additions:                                       |                  |                  |
| - Subsequent expenditure                         | -                | 8                |
| Disposals  | -                | (453)            |
| Net gains / (losses) from fair value adjustments | <b>(52)</b>      | <b>2,918</b>     |
| Transfers:                                       |                  |                  |
| - To / from Property, Plant and Equipment        | -                | 62               |
| <b>Balance at end of year</b>                    | <b>11,425</b>    | <b>11,477</b>    |

All of the Council's Investment Properties were revalued by Carter Jonas LLP in 2015/16 and those where rent reviews have taken place during 2016/17 have also been revalued as a consequence, the revaluations having been carried out by Carter Jonas LLP. It is considered that for the purposes of IFRS13, the carrying value is equal to Fair Value under that standard. For those properties valued in 2015/16 and 2016/17 where the new value was set with reference to rent reviews relating to that particular property it is considered that this equates to a level 1 input. The rest of the properties were revalued using direct observation of the passing rents on similar properties within the local property market and this also equates to a level 1 input.

Gains or losses arising from changes in fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure.

# NOTES TO THE ACCOUNTS

## 17. Financial Instruments

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

|   | Long Term                 |                           | Current                   |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | 31 March<br>2017<br>£'000 | 31 March<br>2016<br>£'000 | 31 March<br>2017<br>£'000 | 31 March<br>2016<br>£'000 |
| <b>Investments:</b>   |                           |                           |                           |                           |
| Loans and receivables                                       | -                         | -                         | 53,018                    | 44,565                    |
| Available for sale financial assets                         | -                         | -                         | 18,437                    | 16,259                    |
| Unquoted equity investment at cost                          | -                         | -                         | -                         | -                         |
| Financial Assets at fair value through profit and loss      | -                         | -                         | -                         | -                         |
| <b>Total Investments</b>                                    | <b>-</b>                  | <b>-</b>                  | <b>71,455</b>             | <b>60,824</b>             |
| <b>Debtors:</b>   |                           |                           |                           |                           |
| Loans and receivables                                       | 866                       | 855                       | 5,435                     | 5,599                     |
| Financial Assets carried at contract amounts                | -                         | -                         | -                         | -                         |
| <b>Total Debtors</b>  | <b>866</b>                | <b>855</b>                | <b>5,435</b>              | <b>5,599</b>              |
| <b>Borrowings:</b>  |                           |                           |                           |                           |
| Financial Liabilities at amortised cost                     | (136,232)                 | (136,166)                 | (56)                      | (55)                      |
| Financial Liabilities at fair value through profit and loss | -                         | -                         | -                         | -                         |
| <b>Total Borrowings</b>                                     | <b>(136,232)</b>          | <b>(136,166)</b>          | <b>(56)</b>               | <b>(55)</b>               |
| <b>Creditors:</b>   |                           |                           |                           |                           |
| Financial Liabilities at amortised cost                     | -                         | -                         | (12,056)                  | (11,810)                  |
| Financial Liabilities carried at contract amounts           | -                         | -                         | -                         | -                         |
| <b>Total Creditors</b>                                      | <b>-</b>                  | <b>-</b>                  | <b>(12,056)</b>           | <b>(11,810)</b>           |

# NOTES TO THE ACCOUNTS

## Income, Expense, Gains and Losses

|   | 2016/17  |   |  |                | 2015/16  |   |  |                |
|---|--|---|--|----------------|--|---|--|----------------|
|   | Financial Liabilities<br>measured at amortised cost<br>£'000 | Financial Assets: Loans and<br>receivables<br>£'000 | Financial Assets: Available<br>for sale<br>£'000 | Total<br>£'000 | Financial Liabilities<br>measured at amortised cost<br>£'000 | Financial Assets: Loans and<br>receivables<br>£'000 | Financial Assets: Available<br>for sale<br>£'000 | Total<br>£'000 |
| Interest expense  | (4,767)  | -   | -  | (4,767)        | (4,767)  | -   | -  | (4,767)        |
| Losses on derecognition   | -  | -   | -  | -              | -  | -   | -  | -              |
| Reductions in fair value  | -  | -   | -  | -              | -  | -   | -  | -              |
| Impairment losses   | -  | -   | -  | -              | -  | -   | -  | -              |
| Fee expense   | -  | -   | -  | -              | -  | -   | -  | -              |
| <b>Total expense in Surplus or Deficit on the<br/>Provision of Services</b>   | <b>(4,767)</b>   | <b>-</b>  | <b>-</b>   | <b>(4,767)</b> | <b>(4,767)</b>   | <b>-</b>  | <b>-</b>   | <b>(4,767)</b> |
| Interest income   | -  | 388   | 156  | 544            | -  | 469   | 59   | 528            |
| Interest income accrued on impaired financial<br>assets   | -  | -   | -  | -              | -  | -   | -  | -              |
| Increases in fair value   | -  | -   | -  | -              | -  | -   | -  | -              |
| Gains on derecognition  | -  | -   | -  | -              | -  | -   | -  | -              |
| Fee income  | -  | -   | -  | -              | -  | -   | -  | -              |
| <b>Total income in Surplus or Deficit on the<br/>Provision of Services</b>  | <b>-</b>   | <b>388</b>  | <b>156</b>                                       | <b>544</b>     | <b>-</b>   | <b>469</b>  | <b>59</b>  | <b>528</b>     |
| Gains on revaluation  | -  | -   | -  | -              | -  | -   | -  | -              |
| Losses on revaluation   | -  | -   | -  | -              | -  | -   | -  | -              |
| Amounts recycled to the Surplus or Deficit on<br>the Provision of Services after impairment                               | -  | -   | -  | -              | -  | -   | -  | -              |
| <b>Surplus / Deficit arising on revaluation of<br/>financial assets in Other Comprehensive<br/>Income and Expenditure</b> | <b>-</b>   | <b>-</b>  | <b>-</b>   | <b>-</b>       | <b>-</b>   | <b>-</b>  | <b>-</b>   | <b>-</b>       |
| <b>Net gain / (loss) for the year</b>   | <b>(4,767)</b>   | <b>388</b>  | <b>156</b>                                       | <b>(4,223)</b> | <b>(4,767)</b>   | <b>469</b>  | <b>59</b>  | <b>(4,239)</b> |

## 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.

# NOTES TO THE ACCOUNTS

## 18. Assets Held for Sale

|   | 2016/17<br>£'000 | 2015/16<br>£'000 |
|---|------------------|------------------|
| <b>Balance outstanding at start of year</b> | <b>796</b>       | <b>363</b>       |
| Assets newly classified as held for sale:   |                  |                  |
| - Property, Plant and Equipment             | <b>79</b>        | <b>443</b>       |
| Revaluation gains                           | <b>43</b>        | <b>353</b>       |
| Assets sold                                 | <b>(796)</b>     | <b>(363)</b>     |
| <b>Balance outstanding at year-end</b>      | <b>122</b>       | <b>796</b>       |

## 19. Debtors

|                                       | 31 March 2017<br>£'000 | Restated<br>31 March 2016<br>£'000 |
|---------------------------------------|------------------------|------------------------------------|
| Central Government Bodies             | <b>864</b>             | 1,090                              |
| Other Local Authorities               | <b>1,153</b>           | 507                                |
| NHS Bodies                            | <b>2</b>               | 2                                  |
| Public Corporations and Trading Funds | <b>5</b>               | -                                  |
| Other Entities and Individuals        | <b>3,025</b>           | 2,625                              |
| <b>TOTAL DEBTORS</b>                  | <b>5,049</b>           | 4,224                              |

In the Statement of Accounts 2015/16 debtors and bad debt provisions were shown separately. The Code of Practice requires the debtors to be shown net of any bad debt provisions. The 2015/16 position has been restated as shown in Note 6.

## 20. Cash and Cash Equivalents

|   | 31 March 2017<br>£'000 | 31 March 2016<br>£'000 |
|---|------------------------|------------------------|
| Cash held by the Council                    | <b>(2)</b>             | -                      |
| Bank current accounts                       | <b>434</b>             | 558                    |
| Short term deposits with Money Market Funds | <b>35,326</b>          | 28,905                 |
| <b>Total Cash and Cash Equivalents</b>      | <b>35,758</b>          | 29,463                 |

## 21. Creditors

|                                | 31 March 2017<br>£'000 | 31 March 2016<br>£'000 |
|--------------------------------|------------------------|------------------------|
| Central Government Bodies      | <b>6,628</b>           | 1,249                  |
| Other Local Authorities        | <b>1,389</b>           | 141                    |
| Other Entities and Individuals | <b>8,886</b>           | 6,890                  |
| <b>TOTAL CREDITORS</b>         | <b>16,903</b>          | 8,280                  |

# NOTES TO THE ACCOUNTS

## 22. Provisions

|  | Land<br>Charges<br>£'000 | Subsidence<br>Compensation<br>£'000 | Business<br>Rates Appeals<br>£'000 | Insurances<br>General Fund<br>£'000 | Insurances<br>HRA<br>£'000 | Total<br>£'000 |
|--|--------------------------|-------------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------|
| <b>Provisions &gt; 1 year:</b>                               |                          |                                     |                                    |                                     |                            |                |
| Balance at 1 April 2016                                      | -                        | -                                   | 3,275                              | 252                                 | 180                        | 3,707          |
| Additional provisions made in 2016/17                        | -                        | -                                   | 643                                | 47                                  | -                          | 690            |
| Amounts used in 2016/17                                      | -                        | -                                   | -                                  | -                                   | (1)                        | (1)            |
| Amounts payable < 1 year transferred to short term creditors | -                        | -                                   | (2,837)                            | (41)                                | (36)                       | (2,914)        |
| <b>Balance at 31 March 2017</b>                              | <b>-</b>                 | <b>-</b>                            | <b>1,081</b>                       | <b>258</b>                          | <b>143</b>                 | <b>1,482</b>   |
| <b>Provisions &lt; 1 year:</b>                               |                          |                                     |                                    |                                     |                            |                |
| Balance at 1 April 2016                                      | 186                      | 117                                 | 704                                | 38                                  | 39                         | 1,084          |
| Additional provisions made in 2016/17                        | 9                        | -                                   | -                                  | -                                   | -                          | 9              |
| Amounts used in 2016/17                                      | (32)                     | (55)                                | (962)                              | (41)                                | (36)                       | (1,126)        |
| Unused amounts reversed in 2016/17                           | -                        | (62)                                | -                                  | -                                   | -                          | (62)           |
| Amounts payable < 1 year transferred from L/T Provision      | -                        | -                                   | 2,837                              | 41                                  | 36                         | 2,914          |
| <b>Balance at 31 March 2017</b>                              | <b>163</b>               | <b>-</b>                            | <b>2,579</b>                       | <b>38</b>                           | <b>39</b>                  | <b>2,819</b>   |

### Business Rates Appeals

The appeals are complex and can take several years to be decided. The total level of the provision for appeals is £9.1m. The Council's share is included in the above table. Further details can be found in the Collection Fund section of the accounts.

## 23. Unusable Reserves

| 31 March 2016<br>£'000 |  | 31 March 2017<br>£'000 |
|------------------------|--|------------------------|
| 35,432                 | Revaluation Reserve                              | 56,375                 |
| 788                    | Deferred Capital Receipts Reserve                | 788                    |
| 59                     | Available For Sale Financial Instruments Reserve | 74                     |
| 218,238                | Capital Adjustment Account                       | 258,792                |
| (13)                   | Financial Instruments Adjustment Account         | (12)                   |
| (34,167)               | Pensions Reserve                                 | (37,938)               |
| (3,535)                | Collection Fund Adjustment Account               | 1,209                  |
| (282)                  | Accumulated Absences Account                     | (289)                  |
| <b>216,520</b>         | <b>TOTAL UNUSABLE RESERVES</b>                   | <b>278,999</b>         |



# NOTES TO THE ACCOUNTS

## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property. 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.

| 2015/16<br>£'000 |   | 2016/17<br>£'000      £'000 |               |
|------------------|---|-----------------------------|---------------|
| 18,763           | <b>Balance at 1 April</b>   |                             | <b>35,432</b> |
| 17,411           | Upward revaluation of assets  | 21,688                      |               |
| (6)              | Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services    | (5)                         |               |
| 17,405           | Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services |                             | 21,683        |
| (736)            | Difference between fair value depreciation and historical cost depreciation   | (740)                       |               |
| (736)            | Amount written off to the Capital Adjustment Account  |                             | (740)         |
| <b>35,432</b>    | <b>Balance at 31 March</b>  |                             | <b>56,375</b> |

## 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.

| 2015/16<br>£'000 |  | 2016/17<br>£'000 |            |
|------------------|--|------------------|------------|
| 788              | <b>Balance at 1 April</b>  |                  | <b>788</b> |
| -                | Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Account |                  | -          |
| <b>788</b>       | <b>Balance at 31 March</b>   |                  | <b>788</b> |

## NOTES TO THE ACCOUNTS

### 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. The balance is reduced when investments with accumulated gains are:

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

| 2015/16<br>£'000 |  | 2016/17 |           |
|------------------|--|---------|-----------|
|                  |  | £'000   | £'000     |
| 76               | <b>Balance at 1 April</b>                              |         | <b>59</b> |
| 59               | Upward revaluation of investments                      | 74      |           |
|                  | Downward revaluation of investments not charged to the |         |           |
| (76)             | Surplus / Deficit on the Provision of Services         | (59)    |           |
|                  | Accumulated gains on assets sold and maturing assets   |         | 15        |
|                  | written out to the Comprehensive Income and            |         |           |
|                  | Expenditure Statement as part of Other Investment      |         |           |
|                  | Income   |         |           |
| <b>59</b>        | <b>Balance at 31 March</b>                             |         | <b>74</b> |

### 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 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.

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

## NOTES TO THE ACCOUNTS

| 2015/16<br>£'000 |  | 2016/17 |                |
|------------------|--|---------|----------------|
|                  |  | £'000   | £'000          |
| 193,037          | <b>Balance at 1 April ( credit )</b>   |         | <b>218,238</b> |
|                  | <b>Note: figures in brackets are debits</b>  |         |                |
|                  | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:                                 |         |                |
| 12,279           | - Charges for depreciation and impairment of non-current assets  | 31,079  |                |
| 353              | - Revaluation losses on Assets Held For Sale and reversal of previous revaluation impairments  | 43      |                |
| (2)              | - Amortisation of intangible assets  | (1)     |                |
| (1,776)          | - Revenue expenditure funded from capital under statute  | (1,836) |                |
| (4,317)          | - 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 | (3,285) |                |
| 6,537            |  |         | 26,000         |
| 736              | Difference between fair value depreciation and historical cost depreciation  |         | 740            |
| 7,273            | Net written out amount of the cost of non-current assets consumed in the year  |         | 26,740         |
|                  | Capital Financing applied in the year:   |         |                |
| 2,141            | - Use of the Capital Receipts Reserve to finance new capital expenditure   | 4,304   |                |
| 3,874            | - Use of the Major Repairs Reserve to finance new capital expenditure  | 3,964   |                |
| 570              | - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing                | 917     |                |
| 84               | - Application of grants to capital financing from the Capital Grants Unapplied Account   | 481     |                |
| 8,018            | - Capital expenditure charged against the General Fund and HRA balances  | 4,194   |                |
| 14,687           |  |         | 13,860         |
| 33               | Minimum Revenue Provision  |         | 6              |
| 2,918            | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement                             |         | (52)           |
| 290              | Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement  |         | -              |
| <b>218,238</b>   | <b>Balance at 31 March</b>   |         | <b>258,792</b> |

# NOTES TO THE ACCOUNTS

## Pensions Reserve

| 2015/16<br>£'000 |  | 2016/17<br>£'000 |
|------------------|--|------------------|
| (45,431)         | <b>Balance at 1 April</b>  | <b>(34,167)</b>  |
| 13,874           | Remeasurements of the net defined benefit liability  | (2,060)          |
| (4,769)          | 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 | (4,109)          |
| 2,159            | Employer's pensions contributions and direct payments to pensions payable in the year  | 2,398            |
| <b>(34,167)</b>  | <b>Balance at 31 March</b>   | <b>(37,938)</b>  |

## Collection Fund Adjustment Account

| Council Tax<br>2015/16<br>£'000 | NNDR<br>2015/16<br>£'000 | Total<br>2015/16<br>£'000 |  | Council Tax<br>2016/17<br>£'000 | NNDR<br>2016/17<br>£'000 | Total<br>2016/17<br>£'000 |
|---------------------------------|--------------------------|---------------------------|--|---------------------------------|--------------------------|---------------------------|
| 55                              | (3,723)                  | (3,668)                   | <b>Balance at 1 April</b>  | 71                              | (3,606)                  | (3,535)                   |
|                                 |                          |                           | 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 |                                 |                          |                           |
| 16                              | 117                      | 133                       |  | (84)                            | 4,828                    | 4,744                     |
| 71                              | (3,606)                  | (3,535)                   | <b>Balance at 31 March</b>   | <b>(13)</b>                     | <b>1,222</b>             | <b>1,209</b>              |

## Accumulated Absences Account

| 2015/16<br>£'000 |   | 2016/17<br>£'000 | 2016/17<br>£'000 |
|------------------|---|------------------|------------------|
| (282)            | <b>Balance at 1 April</b>   |                  | <b>(282)</b>     |
| 282              | Settlement or cancellation of accrual made at the end of the preceding year   | 282              |                  |
| (282)            | Amounts accrued at the end of the current year  | (289)            |                  |
| -                | 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 |                  | (7)              |
| <b>(282)</b>     | <b>Balance at 31 March</b>  |                  | <b>(289)</b>     |

# NOTES TO THE ACCOUNTS

## 24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

| 2015/16<br>£'000 |  | 2016/17<br>£'000 |
|------------------|--|------------------|
| (541)            | Interest received                          | (519)            |
| 4,766            | Interest paid                              | 4,766            |
| 2                | Interest Element of finance lease payments | 2                |

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

| 2015/16<br>£'000 |   | 2016/17<br>£'000 |
|------------------|---|------------------|
| (5,617)          | Depreciation  | (5,957)          |
| 17,896           | Impairment and revaluations in consolidated income and expenditure                      | 37,038           |
| (2)              | Amortisation of intangible assets   | (1)              |
| (949)            | (Increase) / decrease in creditors  | (6,352)          |
| 914              | Increase / (decrease) in debtors  | 119              |
| (37)             | (Increase) / decrease in provision for bad debt   | (22)             |
| (14)             | Increase / (decrease) in inventories  | (9)              |
| (2,610)          | Movement in pension liability   | (1,711)          |
| (3,964)          | Carrying amount of non-current assets, assets held for sale, sold or derecognised       | (3,182)          |
| 2,120            | Other non-cash items charged to the net surplus or deficit on the provision of services | 234              |
| <hr/> 7,737      |   | <hr/> 20,158     |

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

| 2015/16<br>£'000 |  | 2016/17<br>£'000 |
|------------------|--|------------------|
| 4,490            | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 4,974            |
| 655              | Any other items for which the cash effects are investing or financing cash flows                   | 729              |
| <hr/> 5,145      |  | <hr/> 5,703      |

# NOTES TO THE ACCOUNTS

## 25. Cash Flow Statement – Investing Activities

| 2015/16<br>£'000 |  | 2016/17<br>£'000 |
|------------------|--|------------------|
| 13,172           | Purchase of property, plant and equipment, investment property and intangible assets   | 12,583           |
| 33,200           | Purchase of short-term and long-term investments   | 31,178           |
| (4,490)          | Proceeds from sale of property, plant and equipment, non-current assets held for sale, investment property and intangible assets | (4,974)          |
| (34,000)         | Proceeds from the sale of short-term and long-term investments   | (26,903)         |
| (1,473)          | Other receipts from investing activities   | (1,398)          |
| <b>6,410</b>     | <b>Net cash flows from investing activities</b>  | <b>10,486</b>    |

## 26. Cash Flow Statement – Financing Activities

| 2015/16<br>£'000 |   | 2016/17<br>£'000 |
|------------------|---|------------------|
| 1                | Other receipts from financing activities  | 744              |
| 33               | Cash payments for the reduction of the outstanding liabilities relating to finance leases | 6                |
| -                | Other payments for financing activities   | 561              |
| <b>34</b>        | <b>Net cash flows from financing activities</b>   | <b>1,311</b>     |

## 27. 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.

|  | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|
| <b>Allowances:</b>                           |                  |                  |
| Basic  | 212              | 216              |
| Special Responsibility                       | 54               | 51               |
| Chair and Vice Chair Allowances              | 19               | 16               |
| Co-Optees                                    | 1                | 1                |
| Other Allowances (Travel, Subsistence, etc.) | 7                | 9                |
| <b>Total Allowances</b>                      | <b>293</b>       | <b>293</b>       |

# NOTES TO THE ACCOUNTS

## 28. Officers' Remuneration

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

| Post Title             |                | Salary<br>(inc Fees &<br>Allowances)<br>£ | Pension<br>Contribution<br>£ | Total<br>Remuneration<br>Inc Pension<br>Contribution<br>£ |
|------------------------|----------------|---|------------------------------|---|
| Chief Executive        | 2016/17        | 111,570                                   | 16,042                       | 127,612   |
|                        | 2015/16        | 126,995                                   | 18,033                       | 145,028   |
| Deputy Chief Executive | 2016/17        | 93,684                                    | 13,058                       | 106,742   |
|                        | 2015/16        | 86,190                                    | 12,239                       | 98,429  |
| Deputy Chief Executive | 2016/17        | 87,051                                    | 13,058                       | 100,109   |
|                        | 2015/16        | 86,190                                    | 12,239                       | 98,429  |
| Head of Finance        | 2016/17        | 76,749                                    | 11,512                       | 88,261  |
|                        | 2015/16        | 75,990                                    | 10,791                       | 86,781  |
| <b>TOTALS</b>          | <b>2016/17</b> | <b>369,054</b>                            | <b>53,670</b>                | <b>422,724</b>  |
| <b>TOTALS</b>          | <b>2015/16</b> | <b>375,365</b>                            | <b>53,302</b>                | <b>428,667</b>  |

|                   | Number of Employees |                 | Number of Employees |                 |
|-------------------|---------------------|-----------------|---------------------|-----------------|
|                   | Total<br>2016/17    | Left<br>in Year | Total<br>2015/16    | Left<br>in Year |
| £50,000 - £54,999 | 5                   | 3               | -                   | -               |
| £55,000 - £59,999 | 1                   | -               | 3                   | 1               |
| £60,000 - £64,999 | 3                   | -               | 3                   | -               |
| £70,000 - £74,999 | 1                   | 1               | -                   | -               |
| £95,000 - £99,999 | 1                   | 1               | -                   | -               |

| (a)   | (b)                                  |          | (c)                                  |          | (d)  |          | (e)   |                 |
|---|--------------------------------------|----------|--------------------------------------|----------|--|----------|---|-----------------|
| Exit Package<br>cost band<br>(including<br>special<br>payments) | Number of compulsory<br>redundancies |          | Number of other<br>departures agreed |          | Total number of exit<br>packages by cost band<br>[(b) + (c)] |          | Total cost of exit<br>packages in each band |                 |
|   | 2015/16                              | 2016/17  | 2015/16                              | 2016/17  | 2015/16  | 2016/17  | 2015/16                                     | 2016/17         |
| £0 - £20,000  | 5                                    | 1        | -                                    | -        | 5  | 1        | £53,153                                     | £8,486          |
| £20,001 -<br>£40,000  | 2                                    | 2        | -                                    | 1        | 2  | 3        | £57,940                                     | £89,210         |
| £40,001 -<br>£60,000  | -                                    | 3        | -                                    | -        | -  | 3        | -   | £138,765        |
| <b>Total cost<br/>included in<br/>bandings<br/>and in CIES</b>  | <b>7</b>                             | <b>6</b> | <b>-</b>                             | <b>1</b> | <b>7</b>   | <b>7</b> | <b>£111,093</b>                             | <b>£236,461</b> |

# NOTES TO THE ACCOUNTS

## 29. External Audit Costs

|  | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|
| Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor | 54               | 54               |
| Audit Fee - Objections to Accounts   | 3                | 13               |
| Fees payable to Grant Thornton for the certification of grant claims and returns                           | 13               | 12               |
| <b>TOTAL PAID</b>  | <b>70</b>        | <b>79</b>        |

## 30. Grant Income

|   | 2016/17<br>£'000 | 2015/16<br>£'000 |
|---|------------------|------------------|
| <b>Credited to Taxation and Non-Specific Grant Income</b> |                  |                  |
| New Homes Bonus   | (2,258)          | (1,623)          |
| Revenue Support Grant                                     | (1,587)          | (2,499)          |
| Small Business Rate Relief Grant                          | (725)            | (1,067)          |
| Transition Grant  | (40)             | -                |
| Self & Custom Build New Burdens Grant                     | (15)             | -                |
| Brownfields Register & PIP LA                             | (15)             | -                |
| Transparency Setup Grant                                  | (8)              | (8)              |
| New Homes Bonus Returned Funding                          | (7)              | (10)             |
| Council Tax Annex Discount Grant                          | (3)              | (2)              |
| Council Tax Freeze Grant                                  | -                | (82)             |
| Right to Move Grant                                       | -                | (71)             |
| Council Tax Support Grant                                 | -                | (23)             |
| <b>Capital Grants and Contributions:</b>                  |                  |                  |
| - Pump Room Gardens Redevelopment                         | (93)             | -                |
| - Victoria Park Skateboard Park                           | (83)             | (7)              |
| - Indoor & Outdoor Sports Facilities                      | (48)             | (185)            |
| - Heritage Assets   | (8)              | -                |
| - Flood Alleviation                                       | (1)              | -                |
| - S106 Contribs towards social housing & play equipment   | -                | (695)            |
| - S106 GP Surgery Contributions                           | -                | (525)            |
| <b>TOTAL</b>  | <b>(4,891)</b>   | <b>(6,797)</b>   |
| <b>Credited to Services</b>                               |                  |                  |
| DWP grants for Housing Benefits                           | (28,856)         | (30,487)         |
| Better Care Fund  | (684)            | (373)            |
| Housing Benefit Administration Grant                      | (557)            | (550)            |
| Contribution towards NNDR Collection                      | (217)            | (215)            |
| Individual Electoral Registration                         | (31)             | (11)             |
| Local Land Charges  | (9)              | (128)            |
| Development Control                                       | (6)              | -                |
| Parliamentary Elections                                   | (3)              | -                |
| Private Sector Hsg  | -                | (65)             |
| <b>TOTAL</b>  | <b>(30,363)</b>  | <b>(31,829)</b>  |
| <b>TOTAL GRANTS</b>                                       | <b>(35,254)</b>  | <b>(38,626)</b>  |



## NOTES TO THE ACCOUNTS

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.

|   | 2016/17<br>£'000 | 2015/16<br>£'000 |
|---|------------------|------------------|
| <b>Capital Grants / Contributions Receipts in Advance</b>                     |                  |                  |
| S106 Contributions towards social housing, sports facilities & play equipment | 1,886            | 1,596            |
| <b>TOTAL</b>  | <b>1,886</b>     | <b>1,596</b>     |

### 31. 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.

#### 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). Grant receipts outstanding at 31 March 2017 are included within the figures shown in Note 30.

#### 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 2016/17 the precepts issued totalled £1,305,773 (£1,233,065 2015/16). The major preceptors were:

|                                   | 2016/17<br>£'000 | 2015/16<br>£'000 |
|-----------------------------------|------------------|------------------|
| Warwick Town Council              | 334              | 321              |
| Royal Leamington Spa Town Council | 323              | 297              |
| Kenilworth Town Council           | 178              | 177              |
| Whitnash Town Council             | 132              | 113              |

#### 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, the two Deputy Chief Executives and Heads of Service 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 £621,400 (£501,900 2015/16) 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:

## NOTES TO THE ACCOUNTS

|  | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|
| Saint Chad's Trust (Bishop Tachbrook Community Centre) | 321              | 129              |
| Citizens' Advice Bureau                                | 100              | 100              |
| Shakespeare's England                                  | 56               | 86               |
| Warwickshire Community and Voluntary Action (CAVA)     | 55               | 55               |
| Leamington Lawn & Squash Club                          | -                | 30               |
| The Chain  | 30               | 29               |
| Kenilworth Tennis, Squash and Croquet Club             | -                | 29               |
| Coventry & Warwickshire LEP                            | 29               | 20               |

### 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 (£299,000 in 2016/17).

## **32. Capital Expenditure and Capital Financing**

|   | 2016/17<br>£'000 | 2015/16<br>£'000 |
|---|------------------|------------------|
| <b>Opening Capital Financing Requirement</b>  | <b>134,571</b>   | <b>134,460</b>   |
| <b>Capital Investment:</b>  |                  |                  |
| Property, Plant and Equipment including Finance Leases                                  | 14,775           | 13,007           |
| Investment Properties   | -                | 8                |
| Revenue Expenditure Funded from Capital Under Statute                                   | 1,836            | 1,776            |
| Finance Leases Principal  | 79               | 12               |
| <b>Sources of Finance:</b>  |                  |                  |
| Capital Receipts  | (4,304)          | (2,141)          |
| Government grants and other contributions   | (1,390)          | (647)            |
| Major Repairs Account   | (3,964)          | (3,874)          |
| Sums set aside from revenue   | (4,200)          | (8,018)          |
| Adjustment for expenditure where MRP is being met by Asset Life or Depreciation Methods | -                | (12)             |
| <b>Closing Capital Financing Requirement</b>  | <b>137,403</b>   | <b>134,571</b>   |

## **33. Leases**

### **Authority as Lessee**

#### Finance Leases

At 1<sup>st</sup> April 2016 the Council held Finance leases in respect of photocopiers and a Dog Wardens van. During 2016/17 the photocopiers lease came to an end and the assets were acquired for a nominal sum. In addition, a lease was entered into with Ricoh for the supply of a new colour copier and this lease has been determined to be a Finance lease. The liability remaining in the balance sheet at 31<sup>st</sup> March for both the Dog Wardens van and the colour copier is £78,660 and the minimum lease payments over the coming years are analysed below:-

|         |         |
|---------|---------|
| 2017/18 | £15,422 |
| 2018/19 | £16,234 |
| 2019/20 | £17,044 |
| 2020/21 | £17,856 |
| 2021/22 | £12,104 |

# NOTES TO THE ACCOUNTS

## Authority as Lessor

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

### Operating Leases

With effect from 1<sup>st</sup> 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 2017<br>£'000 | 31 March 2016<br>£'000 |
|---|------------------------|------------------------|
| Not later than one year                           | 315                    | 326                    |
| Later than one year and not later than five years | 1,358                  | 1,404                  |
| Later than five years                             | 800                    | 820                    |
|   | <b>2,473</b>           | <b>2,550</b>           |

## 34. Impairment/Revaluation Losses

Within the Housing Revenue Account, as a result of generally rising house prices and also the change in the percentage factor whereby council housing stock is reduced from open market value to social housing value the Council has recognised a revaluation impairment gain amounting to £45,486,844 relating to its housing stock which has significantly reversed previous revaluation impairment losses charged to the HRA. Social housing stock is now valued at 40% of the open market value as opposed to the previous 34%. It has also recognised an impairment loss of £8,708,336 in respect of the buildings element of the new Sayer Court development due to the social housing discount factor previously mentioned.

## 35. 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

## NOTES TO THE ACCOUNTS

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:

|   | 2016/17<br>£'000 | 2015/16<br>£'000 |
|---|------------------|------------------|
| <b>Comprehensive Income and Expenditure Statement</b>   |                  |                  |
| <i>Cost of Services:</i>  |                  |                  |
| - current service cost  | 2,906            | 3,298            |
| <i>Financing and Investment Income and Expenditure:</i>   |                  |                  |
| - net interest expense  | 1,203            | 1,471            |
| <i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>   | <b>4,109</b>     | <b>4,769</b>     |
| <b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>  |                  |                  |
| Remeasurement of the net defined benefit liability comprising:  |                  |                  |
| - Return on plan assets (excluding the amount included in the net interest expense)   | (16,979)         | 1,233            |
| - Actuarial gains and losses arising on changes in demographic assumptions  | (1,588)          | -                |
| - Actuarial gains and losses arising on changes in financial assumptions  | 22,759           | (13,220)         |
| - Other   | (2,132)          | (1,887)          |
| <i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>  | <b>6,169</b>     | <b>(9,105)</b>   |
| <b>Movement in Reserves Statement</b>   |                  |                  |
| - reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | (4,109)          | (4,769)          |
| <b>Actual amount charged against the General Fund and HRA Balances for pensions in the year:</b>  |                  |                  |
| Employer's contributions payable to scheme  | <b>2,398</b>     | 2,159            |

### 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:

|  | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|
| Present value of the defined benefit obligation              | 160,688          | 138,048          |
| Fair value of plan assets                                    | (122,750)        | (103,881)        |
| <b>Net liability arising from defined benefit obligation</b> | <b>37,938</b>    | <b>34,167</b>    |

# NOTES TO THE ACCOUNTS

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

|  | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|
| <b>Opening fair value of scheme assets</b>   | <b>103,881</b>   | <b>103,378</b>   |
| Interest income  | 3,604            | 3,284            |
| Remeasurement gain / (loss):   |                  |                  |
| - The return on plan assets, excluding the amount included in the net interest expense | 16,979           | (1,233)          |
| The effect of changes in foreign exchange rates  |                  |                  |
| Contributions from employer  | 2,398            | 2,159            |
| Contributions from employees into the scheme   | 751              | 740              |
| Benefits paid  | (4,863)          | (4,447)          |
| <b>Closing fair value of scheme assets</b>   | <b>122,750</b>   | <b>103,881</b>   |

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

|  | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|
| <b>Opening balance at 1 April</b>  | <b>138,048</b>   | <b>148,809</b>   |
| Current service cost   | 2,906            | 3,298            |
| Interest cost  | 4,807            | 4,755            |
| Contributions from scheme participants                                     | 751              | 740              |
| Remeasurement (gains) / losses:  |                  |                  |
| - Actuarial gains / losses arising from changes in demographic assumptions | (1,588)          | -                |
| - Actuarial gains / losses arising from changes in financial assumptions   | 22,759           | (13,220)         |
| - Other experience   | (2,132)          | (1,887)          |
| Benefits paid  | (4,863)          | (4,447)          |
| <b>Closing balance at 31 March</b>   | <b>160,688</b>   | <b>138,048</b>   |

# NOTES TO THE ACCOUNTS

## Local Government Pension Scheme assets comprised:

|                                       | Period Ended 31 March 2017                        |   |                | Period Ended 31 March 2016                        |   |                |
|---------------------------------------|---|---|----------------|---|---|----------------|
|                                       | Quoted<br>prices in<br>active<br>markets<br>£'000 | Quoted<br>prices not<br>in active<br>markets<br>£'000 | Total<br>£'000 | Quoted<br>prices in<br>active<br>markets<br>£'000 | Quoted<br>prices not<br>in active<br>markets<br>£'000 | Total<br>£'000 |
| Cash and cash equivalents             | 1,661   | -   | 1,661          | 1,207   | -   | 1,207          |
| Equity Securities (by industry type): |   |   |                |   |   |                |
| - Consumer                            | 14,284  | -   | 14,284         | 11,685  | -   | 11,685         |
| - Manufacturing                       | 5,221   | -   | 5,221          | 4,357   | -   | 4,357          |
| - Energy and Utilities                | 2,301   | -   | 2,301          | 1,989   | -   | 1,989          |
| - Financial Institutions              | 6,566   | -   | 6,566          | 5,661   | -   | 5,661          |
| - Health and Care                     | 4,446   | -   | 4,446          | 3,463   | -   | 3,463          |
| - Information Technology              | 3,502   | -   | 3,502          | 2,839   | -   | 2,839          |
| - Other                               | 5,854   | -   | 5,854          | 3,972   | -   | 3,972          |
| Sub-total equity                      | 42,174  | -   | 42,174         | 33,966  | -   | 33,966         |
| Property:                             |   |   |                |   |   |                |
| - UK Property                         | 11,506  | -   | 11,506         | 11,918  | -   | 11,918         |
| - Overseas Property                   | 82  | -   | 82             | 88  | -   | 88             |
| Sub-total property                    | 11,588  | -   | 11,588         | 12,006  | -   | 12,006         |
| Private Equity:                       |   |   |                |   |   |                |
| - All                                 | -   | 4,317   | 4,317          | -   | 2,812   | 2,812          |
| Investment Funds and Unit Trusts:     |   |   |                |   |   |                |
| - Equities                            | 30,450  | -   | 30,450         | 25,611  | -   | 25,611         |
| - Bonds                               | 20,831  | -   | 20,831         | 17,442  | -   | 17,442         |
| - Hedge Funds                         | -   | 5,359   | 5,359          | -   | 5,170   | 5,170          |
| - Infrastructure                      | -   | 1,479   | 1,479          | -   | 915   | 915            |
| - Other                               | 4,891   | -   | 4,891          | 4,752   | -   | 4,752          |
| Sub-total Investments                 | 56,172  | 6,838   | 63,010         | 47,805  | 6,085   | 53,890         |
| <b>TOTAL ASSETS</b>                   | <b>111,595</b>                                    | <b>11,155</b>   | <b>122,750</b> | <b>94,984</b>                                     | <b>8,897</b>  | <b>103,881</b> |

## 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 2016.

## NOTES TO THE ACCOUNTS

The significant assumptions used by the actuary have been:

|  | 2016/17    | 2015/16    |
|--|------------|------------|
| Long-term expected rate of return on assets in the scheme: |            |            |
| Equity investments   | 2.6%       | 3.5%       |
| Bonds  | 2.6%       | 3.5%       |
| Property   | 2.6%       | 3.5%       |
| Cash   | 2.6%       | 3.5%       |
| Mortality assumptions:                                     |            |            |
| Longevity at 65 for current pensioners:                    |            |            |
| Men  | 22.5 years | 22.4 years |
| Women  | 24.7 years | 24.4 years |
| Longevity at 65 for future pensioners:                     |            |            |
| Men  | 24.3 years | 24.3 years |
| Women  | 26.7 years | 26.6 years |
| Rate of inflation  | 3.4%       | 3.2%       |
| Rate of increase in salaries                               | 3.0%       | 4.2%       |
| Rate of increase in pensions                               | 2.4%       | 2.2%       |
| Rate of discounting scheme liabilities                     | 2.6%       | 3.5%       |

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<br>£'000 | Decrease in Assumption<br>£'000 |
|--|---------------------------------|---------------------------------|
| Longevity (increase or decrease in 1 year)                             | 5,522                           | (5,522)                         |
| Rate of increase in salaries (increase or decrease by 0.5%)            | 2,323                           | (2,323)                         |
| Rate of increase in pensions (increase or decrease by 0.5%)            | 12,515                          | (12,515)                        |
| Rate for discounting scheme liabilities (increase or decrease by 0.5%) | 15,062                          | (15,062)                        |

### 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 18 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

The Council anticipates paying £2,257,000 expected contributions to the scheme in 2017/18.

The weighted average duration of the defined benefit obligation for scheme members is 17.6 years, 2016/17 (18 years 2015/16).

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

## NOTES TO THE ACCOUNTS

actuary has estimated the value of assets using the actual return on assets to December 2016 and has estimated the return on assets for January to March 2017.

### **36. 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 75% 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.

### **37. 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.

Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy.

#### **Credit Risk**

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 Annual Investment Strategy also imposes a maximum sum to be invested with each type of financial institution located within each category.

The decision by the UK in June 2016 to leave the EU resulted in a downgrading of the UK's sovereign credit rating which affected the credit risk within the Council's Investments portfolio. The forthcoming "Brexit" negotiations also have the potential to impact on the credit risk within the portfolio particularly if the UK is seen to accept a deal which worsens its economic prospects. This potential negative impact will be monitored as negotiations proceed and the Annual Investment Strategies for 2017/18 onwards amended as appropriate with subsequent approval from the Council.

The credit criteria at 1<sup>st</sup> April 2017 in respect of investments held by the Council are:



# NOTES TO THE ACCOUNTS

## Counterparty limits

| Investment /<br>Counterparty type:  | S/term                      L/term |             | Security / Min<br>credit rating | Max limit per<br>counterparty | Max. Maturity<br>period | Proportion of<br>Portfolio at 31st<br>March 2017<br>£'000 |
|---|------------------------------------|-------------|---------------------------------|-------------------------------|-------------------------|---|
| <u>Specified instrument:</u><br>( repayable within 12 months)                             | ( FITCH or equivalent )            |             |                                 |                               |                         |   |
| Bank - Private UK (includes<br>Fixed Term Deposits,CD's, and<br>Category 1 FRN's & Bonds) | F1                                 | A           | UK Sovereign                    | £4m                           | 364 days                | 13,825  |
|   | F1                                 | A+          | UK Sovereign                    | £6m                           | 364 days                | 10,000  |
|   | F1                                 | AA- & above | UK Sovereign                    | £7m                           | 364 days                | 11,047  |
| Corporates (Category 3 FRN'S,<br>Bonds)   | F1                                 | A           | UK Sovereign                    | £4m                           | 364 days                | 4,537   |
|   | F1                                 | A+          | UK Sovereign                    | £5m                           | 364 days                | 0   |
|   | F1                                 | AA- & above | UK Sovereign                    | £6m                           | 364 days                | 0   |
| Money Market Fund(CNAV)   | AAA m / Aaa-mf/AAAmmf              |             |                                 | £9m                           | liquid                  | 25,125  |
| Money Market Fund (VNAV)  | AAAf S1 / Aaa-bf/ AAA/V1           |             |                                 | £6m                           | liquid                  | 6,000   |
|   |                                    |             |                                 |                               | Total                   | 70,534  |

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 2017, sundry debts outstanding stood at £2.2m of which £0.6m related to general debts and £1.6m to Housing Benefit and Council Tax Support overpayments. An assessment has taken place of the likelihood of these debts being defaulted upon and bad debts provisions of £0.07m and £0.79m have been established in respect of the general debts and Housing and Council Tax Benefit Overpayments respectively. An analysis by age of the £2.2m less £0.86m bad debts provision follows:

|                        | 31 March 2017<br>£'000 | 31 March 2016<br>£'000 |
|------------------------|------------------------|------------------------|
| Less than three months | 559                    | 1,077                  |
| Four to six months     | 84                     | 328                    |
| Seven to nine months   | 79                     | 60                     |
| Ten to twelve months   | 85                     | 38                     |
| More than one year     | 529                    | 669                    |
| <b>Total</b>           | <b>1,336</b>           | <b>2,172</b>           |

At 31 March 2017, outstanding arrears in respect of council house rents and charges stood at £1.261m; again an assessment of the default rate on these arrears has been made and a bad debts provision of £0.953m 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 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.

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

## NOTES TO THE ACCOUNTS

gives certainty in terms of interest payments but prevents the Council benefiting from any future reductions below this in interest rates.

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.

According to this assessment strategy, based on the 2016/17 out-turn a 0.25% movement upwards in interest rates would have produced an additional £0.192m interest. Conversely the same movement downwards would have reduced investment interest by a similar amount.

### **Price Risk**

The Council invests in Certificates of Deposits and Corporate Bonds which are instruments where the price fluctuates, the Council manages this risk by only purchasing such 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

### **38. Fair Value – Financial Instruments Loans and Investments**

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 28<sup>th</sup> 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 introduction of IFRS13 requires that the fair value is calculated using two different interest rates, the PWLB redemption rate and the PWLB certainty rate. The Council's Treasury Management consultants, Capita Asset Services, has calculated the required fair values and the fair value of these PWLB loans at 31<sup>st</sup> March using the PWLB redemption rate is £221,328,548. The difference between this figure and the £136.157m carried in the balance sheet represents the premiums that would be charged for early redemption of the loans as the current interest rates are below those in force when the borrowing took place in March 2012. However, the Council has a continuing ability to borrow from the PWLB at its certainty rate and on this basis the fair value of the £136.157m is £175,690,019 including potential premiums of £39,533,019. IFRS 13 requires disclosure of the valuation method by which the fair value is arrived at. There are three levels of inputs and in this instance Capita Asset Services has adopted a level 2 input basis i.e. "inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly".

Similarly, the Council's Certificate of Deposit investments have been revalued in the accounts to fair value at 31<sup>st</sup> March 2017 using prices supplied by its custodians, King & Shaxson Ltd. at 31<sup>st</sup> March 2017. As these prices directly relate to these investments within an active market it is considered that the prices supplied by King & Shaxson are on a Level 1 basis.

# HOUSING REVENUE ACCOUNT INCOME & EXPENDITURE STATEMENT

| 2015/16<br>£'000 |  | Notes | 2016/17<br>£'000 | £'000           |
|------------------|--|-------|------------------|-----------------|
|                  | <b>EXPENDITURE</b>   |       |                  |                 |
| 5,852            | Repairs and Maintenance  |       | 5,337            |                 |
| 5,711            | Supervision and Management   |       | 5,708            |                 |
| 118              | Rents, Rates, Taxes and Other Charges  |       | 115              |                 |
| 215              | Increased Provision for Bad Debts  |       | 78               |                 |
| (15,735)         | Depreciation and Impairment of Non-Current Assets  | 5     | (33,328)         |                 |
| 49               | Amortisation of Intangible Assets & Revenue  |       | -                |                 |
|                  | Expenditure Funded from Capital Under Statute  |       |                  |                 |
| <b>(3,790)</b>   | <b>TOTAL EXPENDITURE</b>   |       |                  | <b>(22,090)</b> |
|                  | <b>INCOME</b>  |       |                  |                 |
| (25,774)         | Dwelling Rents   |       | (25,587)         |                 |
| (822)            | Non-Dwelling Rents   |       | (809)            |                 |
| (846)            | Charges for Services and Facilities  |       | (885)            |                 |
| (629)            | Contributions Towards Expenditure  |       | (539)            |                 |
| <b>(28,071)</b>  | <b>TOTAL INCOME</b>  |       |                  | <b>(27,820)</b> |
| <b>(31,861)</b>  | <b>Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure</b>                |       |                  | <b>(49,910)</b> |
| 74               | HRA services share of Corporate and Democratic Core  |       |                  | 73              |
| 24               | HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services |       |                  | 21              |
| <b>(31,763)</b>  | <b>Net Income for HRA Services</b>   |       |                  | <b>(49,816)</b> |
| (550)            | Gain or Loss on sale of HRA non-current assets   |       | (1,822)          |                 |
| 4,766            | Interest payable and similar charges   |       | 4,765            |                 |
| 174              | Pensions Interest Cost and Expected Return on Pensions Assets  |       | 159              |                 |
| (199)            | HRA Interest and Investment Income   |       | (208)            |                 |
| <b>(27,572)</b>  | <b>(Surplus) / Deficit for the year on HRA services</b>  |       |                  | <b>(46,922)</b> |

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE STATEMENT

The 'Surplus or (Deficit) for the year on Housing Revenue Account (HRA) services' line shows the true economic cost of providing the authority's services. 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.

| 2015/16<br>£'000 |   | Notes        | 2016/17<br>£'000 | £'000        |
|------------------|---|--------------|------------------|--------------|
| 1,353            | <b>Balance on the HRA at the end of the previous year</b>                     |              |                  | <b>1,386</b> |
| 27,572           | Surplus or (deficit) for the year on the HRA Income and Expenditure Statement |              | <b>46,922</b>    |              |
| (28,350)         | Adjustments between accounting basis and funding basis under statute          | Main Notes 9 | <b>(44,549)</b>  |              |
| <b>(778)</b>     | <b>Net increase or (decrease) before transfers to or from reserves</b>        |              | <b>2,373</b>     |              |
| 811              | Transfers (to) or from reserves   |              | <b>(2,359)</b>   |              |
| <b>33</b>        | <b>Increase or (decrease) in year on the HRA</b>                              |              |                  | <b>14</b>    |
| <b>1,386</b>     | <b>Balance on the HRA at the end of the current year</b>                      |              |                  | <b>1,400</b> |

# NOTES TO THE HOUSING REVENUE ACCOUNT

## 1. Housing Stock

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

|           | <b>31 March<br/>2017<br/>Nos.</b> | <b>31 March<br/>2016<br/>Nos.</b> |
|-----------|-----------------------------------|-----------------------------------|
| Houses    | <b>2,412</b>                      | 2,449                             |
| Flats     | <b>2,436</b>                      | 2,355                             |
| Bungalows | <b>670</b>                        | 669                               |
|           | <b>5,518</b>                      | <b>5,473</b>                      |

The change in housing stock can be summarised as follows:

|  | <b>2016/17<br/>Nos.</b> | <b>2015/16<br/>Nos.</b> |
|--|-------------------------|-------------------------|
| Housing Stock at 1 April                                   | <b>5,473</b>            | 5,495                   |
| New build  | <b>81</b>               | -                       |
| Purchases  | -                       | 21                      |
| Reclassification from non-operational to operational stock | <b>11</b>               |                         |
| Right to Buy Sales   | <b>(47)</b>             | (43)                    |
|  | <b>5,518</b>            | <b>5,473</b>            |
| Housing Stock at 31 March                                  | <b>5,518</b>            | 5,473                   |

## 2. 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:

|                                  | <b>31 March 2017<br/>£'000</b> | <b>1 April 2016<br/>£'000</b> |
|----------------------------------|--------------------------------|-------------------------------|
| Council Dwellings                | <b>351,171</b>                 | 282,803                       |
| Other Properties                 | <b>6,564</b>                   | 6,475                         |
| Land                             | <b>275</b>                     | 271                           |
| Equipment                        | <b>237</b>                     | 55                            |
| Assets Under Construction        | <b>4</b>                       | 6,526                         |
| Surplus Assets                   | -                              | 441                           |
| Assets Held for Sale             | <b>122</b>                     | 796                           |
|                                  | <b>358,373</b>                 | <b>297,367</b>                |
| <b>Total Balance Sheet Items</b> | <b>358,373</b>                 | <b>297,367</b>                |

# NOTES TO THE HOUSING REVENUE ACCOUNT

## 3. 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 2016<br>£'000 | 1 April 2015<br>£'000 |
|--|-----------------------|-----------------------|
| Vacant Possession Value of Dwellings (Open Market Value)                                 | 826,455               | 769,171               |
| Balance Sheet Value of Dwellings (Social Housing Value)<br>(34.15% of Open Market Value) | 283,246               | 262,666               |
| <b>Economic Cost to Government</b>   | <b>543,209</b>        | <b>506,505</b>        |

## 4. Summary of Capital Expenditure Funding Sources

|  | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|
| Usable Capital Receipts                  | 3,211            | 1,672            |
| Revenue and Other Contributions          | 4,102            | 6,958            |
| Major Repairs Reserve                    | 3,964            | 3,874            |
| <b>TOTAL CAPITAL EXPENDITURE FUNDING</b> | <b>11,277</b>    | <b>12,504</b>    |

## 5. Revaluations Impairment

A full desktop valuation of the Housing Revenue Account dwellings, other properties and land was undertaken for the 1<sup>st</sup> April 2017 valuation by the Council's valuers, Carter Jonas LLP. This resulted in a net increase in the value of the Council's housing stock of £56.241m. Revaluation gains of £19.462m were credited to the Housing Revenue Account Revaluation Reserve, £8.708m of revaluation losses were debited to the Housing Revenue Account arising from the construction and consequent valuation of Sayer Court and £45.487m was credited to the Housing Revenue Account 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 40% of the Open Market Value.

# NOTES TO THE HOUSING REVENUE ACCOUNT

## 6. Summary of Capital Receipts

|                               | 2016/17<br>£'000 | 2015/16<br>£'000 |
|-------------------------------|------------------|------------------|
| Sale of Council Houses        | 4,925            | 3,307            |
| Other Non RTB Sales           | 47               | 757              |
| Sale of Land                  | 30               | -                |
| <b>TOTAL CAPITAL RECEIPTS</b> | <b>5,002</b>     | <b>4,064</b>     |

## 7. Depreciation of Fixed Assets

|                           | 2016/17<br>£'000 | 2015/16<br>£'000 |
|---------------------------|------------------|------------------|
| Council Dwellings         | 2,923            | 2,639            |
| Other Buildings           | 517              | 349              |
| Equipment                 | 11               | 25               |
| <b>TOTAL DEPRECIATION</b> | <b>3,451</b>     | <b>3,013</b>     |

## 8. Arrears and Provision for Bad or Doubtful Debts

|  | 2016/17<br>£'000 | 2015/16<br>£'000 |
|--|------------------|------------------|
| <b><u>HRA Rent &amp; Charges Arrears</u></b> |                  |                  |
| Current Tenant Rent Arrears                  | 642              | 872              |
| Former Tenant Rent Arrears                   | 248              | 234              |
| <b>Dwelling Rent Arrears</b>                 | <b>890</b>       | <b>1,106</b>     |
| Garage Rent Arrears                          | 5                | 8                |
| Supporting People Charge Arrears             | 43               | 39               |
| Court Cost Arrears                           | 144              | 141              |
| Overpayment of Benefit Arrears               | 179              | 187              |
| <b>Total Arrears</b>                         | <b>1,261</b>     | <b>1,481</b>     |
| <b><u>Prepayments</u></b>                    |                  |                  |
| Dwelling Rent Prepayments                    | (370)            | (315)            |
| Garage Rent Prepayments                      | (13)             | (12)             |
| Other Prepayments                            | (6)              | (7)              |
| <b>Total Prepayments</b>                     | <b>(389)</b>     | <b>(334)</b>     |
| <b>Net Arrears</b>                           | <b>872</b>       | <b>1,147</b>     |
| <b><u>HRA Bad Debt Provisions</u></b>        |                  |                  |
| Rent Bad Debt Provision                      | (780)            | (883)            |
| Court Cost Bad Debt Provision                | (173)            | (160)            |
| <b>Total Bad Debt Provisions</b>             | <b>(953)</b>     | <b>(1,043)</b>   |

# 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.

| 2015/16  |                 |                  | 2016/17         |                 |                  |
|--|-----------------|------------------|-----------------|-----------------|------------------|
| Council Tax  | Business Rates  | Total            | Council Tax     | Business Rates  | Total            |
| £'000  | £'000           | £'000            | £'000           | £'000           | £'000            |
| <b>INCOME</b>  |                 |                  |                 |                 |                  |
| (79,858)   | -               | (79,858)         | (83,978)        | -               | (83,978)         |
| -  | (68,221)        | (68,221)         | -               | (70,315)        | (70,315)         |
| <b>(79,858)</b>  | <b>(68,221)</b> | <b>(148,079)</b> | <b>(83,978)</b> | <b>(70,315)</b> | <b>(154,293)</b> |
| <b>Contributions towards earlier years' Collection Fund Deficit:</b> |                 |                  |                 |                 |                  |
| -  | (1,497)         | (1,497)          | -               | (4,515)         | (4,515)          |
| -  | (300)           | (300)            | -               | (903)           | (903)            |
| -  | (1,198)         | (1,198)          | -               | (3,612)         | (3,612)          |
| <b>-</b>   | <b>(2,995)</b>  | <b>(2,995)</b>   | <b>-</b>        | <b>(9,030)</b>  | <b>(9,030)</b>   |
| <b>(79,858)</b>  | <b>(71,216)</b> | <b>(151,074)</b> | <b>(83,978)</b> | <b>(79,345)</b> | <b>(163,323)</b> |
| <b>EXPENDITURE</b>   |                 |                  |                 |                 |                  |
| <b>Precepts and Demands:</b>   |                 |                  |                 |                 |                  |
| -  | 34,224          | 34,224           | -               | 33,607          | 33,607           |
| 61,062   | 6,845           | 67,907           | 64,798          | 6,721           | 71,519           |
| 9,569  | -               | 9,569            | 9,960           | -               | 9,960            |
| 8,699  | 27,379          | 36,078           | 9,184           | 26,885          | 36,069           |
| <b>79,330</b>  | <b>68,448</b>   | <b>147,778</b>   | <b>83,942</b>   | <b>67,213</b>   | <b>151,155</b>   |
| <b>Distribution of earlier years' Collection Fund Surplus:</b>       |                 |                  |                 |                 |                  |
| -  | -               | -                | -               | -               | -                |
| -  | -               | -                | 386             | -               | 386              |
| -  | -               | -                | 61              | -               | 61               |
| -  | -               | -                | 55              | -               | 55               |
| <b>-</b>   | <b>-</b>        | <b>-</b>         | <b>502</b>      | <b>-</b>        | <b>502</b>       |
| <b>Charges to the Collection Fund:</b>                               |                 |                  |                 |                 |                  |
| 286  | 346             | 632              | 217             | 630             | 847              |
| -  | 215             | 215              | -               | 214             | 214              |
| 100  | -               | 100              | 80              | -               | 80               |
| -  | 1,431           | 1,431            | -               | (796)           | (796)            |
| -  | 465             | 465              | -               | (1)             | (1)              |
| -  | 14              | 14               | -               | 15              | 15               |
| -  | 3               | 3                | -               | -               | -                |
| -  | -               | -                | -               | -               | -                |
| <b>386</b>   | <b>2,474</b>    | <b>2,860</b>     | <b>297</b>      | <b>62</b>       | <b>359</b>       |
| <b>(142)</b>   | <b>(294)</b>    | <b>(436)</b>     | <b>763</b>      | <b>(12,070)</b> | <b>(11,307)</b>  |
| <b>(501)</b>   | <b>9,308</b>    | <b>8,807</b>     | <b>(643)</b>    | <b>9,014</b>    | <b>8,371</b>     |
| <b>(643)</b>   | <b>9,014</b>    | <b>8,371</b>     | <b>120</b>      | <b>(3,056)</b>  | <b>(2,936)</b>   |
| <b>Net (Surplus) / Deficit for Year</b>                              |                 |                  |                 |                 |                  |
| <b>(Surplus) / Deficit brought forward 1 April</b>                   |                 |                  |                 |                 |                  |
| <b>(Surplus) / Deficit carried forward 31 March</b>                  |                 |                  |                 |                 |                  |



# 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 2015/16 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                         | 11                                       | 0                                   | (1.90)            | 9.10                                 | 5 / 9  | 5.06                        |
| A   | 4,709                     | 23                                       | (207)                               | (727.90)          | 3,797.10                             | 6 / 9  | 2,531.40                    |
| B   | 11,482                    | 49                                       | (518)                               | (1,353.60)        | 9,659.40                             | 7 / 9  | 7,512.87                    |
| C   | 16,567                    | 5  | (455)                               | (1,411.80)        | 14,705.20                            | 8 / 9  | 13,071.29                   |
| D   | 12,371                    | (27)                                     | (271)                               | (928.30)          | 11,144.70                            | 9 / 9  | 11,144.70                   |
| E   | 7,040                     | (16)                                     | (314)                               | (390.00)          | 6,320.00                             | 11 / 9 | 7,724.44                    |
| F   | 4,866                     | (12)                                     | (91)                                | (187.90)          | 4,575.10                             | 13 / 9 | 6,608.48                    |
| G   | 3,933                     | (13)                                     | (33)                                | (104.80)          | 3,782.20                             | 15 / 9 | 6,303.67                    |
| H   | 418                       | (20)                                     | (9)                                 | 34.60             | 423.60                               | 18 / 9 | 847.20                      |
|   | <b>61,386</b>             | <b>0</b>                                 | <b>-1,898</b>                       | <b>(5,071.60)</b> | <b>54,416.40</b>                     |        | <b>55,749.11</b>            |
| Adjustment for new properties, collection rates, changes during the year for successful appeals against valuation banding, demolitions, disabled persons relief and exempt properties |                           |  |                                     |                   |                                      |        | 882.60                      |
| Less Council Tax Support Scheme   |                           |  |                                     |                   |                                      |        | (4,752.51)                  |
| <b>COUNCIL TAX BASE 2016/17</b>   |                           |  |                                     |                   |                                      |        | <b>51,879.20</b>            |

## 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 49.7p.

The total rateable value of properties in the Warwick District area was £164,310,437 at 31 March 2017.

## 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

Councils are able to keep a proportion of the business rates revenue as well as growth on the revenue that is generated in their area. It provides 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;

## GLOSSARY

- 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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICK  
DISTRICT COUNCIL**



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICK  
DISTRICT COUNCIL**

# ANNUAL GOVERNANCE STATEMENT

## 1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require the Council to prepare an annual governance statement.
- 1.2 Governance is about how an organisation is directed and controlled in order to achieve its objectives. It therefore comprises the systems, structures and values that an organisation has in place to achieve those objectives. Good governance requires that objectives be achieved not only efficiently and effectively but also ethically and in compliance with laws and recognised standards of conduct.
- 1.3 Good governance comprises robust systems and sound structures together with more esoteric characteristics such as effective leadership and high standards of behaviour. In short, governance is “Doing the right things, in the right way.”

## 2. THE PURPOSE OF THE ANNUAL GOVERNANCE STATEMENT

- 2.1 This Statement provides a summarised account of how our management arrangements are set up to meet the principles of good governance set out in our Constitution and how we obtain assurance that these are both effective and appropriate. It is written to provide the reader with a clear, simple assessment of how the governance framework has operated over the past financial year and to identify any improvements made and any weaknesses or gaps in our arrangements that need to be addressed.

## 3. THE COUNCIL’S GOVERNANCE FRAMEWORK

- 3.1 Warwick District Council must operate in accordance with the law and appropriate standards and ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 3.2 Warwick District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.
- 3.3 In discharging these responsibilities Warwick District Council is responsible for putting in place suitable governance arrangements, including provisions for the management of risk.
- 3.4 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. 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 services and value for money.
- 3.5 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 aims and objectives and can therefore provide only reasonable and not absolute assurance of effectiveness.
- 3.6 Warwick District Council has approved and adopted a code of corporate governance that is consistent with the principles of the CIPFA/SOLACE<sup>1</sup> Framework for Delivering Good Governance in Local Government that was issued in 2012. The CIPFA/SOLACE Framework was updated and re-issued during 2016, however, and the Council therefore needs to revise its Local Code to reflect the changes.

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<sup>1</sup> Chartered Institute of Public Finance & Accountancy / Society of Local Authority Chief Executives

## ANNUAL GOVERNANCE STATEMENT

- 3.7 The Council's Corporate Strategy is the Sustainable Community Strategy which draws together a shared vision, setting out the Council's objectives and priorities for the District and how these are to be achieved.
- 3.8 It is complemented by the Fit For the Future change programme and together these represent the key planning documents for the Council.
- 3.9 Delivery of the Council's change programme is through the Service Area Plans in which the corporate objectives are translated into more specific aims and objectives. These are then fed down into individual performance development reviews through the council's performance appraisal system. These all include agreed expectations and, where appropriate, service standards against which service quality and improvement can be judged. Performance is monitored by individual services.
- 3.10 Warwick District Council has adopted a Constitution that establishes the roles and responsibilities for members of the Executive, Finance & Audit Scrutiny Committee, Overview & Scrutiny Committee and Standard Committees, together with officer functions. It includes details of delegation arrangements, the Members' Codes of Conduct and protocols for member/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose. The Council has adopted a Standards regime pursuant to the Localism Act 2011 and appointed a Standards Committee from 1 July 2012. Conduct of officers is governed through the Employee Code of Conduct and through the values and behaviours which are part of the Council's individual performance appraisal system.
- 3.11 The Constitution contains procedure rules and financial regulations that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by post-holders' membership (whether permanent or 'as required') of the Corporate Management Team.
- 3.12 In 2010 CIPFA published a statement on the Role of the Chief Financial Officer (CFO) in local government, setting out core principles and standards relating to the role of the CFO and how it fits into the organisation's governance arrangements.
- 3.13 A specific statement is required to be reported in the Annual Governance Statement on whether the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement.
- 3.14 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.
- 3.15 The Head of Finance has confirmed that the Council's financial management arrangements conform to the CIPFA Statement other than in three specific aspects:
- 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.
- 3.16 The Council's view is that the way it operates – the Head of Finance's regular attendance at Corporate Management Team/Executive 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 approach has subsisted

## ANNUAL GOVERNANCE STATEMENT

for several years without any apparent problems; consequently, the Council considers that the risk of there being any detriment to the authority is low.

- 3.17 With regard to asset management, responsibility for this comes under the Head of Housing & Property Services as that is where the expertise and the operational work lies. (Housing and Property functions are to be separated from 2017/18.)
- 3.18 The Council will continue to keep all reporting and responsibility arrangements under review and will discuss any perceived shortcomings with the Council's external auditors if and when they arise.
- 3.19 The primary counterbalances to the Executive are the Finance & Audit Scrutiny and the Overview & Scrutiny Committees. The role of these committees is to provide a robust challenge to the Executive.
- 3.20 The Finance & Audit Scrutiny Committee monitors the performance of the Council, fulfilling the Council's audit committee core functions in respect of External Audit, Internal Audit and Risk Management. The Committee can, and does, request assurance from the relevant Executive member (Portfolio Holder) and/or senior manager when it has concerns or queries, or simply requires assurance, in respect of a matter relating to a particular service area.
- 3.21 The Council has a formal complaints procedure which allows the public or other stakeholders to make a complaint regarding the service received from the Council or on the conduct of Members. The Standards Committee has responsibility for overseeing the investigation of complaints against Members.
- 3.22 The Council has policies to safeguard both itself and its staff when making decisions. An Anti-Fraud and Corruption Strategy and Policies, including the Council's Fraud Response Plan, Whistleblowing, Money Laundering and Bribery Act 2010 Policies have been developed and communicated to all staff via the intranet and as part of the Staff Induction process. The Anti-Fraud and Corruption Strategy and the Whistleblowing Policy are reviewed by Members annually.
- 3.23 The Council has embedded Risk Management throughout its activities with the Significant Business Risk Register (in effect, the Council's corporate and strategic risk register) being reviewed and updated each quarter, firstly by the Senior Management Team and then by the Finance & Audit Scrutiny Committee before finally reaching the Executive.
- 3.24 Council services are delivered by trained and experienced officers. Job Descriptions and Person Specifications are in place for all posts and together with a rigorous recruitment and selection process this helps to ensure that the best candidates are appointed into each position. A significant commitment has also been made towards retaining good staff, by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost. Training needs are identified through the performance appraisal system.
- 3.25 The individual performance appraisal system has been operated in the council for a number of years, having been reviewed and subsequently refined on several occasions. Staff are measured against operational objectives that are linked through to the Corporate Strategy and Fit For the Future via service objectives. The performance appraisal system also identifies developmental and training needs to ensure that appropriate training is made available to staff to ensure that individuals are able to undertake their present role effectively and that they have the opportunity to develop to meet their and the Council's needs.

## ANNUAL GOVERNANCE STATEMENT

- 3.26 In May 2015 Warwick District Council elected a new Council. The Council put in place a Member induction programme, with training sessions around the internal operation of the council and information about the council's services. All Members received Code of Conduct and IT training. The Planning and Licencing Committees held induction training for their members. The Planning Committee holds regular workshops and Full Council workshops have been arranged for all Members, when required.
- 3.27 The Council continues to ensure it is open and accessible to the community. In 2016/17 it has:
- Published further information on the transparency section of the website to meet new guidelines.
  - Enhanced its consultation activity concerning budget setting. For example, a meeting was held with local business representatives to discuss the Council's budget proposals, along with other matters of mutual interest (primarily business rates revaluation).
- 3.28 All Committee meetings are open to the public except where personal or confidential matters are discussed. All agendas and minutes are placed on-line, along with the Council's policies and strategies. These items are also available by directly contacting the Council. When identifying the priorities and objectives for the Strategic Plan the views of stakeholders and the wider community are sought through a number of consultation mechanisms, and are taken into account. The Strategic Plan is made available to all via the Council's website.
- 3.29 During 2016/17 the Council's Scrutiny Committees looked at various areas of Council decision-making and service delivery, including the introduction of charges for waste containers as well as action on letting boards. In addition, 'Task and Finish' groups were set up to review Houses in Multiple Occupation (HIMOs) and Car Parking Charges.
- 3.30 There are terms of reference and constitutions set up for key partnerships which ensure that all members of the partnership act lawfully throughout the decision-making process. Key partnerships include the Coventry and Warwickshire Local Enterprise Partnership and South Warwickshire Crime and Disorder Partnership. We also work closely with several other councils and operate shared services for Building Control, Business Rates, Corporate Fraud and Legal Services.

### 4. REVIEW OF EFFECTIVENESS

- 4.1 Warwick District Council is required under legislation to conduct an annual review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit & Risk Manager's annual report, and also by the findings and reports issued by the external auditors and other review agencies and inspectorates.
- 4.2 More information on the arrangements that provide this assurance is set out below.
- 4.3 The Council's Monitoring Officer (a Deputy Chief Executive) has responsibility for overseeing the implementation and monitoring the operation of the Code of Corporate Governance, maintaining and updating the Code in the light of latest guidance on best practice, considering any changes that may be necessary to maintain it and ensure its effectiveness in practice. All reports to Executive, Committees and Council are seen by the Monitoring Officer to ensure compliance with legal requirements.
- 4.4 The Council's Section 151 Officer has responsibility for the proper administration of the Council's financial affairs. This includes responsibility for maintaining and reviewing the Code of Financial Practice to ensure they remain fit for purpose, and

## ANNUAL GOVERNANCE STATEMENT

submitting any additions or changes necessary to the full Council for approval. The Section 151 Officer is also responsible for reporting, where appropriate, breaches of the Code of Financial Practice to the Executive and/or the Council. All reports to Executive, Committees and Council are seen by the Section 151 Officer to ensure compliance with financial requirements.

- 4.5 The Council's Internal Audit Service is required to provide annually an independent and objective opinion to the Authority on its risk management, governance and control environment. In regard to this, the Audit and Risk Manager's Annual Report and Opinion for 2016/17 concluded that, in overall terms, the areas audited were adequately managed and controlled.
- 4.6 In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included the collation of assurances from all heads of services on the effectiveness of the internal control environment. A review of the service assurance statements, as they are called, concluded that, based on this self-assessment, effective controls were in place.
- 4.7 The work of the Council's Internal Audit function is governed by the UK Public Sector Internal Audit Standards (PSIAS). The PSIAS are mandatory for all internal auditors working in the UK public sector. An internal assessment of the performance of Internal Audit and its conformance with the PSIAS has been undertaken and the findings of this review have been reported to Members for their consideration as part of the Audit and Risk Manager's Annual Report and Opinion. An essential element of this assessment is to ensure that the annual audit opinion issued by Internal Audit may be relied upon as a key source of evidence and assurance.
- 4.8 Grant Thornton was appointed as the Council's External Auditor from 1 September 2012 and is responsible for reviewing the Council's Statements of Accounts. In addition to reviewing the 2016/17 Statement of Accounts, Grant Thornton issued a formal opinion on the Council's arrangements for securing Value for Money, concluding that the Council had made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 4.9 The Council is required to appoint new auditors prior to the 2018/19 financial year, for which the Council has agreed to opt in to the Public Sector Audit Appointments arrangements. This means that rather than run the procurement exercise itself, which would be extremely time-consuming and therefore costly, it is utilising the resources and expertise of a body specially set up to assist local authorities appoint their external auditors.

## 5 GOVERNANCE ISSUES

- 5.1 The following governance issues have been identified:
1. The need to ensure that lessons are learned corporately from the Electrical Maintenance Contract Procurement.
  2. The requirement to update the Council's Local Code of Corporate Governance in the light of recently-revised CIPFA/SOLACE guidance.

# ANNUAL GOVERNANCE STATEMENT

## 6 CERTIFICATION

- 6.1 The governance framework has been in place at Warwick District Council for the year ended 31 March 2017 and up to the date of approval of the annual statement of accounts.
- 6.2 Action will be taken to address the governance matters that have been identified.

### Signed:


\_\_\_\_\_  
Andrew Mobbs  
Leader of the Council

\_\_\_\_\_  
Chris Elliott  
Chief Executive

### Dated:

\_\_\_\_\_

\_\_\_\_\_

|  |  |                                    |
|--|--|------------------------------------|
|  <b>Finance and Audit Scrutiny Committee</b><br><b>25 July 2017</b>   |  | <b>Agenda Item No.</b><br><b>5</b> |
| <b>Title</b>   | Anti Fraud & Corruption Progress Report 2016/17                        |                                    |
| <b>For further information about this report please contact</b>  | John King<br>Tel: (01926) 456816<br>E Mail: john.king@warwickdc.gov.uk |                                    |
| <b>Wards of the District directly affected</b>   | Not applicable   |                                    |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b> | No   |                                    |
| <b>Date and meeting when issue was last considered and relevant minute number</b>  | Finance and Audit Scrutiny Committee –<br>26 July 2016<br>Minute 33    |                                    |
| <b>Background Papers</b>   | Anti Fraud and Corruption Strategy                                     |                                    |

|  |                                     |
|--|-------------------------------------|
| <b>Contrary to the policy framework:</b>                                   | No                                  |
| <b>Contrary to the budgetary framework:</b>                                | No                                  |
| <b>Key Decision?</b>   | No                                  |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | No                                  |
| <b>Equality Impact Assessment Undertaken</b>                               | N/A: no direct service implications |

| Officer/Councillor Approval  |            |                        |
|--|------------|------------------------|
| Officer Approval   | Date       | Name                   |
| Chief Executive/Deputy Chief Executive                               | 20.06.2017 | Chris Elliott          |
| Head of Service  | 20.06.2017 | Mike Snow              |
| CMT  |            |                        |
| Section 151 Officer  | 20.06.2017 | Mike Snow              |
| Monitoring Officer   | 27.06.2017 | Andrew Jones           |
| Finance  | 20.06.2017 | As Section 151 Officer |
| Portfolio Holder   | 20.06.2017 | Councillor Whiting     |
| Consultation & Community Engagement                                  |            |                        |
| None other than consultation with members and officers listed above. |            |                        |
| Final Decision?  |            | Yes                    |
| Suggested next steps (if not final decision please set out below)    |            |                        |



## **1 Summary**

- 1.1 In 1995 the council was among the first in the country to adopt formally an Anti-Fraud and Corruption Policy and Strategy. Since that time the strategy has been subject to an annual review and for some time the review has been accompanied by an action plan to maintain the strategy and to help deliver its objectives. A copy of the strategy is attached as Appendix C.
- 1.2 Ensuring that the strategy is reviewed and remains relevant and completing the action plan contributes towards improving the overall control environment, raising awareness on fraud and corruption matters and the prevention and detection of fraud and corruption.
- 1.3 The strategy relates to internal fraud only and not to any frauds involving Council Tax Reduction, Single Person Discount, Business Rates and Right to Buy. There is a separate strategy for those areas, overseen by the Benefits Manager.
- 1.4 This report informs members on the measures that were taken to deliver the 2016/2017 action plan and presents the 2017/2018 action plan for approval.

## **2 Recommendations**

- 2.1 That members note the report and the progress made in implementing the 2016/2017 action plan. (Appendix A)
- 2.2 That members approve the action plan for 2017/2018. (Appendix B)

## **3 Reasons for the Recommendations**

- 3.1 The Anti Fraud and Corruption Strategy has been reviewed to ensure that it remains relevant to the council's structure and organisation and it has undergone comparison with a number of other strategies, including those of the other Warwickshire authorities. As the strategy is broadly similar in content to the others examined no changes are considered necessary as part of the current review.
- 3.2 The action plan for 2017/2018 needs to be approved. The action plan is based on the continuous improvement of the council's anti fraud and corruption measures. The completion of the 2016/2017 action plan needs to be considered.

## **4 Policy Framework**

- 4.1 The council is committed to managing services and resources openly, fairly and efficiently. The Anti-Fraud and Corruption Strategy assists in delivering those aims.

## **5 Budgetary Framework**

- 5.1 All of the council's services and activities can be affected by fraud and corruption but approval of the action plan does not have any direct impact on council budgets.

## 6 **Risks**

- 6.1 The risk of not approving an action plan for 2017/2018 relates to a perception that the action plan is not supported by the council's leadership. This could impact on the level of fraud in the community. Conversely no risks are evident from approving the action plan.

## 7 **Alternative Option considered**

- 7.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

## 8. **Background**

- 8.1 In the mid-1990s a series of reports entitled "Protecting the Public Purse" was produced by the Audit Commission in response to increasing concerns about the level of fraud and corruption in the public sector. Prior to this time local authorities would have been strongly opposed to any form of fraud and corruption but most of them had no formal stance on fraud and no policies, procedures or systems in place to deal with it. The first Audit Commission report made several recommendations including the creation of an anti-fraud culture with the formal adoption of a policy stating that an authority had a zero tolerance attitude to fraud and corruption.
- 8.2 Warwick District Council was one of the very first local authorities to take action on this recommendation and formally adopted a policy and strategy in September 1995. The policy and strategy was revised and replaced by the current version in September 2005. Minor amendments were approved in July 2011, 2013, 2015 and 2016.
- 8.3 The Audit Commission ceased to exist on 31 March 2015 and some of the staff transferred to The European Institute for Combatting Corruption and Fraud (TEICCAF) and they produced their first report in July 2015 entitled Protecting the English Public Purse. The report was similar in format and content to the annual Audit Commission reports. The 2016 version of the report was published in January 2017.

## ANTI FRAUD &amp; CORRUPTION ACTION PLAN 2016/17

## Action Plan to Improve Further the Authority's Arrangements for Countering Fraud and Corruption

| ACTIONS   | RESPONSIBILITY         | TIMESCALE   | PROGRESS   |
|---|------------------------|-------------|--|
| <b>OBJECTIVE: Undertake all assignments in the 2016/2017 Audit Plan and any investigations required</b>   |                        |             |  |
| Complete the audits contained in the annual Audit Plan approved by members. The scope and objectives of the audits will include the assessment of controls that assist in fraud prevention and detection.   | Audit and Risk Manager | March 2017  | The Audit and Risk Manager and the Internal Audit Team meet regularly during the year in the form of a progress meeting to consider, amongst other things, progress with the Audit Plan. A small number of changes were necessary to the Plan approved by members for this year and all of the audits in the revised Plan were completed by 31 March 2017. |
| Investigate any fraud or irregularity cases uncovered. Where appropriate report the circumstances, the approach to the investigation and the outcome to members. Assess the effect of the scale of the incident and the resultant investigation on the Audit Plan and report to F & A listing the options if a shortfall is identified. | Audit and Risk Manager | As required | There were no cases of fraud or irregularity identified or reported during the year. There was, however, a suspected irregularity concerning the application of the Code of Procurement Practice. This was investigated and the outcome reported to members.   |

| ACTIONS  | RESPONSIBILITY         | TIMESCALE           | PROGRESS   |
|--|------------------------|---------------------|--|
| Continue to report the outcome of all completed audit assignments together with the action plan to Finance & Audit Scrutiny Committee.     | Audit and Risk Manager | Quarterly           | The outcome of all audits is reported to members by the Audit and Risk Manager as part of the quarterly Progress Report. |
| <b>OBJECTIVE: Promote fraud awareness within the Council</b>   |                        |                     |  |
| Post a notice on the council's Intranet as a reminder of the ever present threat of fraud and how to deal with any discovery or suspicion. | Audit and Risk Manager | October 2016.       | Completed as scheduled.  |
| Publicise the council's Whistleblowing Policy and Procedure with a notice on the council's Intranet.                                       | Audit and Risk Manager | December 2016       | Completed as scheduled.  |
| Reissue advice to managers and staff on the implications of the Bribery Act.   | Audit and Risk Manager | November 2016       | Completed as scheduled.  |
| Continue to attend the council's corporate induction programme to provide Anti-Fraud and Corruption sessions.                              | Audit and Risk Manager | Throughout the year | All of the Corporate Induction sessions were attended by members of the Audit Team.                                      |

| ACTIONS  | RESPONSIBILITY         | TIMESCALE           | PROGRESS   |
|--|------------------------|---------------------|--|
| Circulate details of any attempted frauds as they occur and details of any potential fraudulent activity received. | Audit and Risk Manager | Throughout the year | No reports of fraudulent activity locally or of new types of fraud nationally were received during the year. |
| <b>OBJECTIVE: Participate in data exchange and research initiatives</b>  |                        |                     |  |
| Provide data to the National Fraud Initiative (NFI) and respond to referrals received as a result.                 | Audit and Risk Manager | February 2017       | Completed as scheduled.  |
| Present a report to Finance and Audit Scrutiny on the outcome of the NFI exercise.                                 | Audit and Risk Manager | October 2016        | Completed. A report was presented to Finance and Audit Scrutiny Committee on 1 November 2016.                |
| Complete any appropriate surveys of fraudulent or corrupt activity in local government.                            | Audit and Risk Manager | As received.        | A survey undertaken by the council's Internal Audit contractor, TIAA, was completed in January 2017.         |
| <b>OBJECTIVE: Ensure Internal Audit staff remain aware of best practice and new developments</b>                   |                        |                     |  |

| ACTIONS   | RESPONSIBILITY         | TIMESCALE           | PROGRESS  |
|---|------------------------|---------------------|---|
| Arrange for the attendance of members of the Audit team at appropriate and affordable training events and attendance at Warwickshire and Midlands professional networking groups. | Audit and Risk Manager | Throughout the year | <p>The CIPFA in the Midlands Audit Training Seminars (CATS) were resurrected this year and all members of the Audit Team attended the first session in December 2016.</p> <p>A member of the team is undertaking an MSc in audit management.</p> <p>Local networking groups were attended when appropriate.</p> |
| Arrange to run workshops for Internal Audit staff on investigative practice following completion of the CIPFA Certificate in Investigate Practice.                                | Audit and Risk Manager | Throughout the year | Outstanding due to other work commitments. To be carried forward.   |
| <b>OBJECTIVE: Review Strategy and Action Plan</b>   |                        |                     |   |

| ACTIONS  | RESPONSIBILITY         | TIMESCALE    | PROGRESS   |
|--|------------------------|--------------|--|
| Review the content, currency and format of the Anti-Fraud and Corruption Strategy. | Audit and Risk Manager | January 2017 | <p>The Strategy was first approved by members in 1995 and reapproved in 2005. Since then there have been a number of minor changes but essentially it is still very much as first written.</p> <p>It is a series of fairly broad measures that do not contain specific actions or, in the main, any dates, job titles or references to legislation or policies. Accordingly the measures in the Strategy still hold good today. Five randomly selected strategies together with those of the other Warwickshire authorities were examined and compared with the WDC Strategy. This was to ensure that there were no glaring omissions on WDC's part and to ascertain if the formats used elsewhere presented any improvement on the WDC format.</p> <p>All of the strategies follow a similar basic approach and contain more or less the same categories as the WDC version. Where they differ is that some of them are quite lengthy documents as they contain detailed procedures for whistleblowing, fraud response, money laundering and the Bribery Act.</p> |

| ACTIONS  | RESPONSIBILITY         | TIMESCALE   | PROGRESS  |
|--|------------------------|-------------|---|
| Review any CIPFA or other relevant bodies' guidance on fraud and corruption issued during the year and consider if any of the recommendations require changes to WDC's fraud prevention procedures or the policy and strategy. | Audit and Risk Manager | As received | The Audit Commission produced for many years a report entitled Protecting the Public Purse. Following its demise a cross European body, TEICCAF, was formed and it produces a similar report entitled Protecting the English Public Purse. The 2016 report published in January 2017 was the second such report. Like its predecessor the report concludes with a checklist for those responsible for governance. No action is required following consideration of the checklist. |
| Present an annual report recording progress against the Action Plan together with a revised Action Plan.   | Audit and Risk Manager | July 2017   | Completed.<br>Undertaken as part of this report.  |



## ANTI FRAUD &amp; CORRUPTION ACTION PLAN 2017/18

## Action Plan to Improve Further the Authority's Arrangements for Countering Fraud and Corruption

| ACTIONS   | RESPONSIBILITY         | TIMESCALE       |
|---|------------------------|-----------------|
| <b>OBJECTIVE: Undertake all assignments in the 2017/2018 Audit Plan and any investigations required</b>   |                        |                 |
| Complete all of the audits contained in the annual Audit Plan approved by members in April 2017. The scope and objectives of the audits will include an assessment of the controls that indirectly assist in fraud prevention and detection.  | Audit and Risk Manager | March 2018.     |
| Investigate any fraud or irregularity cases uncovered or referred to Internal Audit. If there are grounds for an investigation report the circumstances, the approach adopted and the outcome to members. Assess the resource implications of any investigations on the Audit Plan and report to Finance & Audit if a shortfall is identified listing the possible options. | Audit and Risk Manager | As required.    |
| Report the outcome of all completed audit assignments together with the management responses to any recommendations in the action plan to Finance & Audit Scrutiny Committee.   | Audit and Risk Manager | Quarterly.      |
| <b>OBJECTIVE: Promote fraud awareness within the Council</b>  |                        |                 |
| Post a notice on the council's Intranet as a reminder of the ever present threat of fraud and how to invoke the council's Whistleblowing Policy and Procedure.  | Audit and Risk Manager | September 2017. |
| Post a notice reminding staff of the council's Money Laundering rules and the implications of the Bribery Act.  | Audit and Risk Manager | February 2018.  |

| ACTIONS  | RESPONSIBILITY         | TIMESCALE            |
|--|------------------------|----------------------|
| Continue to attend the council's corporate induction programme to provide fraud awareness sessions.  | Audit and Risk Manager | Throughout the year. |
| Circulate details of any frauds attempted against the council as they occur and details of any potential new fraudulent activity received.   | Audit and Risk Manager | Throughout the year. |
| Review the use and benefits of the council's confidential reporting service "In Touch".  | Audit and Risk Manager | September 2017.      |
| <b>OBJECTIVE: Participate in data exchange and research initiatives</b>  |                        |                      |
| Provide data to the National Fraud Initiative (NFI) and respond to referrals received as a result.   | Audit and Risk Manager | February 2018.       |
| Present a report to Finance and Audit Scrutiny on the outcome of the NFI exercise.   | Audit and Risk Manager | October 2017.        |
| Complete any appropriate surveys of fraudulent activity in local government undertaken by the recognised professional and government bodies. | Audit and Risk Manager | As received.         |
| <b>OBJECTIVE: Enable public reporting of suspected fraud or corruption</b>   |                        |                      |
| Review the Fraud pages on the WDC website and revise and update if necessary.  | Audit and Risk Manager | November 2017        |

| ACTIONS  | RESPONSIBILITY         | TIMESCALE            |
|--|------------------------|----------------------|
| <b>OBJECTIVE: Ensure Internal Audit staff remain aware of best practice and new developments</b>   |                        |                      |
| Arrange for members of the Audit Team to attend any appropriate and affordable training events and to attend the Warwickshire and Midlands professional networking groups.   | Audit and Risk Manager | Throughout the year. |
| Arrange to run workshops for the Internal Audit staff on investigative practice following the successful completion of the CIPFA Certificate in Investigate Practice.  | Audit and Risk Manager | Throughout the year. |
| <b>OBJECTIVE: Review Strategy and Action Plan</b>  |                        |                      |
| Review the content, currency and format of the Anti-Fraud and Corruption Strategy.   | Audit and Risk Manager | January 2018.        |
| Review any CIPFA or other relevant bodies' guidance on fraud and corruption issued during the year and consider if any of the recommendations require changes to WDC's fraud prevention procedures or the policy and strategy. | Audit and Risk Manager | As received.         |
| Present an annual report to Finance and Audit Scrutiny Committee recording progress against the Action Plan together with a revised Action Plan.   | Audit and Risk Manager | July 2018.           |

## **WARWICK DISTRICT COUNCIL ANTI FRAUD AND CORRUPTION STRATEGY**

### **1 Introduction**

- 1.1 Warwick District Council is a large organisation employing several hundred staff and spending around £100 million a year of taxpayers' money. Like most organisations it is a possible target for fraud and corruption which could be attempted by employees, external organisations or members of the public.
- 1.2 The Council is determined to do everything that it reasonably can to deter, prevent and detect fraud and corruption and it is committed to the Anti-Fraud and Corruption Strategy.

### **2 Policy statement**

- 2.1 Warwick District Council aims to provide quality services that are accessible to all sections of the community and delivered fairly and efficiently. In doing so the Council is firmly opposed to fraud and corruption of any kind and will take prompt and decisive action to deal with any instances that are identified and will deal equally with perpetrators from inside and outside the Council.
- 2.2 At all times the Council will endeavour to ensure that all of its dealings are carried out with honesty and integrity with no thoughts of fraudulent or corrupt acts and in turn it will expect all partners, suppliers, contractors, organisations and individuals that it deals with to behave in the same way.
- 2.3 The Council's elected Members and staff will lead by example and ensure that they comply with all policies, codes, regulations and controls that are in place.
- 2.4 The Council will pursue all individuals or organisations suspected of having defrauded or having committed corrupt acts and will report them to the Police if appropriate.
- 2.5 This policy will be delivered by a series of measures contained in the Anti-Fraud and Corruption Strategy.

### **3 Definitions**

- 3.1 Fraud is the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain or to mislead or misrepresent.
- 3.2 Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person; or the failure to disclose an interest in order to enjoy financial or other pecuniary gain.

## **4 Strategy**

- 4.1 The strategy comprises a series of measures and procedures, detailed below, that are designed to frustrate any attempted fraudulent or corrupt acts.

## **5 Culture**

- 5.1 The Council wishes it to be known that the culture and tone of the authority is one of openness, honesty and equality with wholehearted opposition to fraud and corruption in any form.

- 5.2 The Council Taxpayers are entitled to expect the highest standards of accountability, stewardship and probity from the Council. To an extent these expectations will be met by the Council complying with legislation. For example:-

- The Council must appoint a Responsible Financial Officer who is responsible for the Council's financial strategy and direction and also for ensuring that there are sound systems of financial control in place;
- The Council is required to ensure the existence of adequate and effective internal audit arrangements;
- Independent external auditors are appointed to scrutinise the Council's business;
- Procedures exist for the public to inspect the Council's accounts and to question the external auditors;
- The Council is required to appoint a Monitoring Officer to monitor the lawfulness and fairness of decision making;
- Decisions are made in public meeting except in circumstances where the need for confidentiality is paramount;
- Members of the public can request the Local Government Ombudsman and Housing Ombudsman to investigate cases of alleged maladministration.

- 5.3 Additionally the Council will have:

- A Code of Corporate Governance
- A system of scrutiny whereby Members of the Council review past decisions and examine specific issues within service areas.

## **6 Prevention**

### **6.1 Staff**

- 6.1.1 The Council acknowledges that the recruitment and retention of high calibre staff is vital to the delivery of quality services and that staff have a key role to play in the prevention and detection of fraud and corruption.

- 6.1.2 When appointing to posts written references will always be taken up and referees will be asked to give their views on candidates' honesty and integrity.
- 6.1.3 Confirmation of identity, academic qualifications and the right to live and work in the UK will be obtained before any offers of employment are made.
- 6.1.4 Depending on the duties of the post, the selection process will include reference to the Disclosure and Barring Service.
- 6.1.5 Council staff who are members of professional bodies will be expected to observe the standards advocated by those bodies which may be laid down in codes of conduct.
- 6.1.6 All staff of the Council will be bound by any National, Local or Departmental codes of conduct.
- 6.1.7 All staff must operate and adhere to all of the relevant procedures and codes that form the Council's overall control framework including an Employee Code of Conduct.

## **6.2 Members**

- 6.2.1 Elected Members are expected to observe the highest standards of conduct which are enshrined in legislation, the Council's constitution and the Members' Code of Conduct.
- 6.2.2 Members are required to declare specific information concerning their financial and other interests and for ensuring that this information is kept up to date.
- 6.2.3 Members are required to declare their interests at all meetings, both internal and external, whether decision making or not.
- 6.2.4 The Council has a Standards Committee and has two Independent Persons from outside the Council in line with the Localism Act 2011. Its role is to promote and maintain high standards amongst Members and to investigate any alleged breaches of the Code of Conduct.

## **6.3 Systems**

- 6.3.1 The Council is committed to operating financial and management systems and procedures which incorporate efficient and effective internal controls.
- 6.3.2 Senior managers with responsibility for systems are responsible for ensuring that such controls are achieved and maintained.
- 6.3.3 The Council's Internal Audit Service will carry out periodic reviews of all systems to ensure that controls exist and are being adhered to and that senior managers are meeting their responsibility.

## **6.4 Working with others**

- 6.4.1 Arrangements are in place for the regular exchange of information between the Council and Government agencies for the purpose of preventing and detecting fraud.

- 6.4.2 The Council will participate in data matching exercises with appropriate organisations in order to detect fraud.
- 6.4.3 Whenever any information is to be exchanged the person or organisation supplying the information will be advised accordingly.
- 6.4.4 Staff will be encouraged to participate in local and national professional groups and forums in order to exchange information, ideas and experiences.

## **6.5 Internal Audit**

- 6.5.1 The Council is required to maintain an adequate and effective system of internal audit as part of the Responsible Financial Officer's duty to ensure that there are proper arrangements in place to administer the Council's financial affairs.
- 6.5.2 The adequacy and effectiveness of internal controls is monitored by the Council's Audit Section as part of their annual programme of work. Any weaknesses in internal control are reported to management whose duty it is to ensure that corrective action is taken.
- 6.5.3 The work of the Audit Section and their progress against the Audit Plan is overseen by a committee of the Council who receive summaries of all audit reports and management responses.
- 6.5.4 The Audit Plan is prepared following a risk assessment of audit areas which determines the frequency of audits and particular areas to focus attention on. The risk assessment process is subject to an ongoing review.
- 6.5.5 The Head of Internal Audit will ensure that all Internal Audit staff have the appropriate skills and expertise to carry out their duties.

## **6.6 External Audit**

- 6.6.1 Independent external audit is an essential safeguard to the stewardship of public money. The Council's external auditors will carry out their duties in accordance with the Code of Audit Practice.
- 6.6.2 The Code emphasises management's role in preventing and detecting fraud and corruption. It is the external auditor's role to review the Council's arrangements for meeting this responsibility.
- 6.6.3 External Audit will be notified of all frauds involving sums over £1,000 and of any corrupt acts.

## **7 Detection**

- 7.1 Managers are responsible for the prevention and detection of fraud, corruption and other irregularities. Managers should pay special attention to particular circumstances which may indicate an irregularity.
- 7.2 Managers are required to notify the Head of Audit immediately if a fraud or other irregularity is discovered or suspected. They should also ensure that:

- any supporting documentation or other evidence is secured; and
- confidentiality is maintained so as not to prejudice any subsequent investigation.

7.3 Staff should report any suspected irregularities to their line manager or they may use the Council's Whistleblowing Policy and Procedure.

7.4 Internal Audit will assist managers to discharge their responsibilities when they are conducting audits by establishing and testing expected controls. Any control weaknesses will be reported to managers and also to committee together with managers' responses.

## **8 Investigation**

8.1 If an act of fraud or corruption is discovered or suspected, the initial investigation will be conducted by Internal Audit.

8.2 If the initial investigation reveals that a full investigation is warranted Internal Audit will invoke the Council's Fraud Response Plan and Disciplinary Procedure.

8.3 The decision to involve the Police will be taken by the Head of Audit in consultation with the relevant managers and the Chief Executive. The Council will co-operate fully with the Police and Internal Audit will work closely with them to gather evidence and provide information.

8.4 Whenever possible the Council will seek restitution for any losses suffered. This may include recovery from a Pension Fund, an insurance claim or civil action.

8.5 At the conclusion of the investigation a report will be prepared for management and for committee. A review of the investigation will be carried out and any control weaknesses identified will be considered with a view to taking appropriate remedial action.

8.6 Allegations of fraud or criminal misconduct against Members will be considered under the procedure for handling complaints about the conduct of Members led by the Monitoring Officer. Where appropriate, partners such as the Police or Internal or External Audit will be involved.

## **9 Deterrence**

9.1 The Council will state publicly at every appropriate opportunity that it is strongly opposed to all forms of fraud and corruption.

9.2 The Council will act firmly and decisively when fraud and corruption is suspected and proven e.g. the termination of contracts, the dismissal of staff, the prosecution of staff or other offenders.

9.3 The Council will take action to effect the maximum recoveries e.g. through agreement, court action, penalties, insurance, Pension Funds.

9.4 The Council's systems will contain sound internal controls that are kept under review to minimise the opportunity for fraud and corruption.



- 9.5 The Council's Anti Fraud and Corruption Strategy will be publicised to all staff and posted on the Council's website.


## **10 Training**

- 10.1 The Council recognises that the success of its Anti-Fraud and Corruption Strategy will very much depend on the effectiveness of staff throughout the authority.
- 10.2 The Council supports the concept of induction training and follow up training, particularly for those staff involved with internal control systems.
- 10.3 It is the responsibility of managers to ensure that their staff are adequately trained to carry out their duties.
- 10.4 Investigation of fraud and corruption will be undertaken primarily by Internal Audit. Staff of the section should receive appropriate training in this area.
- 10.5 Members of the Council will receive training on a wide range of topics including declarations of interest, the Code of Conduct and their role in promoting the Anti-Fraud and Corruption stance.

## **11 Conclusion**

- 11.1 The Council has in place a framework of systems and procedures, to assist in the fight against fraud and corruption. It is determined to ensure that these systems:
- are complied with;
  - keep pace with future developments;
  - are fully supported by staff and members.
- 11.2 This document will be subject to annual review to ensure its currency. The responsibility for this rests with the Head of Audit and the Responsible Financial Officer.
- 11.3 The Council is committed to ensuring the wide circulation of this Strategy within and outside the Council in order that all relevant parties appreciate the high standards which the Council is determined to observe in all its business.

Approved September 2005  
Amended July 2011  
Amended July 2013  
Amended July 2015  
Amended July 2016

|   |   |                          |
|---|---|--------------------------|
|  <b>FINANCE AND AUDIT SCRUTINY –<br/>25<sup>th</sup> July 2017</b>   |   | <b>Agenda Item No. 6</b> |
| <b>Title</b>  | Development Services Risk Register  |                          |
| <b>For further information about this report please contact</b>   | Tracy Darke<br>Tel: 01926 456502<br>email: <a href="mailto:tracy.darke@warwickdc.gov.uk">tracy.darke@warwickdc.gov.uk</a><br>Richard Barr<br>Tel: 01926 456815<br>email: <a href="mailto:richard.barr@warwickdc.gov.uk">richard.barr@warwickdc.gov.uk</a> |                          |
| <b>Wards of the District directly affected</b>  | All   |                          |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b> | No  |                          |
| <b>Date and meeting when issue was last considered and relevant minute number</b>   | Finance and Audit Scrutiny meeting 29 <sup>th</sup> September 2015<br>Minute no. 67   |                          |
| <b>Background Papers</b>  |   |                          |

|  |  |
|--|--|
| <b>Contrary to the policy framework:</b>                                   | No                                     |
| <b>Contrary to the budgetary framework:</b>                                | No                                     |
| <b>Key Decision?</b>   | No                                     |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | No                                     |
| <b>Equality Impact Assessment Undertaken</b>                               | No (N/A - no direct service provision) |

| Officer/Councillor Approval                                       |         |                                      |
|---|---------|--------------------------------------|
| Officer Approval  | Date    | Name                                 |
| Chief Executive/Deputy Chief Executive                            | 14/7/17 | Chris Elliott/Bill Hunt              |
| Head of Service   |         | Tracy Darke                          |
| CMT   | 14/7/17 | Bill Hunt                            |
| Section 151 Officer   | 14/7/17 | Mike Snow                            |
| Monitoring Officer  | 13/7/17 | Andrew Jones                         |
| Finance   |         | Richard Barr                         |
| Portfolio Holder(s)   | 13/7/17 | Cllr Noel Butler and Cllr Alan Rhead |
| Consultation & Community Engagement                               |         |                                      |
| N/A   |         |                                      |
| Final Decision?   |         | Yes                                  |
| Suggested next steps (if not final decision please set out below) |         |                                      |

## **1. Summary**

- 1.1 This report sets out the process for the review by Finance & Audit Scrutiny Committee of the Development Services Risk Register.

## **2. Recommendation**

- 2.1 That Finance & Audit Scrutiny Committee should review the Development Services Risk Register attached at Appendix 1a and 1b and make observations on it as appropriate.

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

- 3.1 To enable members to fulfil their role in managing risk (see section 8 below).

## **4. Policy Framework**

- 4.1 The Development Services Risk Register is part of the Council's corporate risk management framework. The Register reflects the Council's corporate priorities and key strategic projects that are contained in Fit for the Future.

## **5. Budgetary Framework**

- 5.1 Although there are no direct budgetary implications arising from this report, risk management performs a key role in corporate governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.
- 5.2 The risk register sets out when the realisation of risks might have financial consequences. One of the criteria for severity is based on the financial impact.

## **6. Risks**

- 6.1 The risks are contained in the Service's Risk Register, set out as Appendix 1a and 1b.

## **7. Alternative Option(s) considered**

- 7.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

## **8. Background**

- 8.1 In its management paper "Worth the risk: improving risk management in local government", the Audit Commission sets out clearly the responsibilities of members and officers:

"Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:

- decide on the structure through which risk management will be led and monitored;
- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;
- approve the council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness: and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by members. It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

- 8.2 Executive agreed on 11th January 2012 that:
  - (a) Portfolio Holders should review their respective Service Risk Registers quarterly with their service area managers.
  - (b) Portfolio Holder Statements should include each service's top three risks.
  - (c) Executive should note the process for the review by Finance & Audit Scrutiny Committee of service risk registers.
  - (d) The relevant Portfolio Holders should attend the Finance & Audit Scrutiny Committee meetings at which their respective service risk registers are reviewed.
- 8.3 The full framework endorsed by Executive at that meeting is set out as Appendix 3.
- 8.4 Risk registers are in place for all significant risks facing service areas in the provision of their services. In addition to service risk registers for all service areas there is the Significant Business Risk Register that contains the organisation's corporate and strategic risks (the latest version of this being presented to the 5<sup>th</sup> April 2017 Executive meeting).

## 9. Development Services Risk Register

### 9.1 Introduction

- 9.1.1 The latest version of the Development Services Risk Register is set out as Appendix 1a and 1b to this report. The register was last reviewed in by Finance and Audit committee on 29<sup>th</sup> September 2015.
- 9.1.2 The scoring criteria for the risk register are subjective and are based on an assessment of the likelihood of something occurring, and the impact that might have. Appendix 2 sets out the guidelines that are applied.
- 9.1.3 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse is true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour, the former-described set of risks are within the area shaded red, whilst the latter-described set of risks are within the area shaded green; the mid-range are in the area seen as yellow.

### 9.2 Overview of Development Services Risk Management

- 9.2.1 The Development Services Risk Register is owned and managed by Development Services Management Team and the Portfolio Holders for Business and Policy and Development. The register is reviewed on a regular basis by the Managers of the service area and is discussed on a regular basis with the Portfolio Holders as identified in the Service Area Plan. Although the risk register for the service area is one document, it is split into portfolio holder areas for operational reasons. Furthermore, there is a risk for the service area relating to the local plan also managed through the review of the Significant Business Risk Register
- 9.2.2 Amendments to existing risks are made to the register as appropriate and any new risks are identified. These are highlighted accordingly.
- 9.2.3 The Development Services Risk Register includes the generic business risks across the service area and these are followed by detailed risk assessments within each part of the service with mitigation and actions identified. Each of the risks have been carefully scrutinised with the service area portfolio holders and the document shows those that have moved as a result of those discussions and effective action. For example, the local plan is now close to adoption which is as a result of the work done for the Examination in Public and assistance to the Inspector in providing the modifications to the plan. Another example is the joint Building Control service that WDC operates for two other Councils, which has provided the service with resilience when competing against the private sector. This two risks have both now moved out of the 'red risk' zone as a result of this work.

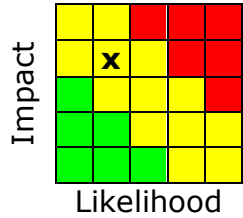
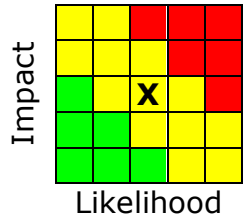
### 9.3 Review of Risk Register by Members

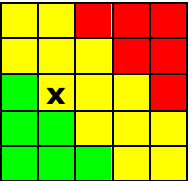
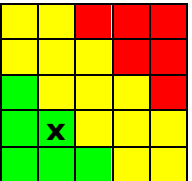
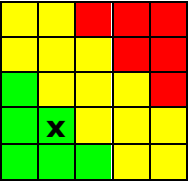
- 9.3.1 It is proposed that Members should review the risk register set out as Appendix 1 and 2, confirming that risks have been appropriately identified and assessed and that appropriate measures are in place to manage the risks effectively. Members may wish to challenge the Portfolio Holders and the Head of Development Services on these aspects and assure themselves that their risk register is a robust document for managing the risks facing the service.

## Development Services Risk Register (Appendix 1a) (Business Portfolio)

**Most recent review: June 2017 (unless otherwise stated)**

x Current position  
o Previous position if changed

| RiskDescription  | PossibleTriggers   | Possible Consequences   | Risk Mitigation/Control  | Officer      | Action(s)   | Resource           | Due Date | Residual Risk Rating   |
|--|--|---|--|--------------|---|--------------------|----------|--|
| <b>Generic Risks</b>                                     |  |   |  |              |   |                    |          |  |
| 1. Failure to comply with Health and Safety requirements | Staff not assessing risks adequately/at all<br>Lack of awareness<br>Lone working<br>System failure                         | Physical/verbal attacks on staff<br><br>Injury to staff<br><br>Compensation claims<br><br>Reputational damage   | Risk assessments done on a regular basis<br><br>Equipment provided to ensure contact possible in cases of emergency<br><br>Procedures in place/adequate training | All managers | Risk assessments to be revised through audit.<br><br>Set and action "Assessnet" reminders as required   | Staff time         | Ongoing  |  <p>No change since last review</p>   |
| 2. Failure of IT   | Computer system breaks down<br>Power failure<br>Malicious acts/hacking of system<br>Poor knowledge/understanding of system | Unable to continue with the service<br><br>Systems not set up adequately resulting in additional work<br><br>Impact on Planning Committee and WDC reputation. | Adequate back-up system in place and is maintained by IT.<br><br>Business Continuity Plan in place.  | All managers | On-going engagement with IT<br><br>Ensure that all staff adhere to IT protocols and policies<br><br>Ensure the Business Continuity Plan is updated regularly (next review by June 2018) | Staff time/funding | Ongoing  |  <p>No change since last review</p> |

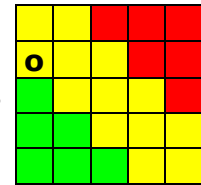
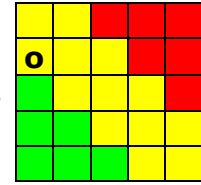
| RiskDescription                  | PossibleTriggers  | Possible Consequences   | Risk Mitigation/Control   | Officer      | Action(s)  | Resource                        | Due Date | Residual Risk Rating  |
|----------------------------------|---|---|---|--------------|--|---------------------------------|----------|---|
| 3. Lack of staff resources       | <p>Loss of key staff/knowledge</p> <p>Lack of staff cover for emergency/bank holiday</p> <p>Lack of ability to support corporate projects</p> | <p>Staff not skilled to be able to respond to service area matters</p> <p>Unable to respond to emergencies – may result in harm/injury/death</p> <p>Unauthorised developments taking place</p> <p>Impact on quality and efficiency of service</p> | Ensure that training and development of knowledge about the service is shared amongst a number of staff to provide resilience   | All managers | <p>Ensure that one-to-one discussions and appraisals take place to discuss staff development</p> <p>Always ensure recruitment to vacancies is a priority</p> <p>Annually review the succession planning section of the service plan</p> <p>Ensure that recruitment of staff is done promptly and as a priority</p> | Staff time                      | Ongoing  | <p>Impact</p>  <p>Likelihood</p> <p>No change since last review</p>  |
| 4. Inadequate training           | <p>Lack of time to invest in training</p> <p>Corporate financial pressures</p> <p>Other training pressures elsewhere in the organisation</p>  | <p>Staff not skilled or experienced enough to be able to provide the service necessary</p> <p>Impact on quality and efficiency of service</p> <p>Development takes place that is not authorised</p>   | <p>Training plans to be in place and reviewed regularly</p> <p>Budget required to invest in staff</p> <p>Head of service work with colleagues in CMT and SMT to underline the importance of training for long term service delivery</p> | All managers | <p>Ensure through appraisals that training is being identified through Personal Development Plans (PDPs) and needs met</p> <p>Development Services Training Plan being developed as a basis for training and resource allocation</p>   | Staff time                      | Annual   | <p>Impact</p>  <p>Likelihood</p> <p>No change since last review</p> |
| 5. Impact of legislation changes | <p>Staff not keeping abreast of changes</p> <p>Staff not keeping to Continuing Professional Development (CPD) requirements</p>                | <p>Statutory procedures not followed</p> <p>Complaints upheld</p> <p>Loss of professional accreditation</p>   | <p>Training plans</p> <p>Officers to ensure they keep their CPD up to date</p>  | All managers | <p>Ensure that staff are completing adequate training</p> <p>Undertake regular briefing sessions as new legislation and regulations</p>  | Staff time/funding for training | Ongoing  | <p>Impact</p>  <p>Likelihood</p> <p>No change</p>                  |

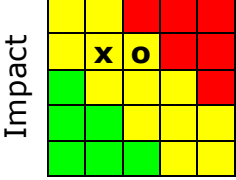
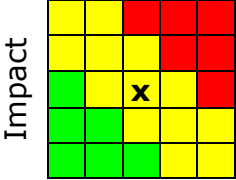
## Development Services Risk Register (Projects and Development)

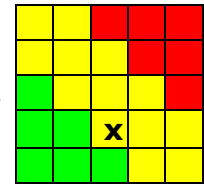
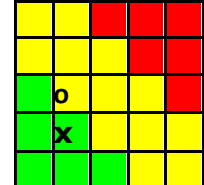
| Risk Description  | Possible Triggers   | Possible Consequences   | Risk Mitigation/Control   | Officer      | Action(s)  | Resource                         | Due Date  | Residual Risk Rating               |
|---|---|---|---|--------------|--|----------------------------------|-----------|------------------------------------|
| 6. Destination Management Organisation (DMO) - Shakespeare's England - fails to deliver desired outputs         | DMO dominated by Stratford businesses<br><br>Private Sector leadership falls away<br><br>Private sector support inadequate<br><br>Loss of political backing and inadequate priority given to this element of the teams work | Loss of tourism company<br><br>Reduced visitors to the District<br><br>Loss of Visit England recognition and extra funding<br><br>Public sector dominated company   | Pro-active encouragement of WD tourism businesses to join DMO<br><br>Support for DMO Board and company officers to deliver agreed outputs.  | DBu          | Regular meetings being organised with businesses<br><br>Key tourism business leaders being supported by officers<br><br>DMO staff to hot desk at WDC<br><br>Renegotiation of grant leading to delivery of specific KPIs<br><br>Regular reporting of KPI progress to officers and members | Staff<br><br>Time<br><br>Funding | Ongoing   | <p>No change since last review</p> |
| 7. Failure to deliver Economic Prosperity in line with Sustainable Community Strategy (SCS) priorities Strategy | Lack of staff resources<br><br>Ineffective prioritisation   | Loss of funding for Economic Development<br><br>Failure to grow business base in district<br>Closure of companies or relocation outside the District<br><br>Failure to attract Inward Investment<br><br>Undermines employment sites | Develop and maintain a clear Policy and Projects Section plan focusing on economic prosperity<br><br>Implement business support review<br><br>Ensure timelines and milestones met<br><br>Use robust data as base of Strategy<br><br>Work with Portfolio Holder/CMT to ensure buy-in | DBar/<br>DBu | Develop Policy and Projects Section plan for economic prosperity<br><br>Regular reviews  | Time<br>Staff<br><br>Funding     | July 2017 | <p>New risk</p>                    |



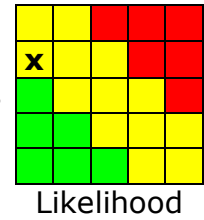
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|--|--|---|---|-----------|---|---------------------------|---|--|
| 8. Reduction in funding from businesses towards committed activities – eg: Christmas Lights, promotional guides, BID renewal | Wider economic environment<br><br>Quality of offer<br><br>Inadequate time to fundraise   | Reduction in activities/lights<br><br>Council reputation  | Ensure Christmas Lights contracts are flexible and within budget tolerances where possible<br><br>Work with partners to identify alternative sources of funding | JdV / DBu | Contracts to be let that allow flexibility<br><br>Work with partners to identify alternative sources of funding   | Funding staff             | Ongoing                                 | <p>Impact</p> <p>Likelihood</p> <p>No change since last update</p>                         |
| 9. BID Renewal (March 2018) results in end of BID term   | Failure to get sufficient proportion of votes<br><br>Loss of political support<br><br>Insufficient officer support   | Loss of key events (Food Festival, Lantern Parade)<br><br>Loss of Christmas Lights<br><br>Loss of substantial marketing spend on town | Project Board to coordinate WDC activity in support of BID renewal<br><br>Deliver positive Service Baselines that demonstrate WDC support                       | DBu       | Inception meeting of BID Renewal project board<br><br>Draft and gain support for Baselines  | Staff time<br><br>Funding | March 2018                              | <p>Impact</p> <p>Likelihood</p> <p>New risk</p>  |
| 10. Ineffective working with town centre partnerships and other organisations involved with business networking and support  | Insufficient business engagement<br><br>Partnerships becoming an overly political environment that turns off business<br><br>Partners do not see the value/insufficient delivery | Lack of awareness of business priorities<br><br>Lack of support for town centre activities which focus on businesses                  | Deliver town centre action plans<br><br>Effective support for events which deliver economic wellbeing for the towns   | JdV / DBu | Implement business support review including supporting new arrangement in Kenilworth and Warwick<br><br>Prepare town centre action plans<br><br>Continue to support events which deliver economic wellbeing for the towns | Staff time                | Ongoing                                 | <p>Impact</p> <p>Likelihood</p> <p>Reason: increased engagement through the BS&amp;EOs</p> |
| 11. Failure to manage or appropriately support Events within the District  | Insufficient staff cover<br><br>Failure to follow procedure<br><br>Unexpected occurrences  | Unsafe Event<br><br>Injury to customers, participants<br><br>Damage to open space or equipment<br><br>Damage to reputation            | Use of Operational Procedure (i.e. risk assessments, PLI cover) format to ensure all appropriate plans and contingency arrangements are in place                | JdV / DBu | Undertake review of Events<br><br>Training for BS&E Officers  | Staff<br><br>Training     | Start May 2017<br><br>Complete Jan 2018 | <p>Impact</p> <p>Likelihood</p>  |

|   |   |                         |   |    |  |               |          |  |
|---|---|-------------------------|---|----|--|---------------|----------|--|
| <p>12.Enterprise:<br/>Failure to meet Innovation &amp; Skills (BIS) outputs for Court Street Creative Arches (CSCA)</p> <p>Output period completed</p> <p>RISK DELETED – likelihood reduced to the extent that this is no longer a significant risk. This is because as time has passed, the likelihood of HCA seeking a clawback has become negligible</p>                             | <p>Inability to collect evidence on graduate outputs—due to personal nature</p> <p>Private sector leverage shortfall due to late completion of renovation project works</p> <p>BIS no communication</p> <p>Proposed new delivery model notice</p> | Clawback of BIS funding | <p>Shortfall of a few graduate outputs and private sector leverage has not had detrimental effect on overall outcome, being the reasonable measurement adopted using agency Value for Money tool. Project overachieved by +£1.3M and +186%</p> <p>Output period completed</p> <p>Continual lack of communication from BIS</p> | GS | <p>Development of Prosperity Strategy and Action plan</p> <p>'Low level' legal letter to be sent to BIS advising of intention to pass the running of the operation to a new LATC, wholly owned by WDC. Essentially no change will be seen. Ethos and standards maintained.</p> | Staff<br>Time | On-going | <div> <div>Impact</div>  <div>Likelihood</div> </div> <p>Reason: Risks reduce over time as outputs increase and therefore clawback lessens</p> <p>No change since last review</p>   |
| <p>13.Enterprise:<br/>Failure to meet Homes and Communities Agency (HCA) outputs for Althorpe Enterprise Hub (AEH)</p> <p>Note: Outputs completed (over achieved) and assessed</p> <p>RISK DELETED – likelihood reduced to the extent that this is no longer a significant risk. This is because as time has passed, the likelihood of HCA seeking a clawback has become negligible</p> | <p>Outputs completed and HCA assessed</p> <p>Proposed new delivery model notice</p>   | Clawback of HCA funding | Value for Money project over-achieved vs contract   | GS | <p>Development of Prosperity Strategy and Action plan</p> <p>'Low level' legal letter to be sent to HCA advising of intention to pass the running of the operation to a new LATC, wholly owned by WDC. Essentially no change will be seen. Ethos and standards maintained.</p> | Staff<br>Time | On-going | <div> <div>Impact</div>  <div>Likelihood</div> </div> <p>Reason: Risks reduce over time as outputs increase and therefore clawback lessens</p> <p>No change since last review</p> |

|   |   |  |   |    |   |  |                      |   |
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| 14. Enterprise:<br>Unable to secure a contract variation or written confirmation that Homes & Communities Agency (HCA) will not seek revenue share (expires 2019) | Change of HCA monitoring officer<br><br>HCA insist on contract compliance<br><br>Proposed new delivery model notice   | 88% of net income from Althorpe Enterprise Hub (AEH) to be shared<br><br>Possible loss of net surplus to WDC   | Legal confirmed that any share should be based on 'net' and not 'gross'.<br><br>To date HCA have not drawn any share (although HCA fail to provide written confirmation)                        | GS | Continue to provide net income figures to HCA annually<br><br>'Low level' legal letter to be sent to HCA advising of intention to pass the running of the operation to a new Local Authority Trading Company (LATC), wholly owned by WDC. Essentially no change will be seen. Ethos and standards maintained.                             | Staff<br><br>Time<br><br>Funding (if risk not mitigated) | Ongoing (until 2019) | <br>Likelihood reduced to reflect passing of time<br><br>Updated: 22/06/2017   |
| 15. Enterprise:<br>Loss of tenants at Althorpe Enterprise Hub (AEH), Court St Creative Arches (CSCA) and 26 Hamilton Terrace (26HT)                               | Economy stalling/recession<br><br>Inability to provide service tenants expect<br><br>Should new competition emerge, thereby reducing demand<br><br>Loss of car parking provision (such as Court Street) | Increase in net costs of operation CSCA<br><br>Shutting of AEH<br><br>Loss of current surplus (and any further potential to generate increased income) | Training for all staff<br><br>Regular meetings with tenants<br><br>Tenant satisfaction monitoring<br><br>To maintain focus with marketing, including digital marketing and website improvements | GS | Programme of events to support businesses<br><br>Regular liaison with tenants<br><br>Regular liaison with commercial agents<br><br>Networking with potential tenants<br><br>specific action plans to support growth sectors (eg: digital games industry)<br><br>Business support programme European Structural and Investment Fund (ESIF) | Staff<br><br>Time<br><br>Funding                         | Ongoing              | <br>Reason: Tenant take up and retention continues to be good – even with growth of companies<br><br>Updated: 26/06/2017 |

|  |  |  |  |  |  |            |         |  |
|--|--|--|--|--|--|------------|---------|--|
| 16. Enterprise:<br>Management of sub-leases on behalf of Network Rail (NR): loss of confidence of NR in WDC's ability to manage sub-leases | Tenants carrying out unauthorised works to CSCA in contravention of Network Rail contracts<br><br>Constant change of Network Rail Surveyors and Lawyers resulting in loss of continuity and advantage which comes with building positive relationships   | Greater scrutiny of all arches by Network Rail including increases in maintenance visits<br><br>Increased cost to WDC of facilitating additional visits and compensating tenants | Close liaison with tenants<br><br>Robust management of tenant obligations relating to the arches<br><br>Adhere to new progressive procedures negotiated: Network Rail have now removed themselves from the lettings process<br><br>Building surveyor meetings with new tenants ahead of any works proposed or commencing | GS                                       | Maintain programme of regular inspections by WDC surveyors | Staff Time | Ongoing | <p>Impact</p>  <p>Likelihood</p> <p>Updated:<br/>26/06/2017</p>   |
| 17. Enterprise:<br>Public Liability (PL) Insurance Court St. Creative Arches (CSCA)  | A major issue causes a Court St Creative Arches (CSCA)'s tenant to be insufficiently covered for Public Liability under their own insurance. Under the sub lease tenants are required to hold cover of at least £5m. Under WDC's head lease with Network Rail the minimum cover required is £10m. NR lease deemed to be too onerous for SMEs (Small & Medium Enterprises) where £5m is the norm. (Although some general movement upwards has been recognised). | Under the head lease the loss would fall to WDC – (however WDC PL Insurance cover is at £25m)<br><br>WDC's insurance excess of £25m is triggered.                                | WDC are covered under our PL insurance policy<br>Maintain £25m of PL insurance cover   | GS<br><br>Support from Insurance officer | Encourage more tenants to have £10m cover                  | Staff Time | Ongoing | <p>Impact</p>  <p>Likelihood</p> <p>Updated:<br/>26/06/2017</p> |

|   |  |   |  |                      |   |   |                                      |   |
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| <p>18. Enterprise:<br/>Failure to attain contracted outputs of 'new businesses created' and 'jobs created' for Local Enterprise Partnership (LEP) (funding for project secured through the LEP's Growth Fund)</p>   | <p>Town gaming cluster and local talent disperse (to wider county or UK), reducing the local demand or growth potential</p> <p>UK gaming industry suffers globally, reducing demand</p> <p>For economic or industry driven reasons, off spring surge declines - reduction in demand for incubation space</p> | <p>Coventry and Birmingham ready to entice</p> <p>Lack of suitable commercial space in town is having a negative impact generally across all businesses and commercial sectors</p> <p>Technology may change again – e.g. mobile devices etc, new technology prompted the emergence of the off-spring developer (micro studio)</p> | <p>Work with partners to ensure local companies are (managed and) supported to achieve their growth/find suitable accommodation</p> <p>Continue to promote the district to ensure the District retains and/or supports growth of existing cluster</p> <p>Realistic projected outputs for 2016/7 show that we are on target</p> | <p>GS</p> <p>DBu</p> | <p>Ongoing promotion of the District</p> <p>Ongoing support and programmes for the gaming sector</p>  | <p>Staff</p> <p>Time</p> <p>Funding</p> | <p>Ongoing</p>                       | <div> <div> <div>Impact</div> <div>Likelihood</div> </div> <p>Reason: Risks reduce over time as outputs increase and therefore clawback lessens</p> <p>Updated: 26/07/2017</p> </div>   |
| <p>19. Enterprise:<br/>The Heat Network (metering and billing) regulations 2014.<br/>Impacting financially in one of two ways:</p> <ul style="list-style-type: none"> <li>• budget costs for installations</li> <li>• failure to comply results in fines</li> </ul> | <p>The requirements will be triggered once the Government publish clear guidance and a calculator on which buildings are liable</p> <p>Guidance will be published imminently – date has yet to be confirmed</p>  | <p>Need to find a budget for these works for all liable buildings</p> <p>Potential to fail to adhere to legislation and incur fines</p>   | <p>Ensure Property Services maintain a watching brief on Government</p> <p>Guidance/calculator and when available provide information on liability and requirements</p>  | <p>GS</p>            | <p>Once Guidance published identify which of the buildings in the services are liable</p> <p>In conjunction with the Assets team, identify requirements and costs</p> | <p>Budget</p>                           | <p>TBC (depends on Gov guidance)</p> | <div> <div> <div>Impact</div> <div>Likelihood</div> </div> <p>Reason: Risk reduced reflecting delay in Govt guidance (lower risk of fines) and improved controls in the Assets team (reduced budget consequences)</p> <p>Updated: 22/06/2017</p> </div> |

|   |   |   |   |  |  |                                 |                |   |
|---|---|---|---|--|--|---------------------------------|----------------|---|
| <p>20. Projects:<br/>Failure to complete feasibility assessments for potential projects within timescale and budget</p> | <p>Inadequate budget to fund necessary feasibility and other technical work</p> <p>Time constraints and pressures on colleagues within Development Services and other service areas</p> <p>Inability to agree suitable working arrangements with any external partners, individuals and bodies</p> <p>Concerns over quality and scope of available information</p> <p>Unrealistic expectations of team capacity.</p> <p>Lack of (or changing) member support for project.</p> | <p>Inadequate resources (financial / staffing) to complete feasibility assessments.</p> <p>Inadequate or incomplete advice is given</p> <p>Potential for poor decision making leading to additional costs, poor quality development, legal challenges, adverse impact on delivery of council services and reputational damage.</p> <p>Risk of "good" projects not receiving member support.</p> | <p>Ensure that there is corporate agreement on priority and resource requirements of feasibility stages before they commence.</p> <p>Ensure budgets agreed before project work commences.</p> <p>Ensure that a "project sponsor" is identified</p> <p>Ensure that legal and other support is available.</p> <p>Ensure good communication with members and stakeholders.</p> | <p>PC</p> <p>Other HoS as appropriate to the project</p> | <p>Ensure there is an agreed Project Mandate in place to enable early scoping work to take place.</p> <p>Understand core project requirements and then ensure projects (including resources and appointment of Project Sponsor and Project Board/Team) are agreed with SMT before projects commence.</p> <p>Ensure that adequate budgets are available.</p> <p>Undertake early engagement with external partners and other stakeholders.</p> <p>Agree communications strategy at start of project. Ensure that Executive and ward councillors are kept informed.</p> | <p>Staff time</p> <p>Budget</p> | <p>Ongoing</p> | <p>Impact</p>  <p>Likelihood</p> |
|---|---|---|---|--|--|---------------------------------|----------------|---|

DB – Dave Barber  
GS – Gayle Spencer  
PC – Phil Clarke  
JdV – James DeVille  
DBu – Dave Butler

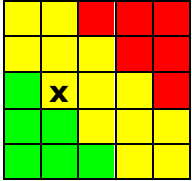
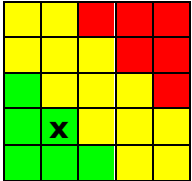
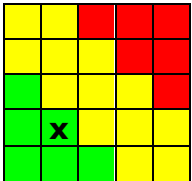


## Development Services Risk Register (Appendix 1b) (Policy and Development Portfolio)

**Most recent review: July 2017 (unless otherwise stated)**

x Current position  
o Previous position if changed

| RiskDescription  | PossibleTriggers   | Possible Consequences   | Risk Mitigation/Control  | Officer      | Action(s)   | Resource           | Due Date | Residual Risk Rating               |
|--|--|---|--|--------------|---|--------------------|----------|------------------------------------|
| <b>Generic Risks</b>                                     |  |   |  |              |   |                    |          |                                    |
| 1. Failure to comply with Health and Safety requirements | Staff not assessing risks adequately/at all<br>Lack of awareness<br>Lone working<br>System failure                         | Physical/verbal attacks on staff<br><br>Injury to staff<br><br>Compensation claims<br><br>Reputational damage   | Risk assessments done on a regular basis<br><br>Equipment provided to ensure contact possible in cases of emergency<br><br>Procedures in place/adequate training | All managers | Risk assessments to be revised through audit.<br><br>Set and action "Assessnet" reminders as required   | Staff time         | Ongoing  | <p>No change since last review</p> |
| 2. Failure of IT   | Computer system breaks down<br>Power failure<br>Malicious acts/hacking of system<br>Poor knowledge/understanding of system | Unable to continue with the service<br><br>Systems not set up adequately resulting in additional work<br><br>Impact on Planning Committee and WDC reputation. | Adequate back-up system in place and is maintained by IT.<br><br>Business Continuity Plan in place.  | All managers | On-going engagement with IT<br><br>Ensure that all staff adhere to IT protocols and policies<br><br>Ensure the Business Continuity Plan is updated regularly (next review by June 2018) | Staff time/funding | Ongoing  | <p>No change since last review</p> |

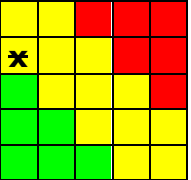
| RiskDescription                  | PossibleTriggers  | Possible Consequences   | Risk Mitigation/Control   | Officer      | Action(s)  | Resource                        | Due Date | Residual Risk Rating  |
|----------------------------------|---|---|---|--------------|--|---------------------------------|----------|---|
| 3. Lack of staff resources       | <p>Loss of key staff/knowledge</p> <p>Lack of staff cover for emergency/bank holiday</p> <p>Lack of ability to support corporate projects</p> | <p>Staff not skilled to be able to respond to service area matters</p> <p>Unable to respond to emergencies – may result in harm/injury/death</p> <p>Unauthorised developments taking place</p> <p>Impact on quality and efficiency of service</p> | Ensure that training and development of knowledge about the service is shared amongst a number of staff to provide resilience   | All managers | <p>Ensure that one-to-one discussions and appraisals take place to discuss staff development</p> <p>Always ensure recruitment to vacancies is a priority</p> <p>Annually review the succession planning section of the service plan</p> <p>Ensure that recruitment of staff is done promptly and as a priority</p> | Staff time                      | Ongoing  | <p>Impact</p>  <p>Likelihood</p> <p>No change since last review</p>  |
| 4. Inadequate training           | <p>Lack of time to invest in training</p> <p>Corporate financial pressures</p> <p>Other training pressures elsewhere in the organisation</p>  | <p>Staff not skilled or experienced enough to be able to provide the service necessary</p> <p>Impact on quality and efficiency of service</p> <p>Development takes place that is not authorised</p>   | <p>Training plans to be in place and reviewed regularly</p> <p>Budget required to invest in staff</p> <p>Head of service work with colleagues in CMT and SMT to underline the importance of training for long term service delivery</p> | All managers | <p>Ensure through appraisals that training is being identified through Personal Development Plans (PDPs) and needs met</p> <p>Development Services Training Plan being developed as a basis for training and resource allocation</p>   | Staff time                      | Annual   | <p>Impact</p>  <p>Likelihood</p> <p>No change since last review</p> |
| 5. Impact of legislation changes | <p>Staff not keeping abreast of changes</p> <p>Staff not keeping to Continuing Professional Development (CPD) requirements</p>                | <p>Statutory procedures not followed</p> <p>Complaints upheld</p> <p>Loss of professional accreditation</p>   | <p>Training plans</p> <p>Officers to ensure they keep their CPD up to date</p>  | All managers | <p>Ensure that staff are completing adequate training</p> <p>Undertake regular briefing sessions as new legislation and regulations</p>  | Staff time/funding for training | Ongoing  | <p>Impact</p>  <p>Likelihood</p> <p>No change</p>                  |



## Development Management Risk Register

| Risk Description   | Possible Triggers  | Possible Consequences   | Risk Mitigation/Control  | Officer | Action(s)   | Resource | Due Date                        | Residual Risk Rating  |
|--|--|---|--|---------|---|----------|---------------------------------|---|
| <b>Development Management Risks</b>  |  |   |  |         |   |          |                                 |   |
| 6. Failure to deliver outcomes in accordance with current legislation; regulations; guidance, etc. | Frequent changes to legislation, etc.; insufficient capacity/resourcing within the teams to keep up. | Work undertaken incorrectly <del>resulting in not achieving results in poor desired outcomes,</del> receipt of challenges and complaints which themselves result causes in additional workload; impact upon WDC reputation. | Ensure correct linkages and contacts continue to be in place to enable changes to be acted upon quickly by officers who have the capacity/knowledge and skills to do so. | GF      | <p>The Development Services Information Improvement Officer role continues to be the focus for the integration of such changes along with Development Management Team Leaders.</p> <p>Member and staff training needs are identified and undertaken regularly.</p> <p><del>Continual Training for new Planning Committee members delivered in May 2016 and structured ongoing Planning Committee training delivered on a regular basis.</del></p> <p><b>Programme of training now in place with members of the planning committee</b></p> |          | <p>On-going</p> <p>On-going</p> | <div> <div>Impact</div> <div>Likelihood</div> </div> <p>No change since last review</p> |

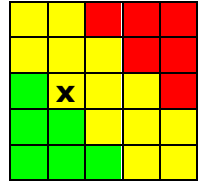
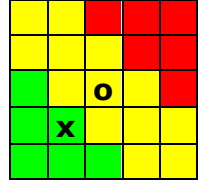
| Risk Description  | Possible Triggers  | Possible Consequences  | Risk Mitigation/Control  | Officer      | Action(s)  | Resource | Due Date   | Residual Risk Rating   |
|---|--|--|--|--------------|--|----------|--|--|
| 7. Failure to <b>properly consider and determine planning applications within statutory timescales</b> deliver planning application decisions within statutory timescales | High workload volume;<br><b>incorrectly trained staff or planning committee members</b> or motivated staff; insufficient staffing relative to workload; deferral of major planning applications at Planning Committee. | <div><div><div>Reduced levels of effectiveness and customer service resulting in increased workloads; impacts upon staff motivation and stress; increased enquiries and complaints themselves resulting in additional workload; and impact upon WDC reputation.</div><div>Potential risk of special measures resulting in loss of fee income from major planning applications <b>affecting WDC reputation</b> loss of ability to determine those applications whilst continuing to undertake the associated administrative work.</div><div><b>Impact of complaints, enforcement issues and legal challenges, together with staff being de-motivated. Increased workload.</b></div></div></div> | <div><div><div>Ensure that staffing/resourcing correlates to workload levels.</div><div>Continued proactive on-going management and support of staff.</div><div>Continued monitoring of workload levels, and performance <b>and procedures.</b></div><div>Proactive Monitoring and delivery of identified staff and planning committee training requirements.</div><div>On-going engagement with/training for Planning Committee members</div></div></div> | TD/GF/S<br>S | <div><div>On-going review and implementation of officer and member training plans.</div><div>Effective performance management system in place which is regularly reviewed.</div><div>Training for new Planning Committee members delivered in May 2016 and structured ongoing Planning Committee training delivered on a regular basis.<br/><b>Programme of training now in place with members of the planning committee</b></div></div> |          | <div><div>On-going</div><div>On-going.</div><div>On-going.</div></div> | 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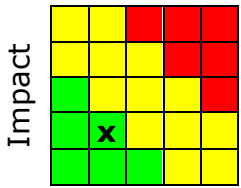
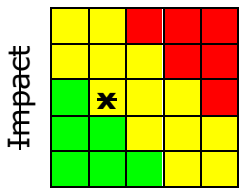
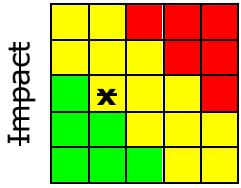
| Risk Description  | Possible Triggers  | Possible Consequences   | Risk Mitigation/Control  | Officer | Action(s)   | Resource | Due Date  | Residual Risk Rating   |
|---|--|---|--|---------|---|----------|---|--|
| 8. Failure to properly consider and determine planning applications following the correct procedures and in accordance with all relevant material considerations. | <p>Incorrectly trained staff or Planning Committee members.</p> <p>Out of date or incorrect procedures</p> | <p>Impact of inappropriate or poor quality development within the District.</p> <p>Potential challenges to or appeals against planning decisions (and the associated work).</p> <p>Inability to take enforcement action for example in respect of compliance with approved plans or planning conditions.</p> <p>Impact upon WDC reputation.</p> | <p>Proactive monitoring and delivery of identified staff training requirements.</p> <p>On-going engagement with/training for Planning Committee members.</p> <p>On-going review and improvement of procedures.</p> | GF/SS   | <p>On-going implementation of officer and member training plans.</p> <p>Regular team meetings; 1-1's and appraisals undertaken.</p> <p>Training for new Planning Committee members delivered in May 2016 and structured ongoing Planning Committee training delivered on a regular basis.</p> <p>Increasingly structured ongoing review of appeal decisions being introduced from May 2016.</p> |          | <p>On-going.</p> <p>On-going.</p> <p>On-going.</p> <p>.</p> | <p>Impact</p>  <p>Likelihood</p> <p>No change from August 2016.</p> |

| Risk Description   | Possible Triggers   | Possible Consequences   | Risk Mitigation/Control   | Officer | Action(s)  | Resource | Due Date                                     | Residual Risk Rating  |
|--|---|---|---|---------|--|----------|--|---|
| 9. Failure to effectively enforce against unauthorised development where it is expedient to do so. | Volume of workload; incorrectly trained or motivated staff; insufficient staffing relative to workload. | Impact of inappropriate or poor quality development within the District.<br><br>Impact upon WDC reputation. | <p><del>Ensure that staffing/resourcing correlates to workload levels.</del></p> <p><del>Continued proactive on-going management and support of staff.</del></p> <p><del>Continued monitoring of workload levels and performance.</del></p> <p><del>Proactive monitoring and delivery of identified staff training requirements.</del></p> <p><del>Continued proactive on-going management and support of staff.</del></p> <p><b>Continued monitoring of workload levels, and performance and procedures.</b></p> <p><b>Proactive Monitoring and delivery of identified staff and planning committee training requirements.</b></p> | GF/RL   | <p>Continued development and training of the enforcement team.</p> <p>Effective performance management system in place which is regularly reviewed.</p> <p>Regular contact and liaison with legal colleagues.</p> <p><b>Attending Parish and Town Council meetings to be proactive regarding any potential issues.</b></p> |          | <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> | <div> <div>Impact</div> <div>Likelihood</div> </div> <p>No change since last review</p> |

| Risk Description  | Possible Triggers   | Possible Consequences   | Risk Mitigation/Control   | Officer   | Action(s)   | Resource | Due Date                 | Residual Risk Rating  |
|---|---|---|---|---|---|----------|--------------------------|---|
| 10. Failure to effectively monitor the delivery of Section 106 agreement requirements.            | Insufficient staffing/manner in which staffing is organised.                            | Absence of required infrastructure or contributions required to support the development or to offset the impacts of the development resulting in poor quality or insufficiently mitigated development.<br><br>Impact upon WDC reputation. | Provision of appropriate resourcing.  | TD/GF<br><br><br>RL/CG/GF/WCC and other colleagues. | <del>Following its introduction the ongoing review and refinement of the Section 106 monitoring spreadsheet.</del><br><b>Established procedures and publicly available database monitored regularly.</b><br><br>Increased focus within WDC and WCC to ensure the most effective use of that funding and joined up monitoring. |          | Ongoing<br><br>Ongoing   | <div> <div>Impact</div> <div>Likelihood</div> </div><br>Revised impact due to actions.  |
| 11. Failure to manage customer expectations appropriately and deliver work to those expectations. | High workload volume; insufficient capacity arising from staffing relative to workload. | Impact upon WDC reputation.<br><br>Increased enquiries and complaints themselves resulting in additional workload.  | Ensure that staffing/resourcing correlates to workload levels.<br><br>Continued monitoring of workload levels and performance.<br><br>Use of appropriate mechanisms to deliver appropriate messages to customers. | SS/RL/N C/GF  | Review and development of fortnightly monitoring report.<br><br>Monitoring of complaints received, outcomes identified and actions arising ongoing.<br><br><del>Weekly team meetings introduced.</del>  |          | Completed<br><br>Ongoing | <div> <div>Impact</div> <div>Likelihood</div> </div><br>Revised due to close monitoring |

| Risk Description   | Possible Triggers  | Possible Consequences  | Risk Mitigation/Control   | Officer | Action(s)   | Resource | Due Date                             | Residual Risk Rating  |  |  |  |  |  |  |  |  |  |  |   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| 12. Failure to ensure that Planning Committee operates smoothly. | Failure of IT.<br><br>Absence of provision of required information to committee. | Impact upon WDC reputation: for many customers this is the only point at which they will come into contact with WDC planning services.<br><br>Delays in the decision making process. | Ensure that IT arrangements are fit for purpose.<br><br>Ensure that staff is appropriately trained. | TD/GF   | <del>Improvements made to IT and microphones at the Town Hall with positive results.</del><br><br><del>On-going implementation of officer and member training plans.</del><br><br><del>Training for new Planning Committee members delivered in May 2016 and structured ongoing Planning Committee training delivered on a regular basis.</del><br><br><del>Organisation and administration of Planning Committee operation now undertaken on a collaborative and team-based approach including with members.</del><br><br><b>Improvements programmed for the PA system at the Town Hall.</b><br><br><b>Programme of training for members and staff in place.</b> |          | <del>Completed.</del><br><br>Ongoing | <div>Impact</div> <table><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>x</td><td>o</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table> <div>Likelihood</div> <div>No change from February 2016<br/>Likelihood reduced May 2017</div> |  |  |  |  |  |  |  |  |  |  | x | o |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Risk Description   | Possible Triggers   | Possible Consequences  | Risk Mitigation/Control   | Officer | Action(s)   | Resource | Due Date | Residual Risk Rating  |
|--|---|--|---|---------|---|----------|----------|---|
| 13. Failure to maintain up to date records of <b>protect</b> the historic environment. | High workload volume; incorrectly trained or motivated staff; insufficient staffing relative to workload. | The value of heritage assets not fully taken into account within the decision making process to the detriment of the protection of those assets.<br><br>Inappropriate use of historic building grants. | <del>Ensure that staffing/resourcing correlates to workload levels.</del><br><br><del>Continued proactive on-going management and support of staff.</del><br><br><del>Continued monitoring of workload levels and performance.</del><br><br><del>Proactive monitoring and delivery of identified staff training requirements.</del><br><b>Ensure that staffing/resourcing correlates to workload levels.</b><br><br><b>Continued monitoring of workload levels and performance.</b> | NC/GF   | <del>Recent introduction of an Assistant Conservation Officer</del> <b>will Maintain current staffing levels</b> to ensure that key tasks and processes are undertaken in the most effective manner.<br><br>Initial review of the operation of CAF completed with ongoing reviews on an annual basis.           |          |          | <br>No change since August 2016.   |
| 14. Failure to maintain an accurate land charges register.                             | High workload volume; incorrectly trained or motivated staff; insufficient staffing relative to workload. | The provision of incorrect information in response to search questions.<br>Potential for claims against WDC.<br><br>Loss of public confidence/impact upon WDC reputation.                              | <del>Insurance cover in place for financial loss claims.</del><br><br><del>Continued proactive on-going management and support of staff.</del><br><br><del>Proactive monitoring and delivery of identified staff training requirements.</del><br><br><del>Ensure that staffing/resourcing correlates to workload levels.</del><br><br><del>Continued monitoring of workload levels and performance.</del><br><br><b>Ongoing training of staff to meet service demand</b>            | MM/GF   | <del>Review of procedures and IT completed.</del> Electronic hub in use for personal searches to enable self-service and reduce impact on resources.<br><br><del>Ongoing review of performance with follow up actions as necessary.</del><br><br>Working towards transfer of land charges to the land registry. |          | On-going | <br>Revised due to actions taken |

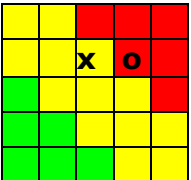
| Risk Description  | Possible Triggers   | Possible Consequences  | Risk Mitigation/Control   | Officer | Action(s)   | Resource         | Due Date  | Residual Risk Rating   |
|---|---|--|---|---------|---|------------------|-----------|--|
| 15. Failure to undertake standard property searches within required timescale (10 days) | High workload volume; incorrectly trained or motivated staff; insufficient staffing relative to workload.                           | Potential for claims against WDC.<br><br>Loss of public confidence/impact upon WDC reputation.   | <del>Continued proactive on-going management and support of staff.</del><br><br><del>Proactive monitoring and delivery of identified staff training requirements.</del><br><br>Ensure that staffing/resourcing correlates to workload levels.<br><br><del>Continued monitoring of workload levels and performance.</del><br><b>On-going training of staff</b> | MM/GF   | <del>Maintenance of current performance.</del><br><b>Regular ongoing review of performance with follow up actions as necessary.</b> |                  | Ongoing   | <br>No change since last review   |
| <del>16. Inaccurate CON29 search responses provided.</del>                              | <del>Incorrect records.</del><br><br><del>Incorrectly trained or motivated staff; insufficient staffing relative to workload.</del> | <del>Potential for claims against WDC.</del><br><br><del>Refund of search fees</del><br><del>Loss of public confidence/impact upon WDC reputation.</del> | <del>Insurance cover in place for financial loss claims.</del><br><br><del>Continued proactive on-going management and support of staff.</del><br><br><del>Continued monitoring of workload levels and performance.</del>   | MM/GF   | <del>Regular ongoing review of performance with follow up actions as necessary.</del>   |                  | On-going  | <br>No change in score from 2013 |
| 17. Potential for financial claims relating to property damage arising from TPO trees.  | Damage to property arising from presence of TPO tree(s).  | Potential for significant financial claims against WDC which are not insurable.  | <del>Officer awareness of potential risks at the time that making of TPO is being considered.</del><br><br>Robust defence against claims.   | RL/GF   | <del>Review of procedures completed.</del>  | Enforcement team | Completed | <br>No change since last review |

GF: Gary Fisher  
TD: Tracy Darke  
SS: Sandip Sahota  
RL: Rajinder Lalli

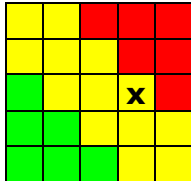
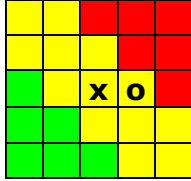
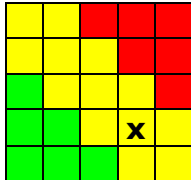
CG: Chris Garden  
MM: Michael Martin  
NC: Nick Corbett

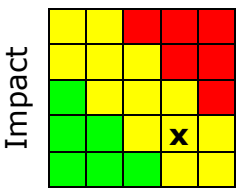
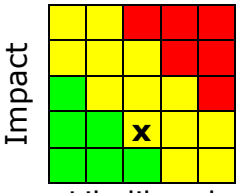
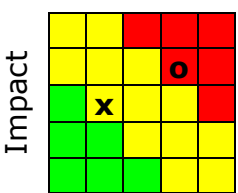


## Planning Policy Risk Register

| Risk description  | Possible Triggers   | Possible Consequences  | Risk Mitigation/Control  | Officer  | Action(s)  | Resource   | Due Date                                     | Residual Risk Rating  |
|---|---|--|--|----------|--|--|--|---|
| 18. Policy and Dev:<br>Losing planning appeals or failing to deliver adequate infrastructure for development as a result of not having an up to date Local Plan in place<br>(part of the Strategic risk Register) | Receipt of major planning applications prior to adoption of the Local Plan<br><br>Lack of a 5 year supply of housing land | <p>We could lose planning appeals on sites which are not preferred by the Council</p> <p>We could lose appeals or be in a position where we have to grant permission for applications which do not deliver the quality of development or infrastructure that we would require through the Local Plan (e.g. recent Asps and Gallows Hill appeal)</p> <p>Reputation with the residents could be undermined as could fail to deliver aspirations for delivery of quality development as set out in the emerging local plan</p> <p>Financial implications with regard to infrastructure, New Homes Bonus, etc.</p> | <p><del>Progress towards a submission draft local plan as quickly as possible and then on to adoption</del></p> <p>Ensure Local Plan adoption progress remains the team's top priority and manage competing priorities</p> <p>Develop infrastructure requirements, costs and delivery mechanisms in advance of the Local Plan so that these can be applied when planning applications are received</p> <p>More detailed Local Plan Risk Register – also SBRR</p> <p>S106 funding for Site Delivery Officers has been secured</p> | D Butler | <p>Develop and implement proposals for infrastructure funding</p> <p>Continue to meet with potential developers to ensure they are aware of our approach and are able to respond to this should proposals be considered for approval in advance of the Local Plan</p> <p>Seek to adopt Local Plan in September</p> | Planning Policy Team plus Sites Delivery Officer | <p>Ongoing</p> <p>Ongoing</p> <p>Sept 17</p> | <div style="text-align: center;">  <p>Impact</p> <p>Likelihood</p> </div> <p>Reason:<br/>Risk reduced to reflect Local Plan progress and 5 year land supply</p> |

|  |   |  |  |          |   |                            |             |  |
|--|---|--|--|----------|---|----------------------------|-------------|--|
| 19. Policy and Dev:<br>Local Plan is found<br>unsound<br>(part of the<br>Strategic risk<br>Register) | Developer challenge<br>before local plan<br>Complete.   | None or reduced<br>achievement of<br>objectives.   | <del>Published timetable. (HoDS)</del>   | D Butler | <del>Ensure issues regarding G&amp;T sites<br/>are carefully managed and<br/>explained through the EIP hearing</del>  | Planning<br>Policy<br>Team | May<br>2016 | <div> <p>Risk Reduced:</p> <p>Reason:<br/>Indications from<br/>the Inspector<br/>that the Plan will<br/>found sound</p> </div> |
|  | Political<br>procrastination.<br><br>Lack of involvement<br>of<br>external key<br>players.<br><br>Local Plan not<br>evidenced<br>properly.<br><br>Failure to<br>adequately address<br>controversial issues<br>such as village<br>green belt<br>boundaries and<br>gypsy and traveller<br>sites | Adverse financial impacts<br>such as failure to set the<br>Community Infrastructure<br>Levy, loss of New Homes<br>Bonus,<br><br>Reputational damage.<br><br>Possible legal action for<br>damages.<br><br>Development not where<br>required.<br><br>Wasted resources involve<br>in reworking the Local<br>Plan and increased costs.<br><br>Additional work.<br><br>Reduction in investment<br>in area.<br><br>Increase in appeals.<br><br>Risk of insufficient<br>Infrastructure Funding. | <del>Plan based on robust evidence.<br/>(HoDS)</del><br><br><del>Project management. (HoDS)</del><br><br><del>Local Plan Programme Board.<br/>(HoDS)</del><br><br><del>Local Plan Risk Register.<br/>(HoDS)</del><br><br><del>Agree Gypsy and Traveller<br/>sites. (Members)</del><br><br><del>Appeal letter sent to Greg<br/>Clarke,<br/>Secretary of state for DCLG.<br/>(HoDS)</del><br><del>Adhere to agreed suspension<br/>timetable</del><br><br><del>Regular members briefings</del><br><br>Ensure effective Duty to<br>Cooperate -<br>MoU agreed |          | <del>Submit revised Local Plan<br/>proposals in line with the MoU and<br/>agreed suspension timetable and<br/>process</del><br><br><del>Provide clear evidence to support<br/>proposals through the EIP process</del> |                            |             |  |

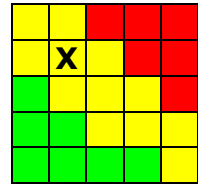
|  |  |   |  |          |   |                            |   |   |
|--|--|---|--|----------|---|----------------------------|---|---|
| NEW RISK<br><br>20. Policy and Dev:<br>Legal Challenge to<br>Local Plan  | Legal challenge<br>Following adoption<br><br>Likely to be as<br>result of :<br>Challenge to<br>housing numbers or<br>the process for<br>consulting on the<br>Main Modification or<br>a challenge to sites<br>that have not been<br>allocated   | Continued uncertainty for<br>local plan and housing<br>delivery<br><br>Potential that we lose the<br>legal challenge with need<br>to amend plan and or<br>carry out further<br>consultation<br><br>Worst case scenario<br>(which is unlikely) would<br>be the need to<br>significantly review the<br>Plan | Legal advice obtained<br><br>Assurance from Inspector<br>south and provided that the<br>prices he has set out is legally<br>compliant and has been<br>utilised elsewhere.  | D Butler | No further action required at this<br>stage   |                            |   | <div> <div>Impact</div>  <div>Likelihood</div> </div><br>Reason:<br>Indications from<br>the Inspector<br>that the Plan will<br>found sound                         |
| 21. Policy and Dev:<br>Community<br>Infrastructure Levy<br>(CIL) scheme is not<br>in place in time for<br>Local Plan adoption  | Availability of<br>Inspector to prepare<br>final report<br><br>Difficulty to putting<br>in place processes<br>for managing and<br>operating CIL across<br>multiple services<br>and organisations<br><br>Delay to the Local<br>Plan has caused<br>delays to CIL and<br>could continue to do<br>so | Unable to lever the<br>funding required to<br>support identified<br>infrastructure<br>requirements.<br><br>Impact of not having the<br>local plan in place.   | Ensure CIL proposals are<br>evidenced based and are<br>compliant with CIL regulations<br><br>More detailed Local Plan Risk<br>Register<br><br>Ensure evidence base to<br>support S106 contributions is<br>sound and ensure that<br>approaches are agreed with<br>infrastructure providers to<br>avoid pooling issues | D Butler | Continue the planning for the<br>operation of CIL and ensure there<br>are corporate resources to support<br>this<br><br>Provide further information<br>required for CIL examination<br><br>Ensure evidence base to support<br>S106 contributions for all major<br>planning applications is sound and<br>ensure that approaches are agreed<br>with infrastructure providers to<br>avoid pooling issues | Planning<br>Policy<br>Team | Sept<br>2017<br><br>Sept<br>2017<br><br>Ongoing | <div> <div>Impact</div>  <div>Likelihood</div> </div><br>Risk Reduced<br>Reason:<br>CIL Examination<br>progressing well<br>and CIL<br>processes being<br>designed |
| 22. Policy and Dev:<br>Failure to provide<br>appropriate advice<br>to officers, members<br>and developers in<br>relation to local plan<br>policies and<br>development<br>proposals | Progress on the<br>Local Plan in general<br>(but G&T sites and<br>villages in<br>particular) becomes<br>very time<br>consuming<br><br>Unable to provide<br>sufficient resources<br>to support these<br>areas of work   | Inappropriate<br>development or poor<br>quality development<br>could result<br><br>Legal challenge  | Ensure that advice is provided<br>for the most significant<br>developments<br><br>Ensure staff across<br>development services are<br>aware of progress on policy<br>development, sites, and<br>infrastructure  | D Butler | Continue regular briefings for<br>Development Services  | Planning<br>Policy<br>Team | Ongoing   | <div> <div>Impact</div>  <div>Likelihood</div> </div><br>No change   |

|  |   |   |  |          |  |                      |         |  |
|--|---|---|--|----------|--|----------------------|---------|--|
| 23. Policy and Dev:<br>Failure to make progress on corporate priorities and other requirements such as Town Centre plans; HIMO policies; CIL scheme;   | Progress on the Local Plan very time consuming<br><br>Unable to provide sufficient resources to support these areas of work | Progress on key documents could be delayed meaning specific policies are not in place to support development<br><br>Reputation undermined due to failure to meet commitments that have been made publically | Regular prioritisation of work through services and corporate management team meetings<br><br>Manage expectations by publishing and sticking to realistic timescales<br><br>Staff recruitment to fill key identified work gaps   | D Butler | Continually monitor workload through the project plan to ensure that adequate resources are available.                                       | Planning Policy team | Ongoing |  <p>Likelihood</p> <p>No change</p>   |
| 24. Policy and Dev:<br>Not properly representing the Council's interests in responding to other local authority's / organisation's consultations (for instance other local plans, HS2, etc.) | Major requests for consultation at a time when team resources are focused on competing priorities                           | Missed opportunities to influence the location and nature of development within the area.   | Prioritise consultations that have the most significant impacts on the District<br><br>Ensure key issues are addressed in advance through the Duty to Cooperate<br><br>Staff recruitment to fill key identified work gaps  | D Butler | As above   | Planning Policy team | Ongoing |  <p>Likelihood</p> <p>No change</p>  |
| 25. Policy and Dev:<br>Not meeting legislative and regulatory requirements (excluding Local Plan – see new risk above)   | Failure to understand or be aware of new and changing legislation and regulations<br><br>Lack of training and development   | Legal challenge to development plan documents<br><br>Impact on resources and finances<br><br>Impact on Council reputation   | Keeping abreast of planning legislation and regulation through <ul style="list-style-type: none"> <li>specialist publications and websites</li> <li>training, courses and seminars</li> <li>discussions with colleagues within the Planning profession</li> <li>sharing new developments in planning amongst the team</li> </ul><br>Seek specific legal advice where necessary | D Butler | Take action to fully understand the implications of the Housing and Planning Act, particularly once the associated regulations are published | Planning Policy team | Ongoing |  <p>Likelihood</p> <p>Reduced as Local Plan risk has been separated out<br/>Uncertainties</p> |

## Building Control Risk Register

| Risk Description  | Possible Triggers  | Possible Consequences   | Risk Mitigation/Control   | Officer                              | Action(s)  | Resource                   | Due Date  | Residual Risk Rating  |
|---|--|---|---|--------------------------------------|--|----------------------------|---|---|
| <b>Building Control Risks</b>                                       |  |   |   |                                      |  |                            |   |   |
| 26. Losing work and therefore loss of income to Approved Inspectors | Increased number of Initial Notices received from Approved Inspectors. | Substantial loss of work and therefore income to competitors.<br><br>Possible staff implications. | Proactive marketing and promotion of our services.<br><br>Improved site inspection service i.e. weekend inspections together with early and late inspections to suit clients' requirements.<br><br>Encouraging Partnerships with clients. | <del>All B.C. Officers</del><br>BC's | <b>Joint working with other Local Authorities to provide resilience. Shared service now set up as WBC</b><br><br><del>Head of B.C.</del> Head of Consortium in one to one meetings with new and existing clients.<br><br>Active promotion of Building Control Service <b>through other parts of the Council</b> Planning officers and ED&R<br><br><b>Promotion of Service through organised events including "Breakfast Meetings" and other similar events</b> | Staff and time<br><br>Time | <del>April 2015</del><br>Commenced All Ongoing<br><br>Ongoing | <div> <div>Impact</div> <div>Likelihood</div> </div> <p>No change since last review</p> |

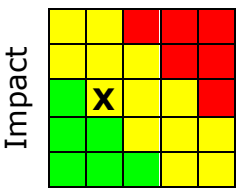
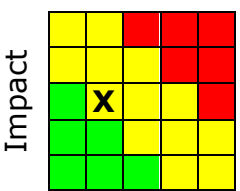
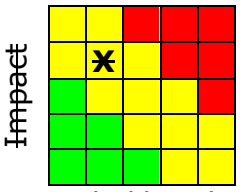
| Risk Description  | Possible Triggers                               | Possible Consequences  | Risk Mitigation/Control   | Officer  | Action(s)  | Resource   | Due Date | Residual Risk Rating  |
|---|---|--|---|--|--|------------|----------|---|
| 27. Failure to deal with Receipting, Acknowledging and Processing Building Regulation Applications. | Surge of workload, and staff ratio to workload. | Decisions not given within statutory time period.<br>This could result in fees being returned.                                       | All applications received are recorded daily in Acolaid, and decisions are monitored daily.   | Admin  | Continued daily monitoring<br><br>Data from Daventry DC and Rugby BC migrated to WBC systems.<br><br>Additional training provided to all staff in the use of Acolaid and Idox. | Staff      | Ongoing  | <div> <div>Impact</div> <div>Likelihood</div> </div> <p>No change in score from 2013</p> <p>No change since last review</p> |
|   | System failure                                  |  | All applications received are allocated to <del>Officers</del> Consultants within two working days of receipt; ensuring applications are processed within the prescribed period.  |  |  |            |          |   |
|   | Incorrect advice and poor decision making       | Work could progress on site without approved plans, which could lead to defective work and Council having to pay for remedial works. | <del>All B.C. Officers professionally qualified and CPD courses attended.</del> Building Consultants qualified to various levels, less qualified staff supervised and assisted by more senior staff.<br><br>Complex projects overviewed by Principal Consultants / <del>Head of B.C.</del> Head of Consortium | <del>Officers/ Principal B.C.O./ Head of B.C.</del> HoC, PBC's, BC's<br><del>Principal B.C.O./ Head of B.C.</del> HoC, PBC's | Continually update CPD and statutory regulation changes.   | Funding    | Ongoing  |   |
|   |   | Reputational damage – Clients taking their work to Approved Inspectors.  | Clients contacted periodically to ensure performance standards are maintained.  | <del>PBC's/BC's</del> <del>Officers/ Principal B.C.O.</del>  | One to one personal contact with Clients / Partners on a regular basis.  | Staff Time | On-going |   |
|   | Incorrect fee processing                        | Failure to assess fees correctly could result in reduced income.   | Building Consultants qualified to various levels, less qualified staff supervised and assisted by more senior staff.<br><br><del>Fees checked by professional B.C. Officers, consulting with Principal</del>  |  | Sample checking and monitoring by Principal <del>Officer</del> Consultant.   | Staff Time | On-going |   |

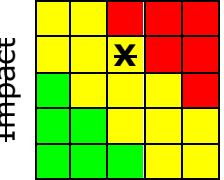
| Risk Description   | Possible Triggers  | Possible Consequences   | Risk Mitigation/Control  | Officer  | Action(s)  | Resource       | Due Date                         | Residual Risk Rating   |
|--|--|---|--|--|--|----------------|----------------------------------|--|
|  | Shortage of staff  | As above  | <del>Officer where necessary.</del>  |  | Consultants work flexibly to cover short term variations in staffing levels.<br><br><del>Joint working with Rugby and Daventry. Now Shared Service as WBC so resilience in place</del>                         |                | Ongoing<br><del>April 2015</del> |  |
| 28. Failure to carry out Site Inspections<br><br>Incorrect / poor advise advice. | Staff ratio to workload – Failure to attend.<br>Staff shortages.<br><br>System failure – notification of inspections not received.<br><br>Poor decision making – bad/incorrect advice given. | Failure to attend at critical inspection stages could result in defective construction being covered up, with possible long term problems.<br><br>Poor decisions/bad advice can result in defective buildings. Apart from environmental concerns, there may be financial repercussions for any remedial works and possible litigation | Building Consultants qualified to various levels, less qualified staff supervised and assisted by more senior staff.<br><del>All site Officers are fully qualified professional Officers. Two new officers recruited September 2016 at assistant level, long term training required for succession planning.</del><br><br>Regular update on Regulation changes and attendance on relevant CPD courses. | <del>B.C.O's / Principal / Head of B.C.</del><br>HoC,<br>PBC's,<br>BC's<br><del>B.C.O's / Principal / Head of B.C.</del><br>HoC,<br>PBC's,<br>BC's | Continually review staffing levels.<br><br>Continued CPD and updates on legislation.   |                | On-going<br><br>On-going         | <div>Impact</div>  <div>Likelihood</div><br>No change since last review |
|  | Compensation Claims  | Costs against Council   | Building Consultants qualified to various levels, less qualified staff supervised and assisted by more senior staff.<br><br>Professional indemnity Insurance<br><br><del>All site officers are fully qualified professional Officers. Two new officers recruited September 2016 at assistant level, long term training required for succession planning.</del>   | Principal BC's and BC's<br><del>B.C.O's / Principal</del>  | Continued CPD and legislation updates.<br><br>Additional Professional training course for assistant Building Consultants.<br><br><b>Careful consideration of actions to ensure that we reduce liabilities.</b> | Finance / Time | On-going                         |  |



| Risk Description | Possible Triggers  | Possible Consequences | Risk Mitigation/Control | Officer | Action(s) | Resource | Due Date | Residual Risk Rating |
|------------------|--|-----------------------|-------------------------|---------|-----------|----------|----------|----------------------|
|                  | On site aggravation / confrontation<br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br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|                       |                         |         |           |          |          |                      |



| Risk Description  | Possible Triggers   | Possible Consequences   | Risk Mitigation/Control  | Officer  | Action(s)   | Resource                  | Due Date   | Residual Risk Rating  |
|---|---|---|--|--|---|---------------------------|--|---|
| 30. Demolitions<br>Failure to attend and give advice.   | Lack of Trained, qualified staff<br><br>System failure.   | Incorrect advice could result in damage to adjacent buildings, services and general disruption.   | Demolitions attended to by fully qualified staff.  | PBC /<br><del>Head of B.C.</del> /<br>HoC/HoD<br>S                         | <del>Joint working with Rugby and Daventry on overall cover.</del><br><br>Demolition applications and inspections monitored by Principal Building Consultants.            | Funding /<br>Time         | <del>Actioned April 2015</del><br><br>Ongoing                | <br>No change since last review    |
| <b>31. Fire Safety, Safety at Sports Grounds and Temporary Stands and Structures</b><br><br><b>Failure to inspect at regular set times.</b> | Lack of suitably trained, qualified staff.<br><br>Poor advice / decision making                       | Lack of knowledge and inadequate advice could result in dangerous conditions for the public generally.<br><br>Poor advice to building owners and internal Service Areas could result in poor design and costly remedial measures. | <b>Principal Building Consultants and Head of B.C. Head of Consortium work closely with Fire Prevention Officers on all cases.</b> | PBC's<br><del>B.C.O.</del> /<br><del>Head of B.C.</del><br>HoDS,<br>HoC    | Continued refresher courses and updates. Liaison with Fire Service.<br><br><del>Joint working with Rugby and Daventry.</del><br><br><b>Review of Fire Safety in flats</b> | Funding /<br>Time         | Ongoing<br><br><del>Actioned April 2015</del><br><br>Ongoing | <br>No change since last review   |
| <del>32. Temporary Stands and Structures</del><br><del>Failure to inspect and advise.</del>   | <del>Lack of suitably trained, qualified staff.</del><br><br><del>Poor advice / decision making</del> | <del>Lack of knowledge and inadequate advice could result in dangerous conditions for the public generally.</del><br><br><del>Poor advice to building owners and internal Service Areas could result</del>                        | <del>Principal and Head of B.C. Head of Consortium work closely with Fire Prevention Officers on all cases.</del>                  | <del>Principal B.C.O. / Head of B.C. / Head of Development Services.</del> | <del>Continued refresher courses and updates. Liaison with Fire Service.</del><br><br><del>Joint working with Rugby and Daventry.</del>                                   | <del>Funding / Time</del> | <del>Ongoing</del><br><br><del>Actioned April 2015</del>     | <br>No change in score from 2013 |

| Risk Description   | Possible Triggers   | Possible Consequences   | Risk Mitigation/Control  | Officer   | Action(s)   | Resource       | Due Date                           | Residual Risk Rating  |
|--|---|---|--|---|---|----------------|------------------------------------|---|
|  |   | in poor design and costly remedial measures.  |  |   |   |                |                                    |   |
| 33. Fire Safety and HIMO's Failure to inspect and consult with Fire Service. | Lack of suitably trained, qualified staff.<br><br>Poor advice / decision making | Lack of knowledge and inadequate advice could result in dangerous conditions for the public generally.<br><br>Poor advice to building owners and internal Service Areas could result in poor design and costly remedial measures. | Principal and Head of B.C. Head of Consortium work closely with Fire Prevention Officers on all cases. | Suitably qualified B.C. officers /Principal B.C.O. / Head of B.C. / Head of Development Services. | Continued refresher courses and updates. Liaison with Fire Service.<br><br>Joint working with Rugby and Daventry. | Funding / Time | Ongoing<br><br>Actioned April 2015 |  <p>No change in score from 2013</p> |

HoDS – Head of Development Services

HoC – Head of Consortium

PBC – Principal Building Consultant

BC – Building Consultants

## Methodology for assessing risk: Criteria for scoring residual risk rating

## Probability of Occurrence

| Estimation                  | Description  | Indicators   |
|-----------------------------|--|--|
| <b>5: High (Probable)</b>   | Likely to occur each year (e.g. considered as more than 50% chance of occurrence in any year).               | <ul style="list-style-type: none"> <li>Potential of it occurring several times within the specified period (for example - ten years).</li> <li>Has occurred recently.</li> </ul>   |
| <b>4: Medium to High</b>    | Apply judgement  | Apply judgement  |
| <b>3: Medium (Possible)</b> | Likely to occur during a 10 year period (considered as between 5% and 25% chance of occurrence in any year). | <ul style="list-style-type: none"> <li>Could occur more than once within the specified period (for example - ten years).</li> <li>Could be difficult to control due to some external influences.</li> <li>There's a history of occurrence</li> </ul> |
| <b>2: Low to Medium</b>     | Apply judgement  | Apply judgement  |
| <b>1: Low (Remote)</b>      | Not likely to occur in a 10 year period (considered as less than 2% chance of occurrence in any year).       | <ul style="list-style-type: none"> <li>Has not occurred.</li> <li>Unlikely to occur.</li> </ul>  |

## Consequences

| Estimation               | Description   |
|--------------------------|---|
| <b>5: High</b>           | <ul style="list-style-type: none"> <li>Financial impact on the organisation is likely to exceed £500K</li> <li>Significant impact on the organisation's strategy or operational activities</li> <li>Significant stakeholder concern</li> </ul>      |
| <b>4: Medium to High</b> | Apply judgement   |
| <b>3: Medium</b>         | <ul style="list-style-type: none"> <li>Financial impact on the organisation likely to be between £100K and £250K</li> <li>Moderate impact on the organisation's strategy or operational activities</li> <li>Moderate stakeholder concern</li> </ul> |
| <b>2: Low to Medium</b>  | Apply judgement   |
| <b>1: Low</b>            | <ul style="list-style-type: none"> <li>Financial impact on the organisation likely to be less than £10K</li> <li>Low impact on the organisation's strategy or operational activities</li> <li>Low stakeholder concern</li> </ul>                    |

**Risk Management Framework: Engagement of Members**  
**Endorsed by Executive 11<sup>th</sup> January 2012**

**Executive**

- § The SBRR to continue to be reviewed on a quarterly basis by Executive (and so by extension Finance & Audit Scrutiny Committee).

**Finance & Audit Scrutiny Committee**

- § In conjunction with this, Finance & Audit Scrutiny Committee will also review each quarter a specific Service Area's Risk Register, focusing on the high risks.

This will necessitate the attendance of the relevant Service Area Manager to present their risk register and answer questions from members of Finance & Audit Scrutiny Committee on it. This approach will mean that over a two year period, the Committee will review all Service Risk Registers (SRR).

**Portfolio Holders**

- § Portfolio Holders to review their respective SRR quarterly with their service area managers.
- § Although not mandatory, Shadow Portfolio Holders are encouraged to review the SRR of their respective Portfolios with service area managers on a quarterly basis also.
- § Portfolio Holder Statements (PHS) are to include the top three risks facing their services.

|  |   |                                    |
|--|---|------------------------------------|
|  <b>Finance &amp; Audit Scrutiny Committee</b><br><b>26 July 2017</b>   |   | <b>Agenda Item No.</b><br><b>7</b> |
| <b>Title</b>   | <b>Comments from the Executive</b>  |                                    |
| <b>For further information about this report please contact</b>  | Amy Barnes<br>Senior Committee Services Officer<br>01926 456114<br><a href="mailto:committee@warwickdc.gov.uk">committee@warwickdc.gov.uk</a> |                                    |
| <b>Service Area</b>  | Civic & Committee Services  |                                    |
| <b>Wards of the District directly affected</b>   | n/a   |                                    |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b> | No  |                                    |
| <b>Date and meeting when issue was last considered and relevant minute number</b>  | n/a   |                                    |
| <b>Background Papers</b>   | Executive – 08.02.2017  |                                    |

|  |    |
|--|----|
| <b>Contrary to the policy framework:</b>                                   | No |
| <b>Contrary to the budgetary framework:</b>                                | No |
| <b>Key Decision?</b>   | No |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | No |

|  |             |             |
|--|-------------|-------------|
| <b>Officer/Councillor Approval</b>   |             |             |
| With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s). |             |             |
| <b>Officer Approval</b>  | <b>Date</b> | <b>Name</b> |
| Deputy Chief Executive   |             |             |
| Chief Executive  |             |             |
| CMT  |             |             |
| Section 151 Officer  |             |             |
| Legal  |             |             |
| Finance  |             |             |
| Portfolio Holders  |             |             |

|  |     |
|--|-----|
| <b>Consultation Undertaken</b>   |     |
| n/a  |     |
| <b>Final Decision?</b>   | Yes |
| <b>Suggested next steps (if not final decision please set out below)</b> |     |

## **1. Summary**

- 1.1 This report summarises the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 28 June 2017.

## **2. Recommendation**

- 2.1 That the responses made by the Executive be noted, as set out in Appendix 1 to the report.

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

- 3.1 This report is produced to create a dialogue between the Executive and the Finance & Audit Scrutiny Committee, ensuring that the Scrutiny Committee is formally made aware of the Executive's responses.

## **4. Alternative Options Considered**

- 4.1 The Committee receives and notes the minutes of the Executive instead.

## **5. Budgetary Framework**

- 5.1 There is no impact on the budgetary framework. This is for the Committee's information only.

## **6. Policy Framework**

- 6.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

## **7. Background**

- 7.1 As part of the scrutiny process, the Committee no longer considers the whole of the Executive agenda.
- 7.2 Councillors are emailed at the time of the publication of the Executive and Scrutiny Committee agendas, asking them to contact Committee Services by 9.00 am on the day of the Scrutiny Committee, to advise which Executive items they wish the Scrutiny Committee to pass comment on and the reasons why.
- 7.3 As a result, at its meeting on 4 April 2017, the Finance & Audit Scrutiny Committee considered the items detailed in the appendices. The responses which the Executive gave are also shown.

## Appendix 1

### Responses from the meeting of the Executive held on 28 June 2017 to the Finance and Audit Scrutiny Committee's comments

|                           |   |              |  |
|---------------------------|---|--------------|--|
| <b>Item no</b>            | 4   | <b>Title</b> | <b>Review of Warwick District Council Members' Allowances Scheme</b> |
| <b>Scrutiny Comment</b>   | The Finance & Audit Scrutiny Committee noted the recommendations in the report. |              |  |
| <b>Executive Response</b> | No response was required.   |              |  |


|                           |   |              |   |
|---------------------------|---|--------------|---|
| <b>Item no</b>            | 5   | <b>Title</b> | <b>St Mary's Lands Masterplan and Update on Progress of Delivery Plan</b> |
| <b>Scrutiny Comment</b>   | The Finance & Audit Scrutiny Committee supported the recommendations in the report. |              |   |
| <b>Executive Response</b> | No response was required.   |              |   |

|                           |  |              |                               |
|---------------------------|--|--------------|-------------------------------|
| <b>Item no</b>            | 9  | <b>Title</b> | <b>Whitnash Community Hub</b> |
| <b>Scrutiny Comment</b>   | The Finance & Audit Scrutiny Committee supported the principle of the recommendations but raised concerns that the VAT arrangements for the project have not been fully clarified yet, some Members queried the sensitivity analysis and queried the potential lack of involvement from WCC Library Service and the Sports and Social Club.  |              |                               |
| <b>Executive Response</b> | <p>Prior to the Executive meeting, further clarification had been provided regarding the fixed costs detailed in the report.</p> <p>The Executive provided reassurances regarding the VAT issues and noted the Committee's concerns about the absence of WCC and the Sports &amp; Social Club. The Portfolio Holder for Finance reminded Members that this was a grant to Whitnash Town Council and the Council were not underwriting the finances in any way.</p> |              |                               |

|                         |   |              |  |
|-------------------------|---|--------------|--|
| <b>Item no</b>          | 10  | <b>Title</b> | <b>Transforming our Workplace Budget Provision</b> |
| <b>Scrutiny Comment</b> | The Finance & Audit Scrutiny Committee supported the recommendations in the report. |              |  |

|                           |                           |
|---------------------------|---------------------------|
| <b>Executive Response</b> | No response was required. |
|---------------------------|---------------------------|



|   |   |  |
|---|---|--|
|  <b>Finance &amp; Audit Scrutiny Committee</b><br><b>– 25 July 2017</b>  |   | <b>Agenda Item No.</b><br><br><b>8</b> |
| <b>Title</b>  | <b>Review of the Work Programme &amp; Forward Plan</b>  |  |
| <b>For further information about this report please contact</b>   | Amy Barnes<br>Senior Committee Services Officer<br>01926 456114<br><a href="mailto:committee@warwickdc.gov.uk">committee@warwickdc.gov.uk</a> |  |
| <b>Wards of the District directly affected</b>  | n/a   |  |
| <b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b> | No  |  |
| <b>Date and meeting when issue was last considered and relevant minute number</b>   | n/a   |  |
| <b>Background Papers</b>  | n/a   |  |

|  |     |
|--|-----|
| <b>Contrary to the policy framework:</b>                                   | No  |
| <b>Contrary to the budgetary framework:</b>                                | No  |
| <b>Key Decision?</b>   | No  |
| <b>Included within the Forward Plan? (If yes include reference number)</b> | n/a |
| <b>Equality &amp; Sustainability Impact Assessment Undertaken</b>          | n/a |
|  |     |

|  |             |             |
|--|-------------|-------------|
| <b>Officer/Councillor Approval</b>                                       |             |             |
| <b>Officer Approval</b>  | <b>Date</b> | <b>Name</b> |
| Deputy Chief Executive   |             |             |
| Head of Service  |             |             |
| CMT  |             |             |
| Section 151 Officer  |             |             |
| Monitoring Officer   |             |             |
| Finance  |             |             |
| Portfolio Holder(s)  |             |             |
| <b>Consultation &amp; Community Engagement</b>                           |             |             |
| n/a  |             |             |
|  |             |             |
| <b>Final Decision?</b>   |             | Yes         |
| <b>Suggested next steps (if not final decision please set out below)</b> |             |             |
|  |             |             |

## **1. Summary**

- 1.1 This report informs the Committee of its work programme for 2017/18 (Appendix 1) and the current Forward Plan (Appendix 2).

## **2. Recommendation**

- 2.1 Members consider the work programme and agree any changes as appropriate.
- 2.2 The Committee to; identify any Executive items on the Forward Plan which it wishes to have an input before the Executive makes its decision; and to nominate a Member to investigate that future decision and report back to the Committee.

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

- 3.1 The work programme should be updated at each meeting to accurately reflect the workload of the Committee.
- 3.2 If the Committee has an interest in a future decision to be made by the Executive it is within the Committee's remit to feed into the process.
- 3.3 The Forward Plan is the Executive's future work programme. If any non-Executive Member or Members highlight items which are to be taken by the Executive which they would like to be involved in, those Members can then provide useful background to the Committee when the report is submitted to the Executive and when the Committee passes comment on it.

## **4. Policy Framework**

- 4.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

## **5. Budgetary Framework**

- 5.1 All work for the Committee has to be carried out within existing resources. Therefore, there is a limit to the time available that officers will have to assist Members, so the Committee may wish to prioritise areas of investigation.

## **6. Risks**

- 6.1 This Committee contributes to the effective minimisation of risk by fulfilling its duties in a timely manner and scrutinising the work undertaken by the Executive.

## **7. Alternative Option(s) Considered**

- 7.1 The only alternative option is not to undertake this aspect of the overview and scrutiny function.

## **8. Background**

- 8.1 The five main roles of overview and scrutiny in local government are: holding to account; performance management; policy review; policy development; and external scrutiny.

- 8.2 The pre-decision scrutiny of Executive decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Executive decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 8.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve month period to give a clearer picture of how and when the Council will be making important decisions.
- 8.4 A key decision is a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.
- 8.5 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions.
- 8.6 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan. The Committee may wish to give greater consideration to the reports in Section 2 of Appendix 1, to maximise the time available for Members to input into the process.

## **Finance and Audit Scrutiny Committee WORK PROGRAMME 2017/18**

### **25 July 2017**

|   |   |            |                 |
|---|---|------------|-----------------|
| 1 | Audited Statement of Accounts 2016/17               | Audit Item | Marcus Miskinis |
| 2 | Significant Business Risk Register                  | Audit Item | Richard Barr    |
| 3 | Anti-Fraud & Corporate Strategy Review              | Audit Item | John King       |
| 4 | Service Risk Register Review (Development Services) | Audit Item | Tracy Darke     |

### **30 August 2017**

|   |                               |            |              |
|---|-------------------------------|------------|--------------|
| 1 | Annual Risk Management Report | Audit Item | Richard Barr |
|---|-------------------------------|------------|--------------|

### **26 September 2017**

|   |  |               |              |
|---|--|---------------|--------------|
| 1 | Internal Audit Quarter 1 2017/18 Progress Report     | Audit Item    | Richard Barr |
| 2 | Annual Governance Statement Qtr 1 Action Plan Report | Audit Item    | Richard Barr |
| 3 | External Audit Findings Report                       | Audit Item    | Mike Snow    |
| 4 | Contracts Registers Reviews – Finance                | Scrutiny Item | Mike Snow    |
| 5 | Procurement Strategy Half Year Update                | Scrutiny Item | John Roberts |
| 6 | Infrastructure Delivery Plan – 6 Month Update        | Scrutiny Item | Tony Ward    |

### **31 October 2017**

|   |  |               |                          |
|---|--|---------------|--------------------------|
| 1 | Service Risk Register Review (Health & Community Protection) | Audit Item    | Marianne Rolfe           |
| 2 | Significant Business Risk Register                           | Audit Item    | Richard Barr             |
| 3 | National Fraud Initiative Update                             | Audit Item    | Ian Wilson               |
| 4 | Update on Corporate Fraud Team                               | Scrutiny Item | Mike Snow / Andrea Wyatt |

### **28 November 2017**

|   |  |            |               |
|---|--|------------|---------------|
| 1 | Internal Audit Quarter 2 2017/18 Progress Report     | Audit Item | Richard Barr  |
| 2 | Annual Governance Statement Qtr 2 Action Plan Report | Audit Item | Richard Barr  |
| 3 | Treasury Management Half Year Review                 | Audit Item | Karen Allison |

**3 January 2018**

|   |                                      |               |               |
|---|--------------------------------------|---------------|---------------|
| 1 | Significant Business Risk Register   | Audit Item    | Richard Barr  |
| 2 | Contracts Register – Chief Executive | Scrutiny Item | Chris Elliott |

**6 February 2018**

|   |  |            |                 |
|---|--|------------|-----------------|
| 1 | Service Risk Register Review (Cultural Services) | Audit Item | Head of Service |
|   |  |            |                 |

**6 March 2018**

|   |  |            |              |
|---|--|------------|--------------|
| 1 | Internal Audit Quarter 3 2017/18 Progress Report     | Audit Item | Richard Barr |
| 2 | Annual Governance Statement Qtr 3 Action Plan Report | Audit Item | Richard Barr |

**4 April 2018**

|   |  |               |                    |
|---|--|---------------|--------------------|
| 1 | Significant Business Risk Register                       | Audit Item    | Richard Barr       |
| 2 | Internal Audit Strategic Plan (2018/19 to 20/20/21 plan) | Audit Item    | Richard Barr       |
| 3 | Procurement Strategy Annual Review                       | Audit Item    | John Roberts       |
| 4 | 2018/19 External Audit Plan                              | Audit Item    | Mike Snow          |
| 5 | End of Term Report                                       | Scrutiny item | Amy Barnes / Chair |
| 6 | Health & Community Protection – Contracts Register       | Scrutiny Item | Marianne Rolfe     |

**30 May 2018**

|   |   |            |               |
|---|---|------------|---------------|
| 1 | Annual Governance Statement                           | Audit Item | Richard Barr  |
| 2 | Internal Audit Quarter 4 Progress Report              | Audit Item | Richard Barr  |
| 3 | Treasury Management Annual report                     | Audit Item | Karen Allison |
| 4 | Service Risk Register Review (Neighbourhood Services) | Audit Item | Rob Hoof      |

## Warwick District Council Forward Plan July to October 2017

**Councillor Andrew Mobbs  
Leader of the Executive**



The Forward Plan is a list of all the Key Decisions which will be taken by the Executive in the next four months. The Warwick District Council definition of a key decision is: - a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.

Whilst the majority of the Executive's business at the meetings listed in this Forward Plan will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information.

This is formal notice under the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 that part of the Executive meeting listed in this Forward Plan will be held in private. This is because the agenda and reports for the meeting will contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. Those items which are proposed to be considered in private are marked as such along with the reason for the exclusion in the list below.

If you would like to make representations or comments on any of the topics listed below, including the confidentiality of any document, you can write to the contact officer, as shown below, at Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ. Alternatively you can phone the contact officer on (01926) 456114. If your comments are to be referred to in the report to the Executive or Committee they will need to be with the officer 7 working days before the publication of the agenda. You can, however, make comments or representations up to the date of the meeting, which will be reported orally at the meeting. The Forward Plan will be updated monthly and you should check to see the progress of the report you are interested in.

**(883)**

## Section 1 – The Forward Plan July to October 2017

| <b>Topic and Reference</b>  | <b>Purpose of report</b>   | <b>If requested by Executive – date, decision &amp; minute no.</b> | <b>Date of Executive, Committee or Council meeting</b> | <b>Publication Date of Agendas</b> | <b>Contact Officer &amp; Portfolio Holder</b> | <b>External Consultees/ Consultation Method/ Background Papers</b>                          |
|---|--|--|--|------------------------------------|---|---|
| <b>July 2017</b>  |  |  |  |                                    |   |   |
| Final Accounts 2016/17 (Ref 847)  | To report on the Council's outturn position for both revenue and capital.  |  | Executive<br>26/07/2017                                | 18/07/2016                         | Marcus Miskinis<br>Cllr Whiting               |   |
| Review of Significant Business Risk Register (Ref 875)                          | To inform Members of the Significant Risks to the Council.   |  | Executive<br>26/07/2017                                | 18/07/2017                         | Richard Barr<br>Cllr Mobbs                    |   |
| Options for Environmental Enforcement within Warwick District Council (Ref 882) | To provide information to Councillors to allow them to make a decision as to the way forward for Environmental Enforcement within the Council. |  | Executive<br>26/07/2017                                | 18/07/2017                         | Graham Folkes-Skinner<br>Cllr Grainger        |   |
| <b>August 2017</b>  |  |  |  |                                    |   |   |
| Budget Review Quarter One to include Financial Projections (Ref 848)            | To report on the latest financial prospects for the current and future 5 years.  |  | Executive<br>31/08/2017                                | 22/08/2017                         | Andy Crump<br>Cllr Whiting                    |   |
| 12 Month Review of Waste Container Charging Policy (Ref 857)                    | To review the waste container charging policy after 12 months of it being in effect.   |  | Executive<br>31/08/2017                                | 22/08/2017                         | Becky Davies<br>Cllr Grainger                 | Waste container charging paper: Executive meeting – 10 February 2016 - Agenda item no.3 and |

|  |  |  |   |            |                                    |   |
|--|--|--|---|------------|------------------------------------|---|
|  |  |  |   |            |                                    | <p>Council – 24 February 2016</p> <p>8 month review of waste container charges:</p> <p>Finance and Audit Scrutiny Committee – 7 Feb 2017 Agenda item no.9 and Overview and Scrutiny Committee – 7 Feb 2017 Agenda item no.7</p> |
| Leamington Spa Car Parking Displacement Plan (Ref 844) | To set out the options available should vehicles be displaced from Covent Garden car park and to consider alternative parking options within Leamington Town Centre. |  | Executive<br><del>4/4/2017</del><br>Reason 2<br>31/08/2017                                      | 22/08/2017 | Gary Charlton<br><br>Cllr Grainger |   |
| Car Park Fees and Charges (Ref 862)                    | To consider the recommendations for changes to car park fees and charges.  |  | Executive<br>31/08/2017   | 22/08/2017 | Paul Garrison<br>Cllr Grainger     | Warwick District Chambers of Trade and BID Leamington.  |
| Leamington Cemetery North Lodge (Ref 828)              | To review the future use of Leamington Cemetery North Lodge.   |  | Executive<br><del>4/4/2017</del><br>Reason 3<br><del>28/06/2017</del><br>Reason 3<br>31/08/2017 | 22/08/2017 | Rob Hoof<br>Cllr Grainger          |   |



| <b>September 2017</b>   |  |  |                         |            |                               |  |
|---|--|--|-------------------------|------------|-------------------------------|--|
| Fees and Charges<br>(Ref 849)                                       | To propose the level of fees and charges to be levied from 2 January 2018.   |  | Executive<br>27/09/2017 | 19/09/2017 | Andy Crump<br>Cllr Whiting    |  |
| Exemption to Code of Procurement Practice – Mace Ltd<br>(Ref 881)   | To seek approval for the extension of the contract to accommodate the extended build programme for Phase I of the Leisure Development Programme. |  | Executive<br>27/09/2017 | 19/09/2017 | Padraig Herlihy<br>Cllr Coker |  |
| <b>October 2017</b> - No scheduled Executive meetings at this time. |  |  |                         |            |                               |  |

| <b>Section 2 Key decisions which are anticipated to be considered by the Council between November and December 2017</b> |  |  |  |                                    |   |  |
|---|--|--|--|------------------------------------|---|--|
| <b>Topic and Reference</b>  | <b>Purpose of report</b>                                     | <b>If requested by Executive – date, decision &amp; minute no.</b> | <b>Date of Executive, Committee or Council meeting</b> | <b>Publication Date of Agendas</b> | <b>Contact Officer &amp; Portfolio Holder</b> | <b>External Consultees/ Consultation Method/ Background Papers</b> |
| <b>1 November 2017</b>  |  |  |  |                                    |   |  |
| Review of Significant Business Risk Register<br>(Ref 876)   | To inform Members of the Significant Risks to the Council.   |  | Executive<br>01/11/2017                                | 24/10/2017                         | Richard Barr<br>Cllr Mobbs                    |  |
| <b>29 November 2017</b>   |  |  |  |                                    |   |  |
| 12 Month Review of New Housing Allocations Policy<br>(Ref 858)  | To review the working of the new Housing Allocations Policy. |  | Executive<br>29/11/2017                                | 21/11/2017                         | Ken Bruno<br>Cllr Phillips                    |  |

|   |  |  |                         |            |                                 |  |
|---|--|--|-------------------------|------------|---------------------------------|--|
| Budget Review Quarter Two (Ref 874)   | To report on the latest financial prospects for the current and future 5 years.  |  | Executive<br>29/11/2017 | 21/11/2017 | Andy Crump<br>Cllr Whiting      |  |
| General Fund Base Budgets 2018/19 to include Budget Review for the current year (Ref 877) | To consider the following year revenue budgets for the General Fund and update Members on the latest Budgets for 2017/18.  |  | Executive<br>29/11/2017 | 21/11/2017 | Marcus Miskinis<br>Cllr Whiting |  |
| HRA Base Budgets 2018/19 (Ref 878)  | To consider the following year revenue budgets for the HRA and update Members on the latest position for the current year. |  | Executive<br>29/11/2017 | 21/11/2017 | Andrew Rollins<br>Cllr Phillips |  |
| <b>December 2017</b> – No scheduled Executive meetings at this time.                      |  |  |                         |            |                                 |  |

### Section 3 Key decisions which are anticipated to be considered by the Council but the date for which is to be confirmed

| Topic and Reference                            | Purpose of report  | History of Committee Dates & Reason code for deferment   | Contact Officer & Portfolio Holder | Expansion on Reasons for Deferment   | External Consultees/ Consultation Method/ Background Papers | Request for attendance by Committee |
|--|--|--|------------------------------------|--|---|-------------------------------------|
| Private Sector Housing Grants Policy (Ref 658) | To propose a revised policy for the allocation of grant funding for private residents. |  | Ken Bruno<br>Cllr Phillips         | This will come forward in due course once the Future of Housing Adaptations Service has been determined. |   | TBC                                 |
| Council Development Company (Ref 727)          | To consider a report on establishing a Council Development Company.                    | Executive<br><del>9/3/2016</del><br><del>2/6/2016</del><br><del>29/6/2016</del><br>Reasons 1 & 2 | Bill Hunt<br>Cllr Phillips         | Awaiting further information on the implications of the Housing & Planning Act.                          |   |                                     |

|   |  |   |                                       |   |   |  |
|---|--|---|---------------------------------------|---|---|--|
| Revisions to the Constitution/ Delegation Agreement (Ref 819)           | To request revisions to the Constitution/ Delegation Agreement with regard to the determination of Planning Applications.  |   | Tracy Darke/Gary Fisher<br>Cllr Rhead | This is the subject of on-going discussion with key members.  |   |  |
| Leisure Development – Phase II (Kenilworth) (Ref 803)                   | To agree the scope of Phase II.  | Executive<br><del>28/9/2016</del><br>Reason 5   | Rose Winship<br>Cllr Coker            |   |   |  |
| HRA Asset Management and Development Policy (Ref 829)                   |  |   | Bill Hunt<br>Cllr Phillips            |   |   |  |
| Recording and Broadcasting of Public Meetings (Ref 840)                 | To inform members of the research into the potential to record and broadcast all Council meetings as per the Notice of Motion to Council.  | Council<br>29/6/2016<br>Executive<br><del>5/1/2017</del><br><del>8/2/2017</del><br>Reason 3 | Graham Leach<br>Cllr Mobbs            | Currently being investigated in tandem with Council Chamber PA issues.  |   |  |
| Councillors IT (Ref 841)  | To report back on the work of the Councillor IT Working Party.   | Executive<br><del>5/1/2017</del><br><del>8/2/2017</del><br>Reason 3                         | Graham Leach<br>Cllr Mobbs            | Awaiting the outcome of Members' Allowances Review.   |   |  |
| Consideration of a Hackney Carriage Vehicle Limitation Policy (Ref 851) | To update members on the results of the WDC Hackney Carriage Unmet Demand Survey and:<br><br><b>Meeting 1</b> – Introduce highlights of survey and propose a 6 week consultation on recommended options outlined in the survey.<br><br><b>Meeting 2</b> – Update on the consultation & determine any |   | Lorna Hudson<br>Cllr Thompson         | This report will go to Licensing & Regulatory Committee on 20/02/17 & 30/05/17 prior to being brought to Executive. | Taxi trade, local business, safer communities, disability, equality and other local group representatives, Town Councils, |  |

|   |   |  |  |   |  |  |
|---|---|--|--|---|--|--|
|   | change to policy, following the consultation.   |  |  |   | Police.<br>Questionnaire on website/email.<br>CTS Traffic & Transportation Final Report - July 2016. |  |
| WDC Enterprise – New Trading Arm (Ref 817)                | To seek approval to establish a Local Authority Trading Company, to expand support provision whilst capitalising on existing skills to maximise income. | Executive <del>2/11/2016</del><br>Reason5<br><del>5/1/2017</del><br>Reason5<br><del>8/2/2017</del><br>Reason 5 | Gayle Spencer<br>Cllr Butler                               |   |  |  |
| Events Review (Ref 832)                                   | To review the provision and support of events in the District.  | Executive <del>8/3/2017</del><br>Reason 4  | Stuart Poole<br>Cllr Butler                                |   |  |  |
| HQ Relocation Project – outcome of phase 1 work (Ref 801) | To consider the outcomes of the phase 1 work and, if appropriate, seek approval for commencement of the phase 2 delivery works.                         | Executive <del>26/07/2017</del><br>Reason 3  | Bill Hunt<br>Cllrs Mobbs, Whiting, Rhead, Butler, Grainger | Timing is dependent on the completion of the planning, marketing and procurement processes. |  |  |
| Proposed Relocation of Kenilworth School (Ref 869)        | To agree the Council's level of support in enabling the school to take its proposals forward.   | Executive <del>28/06/2017</del><br>Reason 3  | Andrew Jones<br>Cllr Mobbs                                 |   |  |  |

|  |   |   |                                  |  |  |                  |
|--|---|---|----------------------------------|--|--|------------------|
| Article 4 Direction for Royal Leamington Spa Conservation Area (Ref 859) | To authorise the creation of an Article 4 Direction for Royal Leamington Spa Conservation Area, to restrict those permitted development rights that are potentially harmful to the appearance of the Conservation Area.                     | Executive 27/09/2017 Reason 5   | Nick Corbett<br>Cllr Rhead       |  |  |                  |
| Policy on Regulating the Private Rented Sector (Ref 880)                 | To adopt a revised policy on private rented sector regulation in light of new legislation and guidance.   |   | Ken Bruno<br>Cllr Phillips       | Awaiting the publication of government guidance. |  |                  |
| St Mary's Lands Warwick Golf Centre (Ref 843)                            | To consider the business case for an investment proposal.<br>(Private and Confidential by virtue of paragraph 3 of Local Government Act 1972 - Schedule 12A following the Local Government (Access to Information) (Variation) Order 2006). | Executive 4/4/2017 Reason 3<br><del>01/06/2017</del><br>Reason 3<br><del>28/06/2017</del><br>Reason 5 | Chris Elliott<br>Cllr Butler     |  |  |                  |
| Abbey Fields, Parks for People Bid (Ref 863)                             | To consider bringing forward a tender to scope and consult on a Heritage Lottery funding bid for Abbey Fields   | Executive 26/07/2017 Reason 3   | Richard Lunwood<br>Cllr Grainger |  |  |                  |
| Linen Street Car Park (Ref 861)  | To consider recommendations for redevelopment for the Linen Street Car Park facility  | Executive 28/06/2017 Reason 3   | Paul Garrison<br>Cllr Grainger   |  |  | Ward Councillors |
| Land at The Holt, Leamington Spa (Ref 872)                               | To consider the potential disposal of WDC owned land.   | Executive 28/06/2017 Reason 5   | Chris Makasis<br>Cllr. Phillips  |  |  | Ward Councillors |

|   |  |   |   |  |  |  |
|---|--|---|---|--|--|--|
| Corporate Asset Management Strategy (Ref 641) | To propose an Asset Management Strategy for all the Council's buildings and land holdings. | Executive<br>29/6/2016<br>Reason 6<br>1/9/16<br>Reasons 3 & 5<br>5/1/2017<br>Reasons 3 & 5<br>8/2/2017<br>Reasons 3 & 5<br><del>26/07/2017</del><br>Reasons 3 & 5 | Bill Hunt<br><br>Cllrs Mobbs, Butler, Grainger, Coker & Whiting |  |  |  |
|---|--|---|---|--|--|--|

#### Section 4 – Items which are anticipated to be considered by the Executive but are NOT key decisions

| Topic and Reference                                  | Purpose of report   | If requested by Executive – date, decision & minute no. | Date of Executive, Committee or Council meeting              | Publication Date of Agendas | Contact Officer & Portfolio Holder | External Consultees/ Consultation Method/ Background Papers |
|--|---|---|--|-----------------------------|------------------------------------|---|
| <b>July 2017</b>                                     |   |   |  |                             |                                    |   |
| Rural Urban Community Initiative Scheme Applications | To consider applications for Rural and Urban Initiative Grants.   |   | Executive<br>26/07/2017                                      | 18/07/2017                  | Jon Dawson<br>Cllr Whiting         |   |
| Appointment of Assistant Conservation Officer        | To approve the funding for the appointment of an Assistant Conservation Officer.  |   | Executive<br><del>28/06/2017</del><br>Reason 5<br>26/07/2017 | 18/07/2017                  | Nick Corbett<br>Cllr Rhead         |   |
| 2 <sup>nd</sup> Warwick Sea Scouts Headquarters      | To update members on the current proposals by the 2 <sup>nd</sup> Warwick Sea Scouts and seek approval for various matters where landlord approval from Warwick District Council is required. |   | Executive<br>26/07/2017                                      | 18/07/2017                  | Philip Clarke<br>Cllr Grainger     |   |
| Improvements in Royal Pump Rooms                     | To seek approval for budget to allow refurbishment of the concourse area in the Pump Rooms.   |   | Executive<br>26/07/2017                                      | 18/07/2017                  | David Guiding<br>Cllr Coker        |   |

|  |   |  |                      |            |                            |  |
|--|---|--|----------------------|------------|----------------------------|--|
| <b>August 2017</b>   |   |  |                      |            |                            |  |
| Rural Urban Community Initiative Scheme Applications                 | To consider applications for Rural and Urban Initiative Grants. |  | Executive 31/08/2017 | 22/08/2017 | Jon Dawson<br>Cllr Whiting |  |
| <b>September 2017</b>  |   |  |                      |            |                            |  |
| Rural Urban Community Initiative Scheme Applications                 | To consider applications for Rural and Urban Initiative Grants. |  | Executive 27/09/2017 | 19/09/2017 | Jon Dawson<br>Cllr Whiting |  |
| <b>October 2017</b> – No scheduled Executive meetings at this time.  |   |  |                      |            |                            |  |
| <b>1 November 2017</b> – No scheduled reports at this time.          |   |  |                      |            |                            |  |
| <b>29 November 2017</b>  |   |  |                      |            |                            |  |
| Rural Urban Community Initiative Scheme Applications                 | To consider applications for Rural and Urban Initiative Grants. |  | Executive 29/11/2017 | 21/11/2017 | Jon Dawson<br>Cllr Whiting |  |
| Internal Audit Quarter 2 Progress Report                             | To review progress in achieving the Audit Plan.                 |  | Executive 29/11/2017 | 21/11/2017 | Jon Dawson<br>Cllr Whiting |  |
| <b>December 2017</b> – No scheduled Executive meetings at this time. |   |  |                      |            |                            |  |

Delayed reports:

If a report is late, officers will establish the reason(s) for the delay from the list below and these will be included within the plan above:

1. Portfolio Holder has deferred the consideration of the report
2. Waiting for further information from a Government Agency
3. Waiting for further information from another body
4. New information received requires revision to report
5. Seeking further clarification on implications of report

**Details of all the Council's committees, Councillors and agenda papers are available via our website [www.warwickdc.gov.uk/committees](http://www.warwickdc.gov.uk/committees)**

**The forward plan is also available, on request, in large print on request, by telephoning  
(01926) 456114**