

# **BOROUGH OF BARROW-IN-FURNESS**

## **EXECUTIVE COMMITTEE**

Meeting, Wednesday, 21st January, 2015  
at 2.00 p.m. (Committee Room No. 4)

**NOTE:** Group Meetings at 1.15 p.m.

## **A G E N D A**

### **PART ONE**

1. To note any items which the Chairman considers to be of an urgent nature.
2. To receive notice from Members who may wish to move any delegated matter non-delegated and which will be decided by a majority of Members present and voting at the meeting.
3. Admission of Public and Press  
  
To consider whether the public and press should be excluded from the meeting during consideration of any of the items on the agenda.
4. Declarations of Interest  
  
To receive declarations by Members and/or co-optees of interests in respect of items on this Agenda.  
  
Members are reminded that, in accordance with the revised Code of Conduct, they are required to declare any disclosable pecuniary interests or other registrable interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).  
  
Members may however, also decide, in the interests of clarity and transparency, to declare at this point in the meeting, any such disclosable pecuniary interests which they have already declared in the Register, as well as any other registrable or other interests.
5. To confirm the Minutes of the meeting held on 3rd December, 2014 (copy attached) (Pages 1-24).
6. Apologies for Absence/Attendance of Substitute Members.
7. Presentation by Sophy Stewart and Geoff Joliffe on the Better Care Together Strategy.

### **FOR DECISION**

- (D/R)** 8. Recommendations of the Housing Management Forum, 15th January, 2015 (TO FOLLOW).

- (R/D) 9. Budget Proposals 2015-2016 (Pages 25-36).
- (D) 10. Business Continuity Plan (Pages 37-38).
- (D) 11. Clusters of Empty Homes Fund (Pages 39-41).
- (D) 12. Covert Surveillance Policy (Pages 42-43).

## **PART TWO**

- (D) 13. Establishment – Re-grading Applications (Pages 44-45).

### **NOT FOR PUBLICATION BY VIRTUE OF PARAGRAPH 1 OF PART ONE OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND ACCESS TO INFORMATION (VARIATION) ORDER 2006**

**NOTE** (D) - Delegated  
(R) - For Referral to Council

#### **Membership of Committee Councillors**

Pidduck (Chairman)  
Sweeney (Vice-Chairman)  
Barlow  
Bell  
Biggins  
Garnett  
Graham  
Guselli  
Hamilton  
Irwin  
Richardson  
Seward

#### **For queries regarding this agenda, please contact:**

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Published: 13th January, 2015

## EXECUTIVE COMMITTEE

Meeting: Wednesday 3rd December, 2014  
at 2.00 p.m.

PRESENT:- Councillors Pidduck (Chairman), Sweeney (Vice-Chairman), Barlow, Bell, Biggins, Hamilton (Items 1 to 19 only), Pemberton and Seward.

Also Present:- Phil Huck (Executive Director), Sue Roberts (Director of Resources), Colin Garnett (Assistant Director – Housing) (Items 1 to 7 only), Keith Johnson – Assistant Director – Community Services) and Jon Huck (Democratic Services and Monitoring Officer).

### **86 – The Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985 and Access to Information (Variation) Order 2006 – Urgent Item**

RESOLVED:- That by reason of the special circumstances outlined below the Chairman is of the opinion that the following item of business not specified on the agenda should be considered at the meeting as a matter of urgency in accordance with Section 100(B)(4)(b) of the Local Government Act 1972.

<u>Item</u>	<u>Reason</u>
Establishment of new Off-Street Parking Service (Minute No. 105)	To enable the new Off-Street Parking Service Establishment to be considered at Council on 20th January, 2014.

### **87 – The Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985 and Access to Information (Variation) Order 2006**

Discussion arising hereon it was

RESOLVED:- That under Section 100A(4) of the Local Government Act, 1972 the public and press be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in Paragraphs 1 (Minute No. 102) and Paragraph 3 (Minute Nos. 103, 104 and 108) of Part One of Schedule 12A of the said Act.

### **88 – Declarations of Interest**

Councillor Hamilton declared a Disclosable Pecuniary Interest in the Urgent Item – Establishment of new Off-Street Parking Service (Minute No. 105). He was a Member of Cumbria County Council. He left the meeting during consideration of the item.

Councillor Sweeney declared a Disclosable Pecuniary Interest in Agenda Item 10 – Barrow and District Credit Union Deposit (Minute No. 94). He left the meeting during consideration of the item.

## **89 – Minutes**

The Minutes of the meeting held on 22nd October, 2014 were agreed as a correct record.

## **90 – Apologies for Absence**

Apologies for absence were received from Councillors Garnett, Graham, Guselli, Irwin and Richardson.

Councillor Pemberton substituted for Councillor Guselli for this meeting only.

## **91 – Housing Management Forum: Recommendations**

The recommendations of the Housing Management Forum held on 27th November, 2014 were submitted for consideration.

N.B. The Minutes are reproduced as **Appendix 1** to the Minutes of this meeting.

RESOLVED:- That the recommendations of the Housing Management Forum be agreed as follows:-

### **Housing Maintenance Investment Programme 2015/16 – Cumbria Housing Partners contractor selection procedure**

To agree that:-

- (i) Officers continue with the process of appointing CHP contractors for cyclical type work streams in advance of the stock condition findings;
- (ii) Officers proceed with the evaluation of contractors from the 2014 Cumbria Housing Partners Framework using one of the following selection methods:
  - (a) Direct call off;
  - (b) Mini competition; and
- (iii) Officers evaluate planned investment work streams using the following methods of contractor selection:
  - (a) **Electrical rewiring and testing** – Option a; Direct call off procedure;
  - (b) **Repaint improvements** – Option a; Direct call off procedure;
  - (c) **Re-roofing works** – Option a; Direct call off procedure;
  - (d) **External works** – Option a; Direct call off procedure;
  - (e) **Kitchen improvements** – Option b; Mini competition procedure;
  - (f) **Bathroom improvements** – Option b; Mini competition procedure; and
  - (g) **Heating improvements** – Option b, Mini completion procedure.

### **Solid Fuel Appliances**

To agree that the existing gas fire policy be reaffirmed to include the removal of existing solid fuel appliances when properties become vacant and to decline requests from tenants to install new solid fuel appliances.

### **Responsive Repairs Contract**

To agree that resources be made available from existing budgets to complete a scoping exercise in order to consider whether a joint approach would be viable.

### **Griffin Community Centre**

To agree the installation of PV panels at the Centre which will be funded through the Cumbria Housing Partners Sense of Place (SofP) Fund and any feed-in tariff due to the Council be paid to the Community Centre Group to assist in the running costs of the centre.

## **92 – Council Finances and Performance Quarter 2 2014-2015**

The Committee considered a detailed report of the Director of Resources regarding the Council's finances and performance for 2014-2015, as at the end of September 2014. The report included all revenue, capital and treasury items which included: the General Fund, the Housing Revenue Account, the Collection Fund and also the financial reserves.

RESOLVED:- (i) To note the Quarter 2 financial information;

(ii) To note the use of reserves in accordance with the Reserves and Balances Policy set out in Section D of the report; and

(iii) To note the progress on the Council's priorities.

## **93 – DWP Universal Credit Update**

The Director of Resources reminded the Committee that it was reported on 22nd October, 2014 that the County Council were to provide online support through an Agreement with the DWP. That had not been possible, so alternative arrangements were sought by the Council during November.

Barrow Citizen's Advice Bureau had agreed to provide both personal budgeting support and online support to DWP Universal Credit claimants from 8th December, 2014 to 31st March, 2015; the time period covered by the Council's Delivery Partnership Agreement with the DWP.

Members were recommended to note the report and the much valued involvement of Barrow Citizen's Advice Bureau.

RESOLVED:- To note the report.

## **94 – Barrow and District Credit Union Deposit**

The Director of Resources reminded the Committee that at its meeting on 23rd July, 2013, the Council had agreed to support the Barrow and District Credit Union (the Credit Union) by becoming a corporate member. The Council had deposited £10,000 for one year in December 2013.

The Credit Union were currently finalising their year-end accounts to 30th September, 2014. Any dividend from that year would be recommended to the membership at the Annual General Meeting which would be held on 10th February, 2015. The dividend was payable to those in membership of the Credit Union on the date that the dividend was declared.

The Credit Union have had a reasonably successful year for a new organisation and their rate of return competed with many bank and building society rates. The Council's corporate membership had been a great support which the Credit Union hoped would be continued.

With the help of investors like the Council the Credit Union were able to provide affordable loans for customers who may not be able to get credit at a reasonable cost. The Credit Union could evidence case studies where their service had changed individuals' and families' financial situations, and moreover helped with their welfare.

The social goals of the Credit Union complimented the Council's Priority to work to mitigate the effects of the recession and cuts in public expenditure and their impact on the local economy and secure a sustainable and long term economic recovery for the community.

It was proposed that the corporate deposit remained with the Credit Union as a short term investment until February 2016. A report would be presented to Members in November 2015 for a further decision.

**RESOLVED:-** To agree that the £10,000 corporate deposit with the Barrow and District Credit Union remained until February 2016.

## **95 – Housing Market Renewal Programme – North Central Renewal Area Clearance Site**

The Executive Director reminded the Committee that the site created by the demolition of properties on Sutherland Street, Arthur Street and Marsh Street had been cleared during 2012. At a previous meeting, Members had agreed to grant Copperplane Ltd a period of three months exclusivity to work up a proposed scheme for the site. That was following a 12-month exclusivity arrangement with Leck Construction during 2013, at the end of which Leck decided not to proceed with a development.

During that time, various investigation works had been carried out including: Desktop and intrusive ground investigation studies; enquiries and initial negotiations with utilities concerning service requirements and potential diversion of existing services; and Initial discussions with the highways authority concerning requirements for highways alterations and street lighting. That information had been made available to Copperplane.

Copperplane had remained interested in the development in principle, and would like to do further architectural design work, and gain further valuation information to arrive at a basis for valuation of the site and potentially the agreement of a formal option on the site. To facilitate that, an extension of the exclusivity arrangement for a further six months was recommended which would run until the end of April 2015.

RESOLVED:- To agree to extend the exclusivity agreement with Copperplane Ltd for a further six months to allow scheme proposals and Heads of Terms to be worked up further.

### **96 – Housing Market Renewal Programme – North Central Renewal Area – 285-329 Rawlinson Street**

The Executive Director reminded the Committee that at a previous meeting, Members had received an update on the scheme, and had agreed to include 285 Rawlinson Street and 166 Rawlinson Street in the proposed scheme. At that time, 166 Rawlinson Street was owned by the Council and for sale, and it had been agreed to offer grant assistance to potential purchasers to assist with renovation of the property. Since then, 166 Rawlinson Street had been sold, and the new owner had indicated that they do not wish to take up grant funding for the property.

Further survey and specification work had been carried out by the Council's appointed surveyors, Arcus Consulting, and it was proposed to carry out the following works:

Application of an insulated render system to the front elevations. That would be faced with brick "slips" on the ground floor and had a complementary coloured render on the upper floors; new rainwater goods; replacement of timber window frames and front doors; rebuilding of rear yard walls and renewal of back yard gates.

The work was essentially of the same scope as the work that had been carried out in the adjoining streets (e.g. Thwaite Street/Brewery Street) during 2013. The estimated cost of the works was in the region of £250,000.

As a result of the work done to date by Arcus Consulting, the scheme would shortly be ready to go out to tender. Previous schemes of that nature had been offered to a tender list based on the appropriate work streams in the Cumbria Housing Partners (CHP) framework. The approved contractors on that framework had now changed, and the tender list would have to change accordingly. In addition, it was proposed that Thomas Armstrong Ltd; Michael Thompson Ltd and Leck Construction Ltd, who had all carried out similar schemes in Barrow in the past, should also be offered the opportunity to tender.

It was recommended that the tender list be made up from these three contractors and any appropriately experienced contractors from the CHP framework.

RESOLVED:- (i) To note the progress of the project;

(ii) To agree the proposed scope of works;

(iii) To authorise the Executive Director to select a tender list based on the principles outlined in the report; and

(iv) To authorise the Executive Director to tender the works and after consultation with the Chairman of the Executive Committee to award the contract to the lowest tenderer in line with Contract Standing Orders.

### **97 – Surplus Properties at 10, 12 and 22 Sutherland Street – Proposed Partnership with Mind in Furness**

The Executive Director reminded the Committee that the properties at 10, 12, and 22 Sutherland Street were all two bedroom terraced properties that were acquired as part of the North Central Renewal Area programme. The properties were now surplus to requirements, and were in a very poor state of repair internally. At the previous meeting it had been agreed in principle that the properties be used in the long term by Mind in Furness to provide supported accommodation for their client group.

The previous report had been based on a proposal that Mind in Furness take a long lease of the properties at a peppercorn rent and carried out renovation and refurbishment work to make the properties suitable for their accommodation needs. Mind in Furness had now indicated that their funders would prefer an arrangement whereby they owned the freehold of the properties, and had proposed the following Terms:

The premises (10, 12 and 22 Sutherland Street, Barrow-in-Furness) to be the subject of a contract of sale to Mind in Furness (Charity 1143600) for the nominal price of £1 each; the contract to provide that the Charity was to undertake in the contract to carry out works of renovation (to be agreed) at its own expense within a certain time frame and to the satisfaction of the Council; completion of the sale to take place after satisfaction of the building conversion condition; and the premises to be used by the Charity in accordance with its charitable purposes (as an asset of the Charity the property would be subject to applicable charity law in that regard).

The works referred to in clause 2 above would involve the renovation of one property in its current form (a two-bedroom house) and conversion of the other two properties into two one-bedroom studio apartments each. Mind in Furness would be responsible, either directly or in partnership with another organisation, for the provision of support and housing management for their clients.

RESOLVED:- To authorise the Executive Director to agree the terms and detail of a sale based on the principles outlined in the report.



## **98 – Neighbourhood Management**

The Executive Director informed the Committee that changes had been identified which had taken place within the Neighbourhood Management Team since its establishment in 2006. It described that the team had been established under four year Safer Stronger Communities Funding, and that since that fund had been exhausted, the team had been funded from the General Fund. The establishment had reduced over the years, and from December, would consist of a Neighbourhood Manager and two wardens.

The report proposed that because of that change to the original establishment, the work of the team needed to be reconfigured in order to ensure the best outcomes. The report proposed that the Neighbourhood Manager continued to support and further develop the Neighbourhood Management Board and its associated sub-groups and also would continue to undertake activity on behalf of the Housing Renewal Manager.

The report proposed that the Neighbourhood Wardens be deployed mainly within the Central, Hindpool and Barrow Island Wards, receiving operational leadership via the Streetcare team in providing assistance to other Town Hall services as they do at present, with their emphasis being focussed on improving the quality of life for residents through public realm improvement activities, such as rapid response graffiti removal, fly tip identification and removal, community cleans etc.

RESOLVED:- To approve the re-configuration of the work and focus of the Neighbourhood Management Team as outlined in the report.

## **99 – 242-244 Dalton Road**

The Executive Director informed the Committee that 242-244 Dalton Road had been purchased in 2003 and had been converted to office and meeting room accommodation housing the Council's Neighbourhood Management Service, the Workshop – a job search service offered by Furness Enterprise, and as a community location for Police and Fire and Rescue Services.

Furness Enterprise (FE) had terminated their lease and ceased to occupy the premises at the end of September and the Council had also received notice from Cumbria Constabulary that they were also terminating their agreement on use of the building. The Neighbourhood Management function worked out of the office, but had now been reduced to two full-time wardens and a part-time manager and part-time administrator. The administrator had recently successfully applied for another post in the Council and that post was vacant.

Prior to FE terminating their licence agreement the Council had received a total of £11,000 rent from licence holders, but that would cease when the Police vacated the building. The cost to the Council of continuing to occupy the building in the 2015/16 financial year would be £25,160 and as suitable alternative accommodation for the remaining staff could be provided in the Town Hall, that represented an opportunity for general fund savings to be made.

The property had been fully refurbished and included two car parking spaces to the rear and lift access to the second floor.

There were three options for Members to consider:-

- a) Continue to operate the Neighbourhood Management Service from the property accepting the additional on-going costs of the building.
- b) Relocate Neighbourhood Management staff to the Town Hall and dispose of the building on the open market.
- c) As b) above, but retain ownership and offer the property to the community/third sector at a peppercorn rent, where all operational costs, including routine maintenance were met by the occupant.

He recommended that Option a) should not be pursued as that would maximise costs to the Council for an under-utilised building. Option b) may result in a modest capital receipt, but his recommendation was that Option c) be pursued, as the building would provide high quality accommodation and was an excellent opportunity for the Council to support the community/third sector without impacting its revenue budget.

A further report on the terms of any leasehold disposal to the community/third sector would be brought to Members in due course.

**RESOLVED:-** To agree that the Council vacated 242-244 Dalton Road by the end of the 2014/15 financial year and offered the property leasehold at a peppercorn rent to community/third sector organisations.

### **100 – Vacant Land to North of Abbey Meadow Nursing Home, Flass Lane, Barrow-in-Furness**

The Executive Director reminded the Committee that in November 2012 Members had agreed to include three sites owned by the Council within the Council's five year supply of housing land. In supporting the resolution Members had agreed that these sites could be released for residential development subject to planning consent being obtained. The three sites were:-

- i) Land to the North of West Point House, Solway Drive, Walney
- ii) Land to the South of West Point House, Solway Drive, Walney
- iii) Field to the South of Abbey Meadow Nursing Home, Flass Lane, Barrow

These sites arose from a decision of this Committee in November 2010 to authorise Officers to research potential housing sites in the Council's ownership. In addition to the three sites above, which had been prioritised for release, other Council owned sites had been included in the Strategic Housing Land Availability Assessment (SHLAA).

Council owned land to the North of Abbey Meadow Nursing Home had been granted outline consent in 2006 for a Hospice and ancillary accommodation. The Hospice was

never built, though the site had been fully serviced and had an access from an adopted road. St. Mary's Hospice had confirmed they were no longer interested in the site, leaving it available for residential use. A plan of the site was considered by the Committee. The site had an area of 3.6 acres. In the current SHLAA the site had an estimated capacity of 27 dwellings and was readily available.

Release of the site for residential development was not contrary to current planning policy and it had been included in the SHLAA and the Local Plan Issues and Options draft as deliverable. If the Committee agreed that the site was surplus to requirements, outline planning consent would need to be obtained prior to disposing of the site on the open market.

The Capital Receipt arising from sale of the site would be used to finance the Council's Capital Programme.

RESOLVED:- (i) To agree to declare land to the north of Abbey Meadow Nursing Home as surplus to requirements;

(ii) To authorise Officers to apply for outline planning consent for residential use; and

(iii) To authorise Officers to dispose of the site on the open market.

### **101 – Furness Economic Development Forum Delivery Plan 2014-2017**

The Executive Director reminded the Committee that in September 2012, the Council had supported the strategy for Furness to become a centre of advanced manufacturing. That had been further supported by Cumbria Local Enterprise Partnership's strategy which had identified the importance of advanced manufacturing and the Furness area as one of its four key priorities.

Local Partners had established a centre for economic development – 'the hub' – in Furness College and a Working Group was tasked with preparing a delivery plan focussing on key actions. Additional work would be required to map out some of the action points.

A copy of the Delivery Plan was available for inspection in the Members Room and on the Council's website.

The launch of the Delivery Plan was scheduled for 5th December when the Council Leader had been invited to endorse the Delivery Plan on behalf of the Council.

RESOLVED:- To agree that the Furness Economic Development Forum Delivery Plan 2014-2017 be supported.

### **102 – Funding for Enterprise Agency to Support Economic Development**

The Executive Director's report considered funding for the Enterprise Agency to support economic development.

RESOLVED:- To agree to establish a ring fenced fund of £150,000, comprising £50,000 pa for a three year period to support the supply chain and lobbying actions of Furness Economic Development Forum.

### **103 – Re-grading**

The Committee considered a report that sets out the requirement to re-grade the four posts on the establishment; CLA200, CLA203, CLA205 and CLA207. Management Board considered that the re-grading met the requirements of substantial and permanent change to the nature of the job and responsibility.

The annual cost was £7,385; the cost for 2014-2015 could be accommodated within staff turnover and the cost for 2015-2016 would be included in the proposed manpower budget.

RESOLVED:- To agree that posts CLA200, CLA203, CLA205 and CLA207 be graded Scale 2-3 (£14,880 to £16,998 per annum).

### **104 – Housing Structure**

The Director of Resources informed the Committee of the requirement to correct a small number of post identifier discrepancies from the Housing structure. There was no budgetary implication.

RESOLVED:-

- (i) To agree that Post OHS300 be graded Scale 2-4;
- (ii) To agree that Post OHS080 be graded Scale 2-3;
- (iii) To agree that Posts OHS350, OHS385 and OHS395 be graded Scale 3-5 in line with the restructured Housing Officers role; and
- (iv) To agree that the vacant Senior Advice Officer post be graded Scale 6/SO1.

<b>REFERRED ITEM</b>
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<b>THE FOLLOWING MATTERS ARE REFERRED TO COUNCIL FOR DECISION</b>
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### **105 – Establishment of new Off-Street Parking Service**

The Executive Director informed the Committee that Cumbria County Council had given the Council notice that they would be taking the enforcement and administration of on-street car parking restrictions, plus the administration of resident permits into their direct control. That meant that the Council would be required to transfer staff to Cumbria County Council under the Transfer of Undertakings (Protection of Employment) regulations (TUPE). As a result, the Council would have to establish a new structure in order to continue to deal with the enforcement and administration of parking restrictions and functions for the Councils car parks. The

report identified the posts subject to transfer under TUPE and the proposed new structure.

**RECOMMENDED:-** To recommend the Council to approve the under-mentioned new staffing structure in order to continue the enforcement and administration of parking restrictions and functions for the Councils car parks as follows:-

- 1 x Car Parks and Admin Team Leader – SO1/SO2 (full time);
- 1 x Notice Processing Officer Scale 4 (30 hours); and
- 2 x Car Parks Enforcement Officer Scale 2/3 (full time).

### **106 – Park Leisure Centre Establishment**

The Director of Resources informed the Committee that Post OLS080 sat within the Park Leisure Centre and required deletion from the establishment as a vacant post that was no longer required; the annual cost of that post was £23,180. It was proposed that post be replaced by a new part time, 20 hours, Communications Officer on Scale 3 (£15,882 to £16,998 per annum). The annual cost of the new post was £10,300; if recruitment occurred in 2014-2015 the cost could be accommodated within staff turnover and the cost for 2015-2016 would be included in the proposed manpower budget.

The new post would provide an opportunity to increase the Park Leisure Centre social media presence for promotion and marketing to increase business and income growth.

**RECOMMENDED:-** To recommend the Council to agree that post OLS080 be deleted from the establishment and that a new part time, 20 hours, Communications Officer post on Scale 3 (£15,882 to £16,998 per annum) be created.

### **107 – Review of Constitution**

The Monitoring Officer informed the Committee that the Constitution had been reviewed to ensure compliance with Section 37 Local Government Act 2000, clearly setting out how decisions were made and by whom and the procedures which were followed to ensure these were efficient, transparent and accountable to local people. The Constitution would be regularly updated and publicised.

No additional delegations to Committees or Officers were proposed in the review.

The review had resulted in a revised format which was considered by the Committee dividing it into parts and amendments were highlighted yellow:-

Part 1 - Summary and explanation, explained the purpose and content of the Constitution.

Part 2 – Was divided into 14 Articles which set out the basic rules on how the Council operated. There had been no changes made to that Part.

Part 3(1) – Dealt with delegation to committees and the divisions of responsibilities for functions between the (Full) Council and its committees. That was now provided for in table format and included membership make up and onward delegation to Officers.

Part 3(2) – Described the roles of Officers and the arrangements made for them to discharge functions. The post of Democratic Services Manager was now included at Section F.

In accordance with the requirements of the Local Government Finance Act 1988 the Section 151 Officer had appointed Deputy Section 151 Officers and the responsibility was within the posts of Accountancy Services Manager and Financial Services Manager.

Under power conferred under Section 5(7) Local Government and Housing Act 1989 the Monitoring Officer had appointed a Deputy Monitoring Officer and the responsibility was within the post of Corporate Support Officer.

A new table relating to the Appointments of Proper Officer and Deputy Proper Officer had been inserted.

Part 4 - Contained the Rules of Procedure including Financial Regulations and Contract Standing Orders. There had been no changes made to that Part.

Part 5 - Contained information about procedures for members and staff including the Code of Conduct for Members, the Code of Conduct for Staff, and the Protocol for Member Officer Relations and the Scheme of Members' Allowances. It also contained information on the requirement for members to register any Disclosable Pecuniary Interests and the registers of such interests. There had been no changes to that Part.

Part 6 – Member's Allowances Scheme – There had been no changes to that Part.

RECOMMENDED:- To recommend the Council to approve the new structure, amendments and the Constitution as a whole to ensure it remained an up to date and robust document for the effective governance of the Council.

### **108 – Parks Department/Streetcare Establishment Changes**

The Executive Director informed the Committee that the Parks and Playgrounds Manager had applied for redundancy under the Council's current scheme. Allowing that post to be deleted from the establishment would require operational changes to the existing structures within the Parks and Streetcare Departments. The report proposed bringing the Parks and Streetcare Department together under the operational leadership of the Streetcare Manager. It proposed that all public realm, parks and playgrounds and cemetery grounds maintenance be monitored through the work of the Streetcare Department, through the assimilation of the two sections.

The report proposed a re-grading for the Streetcare Manager; a re-designation from Parks and Amenities Officer to Parks, Playgrounds and Amenities Officer and a re-grading for that post; and a re-designation from Parks and Playgrounds Monitoring Officer to Streetcare Officer with re-grading for that post. These changes were proposed in order to reflect the changes in responsibilities and duties. The structural change would result in an annual saving to the Council of £27,383.00.

RECOMMENDED:- To recommend the Council to agree that with effect from 1st April, 2015:

- (i) Post DES100 be deleted from the establishment;
- (ii) Post DSC010 be re-graded to PO8 (£33,998 per annum);
- (iii) Post DES110 be re-graded to Scale 6 (£22,443 to £23,945 per annum) and be re-designated as Parks, Playgrounds and Amenities Officer; and
- (iv) Post DES113 be re-graded to Scale 5 (£19,817 to £21,734 per annum) and be re-designated as Streetcare Officer.

The meeting ended at 3.55 p.m.





**HOUSING MANAGEMENT FORUM**

Meeting: Thursday 27th November, 2014  
at 2.00 p.m.

PRESENT:- Councillors Hamilton (Chairman), Barlow, Murray and Pointer.

Tenant Representatives:- Mr A. McIntosh, Mr W. McEwan and Mr B. Ward.

Officers Present:- Colin Garnett (Assistant Director – Housing).  
Keely Fisher (Democratic Services Officer).

**21 – Minutes**

The Minutes of the meeting held on 28th August, 2014 were taken as read and confirmed.

**22 – Apologies for Absence/Changes in Membership**

Apologies for absence were submitted from Councillors Irwin and Johnston and Tenant Representatives Mrs K. Warne and Mrs M. Anderson.

**23 – Housing Maintenance Investment Programme 2015/16 – Cumbria Housing Partners Contractor Selection Procedure**

The Assistant Director – Housing updated Members regarding the continuing utilisation of the Cumbria Housing Partners (CHP) Framework as the Council's preferred investment delivery model and was asking Members to agree a suitable methodology from which to evaluate contractors listed on the new 2014 CHP framework. At the meeting held on 28th August 2014, Members had agreed to the Council's membership of CHP and its commitment to deliver investments in line with other member organisations.

CHP were presently undertaking an independent review of the frameworks viability by carrying out a "value for money" assessment. This assessment would include comparisons with other similar consortia and service providers and it was expected to be completed by mid-February 2015.

In advance of this report, Officers confirmed that the delivery of existing housing investments via CHP continued to provide significant savings with regard to procurement costs and had led to a reduction in management time through efficiency improvements associated with payment processing and improved operational management systems. In addition, customer satisfaction was exceptionally high with contractors presently achieving 99% to 100%. An example of typical cost benefits were shown in the table below:-

<b>WORKSTREAM</b>	<b>BBC DELIVERY COST</b>	<b>PROCURE PLUS AVERAGE COST (NORTH WEST)</b>	<b>CHP AVERAGE COST (CUMBRIA)</b>
BATHROOMS	£1040.87	£1423.61	£1232.47
KITCHENS	£2122.87	£2758.28	£2146.42
CENTRAL HEATING*	£2401.51	£2157.04	£1937.02

\* BBC costs for heating include additional equipment and relate to larger property types: i.e. houses rather than flats

The Council was also presently undertaking a condition survey of the housing stock. Results of the survey would be presented to Members at the next meeting scheduled for 15th January, 2015. Whilst Officers were unable to advise Members about the content of the survey it was expected that there would remain a continuing on-going investment need for key components such as kitchens, bathroom, heating and electrical rewire as they were by nature replaced on a cyclical basis.

The Assistant Director – Housing reported that the new OJEU compliant framework had been prepared on behalf of CHP by Procure Plus and a partner company called “Realize”. The new framework identified a range of key work streams that were broken down between internal and external housing components. It also separated out the various services provided by contractors and suppliers.

Each of the CHP work streams was sub divided into small (Less than 50 No.) and large (More than 50 No.) investment categories to ensure both smaller and larger contractors were able to compete on a fair and transparent basis. Contractors were not permitted to bid for both categories within a particular work stream.

Some of the most popular work streams available to landlords included:-

- a. Electrical rewiring and testing;
- b. Painting improvements;
- c. Re-Roofing works;
- d. External works;
- e. Kitchen improvements;
- f. Bathroom improvements;
- g. Heating improvements;
- h. Solar panelling and renewal energies;
- i. Communal areas;
- j. Insulation works;
- k. Fire precaution works;
- l. Adaptation works; and
- m. Asbestos removal.

He advised that there were several locally based contractors on the new CHP framework and were, along with other contractors, eligible for selection using one of the following methods:-

- a. Direct call off; and
- b. Mini competition.

The Direct Call off Procedure allowed landlords to directly select a contractor within a particular work stream based on the original OJEU evaluation procedure that took account of the contractor's cost and quality submissions.

The Mini Competition Procedure allowed landlords to evaluate contractors using a range of pre-determined assessment criterion that may vary from landlord to landlord.

Officers were proposing to undertake mini competitions using the following assessment procedure:-

### 1. **Written submission**

Contractors would be required to answer questions covering the following areas:-

<b>Evaluation Criteria</b>	<b>Weighting</b>
Customer Satisfaction	30%
Equality and Diversity	5%
Service Delivery	25%
Health, Safety and Environmental	5%
Local and Social Skills Benefits	10%

This section of the assessment will contribute **75%** to the total mark.

### 2. **Pricing document**

Contractors would be required to submit rates to carry out the works. These rates would be fixed for this particular scheme and would be open for acceptance for 48 months.

This section of the assessment would contribute **25%** to the total mark.

### 3. **Preferred contractor(s) status pricing document**

The results of each mini competition would be summarised and ranked for consideration by the Housing Management Forum. The Housing Management Forum would advise Officers of their decision regarding contractor appointment for each individual work stream.

Officers would ensure CHP/Procure Plus confirmed in writing contractors appointed by the HMF.

RECOMMENDED:- To agree that:-

- (i) Officers continue with the process of appointing CHP contractors for cyclical type work streams in advance of the stock condition findings;
- (ii) Officers proceed with the evaluation of contractors from the 2014 Cumbria Housing Partners Framework using one of the following selection methods:
  - (a) Direct call off
  - (b) Mini competition; and
- (iii) Officers evaluate planned investment work streams using the following methods of contractor selection:
  - (a) **Electrical rewiring and testing** – Option a; Direct call off procedure
  - (b) **Painting improvements** – Option a; Direct call off procedure
  - (c) **Re-roofing works** – Option a; Direct call off procedure
  - (d) **External works** – Option a; Direct call off procedure
  - (e) **Kitchen improvements** – Option b; Mini competition procedure
  - (f) **Bathroom improvements** – Option b; Mini competition procedure
  - (g) **Heating improvements** – Option b; Mini competition procedure.

## 24 – Solid Fuel Appliances

The Assistant Director – Housing reported that over recent years the Housing Department had been implementing the existing policy regarding gas fire installations to ensure that gas fires and other appliances that act as a secondary heat source were removed when a property became vacant.

The primary reason for this undertaking was to reduce the long-term costs with on-going repair and maintenance of the appliance and its flue/chimney. The removal of these appliances also helped to reduce the risk from carbon monoxide poisoning as the incomplete products of combustion from a faulty secondary gas appliance or flue could no longer escape into the property and hence cannot put tenants or their families at risk from harm.

This policy was created in the knowledge that there existed a very high percentage of the housing stock that has a modern high efficiency central heating boiler with a radiator in every room.

The Housing Department had existing systems in place to manage the safety of all gas and solid fuel appliances. This included an annual safety test and inspection by a qualified engineer and the provision of supplementary carbon monoxide detectors for tenanted properties with solid fuel appliances.

Officers advised that whilst these arrangements were presently adequate the risks associated with solid fuel installations may cause additional safety concerns regarding the following points:-

- Solid fuel appliances have no safety control measures (unlike gas appliances);
- Solid fuel appliances increase the risk of fires within the property;
- Solid fuel appliances create a 40-50% higher risk from carbon monoxide poisoning when compared to equivalent gas appliances;
- Solid fuel appliances need to be inspected annually by a suitably qualified engineer (This incurs additional costs); and
- Solid fuel appliances need to be maintained on a daily and weekly basis to ensure compliance with the manufacturer's instructions (The Council has no means to ensure compliance with this requirement).

Part 5 of the Council's Tenancy Agreement informed tenants of their rights with regard to carrying out repairs to their home. Sub section 5 of the agreement goes on to advise tenants that they must not carry out any alterations without written permission from the Council.

Officers periodically receive requests from tenants to install a new solid fuel appliance such as a coal fire or solid fuel stove/burner and in light of the comments made above Members are requested to amend the existing policy so that future requests from tenants to install new solid fuel appliances were declined.

It was moved by Councillor Hamilton and seconded by Councillor Pointer that the recommendation be amended to read "Members are asked to reaffirm rather than Members are asked to amend". This was voted upon, and

**RECOMMENDED:-** To agree that the existing gas fire policy be reaffirmed to include the removal of existing solid fuel appliances when properties become vacant and to decline requests from tenants to install new solid fuel appliances.

## **25 – Responsive Repairs Contract**

The Assistant Director – Housing sought Members' agreement to work in collaboration with other members of Cumbria Housing Partners (CHP) to pursue the option of progressing a joint responsive repairs contract.

The current Responsive Repairs Contract would end on 4th November, 2015.

It was unclear whether it would be prudent or not at the current time to offer an extension to the current contractor or to assume they would be interested in an extension.

Approval had been sought to appoint advisors in order to assist to the Council to prepare should it be necessary to re-let this Contract on behalf of the Borough Council.

However, the Assistant Director – Housing had been in discussion for some months with other social housing providers in Cumbria who were members of CHP regarding

the possibility of a joint procurement process for appointing contractors to complete responsive repairs.

Including Barrow Borough Council, there were four members of CHP that were interested in progressing this option.

The first stage would be to appoint a suitably qualified consultant to carry out a scoping exercise to establish the feasibility of whether a joint procurement process would be appropriate for the four landlords. At the current time, two advisors had been asked for a price to carry out this work and the Group had identified a possible advisor. The cost of the work would be £2,950 plus VAT, plus mileage. It was proposed the work could be completed within five to six weeks and each landlord contribute equally towards the cost.

At the present time it was unclear the most appropriate direction to take with regard to the delivery of the responsive repairs contract and the Assistant Director – Housing suggested that there was merit in continuing the approach already started independently but secondly to remain part of a Cumbria-wide approach to assess whether this would be a feasible or beneficial option rather than procuring directly.

**RECOMMENDED:-** To agree that resources be made available from existing budgets to complete a scoping exercise in order to consider whether a joint approach would be viable.

## **26 – Griffin Community Centre**

The Assistant Director – Housing requested Members to agree arrangements for the installation of PV panels at the Griffin Community Centre.

The Centre was managed by a voluntary management group who met all of the day-to-day running costs and organised the activities within the centre. The Council maintained the building and an Officer completed Health and Safety Audits as required.

There was no formal contractual arrangement between the Group and the Council.

The Council previously supported an application to the SofP Fund to carry out upgrading to the Centre with the primary objective of assisting the voluntary management group to meet the running costs of the centre.

The application to the SofP fund had been agreed by Cumbria Housing Partners (CHP) to the value of £25k. Work had started to replace the heating system and improve the thermal insulation of the building. Windows would also be upgraded in due course.

The Assistant Director – Housing had also had discussion with CHP regarding the funding of PV panels on the roof which would further assist in reducing the running costs of the centre and provide another source of income for the Group.

Details were to be finalised, but the PV panels would provide electricity during daylight hours for users of the Centre, with any surplus being paid by the utility supplier in the form of a feed in tariff.

From discussion with CHP it would appear that it was the practice of utility suppliers to pay the owner or tenant any feed-in tariff due from the panels.

The Community Group did not have a formal lease on the property and therefore the feed-in tariff would be paid to the Council.

Final arrangements for the option of installing PV panels were yet to be agreed. However, should it proceed the Assistant Director – Housing asked Members to agree any feed-in tariff the Council received be paid to the Group to assist in the cost of running the Centre.

**RECOMMENDED:-** To agree the installation of PV panels at the Centre which will be funded through the Cumbria Housing Partners Sense of Place (SofP) Fund and any feed-in tariff due to the Council be paid to the Community Centre Group to assist in the running costs of the centre.

## **27 – Housing Management Performance Report**

The Assistant Director – Housing submitted information relating to the Housing Management Performance 2014/15 and Best Value Performance Indicators. The information is attached at **Appendix A** to these Minutes. He provided a brief commentary to assist Members in their understanding of the key trends.

**RESOLVED:-** To note the Housing Management Performance Report.

## **28 – Planned Investments and Planned Maintenance**

The Assistant Director – Housing reported information relating to the Planned Investment and Planned Maintenance Programme for 2014/15. The information is attached at **Appendix B** to these Minutes.

**RESOLVED:-** To note the information.

The meeting closed at 2.30 p.m.

## HOUSING MANAGEMENT PERFORMANCE REPORT APPENDIX A

Performance Indicator	Actual 2011/12	Actual 2012/13	Actual 2013/14	Apr-June 2014	Apr-Sept 2014	Target (Median)
<b>£ Rents Collection</b>						
<b>£ Rent &amp; Service Charges due (exc Void)</b>	£9,228,558	9,728,187	10,687,981	2,549,037	5,386,720	£10,726,368
<b>£ Rent collected</b>	£9,134,875	9,604,739	10,482,254	2,451,512	5,272,405	£ 10,511,841
Rent collected as % of rent due (exc ft)	98.98%	98.73%	98.08%	96.17%	97.9%	98%
£ Current Arrears (dwellings)	£181,230	£203,623	£370,804	£465,845	£474,254	£321,791.04
£ Former Arrears (dwellings)	£92,499	£135,745	£162,969	£184,016	£220,481	£160,768
Write Offs (Gross)	£75,538	£38,573	£137,688	£8,969	£13,809	£150,000
Tenants evicted for rent arrears	6	5	15	1	4	15
Current tenants arrears % of rent owed	2.0%	2.1%	3.5%	4.3%	4.2%	3%
Former tenants arrears % of rent owed	1.0%	1.4%	1.6%	1.7%	2.0%	2%
£ Rent arrears Garages	£1,824	£1,452	£1,763	£3,635	£8,011	£ 3,750
£ Rent Arrears Shops	£16,602	£22,146	£15,464	£12,122	£12,905	£ 15,000
<b>Void management</b>	2694	2686	2677	2672	2667	2666
<b>Tenancy Turnover %</b>	<b>8.4%</b>	<b>10.1%</b>	<b>12.9%</b>	<b>3.6%</b>	<b>6.2%</b>	8.05%
Total number of re-lets	278	245	340	78	167	370
No. of Voids	227	270	344	95	171	350
<b>Ends due to Under Occupation</b>			<b>48</b>	<b>0</b>	<b>3</b>	10
Average relet time for dwellings (inc days spent in MW)	37	32	35	52		30
£ rent loss through vacant dwellings	£ 100,227	£ 111,607	£ 165,336	£ 40,169	£ 90,137	£ 168,229
£ rent loss due to vacant garages	£5,098	£2,290	£2,157	£339	£970	£ 4,500
£ rent loss due to vacant shops	£16,546	£5,000	£1,022	£0	£0	£ 4,000
£ rent loss due to vacant dispersed	NA	NA	NA	£2,166	£12,097	£ 13,019
% properties accepted on first offer	86.4%	78.4%	76.5%	80.7%	78.0%	70%
Loss per Void (Rents, Repairs, Arrears)	£ 2,846	£ 2,684	£ 1,341	£ 1,022	JC	£2,000
<b>Maintenance</b>						
<b>No. Repair Orders issued (Tenant Demand)</b>	11,587	10,109	10,822	2,575	5,101	9,197
Responsive & Void repairs per property	4.3	3.7	4.0	1.0	1.9	3.4
P1 & P2 as a % of total repairs	61.7%	63.8%	63.0%	55.0%	54.6%	47.5%
% all responsive repairs completed on time	87.3%	77.1%	71.2%	83.5%	82.2%	96.3
P1 % emergency repairs completed on time	94.6%	94.6%	89.0%	92.7%	95.1%	96.7
P2 % urgent repairs completed on time	78.9%	77.3%	73.0%	79.5%	79.9%	94.6
Average end-to-end time for all reactive repairs (days)	12.25	19.78	17.46	10.75	13.14	8.2
Percentage of repairs completed 'Right First Time'	78.5%	79.79	N/A	N/A	N/A	88.8
Appointments kept as a percentage of appointments made	77%	61%	N/A	N/A	N/A	96.8
Appointments made as a percentage of repair orders (exc gas &	NA	100%	N/A	N/A	N/A	94.1
Percentage of dwellings with a valid gas safety certificate	99.89%	100%	100.0%	100.0%	100.0%	99.8%
Percentage of homes that fail to meet the Decent Homes Standard	0%	0%	0%	0%	0%	0.2%
*Average energy efficiency rating of dwellings (based on RD SAP	69.2	69.2	69.2	69.2	69.2	68.90%
<b>Homeless</b>						
Homeless ave. days in temporary dispersed accommodation	59	57	56	29	36	
Homeless ave. days in temporary B&B accommodation	20	27	35	37	38	
Homeless Total Cases Closed	752	903	782	83	293	
Homeless Advice	339	408	187	25	92	
Homeless Prevention	114	170	492	38	165	
Homeless Applications	185	147	103	20	36	
Homeless Successful Preventions	85	148	277	24	89	
Eligible Homeless (Owed a full duty)	29	30	19	3	6	



# HOUSING MANAGEMENT PERFORMANCE REPORT APPENDIX A

Housing Register	Actual 2011/12	Actual 2012/13	Actual 2013/14	Apr-June 2014/15	Apr-Sept 2014/15	
Applicants on housing register						
Active Direct Applicants		1471	1162	1070	1133	
Active Transfer Applicants		346	286	248	266	
Cumbria Choice Register	1745	1817	1448	1318	1399	
<b>Equality &amp; Diversity</b>						
<b>ASB cases reported</b>	82	72	58	11	35	143
Percentage of closed ASB cases that were successfully resolved	91%	99%	96%	83%	100%	88%
% Diversity Information : Age	100%	100%	100%	100%	100%	100%
Gender	100%	100%	96.6%	97.9%	98.6%	98%
Ethnicity	95%	82%	93.4%	94.3%	95.0%	75%
Disability	100%	100%	96.1%	97.3%	97.9%	75%
Sexuality	56%	52%	48.1%	48.8%	49.1%	55%
Religion or belief	57%	53%	48.5%	49.1%	49.5%	55%
Percentage of Stage 1 complaints upheld	22%	40%	14%	0%	50%	NA
<b>Value for Money - Direct Costs per property</b>						
Overhead per property	£ 324	£ 274	£ 319			130
Major & Cyclical works	£ 1,256	1100	1232			1200
Responsive Repairs	£ 480	391	514			375
Void Repairs	£ 167	166	164			150
Housing Mgt	NA	277	259			250
Leasehold	£ 70	134	152			150
Total staff turnover	7.0%	5.9%	3.8%	0.0%	1.9%	1.9
Ave. working days lost / sickness absence	14.0	18.9	18.1	5.9	9.2	
<b>Satisfaction</b>						<b>Target</b>
Percentage of tenants satisfied with the landlord's services overall		88%				83%
Percentage of tenants satisfied with repairs and maintenance		87%				79%
Percentage of tenants satisfied that their views are taken into		78%				64%
Percentage of tenants satisfied with the quality of the home		90				N/A
Percentage of residents satisfied with the neighbourhood as a place		84%				82%
Percentage of tenants satisfied that their rent provides value for		90%				N/A
Percentage of tenants satisfied that their service charges provide		81%				N/A
<b>Housing Stock</b>						
Houses	1290	1284	1274	1270	1266	
Flats	1248	1245	1247	1245	1244	
Bungalows	157	157	157	157	157	
<b>Total Dwellings</b>	<b>2694</b>	<b>2687</b>	<b>2678</b>	<b>2672</b>	<b>2667</b>	
Total Dispersed /Temporary Dwellings	10	10	8	9	9	
Community Centres	5	5	5	5	5	
Leaseholds	202	204	205	206	207	
Garages	484	486	486	489	489	
Shops	20	20	19	19	19	
<b>TOTAL PROPERTIES</b>	<b>3415</b>	<b>3412</b>	<b>3401</b>	<b>3400</b>	<b>3396</b>	
<b>Sold Property / Land</b>	<b>2011/12</b>	<b>2012-13</b>	<b>2013/14</b>	<b>Apr-June</b>	<b>Apr-Sept</b>	<b>2014/15</b>
Houses	3	252,750	365,040	162,030	355,340	8
Flats	1	42,160	19,320	14,760	32,820	2
Land	1	0	0	3,000	3,000	1
<b>TL</b>	<b>4</b>	<b>294,910</b>	<b>384,360</b>	<b>179,790</b>	<b>391,160</b>	<b>11</b>

## PLANNED INVESTMENTS 2014-15

SCHEME	CONTRACTOR OR SUPPLIER	AVAILABLE BUDGET	NO OF PROPERTIES (P) OR BLOCKS (B)	EXPENDITURE TO DATE	ESTIMATED START DATE	ESTIMATED COMPLETION DATE	CONTRACTOR	COMMENTS	Leasholders affected?
RE-ROOFING AND POINTING WORKS ROOSEGATE ESTATE (2-3 YEARS DELIVERY PLAN)	CUMBRIA HOUSING PARTNERS	£390,000	56 (P)	£ 421,147	16/06/2014	31.3.2015	DLP Roofing	80% COMPLETE	No
RE-ROOFING WORKS FLAT ORMSGILL ESTATE	CUMBRIA HOUSING PARTNERS	£132,000	20 (B)	£ 277	01/08/2014	31.3.2015	CUMBRIA ROOFING	30% COMPLETE	Yes
RE-POINTING/RENDERING DEVONSHIRE ESTATE	CUMBRIA HOUSING PARTNERS	£590,000	30 (P)	£ 5,317	01/08/2014	31.3.2015	DLP Roofing	DUE TO COMMENCE 1/12/14	No
WINDOW REPLACEMENTS CENTRAL & WALNEY	CUMBRIA HOUSING PARTNERS	£100,000	137 (P)	£ -	01/09/2014	31.3.2015	TOP NOTCH	DUE TO COMMENCE 1/12/14	No
COMMUNAL ENTRANCE LIGHTING UPGRADES - CENTRAL	CUMBRIA HOUSING PARTNERS	£64,000	14 (B)	£ 8,411	01/10/2014	31.3.2015	K WILSON	100% COMPLETE	Yes
COMMUNAL ENTRANCE PAINTING - CENTRAL	CUMBRIA HOUSING PARTNERS	£30,000	14 (B)	£ -	01/11/2014	31.3.2015	GEORGE JONES	WORKS TO COMMENCE IN LATE AUTUMN	Yes
COMMUNAL ENTRANCE DOOR UPGRADES - ORMSGILL	CUMBRIA HOUSING PARTNERS	£120,000	18 (B)	£ 120,000	01/08/2014	31.3.2015	SS GROUP	100% COMPLETE	Yes
GARAGE IMPROVEMENTS	CUMBRIA ROOFING	£48,600	10 (B)	£ 82,172	01/04/2014	31.3.2015	CUMBRIA ROOFING	100% COMPLETE	No
REWIRES	CUMBRIA HOUSING PARTNERS	£150,000	120	£ 171,650	01/04/2014	31.3.2015	K WILSON	70% COMPLETE	No
BATHROOMS	CUMBRIA HOUSING PARTNERS	£410,000	200	£ 192,438	01/04/2014	31.3.2015	AB MITCHELL	60% COMPLETE	No
KITCHENS	CUMBRIA HOUSING PARTNERS	£200,000	300	£ 126,616	01/04/2014	31.3.2015	AB MITCHELL	60% COMPLETE	No
HEATING	CUMBRIA HOUSING PARTNERS	£525,000	200	£ 259,480	01/04/2014	31.3.2015	AB MITCHELL	50% COMPLETE	No
PAINTING	CUMBRIA HOUSING PARTNERS	£250,000	500	£ 66,875	09/06/2014	31.3.2015	G JONES	90% COMPLETE	Yes

## HOUSING MAINTENANCE COMMITMENTS 2014-15

	Funding Available 2014-15	EXPENDITURE TO DATE	Weekly Available	Gross Comm. as a % funds available
Tenant Demand Repairs	£ 1,085,671	£ 663,625	£ 20,878	61%
Voids	£ 238,243	£ 207,232	£ 4,582	87%
Gas Servicing	£ 99,049	£ 51,952	£ 1,905	52%
Decoration Vouchers	£ 45,000	£ 19,681	£ 865	44%
Disrepair Claims	£ 15,000	£ 1,722	£ 288	11%
Environmental Impmts	£ 25,000	£ 7,205	£ 481	29%
Disabled Adaptations	£ 100,000	£ 96,092	£ 1,923	96%
Electrical Testing	£ 80,700	£ 28,276	£ 1,552	35%
Door Entry Maintenance	£ 20,000	£ 1,012	£ 385	5%
<b>Total</b>	<b>£1,783,663.00</b>	<b>£1,076,797.00</b>	<b>£32,858.90</b>	

<b>EXECUTIVE COMMITTEE</b>	<b>Part One (D/R) Agenda Item 9</b>
<b>Date of Meeting:</b> 21st January, 2015	
<b>Reporting Officer:</b> Director of Resources	
<p><b>Title: Budget Proposals 2015-2016</b></p> <p><b>Summary and Conclusions:</b></p> <p>This report presents the budget proposals for 2015-2016. The General Fund revenue budget is based on the Budget Strategy agreed on 24th January 2012; 2015-2016 will be the final year of the four year plan. The Housing Revenue Account for 2015-2016 is proposed as a balanced budget. The Capital Programme and Treasury Management Strategy Statement for 2015-2016 are also included as is the position on reserves.</p> <p><b>Recommendations:</b></p> <p>Members are recommended:</p> <p><b>(D)</b> 1. To agree the proposed budget consultation set out in Section F.</p> <p>To recommend the Council:</p> <p><b>(R)</b> 2. To set the 2015-2016 General Fund Revenue Budget as £11,471,040 including £94,110 for parish precepts and agree the movements in reserves set out in paragraph 5.8;</p> <p><b>(R)</b> 3. To agree that Council Tax is not increased for 2015-2016;</p> <p><b>(R)</b> 4. To agree that establishment matters, be delegated to the Executive Director and the Director of Resources as set out in paragraph 5.1.1;</p> <p><b>(R)</b> 5. To agree the increases in fees and charges referred to in paragraph 6.6;</p> <p><b>(R)</b> 6. To approve the Housing Revenue Account budget for 2015-2016 referred to in Section B;</p> <p><b>(R)</b> 7. To approve the Capital Programme for 2014-2015 to 2017-2018 as referred to in Section D;</p> <p><b>(R)</b> 8. To approve the Treasury Management Strategy Statement for 2015-2016 to 2017-2018 as referred to in Section E; and</p>	

## **Report**

### **A. General Fund**

#### **1. Budget Strategy**

The approved Budget Strategy covers the financial years 2012-2013 to 2015-2016. The Budget Strategy is designed to reduce the Council's core budget to the levels that will be supported by the financial settlement and income from Council Tax and Business Rates. The long term aim is to have a sustainable budget.

If no action had been taken and the Budget Strategy was not implemented, then by 2015-2016 the shortfall on the revenue budget was estimated to be £5m. The Budget Strategy policies were implemented at the start to allow their sustainability to be established over the strategy period. This allowed the early savings to release funds into reserves to control any variance in the assumptions used and to deal with any items outside of the sensitivity analysis of the Medium Term Financial Plan. The Budget Strategy has produced a balanced budget for 2015-2016.

#### **2. Projected outturn for 2014-2015**

The projected outturn for 2014-2015 is expected to be balanced budget and details will be reported in the quarter 3 Council Finances and Performance Report at the next meeting. As previously reported the budget is balanced without support from reserves, although reserves are funding specific one-off items of expenditure as approved.

The impact on reserves from 2014-2015 has been taken into the projected reserves figures in Section C.

#### **1. Local Government Financial Settlement 2015-2016**

The level of grant provided by the Settlement means the average reduction in Revenue Spending Power is 1.8%. Revenue Spending Power represents the money available to councils to provide local services and is broadly: Government grants, Business Rates and Council Tax. Additional funding has been provided to ensure that the Revenue Spending Power reduction is capped at 6.4%.

The Revenue Spending Power for the Council for the 2015-2016 is £11.152m compared to £11.915m for 2014-2015; a 6.4% reduction. The items within these figures are shown in the following table.

<b>Item</b>	<b>2014-2015</b>	<b>2015-2016</b>
Council Tax (excluding parishes)	£3.878m	£3.884m
Revenue Support Grant (net of parishes)	£3.098m	£3.275m
Business Rate Baseline	£2.787m	£2.840m
Business Rate adjustment (2% cap)	£0.030m	£0.041m
Efficiency Support Grant	£1.175m	£0.141m
New Homes Bonus	£0.382m	£0.476m

New Burdens	£0.094m	£0.023m
Benefit Admin Grant	£0.471m	£0.425m
Council Tax Freeze Grant	-	£0.047m
<b>Total Spending</b>	<b>£11.915m</b>	<b>£11.152m</b>

The £1.175m Efficiency Support Grant which was successfully bid for and used for transformation projects has been rolled into the ongoing Revenue Support Grant from 2015-2016.

Efficiency Support Grant was identified as a revenue grant in December 2012 for the 2013-2014 and 2014-2015 Settlements. The purpose of the grant was to provide funding to those local authorities with a Revenue Spending Power reduction of more than 8.8% (the cap).

For 2015-2016, the Efficiency Support Grant figure of £0.141m has been included to reduce the Revenue Spending Power reduction from 7.6% to the cap of 6.4%. This grant is not yet awarded to the Council and the application process is not yet open. The use of Efficiency Support Grant is ring-fenced to transformation projects; the grant has not been included in the proposed budget and nor has any project been set aside.

The Medium Term Financial Plan was based on the Efficiency Support Grant being rolled into the ongoing Revenue Support Grant. Aside from the new Efficiency Support Grant, the Settlement is in line with expectations.

The 2015-2016 Settlement is issued under consultation that ends on 15<sup>th</sup> January, 2015. A final settlement notice will be issued by mid-February and any significant changes will be included in the papers for the budget setting Full Council meeting.

## **5. Proposed budget for 2015-2016**

The proposed General Fund revenue budget for 2015-2016 is £11,471,040 including £94,110 for parish precepts and a contribution of £89,260 to reserves.

The budget is set out at **Appendix 1** and includes the 2013-2014 actual outturn and 2014-2015 original budget for comparison.

As agreed in the budget assumptions at the Executive Committee of 10<sup>th</sup> September, 2014, the Council Tax has not been increased.

The major changes from 2014-2015 into 2015-2016 are identified in the following paragraphs.

### **5.1. Staff pay**

Staff pay has increased by £68k from the 2014-2015 original budget.

The additional staff pay for 2015-2016 comes from:

- Impact of pay award £69k

- Net cost of new off-street parking establishment £30k
- Natural progression through the grades £46k
- Full year cost of apprentices £40k (partial first year; reserves funded)
- Impact of approved re-gradings in 2014-2015 £34k
- Removal of £34k staff turnover target saving
- Known maternity cover costs £11k
- Other changes £36k

The additions total £300k and are off-set by some savings:

- Removal of on-street parking establishment £110k
- Removal of posts ending/removed £50k
- Department restructures from voluntary redundancies £39k
- Full saving from Resources Directorate restructuring £33k

#### 5.1.1. Establishment matters

The removal of the turnover target from the staff pay budget has two purposes, firstly the turnover is the money used to fund successful re-grading applications, any increases in hours, or cover requirements that Management Board receive a robust business case for. Currently, the Executive Committee has delegation to approve re-grading applications following Management Board's recommendation, but these must be within the overall budget; the second purpose is to seek Members approval to further delegate the approval of re-grading applications and cover arrangements to the Executive Director and the Director of Resources.

To clarify the delegation in respect of the establishment: Members are asked to delegate all establishment matters with the exception of; matters affecting Chief Officers; the creation of new posts; the deletion of old posts and spot salaries; to the Executive Director and the Director of Resources, provided that the amendments are within the staff pay budget as set with the approved budget or as varied thereafter through the usual budgetary controls set out in the Financial Regulations. This would not remove the Member Panel for early retirements, voluntary redundancies, re-grading and other staff-related appeals; this would remain as it is now.

#### 5.2. Property costs

Property costs have reduced by £71k from the 2014-2015 original budget.

There are additional costs for:

- Inflation of £46k
- Maintenance contracts have increased by £16k

These additions total £62k and the reductions come from:

- A reduction in utilities of £49k
- Reductions in NNDR liabilities of £37k
- A reduction in planned public buildings maintenance of £20k
- A reduction in insurance premiums of £20k
- Other changes £7k

### 5.3. Contracts

Contracted services have increased by £43k from the 2014-2015 original budget.

Inflation on contracted services for 2015-2016 has been estimated at £147k. The recycling collection and processing costs have been reduced as street sweepings are no longer part of the contracted works, this reduces the budget by £42k; the recycling income has already been reduced for this. The housing benefit fraud responsibility transfers to the DWP Single Fraud Investigation Service in July 2015 and the grant received to fund benefit work has been reduced for this, to reflect the reduction the contract costs for benefit fraud work have also been reduced by £40k. The customer services contract costs have reduced in 2014-2015 following a review of the service demands (this excludes the revenues and benefits service) and the reduction is £28k.

### 5.4. Benefits

The net cost of housing benefits has increased by £34k from the 2014-2015 original budget. This reflects the subsidy settlements of recent years and may reduce if overpayment recoveries exceed expectations.

### 5.5. External income

External income has reduced by £277k from the 2014-2015 original budget.

The reductions are:

- On-street enforcement £128k
- Contribution towards on-street enforcement £45k
- Commercial rent income total reduction £138k, including:
  - Burlington House £10k
  - Woodbridge Haven £57k (ring-fenced reserve)
  - Phoenix Business Centre £62k (leased, so costs also removed)
- Housing benefit administration grant £40k
- Crematorium two week closure for re-lining £34k
- Grants and contributions £39k

The total of the reductions is £424k which is off-set by additional income from:

- Planning applications £40k
- Prices increases (see paragraph 6.6.) £37k
- Licensing £30k
- Fitness suite fees £20k
- Forum sales £20k

The bulk of the costs of the items funded by the on-street enforcement income are also removed from the budget. The remaining costs together with the existing off-street parking costs and the new establishment are included in the proposed budget.

## 5.6. Treasury portfolio

The treasury items in the budget are lower than the 2014-2015 original budget by £64k as a result of prudent capital financing and treasury management.

## 5.7. Pension funding

The 'Item included in Council Tax' is pension deficit funding. The budget has increased by £51k over the original 2014-2015 budget; the annual amount is fixed by the triennial review of the Pension Fund.

## 5.8. Reserves

There are a number of movements in reserves to be agreed and these are specified below. There is no use of reserves to balance the budget and there is an addition to reserves of £89,260 which is primarily attributed to one-off income:

- Prior year Council Tax surplus £148,580
- Prior year Business Rates surplus £137,110
- Council Tax freeze grant £47,170

These total £332,860.

£250,000 of the Weekly Collection Support Scheme ring-fenced grant was to be used to mitigate the sustained loss of recycling credits, but the items listed above have been used instead and the grant held to mitigate a future year when contract changes can be introduced to achieve the required saving.

The movements in reserves included in the proposed budget are shown below, with specific approval already given by the Executive Committee noted:

- Renewals reserve
  - Capital expenditure £410,830 (approved)
  - Cremator relining £49,800
  - Planned public buildings maintenance £24,510
- Insurance reserve
  - Excesses £20,000
- Budget Contingency reserve
  - Consultancy services for Environmental Health £59,000
  - Furness Enterprise £50,000 (approved)
  - Local elections (combined) £40,000
  - Budget variations £30,000
  - Work in default £10,000
  - Keep Our Future Afloat Campaign £5,000 (approved)
  - £89,260 added to the Contingency reserve
- Apprenticeships
  - Staff pay £86,050 (approved)



- Welfare support
  - Barrow Citizen’s Advice Bureau £49,640 (approved)
  - Barrow and District Disability Association £7,330 (approved)
- CCTV
  - Residual costs £11,160
- Earmarked revenue grants (ring-fenced)
  - Funding matched with expenditure £61,820
- James Freel Close reserve (ring-fenced)
  - Surplus on the year added to the reserve £150,180

The projected balances at 31<sup>st</sup> March are shown in Section C.

#### 5.9. Total revenue financing

In this section of the budget some items can be compared to 2014-2015 and some items are explained rather than compared.

- Revenue Support Grant increased on the 2014-2015 original budget due to the roll-in of Efficiency Support Grant:

<b>Item</b>	<b>2014-2015</b>	<b>2015-2016</b>
Lower tier funding	£2.988m	£2.000m
2011-2012 freeze compensation	£0.064m	£0.063m
Homelessness	£0.054m	£0.054m
Returned funding	£0.008m	-
Efficiency Support funding	-	£1.175m
<b>Total</b>	<b>£3.114m</b>	<b>£3.292m</b>

- The Business Rates items are shown as separate components. The prior year surplus is the Council’s share of the projected surplus on the Collection Fund at 31<sup>st</sup> March, 2015. An amount from the Cumbria Business Rates Pool has also been estimated.
- The New Homes Bonus has increased and this can mainly be attributed to the empty homes review carried out during the summer of 2014.
- The new burdens funding relates to the Local Council Tax Reduction Scheme.
- The Council Tax freeze grant is included.
- The other Government grants all relate to the compensation received for the 2015-2016 Business Rate initiatives; small business rate relief, multiplier cap, retail and empty reliefs.

- The Council Tax requirement for 2015-2016 is based on the Council Tax base and current band D tax. The tax base for 2015-2016 has been set at:
  - The Whole Borough area 18,061.47
    - Barrow unparished 14,556.56
    - Dalton with Newton Town Council 2,217.03
    - Askam and Ireleth Town Council 1,032.61
    - Lindal and Marton Parish Council 255.27

The prior year surplus is the Council's share of the projected surplus on the Collection Fund at 31<sup>st</sup> March, 2015.

## **6. Items within the proposed budget**

The following items are included in the 2015-2016 proposed budget:

### **6.1. Budget variations**

The Council does not allocate contingent amounts within the revenue budget. However, in order to deal with small alterations to the budget and one-off items, £30,000 has been identified from the Budget Contingency reserve. This will be used in accordance with the Reserves and Balances Policy.

### **6.2. Borrowing costs**

No new borrowing for capital purposes has been included in the proposed budget. Projections for 2015-2016 show that existing resources and cashflow can sustain the under-borrowing position.

### **6.3. Inflationary pressures**

The cost of inflation included in the proposed budget is £194,460 and includes:

- 5% for utilities
- 2.3% for NNDR
- 3.2% for contracted grounds maintenance
- 1.8% for contracted refuse, recycling and street cleansing
- 2.6% for contracted revenues, benefits and customer services

### **6.4. Car parking income**

No increase is proposed for car parking pay and display tickets, contract parking permits or staff parking permits.

### **6.5. Leisure income**

Pricing for income in relation to the Park Leisure Centre and The Forum are delegated to the venue managers in accordance with the agreed policy.

## 6.6. Other income

The fees and charges set out in **Appendix 2** have been increased by approximately 2.5% unless otherwise stated. The Building Regulation Scheme of Charges will be increased by 2.5% for Building Control income.

## 7. Medium Term Financial Plan

The current approved Medium Term Financial Plan summary is shown below:

	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Net Revenue Budget	£10.964m	£11.169m	£10.818m	£10.361m
Total Revenue Financing	£9.934m	£9.979m	£10.168m	£10.361m
<b>Deficit</b>	<b>£1.030m</b>	<b>£1.190m</b>	<b>£0.650m</b>	-
<b>Restructuring Reserve</b>	<b>£1.030m</b>	<b>£1.190m</b>	<b>£0.650m</b>	-

<b>Restructuring Reserve</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Brought forward	£2.870m	£1.840m	£0.650m	-
Used	£1.030m	£1.190m	£0.650m	-
<b>Carried forward</b>	<b>£1.840m</b>	<b>£0.650m</b>	-	-

The Restructuring Reserve for the Medium Term Financial Plan (MTFP) is required to be £2.87m.

The fully revised Medium Term Financial Plan will be presented to this committee following the Budget Setting for 2015-2016.

## **B. Housing Revenue Account**

The Housing Revenue Account budget was presented to the Housing Management Forum on 15<sup>th</sup> January, 2015. The report is attached as **Appendix 3** and Members are asked to consider the report and recommend the Housing Revenue Account budget to Council for approval.

The Housing Revenue Account is a balanced budget for 2015-2016 with a 2.2% rent increase for dwellings and garages.

## **C. Reserves**

The projected balances of reserves at 31<sup>st</sup> March are:

<b>Reserves</b>	<b>31/3/2015</b>	<b>31/3/2016</b>
General Fund Balance	£2.300m	£2.300m
Restructuring Reserve – MTFP	£2.870m	£2.870m
Restructuring Reserve – transformation	£0.250m	£0.250m
Renewals Reserve	£0.907m	£0.422m
Insurance Reserve	£0.100m	£0.080m
Losses Reserve	£0.590m	£0.590m
Budget Contingency	£0.459m	£0.354m

Apprenticeships	£0.204m	£0.118m
Welfare Support	£0.185m	£0.128m
CCTV	£0.055m	£0.044m
<b>Total</b>	<b>£7.920m</b>	<b>£7.156m</b>

The General Fund balance is calculated from a risk based assessment which is attached as **Appendix 4**. The assessment is calculated when setting the budget and again when closing the accounts for each financial year. The items that are included are reviewed and updated to reflect the current position.

The balance on the CCTV reserve is likely to be used within the next 3-4 months, but timing is not certain.

The projected balances of ring-fenced reserves at 31<sup>st</sup> March are:

<b>Reserves</b>	<b>31/3/2015</b>	<b>31/3/2016</b>
Woodbridge Haven	£0.074m	£0.074m
James Freel Close	£0.458m	£0.608m
Earmarked revenue grants	£0.606m	£0.544m
<b>Total</b>	<b>£1.138m</b>	<b>£1.226m</b>

The revised Medium Term Financial Plan will include the projection of reserves out to 2019-2020.

#### Level of reserves and balances

In accordance with Section 25 of the Local Government Act 2003, I confirm that I am satisfied that the budget assumptions and estimates are robust, and that I consider the level of reserves held by the Council to be adequate.

### **D. Capital Programme**

The Capital Programme was last presented to this Committee on 10<sup>th</sup> September, 2014. The variations made to the programme and the revised Capital Programme for 2014-2015 to 2017-2018 are attached at **Appendix 5**.

The summarised programme is shown in the following tables:

<b>Investment</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Public Housing	£1.817m	£1.817m	£1.817m	£1.817m
Private Housing	£0.619m	£0.560m	£0.560m	£0.560m
Housing Market Renewal	£0.536m	£1.991m	£0.559m	£0.503m
Public Buildings	£0.753m	£0.667m	£0.150m	£0.150m
Industrial & Commercial Properties	£1.134m	£0.100m	£0.200m	£0.200m
Other Public Assets	£1.174m	£0.210m	£0.060m	£0.060m
Community Initiatives	£0.664m	-	-	-
Retentions	£0.009m	£0.010m	£0.010m	£0.010m
Asset Investment Fund	£0.003m	£0.100m	£0.150m	£0.784m
<b>Total Capital Programme</b>	<b>£6.709m</b>	<b>£5.455m</b>	<b>£3.506m</b>	<b>£4.084m</b>

The financing is shown in the following table:

<b>Financing</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Borrowing	-	£0.890m	£0.934m	£1.000m
Government Grants	£2.010m	£1.460m	£0.560m	£0.560m
Private Contributions	£0.135m	-	-	-
HRA Major Repairs Reserve	£1.817m	£1.817m	£1.817m	£1.817m
Reserves	£2.747m	£0.660m	-	£0.503m
Capital Receipts	-	£0.628m	£0.195m	£0.204m
<b>Total Capital Programme</b>	<b>£6.709m</b>	<b>£5.455m</b>	<b>£3.506m</b>	<b>£4.084m</b>

The capital financing for the programme is included in the Treasury Management Strategy and Prudential Indicators. The revenue impacts of financing are included in the proposed budget, but do not include the cost of borrowing. The revenue impacts of the programme will also be included in the Medium Term Financial Plan.

The programme requires £570k of usable capital receipts to be fully funded. The projects in future years will not be commissioned until sufficient funding is in place as usual. Members are asked to recommend the Capital Programme to Council for approval.

## **E. Treasury Management**

The Treasury Management Strategy Statement is reported in **Appendix 6**. The strategy covers 2015-2016 to 2017-2018 and is based on a low risk, prudent approach providing adequate security and liquidity before considering investment return. The strategy is based on the current treasury management portfolio and the proposed Capital Programme. The impact of the strategy is included in the General Fund and Housing Revenue Account budgets and is in line with the Budget Strategy, Medium Term Financial Plan and self-financing requirements for the HRA. Members are asked to recommend that Council approve and adopt Treasury Management Strategy Statement and the Prudential Indicators that it sets out.

## **F. Budget consultation**

Once the budget proposals are agreed by this Committee, public consultation will commence immediately and run until 18<sup>th</sup> February, 2015. This report will be made available via a link on the website with the prompt: *“Do you have any comments in relation to the recommendations contained in the budget report?”*

The Overview and Scrutiny Committee will meet to discuss the budget proposals on 29<sup>th</sup> January, 2015. The Council will meet on 3<sup>rd</sup> March, 2015, to consider the results of the consultation process and recommend any amendments as necessary. At this meeting, the Council is to approve the budgets and set the Council Tax for 2015-2016.

(i) Legal Implications

It is a statutory requirement to set the budgets, prudential indicators and the Council Tax.

(ii) Risk Assessment

The recommendation has no significant implications. The latest available information and available trends have been used in setting the budget.

(iii) Financial Implications

The financial implications are included in the report.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

**General Fund**  
**Budget 2015-2016**

**Appendix 1**

	<b>Actual Outturn 2013-2014</b>	<b>Original Budget 2014-2015</b>	<b>Proposed Budget 2015-2016</b>
Staff pay	4,431,800	4,676,750	4,745,120
Pension accounting	442,054	0	0
Staff other costs	194,351	109,180	101,490
Transport	96,241	102,460	102,730
Property	2,043,854	2,037,940	1,966,960
Supplies and services	2,358,505	2,585,170	2,593,820
Contracts	6,518,512	6,704,460	6,747,390
Benefits	20,308,364	21,142,050	21,745,670
Benefits grants	(20,312,917)	(21,069,070)	(21,638,380)
External income	(7,621,469)	(6,858,750)	(6,581,810)
<b>Direct Costs</b>	<b>8,459,295</b>	<b>9,430,190</b>	<b>9,782,990</b>
Internal income from HRA and Capital	(743,321)	(736,030)	(745,090)
Capital charges	2,079,863	1,594,570	1,375,170
<b>Indirect Costs</b>	<b>1,336,542</b>	<b>858,540</b>	<b>630,080</b>
<b>Net Expenditure</b>	<b>9,795,837</b>	<b>10,288,730</b>	<b>10,413,070</b>
External interest earned	(77,280)	(48,000)	(50,000)
External interest paid	584,643	584,650	584,640
Minimum Revenue Provision	903,166	959,280	896,830
Capital expenditure financed from revenue resources	1,379,959	0	460,630
Items excluded from Council Tax	(2,816,729)	(1,594,570)	(1,375,170)
Items included in Council Tax	1,155,266	1,135,410	1,186,740
Movements in reserves	2,080,297	(687,010)	(675,700)
Budget variances	0	0	30,000
<b>Net Revenue Budget</b>	<b>13,005,159</b>	<b>10,638,490</b>	<b>11,471,040</b>
<b>Budget Funded by:</b>			
Revenue Support Grant	(4,109,382)	(3,113,620)	(3,291,720)
Retained Business Rates	(8,947,802)	(8,949,740)	(9,434,510)
Retained Business Rates Tariff	6,044,857	6,162,620	6,280,380
Retained Business Rates Levy	211,929	0	354,260
Business Rates Pool	0	0	(99,200)
Business Rates - prior year surplus	0	0	(137,110)
New Homes Bonus	(212,974)	(372,860)	(476,150)
New burdens	(94,120)	(94,120)	(22,690)
Weekly Collection Support Scheme	(400,000)	(250,000)	0
Council Tax freeze grant	0	0	(47,170)
Other Government grants	(1,651,591)	(29,590)	(436,180)
Council Tax - Barrow Borough Council precept	(3,823,640)	(3,971,460)	(4,012,370)
Council Tax - prior year surplus	(22,436)	(19,720)	(148,580)
<b>Total Revenue Financing</b>	<b>(13,005,159)</b>	<b>(10,638,490)</b>	<b>(11,471,040)</b>

Fees & Charges				Appendix 2
		Charges 2014/2015	Charges 2015-2016	% Increase
<b>Cemetery &amp; Crematorium</b>				
Sale of Grave		£461.00	£472.00	2.39%
Interment for 1		£442.00	£453.00	2.49%
Interment for 2		£442.00	£453.00	2.49%
Interment for 3		£474.00	£486.00	2.53%
Headstone		£84.00	£86.00	2.38%
Full Kerb		£84.00	£86.00	2.38%
Headstone & Kerb		£106.00	£109.00	2.83%
Small Headstone		£27.00	£28.00	3.70%
Vase		£27.00	£28.00	3.70%
Crem kerbs		£27.00	£28.00	3.70%
Small Headstone & Crem Kerbs		£37.00	£38.00	2.70%
Standard Tablet		£27.00	£28.00	3.70%
Small Tablet	6" x 10" by tree	£12.00	£12.00	0.00%
Additional Inscription		£27.00	£28.00	3.70%
Grave Maintenance	Planting twice yearly	£261.67	£269.00	2.80%
Grave Maintenance	2nd year heather	£157.50	£162.00	2.86%
Grave Maintenance	Rate 1	£262.40	£268.00	2.13%
Grave Maintenance	Rate 2	£157.85	£162.00	2.63%
Book of Remembrance	2 lines	£32.40	£33.60	3.70%
Book of Remembrance	5 lines	£50.40	£51.60	2.38%
Book of Remembrance	5 lines & emblem	£88.80	£91.20	2.70%
Book of Remembrance	8 lines	£76.80	£79.20	3.13%
Book of Remembrance	8 lines & emblem	£114.00	£117.60	3.16%
White Memorial Card		£26.80	£27.60	2.99%
Coloured Memorial Card		£50.40	£51.60	2.38%
Leather Bound Booklet		£76.80	£79.20	3.13%
Additional Fee for Emblem (cards/books)		£50.40	£51.60	2.38%
Cremation	Resident	£652.00	£668.00	2.45%
Cremation	Non Resident	£652.00	£668.00	2.45%
Cremation	Environmental surcharge	£53.00	£53.00	0.00%
Cremation	Memorial service	£106.00	£109.00	2.83%
Cremation	Body parts	£16.50	£17.00	3.03%
Cremation Grave		£159.00	£163.00	2.52%
Interment of Ashes	Resident	£170.00	£174.00	2.35%
Interment of Ashes	Non-resident	£170.00	£174.00	2.35%
Plastic urn		£21.50	£22.00	2.33%
Wooden casket		£42.00	£43.00	2.38%
Scattering of ashes		£21.50	£22.00	2.33%
Memorial Plaques	Green slate tablet & plaque	£168.00	£172.00	2.38%
Memorial Plaques	Bronze plaque	£106.00	£109.00	2.83%
Memorial Plaques	Renewal fee - 10 years	£32.00	£33.00	3.13%
Memorial Plaques	Rose & plaque	£151.20	£154.80	2.38%
Memorial Plaques	Memorial tree	£100.80	£103.20	2.38%
Memorial Plaques	Perspex plaque	£44.40	£45.60	2.70%
Memorial Plaques	Memorial seat	£462.00	£474.00	2.60%
Memorial Plaques	Seat plaque	£84.00	£86.00	2.38%
Miscellaneous	Records search fee	£16.50	£17.00	3.03%
Miscellaneous	Plastic urn	£21.50	£22.00	2.33%
Miscellaneous	Wooden casket	£42.00	£43.00	2.38%



Fees & Charges					Appendix 2
			Charges 2014/2015	Charges 2015-2016	% Increase
<b>Allotments</b>					
Allotment Small Plot	40 to 200 sq. yards		£45.00	£46.15	2.56%
Allotment Standard Plot	201-400 sq. yards		£90.50	£92.75	2.49%
Allotment Large Plot	401-600 sq. yards		£135.50	£138.90	2.51%
Allotments Very Large Plot	601-800 sq. yards		£180.70	£185.25	2.52%
Garage Plots			£90.35	£92.60	2.49%
<b>Barrow Park</b>					
Bowling	OAP Green Hire		£10.50	£10.75	2.38%
Bowling	Evening Green Hire		£18.00	£18.50	2.78%
Bowling	1 hour casual user		£1.35	£1.40	3.70%
Bowling	Child		£0.50	£0.50	0.00%
Putting	Adult		£1.60	£1.65	3.12%
Putting	Child		£1.00	£1.00	0.00%
<b>Indoor Market</b> <i>Rent increases applicable from 1st September 2015</i>					
Stall	Single		£41.75	£42.80	2.51%
Stall	Double		£79.50	£81.50	2.52%
Miscellaneous	Charity table		£5.00	£5.00	0.00%
Miscellaneous	Promotional space		£10.00	£10.00	0.00%
Miscellaneous	Stockroom		£17.30	£17.75	2.60%
<b>Outdoor Market</b>					
Small stall	Day		£10.75	£11.00	2.33%
Small stall	3 days - paid in advance		£27.20	£27.90	2.57%
Medium stall	Day		£13.35	£13.70	2.62%
Medium stall	3 days - paid in advance		£33.60	£34.50	2.68%
Corner stall	Day		£15.40	£15.80	2.60%
Corner stall	3 days - paid in advance		£38.50	£39.50	2.60%
Small /medium/corner	Non-market day per day		£5.60	£5.75	2.68%
Small /medium/corner	Charity		50% reduction on all stall rates		
<b>Land Charges</b>					
Full search			£99.00	£99.00	0.00%
LLC1 Form			£46.00	£41.00	-10.87%
Con 29 Form (Part 1)			£53.00	£58.00	9.43%
Parcel of land full official search			£20.00	£20.50	2.50%
Parcel of land con 29 only			£18.00	£18.50	2.78%
Con 29 part II optional enquiries			£10.75	£11.00	2.33%
Part II Optional Enquiry No 22 when submitted with Part I			£22.00	£22.50	2.27%
Verification of information NOT supplied by Barrow Borough Council			£19.50	£20.00	2.56%
<i>An analysis of the LLC1 and CON 29 costs identified that a recovery adjustment was required. Together these items have not increased.</i>					
<b>Estates</b>					
Grazing - per acre			£205.00	£210.00	2.44%
Legal Fees			£77.50	£79.50	2.58%
Stable Licence Fee			£102.50	£105.00	2.44%

Fees & Charges				Appendix 2
		Charges 2014/2015	Charges 2015-2016	% Increase
<b>Town Hall</b>				
Banqueting Hall/ Drawing Room/ Council Chamber	Subsidised rate - Hourly	£38.70	£39.70	2.58%
	Subsidised rate - Half Day	£92.80	£95.00	2.37%
	Subsidised rate - Full Day	£115.80	£118.70	2.50%
Banqueting Hall/ Drawing Room/ Council Chamber	Non-profit Making Bodies - Hourly	£77.30	£79.20	2.46%
	Non-profit Making Bodies - Half Day	£115.80	£118.70	2.50%
	Non-profit Making Bodies - Full Day	£200.00	£205.00	2.50%
Banqueting Hall/ Drawing Room/ Council Chamber	Commercial Rate - Hourly	£154.60	£158.50	2.52%
	Commercial Rate - Half Day	£231.90	£237.70	2.50%
	Commercial Rate - Full Day	£386.50	£396.20	2.51%
Committee Room No 4/ Law Library	Subsidised rate - Hourly	£12.40	£12.75	2.82%
	Subsidised rate - Half Day	£58.00	£59.50	2.59%
	Subsidised rate - Full Day	£85.00	£87.00	2.35%
Committee Room No 4/ Law Library	Non-profit Making Bodies - Hourly	£24.70	£25.40	2.83%
	Non-profit Making Bodies - Half Day	£58.00	£59.50	2.59%
	Non-profit Making Bodies - Full Day	£85.00	£87.20	2.59%
<i>Charges apply Monday - Friday 9.00am till 4.00 pm</i>				
<i>Sundays and Bank Holidays - All charges double</i>				
<i>30% discount for multiple room hire</i>				

<b>HOUSING MANAGEMENT FORUM</b>	<b>(R) Agenda Item 6</b>
<b>Date of Meeting: 15th January, 2015</b>	
<b>Reporting Officer: Colin Garnett, Assistant Director - Housing</b>	
<p><b>Title: Housing Revenue Account 2015/16</b></p> <p><b>Summary and Conclusions:</b></p> <p>The purpose of this report is to agree a Housing Revenue Account Budget for the financial year 2015/16.</p> <p>The report also provides an Expected Outturn Budget for the current year 2014/15 and information regarding balances.</p> <p><b>Recommendations:</b></p> <p>Members are asked to:</p> <ol style="list-style-type: none"><li>1. Note the information at (1)</li><li>2. Note the information on balances and Voluntary Repayment Provision at (2)</li><li>3. Agree the Dwelling and Garage Rent increases of 2.2% at (3) and note the information in <b>Appendix B</b></li><li>4. Note the information in point (4) and agree 2015/16 budgets as shown in <b>Appendix A</b>.</li><li>5. Note the information at (5)</li></ol>	

**Report**

The purpose of this report is to agree a Housing Revenue Account Budget for the coming financial year 2015/16. Information about the Expected Outturn Budget and balances for the current year is also included (attached at **Appendix A**).

Last year we asked and you agreed that we could bring forward convergence to Target Rents early so that we could and dispense with Target rents in any future rent considerations. The additional uplift was minimal.

The anticipation that the additional uplift to bring rents in line with Target Rents would be removed has been confirmed. Guidelines are that we should use the annual CPI (1.2%) + 1% to determine future rent increases.

Our rents match Target Rents.

Rents within the HRA 30-year business plan are predicated at 3%.

Attached at **Appendix B** are examples of the effect of applying the increases to a range of property types. The effects of convergence mean that, for the first time, you will see that the same % increase is applied across all property types. Some lines of property types have been deleted as rents are identical for example, 1 bedroom ground floor and upper floor flats and bungalows.

In line with previous practice I have applied the same increase to Garage rents.

We are expected to manage expenditure incurred in maintaining tenancies and stock from the rents collected and we suggest that any surpluses be applied across the following:

- (1) debt repayment
- (2) debt provision
- (3) increased investment in stock
- (4) investment projects where the need or the return is clearly identifiable

## **1. Expected Outturn Budget 2014/15**

The outturn for the year forecasts a net loss of (£176,550). Key factors are:

- HRA Income is in line with expectations
- The increase in expenditure is due to the additional costs associated with relocation to the town hall as and the cost of settling the dilapidations.
- Right to Buy sales are likely to exceed expectations of 13 for this year. We have had 13 to 1/12/14 and would expect another 4-6 to convert from applications in progress. This would leave a dwelling stock of 2,657\* at year end. \* Excludes Adelphi Court
- From January we are expecting to take the 12 Adelphi Court flats out of ordinary management and will show these properties as a separate rent group in future stock figures\*.
- Tenancy terminations appear to have stabilised but although lower than last year when we experienced the effects of under/over occupation the numbers are still higher than we had previously experienced. 54% of all terminations are from 1 bedroom flats.

Whilst we suspect that young single tenants who are wholly dependent on benefits cannot afford the upkeep of a home and independent living costs we will carry out additional work to gather and analyse data. This will be reported back to members

## **2. Balances on the Expected Outturn for 2014/15**

The above is likely to result in the following movement in balances.

### **2.1 Major Repair Reserve balance as at 31 March 2014 : £597,385**

The above funds are not expected to be spent by year end and will carry forward.

### **2.2 Housing Revenue Account balance 31 March 2014 : £2,376,816**

### **2.3 Breakdown of Balance on Account**

Housing Revenue Account as at 31 March 2014	: <u>£2,376,816</u>
Forecast (Deficit)/Surplus 2014/15	: <u>(£ 176,550)</u>
Estimated Balance at year end	: <u>£2,393,336</u>

### **2.4 Voluntary Repayment Provision**

Provision as at 31 March 2015	: <u>£3,975,704</u>
Forecast 2015/16	: <u>£1,222,410</u>
Provision at 31 <sup>st</sup> March 2016	: <u>£5,198,114</u>

## **3. Proposed Dwelling Rents and Other Charges 2015/16**

In proposing the rents and charges for 2015/16 the following factors have been taken into account:

3.1 The Settlements Payments Determination provided a budgetary and business planning framework for rental income and the management of tenancies, major repairs and maintenance expenditure. The guidelines are that we apply inflationary increases determined by CPI of 1.2% + 1%.

3.2 Last year we brought forward convergence so that our rents now match target rents and no further uplifts are needed.

3.3 The **Calculation for 2015/16** for this authority is as follows:

CPI in September 2014 = 1.2% + 1% = 2.2% increase to Barrow Borough Council rents

	52 Weeks	48 Weeks
2014/15	£75.33	£81.60
2015/16	£76.99	£83.40
<b>Increase</b>	<b>2.20%</b>	<b>2.20%</b>

**Average Rent increase  
over 48 weeks**

**£1.80**

- 3.3 Further details are further details of the resultant rents for different property types are attached at Appendix B. Rents on an individual property basis will differ
- 3.4 The proposed budget includes a 2.2% increase on garage rents. The effect on individual garage rents:

	No.	2014/15	2.20%	Increased revenue 15/16
Garage rate 1	31	£6.81	£6.96	<b>£4,677</b>
Garage rate 2	458	£9.21	£9.41	
<b>TOTALS</b>	<b>489</b>	<b>£212,60</b>	<b>£217,28</b>	

There is a 100+ strong waiting list garages with few vacancies and the proposed new rent appear on par with the private sector.

- 3.5 The service and facility charges for supported, furnished and dispersed properties are about right. I suggest that we leave them as is, provided that we continue to recover their cost.
- 3.6 Members will be aware that we do occasionally sell parcels of land and charge £100 upfront to deter frivolous applications and recover some of the cost. Those costs have risen and I would like to propose that we raise the fee to £200.

#### **4 Proposed HRA Budget 2015/16**

- 4.1 Universal Credit has started in our area and although the initial roll out is for new claimants only it is expected that we will see an increase in arrears. It is difficult to forecast what that increase might be but based on the experience of the pilots and the early adopters collection rates for those on direct payments could be as low as 80%. The more significant risk will be in future years (possibly 2016/17) when all our tenants will be migrated to Direct Payments. The risk to the HRA will be re assessed as part of the Welfare Reform project and is covered in more detail in that report. In the meantime we consider it prudent to build up the bad debt provision and add £100k.

Our collection rates currently run at 97.9%

- 4.2 Members approved a review of Housing's Information, Communication and Management systems in August 2014 because our needs are not met by the current system. The review, completed by Capita, assesses and outlines

what the gaps are now and against future needs and the options available to us. The options with outline costs will be presented to members and approval will be sought to agree the Housing ICT strategy and any case for investment.

Although the final outcome is not yet known or agreed it is anticipated that we will have to invest further in our management systems and that we will require the services of a specialist Housing IT advisor/consultant to provide the detailed design requirement and take us through any procurement and implementation. The estimated cost of such services is £45k which has been provided for in the budget.

It is envisaged that the cost of any additional or replacement Housing Management systems would be met from reserves.

- 4.3 Although there is no compulsory requirement to survey Tenants, it is seen as good practice to obtain a current view of how well we meet tenants' needs and to gain their perspective of how services should develop in the future. The last STAR survey was carried out in 2012 and is now due. A budget of £12k has been allocated to conduct the survey during 2015.
- 4.4 The budget has allowed for investment projects to be considered which improve the appearance and safety of certain neighbourhoods and this is further considered within the Maintenance budget elsewhere on this agenda.
- 4.5 In recent years we have set aside a budget of £25k for Area Improvements. We would like to propose that £20k be retained for that purpose under the management of area Tenancy Officers. As we move towards generic area based officers it would seem a motivational tool to encourage and instill ownership for the appearance and well-being of their area and community. Each Tenancy Officer would have a £1k budget to be used for enhancements. Details of the scheme will be formalised with the Tenants Forum so that they are kept aware of the initiatives that are being delivered.
- 4.6 To enhance the Welfare Reform project plan it is proposed that we set aside a £20k Opportunities Fund which supports initiatives that help tenants into work and training by improving employment opportunities and their employability.
- 4.7 The housing Major Repairs and maintenance budget has been increased to allow for additional stock investment and environmental improvements and allows a total £2,102 per dwelling based on a stock level of 2,669 \*(includes Adelphi Court).

## **5 Business Improvement Initiatives**

Initiatives for 2015/16 will include:

- Gearing up for the changes brought about by Welfare Reforms and Universal Credit in particular to ensure a smooth transition.

- Adapting practices and procedures to protect cash flow and arrears
- In consultation with tenants review United Utility water charge collection
- Improving IT systems to manage rent collection as Universal Credit gathers momentum. Maximise the online technology to improve customer access and need for information
- The 30 year business plan will be updated and re-forecasted from the results of the stock condition survey and the revised rent and arrears projections

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no, minor or significant implications.

(iii) Financial Implications

The recommendation has financial implications as detailed.

(iv) Health and Safety Implications

The recommendation has no detrimental impact the built environment or public realm.

(v) Equality and Diversity

The recommendation has little impact on users with disabilities and Furness Equality and Diversity Partnership have been consulted.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil



## APPENDIX A

<b>Housing Revenue Account</b>				
<b>Budget 2015-2016</b>	<b>Actual 2013-2014</b>	<b>Original 2014-15</b>	<b>Revised 2014-2015</b>	<b>Budget 2015-16</b>
<b>Expenditure</b>				
Repairs and maintenance	2,780,366	3,650,300	3,650,300	3,578,960
Supervision and management	2,912,173	3,204,620	3,456,480	3,224,520
Rents, rates, taxes and other charges	8,075	3,700	7,710	9,440
Depreciation and impairment of dwellings	1,948,610	1,660,950	1,660,950	1,648,750
Depreciation and impairment of non-dwelling assets	133,745	126,460	126,460	130,730
Debt management costs	9,987	13,910	13,910	12,210
Movement in the allowance for bad debts	328,589	247,290	247,290	147,290
<b>Total Expenditure</b>	<b>8,121,545</b>	<b>8,907,230</b>	<b>9,163,100</b>	<b>8,751,900</b>
<b>Income</b>				
Dwelling rents	(9,793,218)	(10,280,770)	(10,280,000)	(10,377,540)
Non-dwelling rents	(334,697)	(348,610)	(348,840)	(354,680)
Charges for services and facilities	(1,127,892)	(1,136,440)	(1,216,300)	(1,040,060)
<b>Total Income</b>	<b>(11,255,807)</b>	<b>(11,765,820)</b>	<b>(11,845,140)</b>	<b>(11,772,280)</b>
<b>Net Total</b>	<b>(3,134,262)</b>	<b>(2,858,590)</b>	<b>(2,682,040)</b>	<b>(3,020,380)</b>
HRA services' share of Corporate and Democratic Core	288,287	246,590	246,590	223,000
HRA share of other Non Distributed Costs	(813)	(820)	(820)	(820)
<b>Net (Income)/Expenditure for HRA Services</b>	<b>(2,846,788)</b>	<b>(2,612,820)</b>	<b>(2,436,270)</b>	<b>(2,798,200)</b>
HRA share of operating income and expenditure:				
Gain or (loss) on sale of HRA non-current assets	(76,552)	0	(527,380)	0
Interest payable and similar charges	930,420	945,930	945,930	945,170
Pensions interest cost and expected return on pension assets	250,541	190,000	190,000	251,000
<b>(Surplus) or deficit for the year on HRA services</b>	<b>(1,742,379)</b>	<b>(1,476,890)</b>	<b>(1,827,720)</b>	<b>(1,602,030)</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>				
Reversal of depreciation and impairment of non-current assets	(1,660,908)	(1,660,950)	(1,660,950)	(1,648,750)
Reversal of revaluation losses on Property, Plant and Equipment	(760,935)	0	0	0
Reversal of amounts of non-current assets written off on disposal or sale	76,552	0	527,380	0
Add the voluntary provision for the financing of capital investment	1,069,970	1,165,800	1,165,800	1,222,410
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	473,233	0	0	0
Reversal of Major Repairs Reserve credited to the HRA	2,265,920	1,922,000	1,922,000	2,031,000
Debt rescheduling premium and discounts released	33,366	(1,030)	(1,030)	440
Reversal of technical items relating to retirement benefits	(351,537)	(190,000)	(190,000)	(251,000)
Employer's pension costs	208,758	241,070	241,070	247,930
Reversal of accumulated absences charges	2,238	0	0	0
<b>Total Adjustments</b>	<b>1,356,657</b>	<b>1,476,890</b>	<b>2,004,270</b>	<b>1,602,030</b>
<b>(Surplus)/Deficit for the Year</b>	<b>(385,722)</b>	<b>0</b>	<b>176,550</b>	<b>0</b>

## APPENDIX B

Sample Rents 2015-16									
Basic Rents Charged									
Archetype		No. Beds	Area/Sub Area	48 Week Rent 2013/14	48 Week Rent 2014/15	48 Week Rent 2015/16	Week Difference	% Change	52 week Rent 2015/16
House	End Terrace	2	ORM/OR1	£77.92	£81.28	£83.07	£1.79	2.2%	£76.68
Ground Floor Flat	Low Rise	1	ORM/OR1	£64.65	£67.41	£68.89	£1.48	2.2%	£63.59
Ground Floor Flat	Medium Rise	3	CEN/CEN	£82.11	£85.46	£87.33	£1.87	2.2%	£80.61
Bungalow	Semi Detached	1	ORM/GRI	£72.84	£75.55	£77.21	£1.66	2.2%	£71.27
House	Mid Terrace	3	WAL/NWA	£89.24	£94.57	£96.64	£2.07	2.2%	£89.21
Ground Floor Flat	Medium Rise	2	ROO/NBN	£76.00	£80.13	£81.89	£1.76	2.2%	£75.59
House	Mid Terrace	2	CEN/HIN	£78.96	£82.91	£84.73	£1.82	2.2%	£78.21
House	End Terrace	3	ROO/ROO	£85.09	£89.78	£91.77	£1.99	2.2%	£84.71
Ground Floor Flat	Medium Rise	1	CEN/CEN	£67.78	£71.46	£73.03	£1.57	2.2%	£67.41
Upper Floor Flat	Low Rise	1	WAL/NWA	£67.89	£72.03	£73.61	£1.58	2.2%	£67.95
House	Semi Detached	2	ROO/GGS	£80.26	£84.23	£86.08	£1.85	2.2%	£79.46
House	Mid Terrace	4	ROO/GGS	£94.52	£100.50	£102.71	£2.21	2.2%	£94.81
Upper Floor Flat	Low Rise	3	ROO/NBN	£81.79	£87.12	£89.04	£1.92	2.2%	£82.19
House	End Terrace	5	ROO/GGS	£101.77	£107.39	£109.75	£2.36	2.2%	£101.31
Bungalow	Mid Terrace	3	ORM/OR2	£91.18	£95.51	£97.62	£2.11	2.2%	£90.11
Upper Floor Flat	Low Rise	2	ORM/OR2	£73.77	£78.01	£79.73	£1.72	2.2%	£73.60
Ground Floor Flat	Low Rise	2	ORM/GRI	£76.95	£81.23	£83.03	£1.80	2.2%	£76.64
House	Semi Detached	3	WAL/WAL	£90.80	£95.51	£97.62	£2.11	2.2%	£90.11
Upper Floor Flat	Medium Rise	1	CEN/LHI	£66.05	£69.46	£70.99	£1.53	2.2%	£65.53
House	End Terrace	4	ROO/ROO	£92.89	£98.15	£100.31	£2.16	2.2%	£92.59
House	Semi Detached	5	ROO/ROO	£109.94	£117.70	£120.29	£2.59	2.2%	£111.04
Bungalow	Semi Detached	3	ROO/NBN	£91.57	£95.51	£97.62	£2.11	2.2%	£90.11
House	Semi Detached	4	DAL/DAL	£98.55	£103.55	£105.83	£2.28	2.2%	£97.69
Bungalow	Semi Detached	2	DAL/DAL	£81.43	£84.67	£86.53	£1.86	2.2%	£79.87

**Risk Based Assessment of the Level of General Fund Balance**

**Appendix 4**

<b>Risk Area</b>	<b>Comments including any mitigation factors</b>		
Income from areas within the base budget where the Council raises fees and charges	Potential risk that the budgeted level of income from activities where the Council is charging for services will not be achieved. This is anticipated largely to be as a result of a downturn in the economy, but could also be as a result of poor weather or new competition. All fees and charges income is reviewed as part of the monthly/quarterly budget monitoring process. All budgets are set based on previous experience and to reflect any new requirements.		
		<b>Calculated Risk</b>	
<b>Specific Areas</b>	<b>Estimated Income £</b>	<b>Likelihood Percentage</b>	<b>Balance Required £</b>
Car parking pay and display ticket sales	623,020	10%	62,302
Development and building control	371,060	10%	37,106
Land charges income	118,510	10%	11,851
Recycling income	540,000	20%	108,000
Indoor market	268,190	5%	13,410
Leisure income	830,020	10%	83,002
Commercial property income	1,106,050	5%	55,303
<b>Total</b>			<b>370,974</b>

<b>Risk Area</b>	<b>Comments including any mitigation factors</b>		
Demand led budgets	Potential risk that spending on parts of the budget where the Council has a legal duty to provide the service increases significantly. Individual budgets are reviewed as part of the budget monitoring process.		
		<b>Calculated Risk</b>	
<b>Specific Areas</b>	<b>Estimated Exposure £</b>	<b>Likelihood Percentage</b>	<b>Balance Required £</b>
Housing benefit maximum risk based on not meeting minimum threshold for Local Authority errors.	103,860	90%	93,474
<b>Total</b>			<b>93,474</b>

<b>Risk Area</b>	<b>Comments including any mitigation factors</b>		
Changes since the budget was set	Potential risk that things change since the budget estimates were made and the estimates are then under budgeted for.		
		<b>Calculated Risk</b>	
<b>Specific Areas</b>	<b>Estimated Exposure £</b>	<b>Likelihood Percentage</b>	<b>Balance Required £</b>
Staff pay	4,745,120	1%	47,451
Contractual inflation	6,747,390	1%	67,474
Utility inflation	699,970	1%	7,000
<b>Total</b>			<b>121,925</b>

<b>Risk Area</b>	<b>Comments including any mitigation factors</b>		
Estimated balances required for any over spend or under recovery of expenditure and income	This calculation is based on the Council's net revenue budget and services to cushion the impact of uneven cash flows.		
		<b>Calculated Risk</b>	
<b>Specific Areas</b>	<b>Estimated Exposure £</b>	<b>Likelihood Percentage</b>	<b>Balance Required £</b>
Gross income	39,741,230	1.5%	596,118
Gross expenditure	39,774,560	1.5%	596,618
<b>Total</b>			<b>1,192,736</b>

<b>Risk Area</b>	<b>Comments including any mitigation factors</b>		
Other risks	Potential risk that savings will not be realised, that contract renewals require additional funding, that under-borrowing for cashflow purposes cannot be maintained and that Business Rates drop below the Safety Net.		
		<b>Calculated Risk</b>	
<b>Specific Areas</b>	<b>Estimated Exposure £</b>	<b>Likelihood Percentage</b>	<b>Balance Required £</b>
Service saving options	986,770	5%	49,339
Service saving options	472,950	40%	189,180
Major contract renewals	3,910,020	5%	195,501
Borrowing costs	2,823,590	2.5%	70,590
Safety Net for Business Rates	213,028	5%	10,651
<b>Total</b>			<b>515,261</b>

Calculated level of balance for General Fund based on risk	2,294,370
<b>Minimum level of General Fund balance</b>	<b>2,300,000</b>

	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capitalised planned maintenance	1,817,000	1,817,000	1,817,000	1,817,000
<b>Total Investment in public housing</b>	<b>1,817,000</b>	<b>1,817,000</b>	<b>1,817,000</b>	<b>1,817,000</b>
Disabled facilities grants	600,000	560,000	560,000	560,000
Private Sector Housing Condition Survey	18,967			
<b>Total Investment in private housing</b>	<b>618,967</b>	<b>560,000</b>	<b>560,000</b>	<b>560,000</b>
Group Repair - Central Area A & E	74,533			
Rawlinson Street Corridor	288,945			
Group Repair - Greengate Street		600,000		
Group Repair - Rawlinson Street		150,000	500,000	
Barrow Island Environmental Improvements	172,374	1,241,000	59,000	
Barrow Island Private Sector Housing				502,600
<b>Investment in Housing Market Renewal</b>	<b>535,852</b>	<b>1,991,000</b>	<b>559,000</b>	<b>502,600</b>
<b>Total Investment in housing</b>	<b>2,971,819</b>	<b>4,368,000</b>	<b>2,936,000</b>	<b>2,879,600</b>
Cemetery	1,800			
Crematorium	56,000	499,800		
Dock Museum	80,068			
Forum 28	11,520	17,500		
Leisure Centre	40,000			
Market Hall	220,512			
Public Conveniences	21,082			
Roof Top Car Park	126,679	50,000		
Town Hall	195,241			
Public Buildings Investment Fund		100,000	150,000	150,000
<b>Total Investment in Public Buildings</b>	<b>752,902</b>	<b>667,300</b>	<b>150,000</b>	<b>150,000</b>
Craven House	100,000			
James Freel Close Business Units	268,870			
102 Abbey Road	26,618			
Marina Village	738,330			
Industrial & Commercial Property Investment Fund		100,000	200,000	200,000
<b>Total Industrial &amp; Commercial Properties</b>	<b>1,133,818</b>	<b>100,000</b>	<b>200,000</b>	<b>200,000</b>
Barrow Park	46,400			
Farm Street Pay Area (The Rec)	205,534			
Town Centre Shop Front Grants	129,724	150,000		
Miscellaneous Properties	15,000			
Link Road	57,286			
IT Equipment & Development	612,217	60,000	60,000	60,000
Refuse and Recycling Containers				
CCTV Equipment	38,890			
Car Parking Pay & Display Machines	68,926			
<b>Total Investment in other public assets</b>	<b>1,173,977</b>	<b>210,000</b>	<b>60,000</b>	<b>60,000</b>

**Capital Programme 2014/2018****Appendix 5**

	2014/2015 £	2015/2016 £	2016/2017 £	2017/2018 £
Ireleth Road Watercourse	397			
Coastal Defence Work West Shore Park	425,802			
Rural Regeneration - Piel Island	578			
Rural Regeneration - Roa Island Jetty	213,175			
Rural Regeneration - Coastal Protection	24,000			
<b>Total Investment in Community Initiatives</b>	<b>663,952</b>	<b>-</b>	<b>-</b>	
<b>Retentions</b>	<b>9,025</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Asset Investment Fund</b>	<b>3,666</b>	<b>100,000</b>	<b>150,000</b>	<b>784,590</b>
<b>Total</b>	<b>6,709,159</b>	<b>5,455,300</b>	<b>3,506,000</b>	<b>4,084,190</b>

**Funding of Capital Programme**

Borrowing Requirement Non Housing		890,000	933,590	1,000,000
DCLG Grant	1,159,928	560,000	560,000	560,000
Area Based Grant	100,805			
Cluster Empty Homes	172,374	900,000		
Lottery & WREN	205,534			
DEFRA & Environment Agency	239,000			
Cumbria County Council	132,286			
Private Contributions	135,000			
HRA Major Repairs Reserve	1,817,000	1,817,000	1,817,000	1,817,000
Contributions from Earmarked Reserves	2,697,162	460,621		
Contributions from Revenue	50,070	200,000		502,600
Usable Capital Receipts		627,679	195,410	204,590
<b>Total</b>	<b>6,709,159</b>	<b>5,455,300</b>	<b>3,506,000</b>	<b>4,084,190</b>

### Treasury Management Strategy Statement

#### 1 INTRODUCTION

##### 1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

*"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

##### 1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

**Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

**A treasury management monitoring report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision. This is incorporated into the quarterly finance reports.



**An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### **Scrutiny**

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Executive Committee.

### **1.3 Treasury Management Strategy for 2015-2016**

The strategy for 2015-2016 covers two main areas:

#### **Capital issues**

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy.

#### **Treasury management issues**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

### **1.4 Treasury management consultants**

The Council uses Capita Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

## **2 THE CAPITAL PRUDENTIAL INDICATORS 2015-2016 – 2017-2018**

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is

reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

## 2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need:

Capital expenditure	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
HRA	£1.817m	£1.817m	£1.817m	£1.817m
Non-HRA	£4.892m	£3.638m	£1.689m	£2.267m
<b>Total</b>	<b>£6.709m</b>	<b>£5.455m</b>	<b>£3.506m</b>	<b>£4.084m</b>
<b>Financed by:</b>				
Capital receipts	-	£0.628m	£0.195m	£0.204m
Capital grants	£2.145m	£1.460m	£0.560m	£0.560m
Reserves	£4.564m	£2.477m	£1.817m	£2.320m
<b>Total</b>	<b>£6.709m</b>	<b>£4.565m</b>	<b>£2.572m</b>	<b>£3.084m</b>
Net financing need for the year	-	£0.890m	£0.934m	£1.000m

## 2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life. The Council is asked to approve the CFR projections below:

	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
<b>Capital Financing Requirement</b>				
CFR – HRA	£22.119m	£20.897m	£20.027m	£19.157m
CFR – non-HRA	£22.596m	£22.621m	£22.689m	£22.821m
<b>Total CFR</b>	<b>£44.715m</b>	<b>£43.518m</b>	<b>£42.716m</b>	<b>£41.978m</b>
<b>Movement in CFR</b>	<b>(£2.062m)</b>	<b>(£1.197m)</b>	<b>(£0.802m)</b>	<b>(£0.738m)</b>

### Movement in CFR represented by:

Net financing need for the year (above)	-	£0.890m	£0.934m	£1.000m
Less MRP/VRP and other financing movements	(£2.062m)	(£2.087m)	(£1.736m)	(£1.738m)
<b>Movement in CFR</b>	<b>(£2.062m)</b>	<b>(£1.197m)</b>	<b>(£0.802m)</b>	<b>(£0.738m)</b>

### **2.3 Minimum revenue provision (MRP) policy statement**

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement.

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Based on CFR** – MRP will be based on the CFR (option 2);

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

These options provide for a reduction in the borrowing need over approximately the asset's life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place). The HRA Business Plan under self-financing includes a voluntary revenue provision to repay the debt on the account.

### **2.4 Use of resources and the investment position**

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

### **2.5 Affordability prudential indicators**

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

## 2.6 Ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
HRA	18%	18%	15%	15%
Non-HRA	13%	12%	13%	13%

The estimates of financing costs include current commitments and the proposals in this budget report.

## 2.7 Incremental impact of capital investment decisions on council tax.

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

### Incremental impact of capital investment decisions on the band D council tax

£	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Council tax band D	-	-	-	-

## 2.8 Estimates of the incremental impact of capital investment decisions on housing rent levels.

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

### Incremental impact of capital investment decisions on housing rent levels

£	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Weekly housing rent levels	-	-	-	-

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

### 3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

#### 3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2014, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000	2013-14 Actual	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
<b>External Debt</b>					
Debt at 1 April	£39.479m	£39.479m	£39.479m	£39.479m	£39.479m
Expected change in Debt	-	-	-	-	-
<b>Actual gross debt at 31 March</b>	<b>£39.479m</b>	<b>£39.479m</b>	<b>£39.479m</b>	<b>£39.479m</b>	<b>£39.479m</b>
The Capital Financing Requirement	£46.777m	£44.715m	£43.518m	£42.716m	£41.978m
<b>Under / (over) borrowing</b>	<b>£7.298m</b>	<b>£5.236m</b>	<b>£4.039m</b>	<b>£3.237m</b>	<b>£2.499m</b>

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2015-16 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### 3.2 Treasury Indicators: limits to borrowing activity

**The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Total	£43m	£43m	£43m	£43m

**The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term:

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

2. The Council is asked to approve the following authorised limit:

Authorised limit	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Total	£55m	£55m	£55m	£55m

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Total	£36.367m	£36.367m	£36.367m	£36.367m

### 3.3 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high. Against this background and the risks within the economic forecast, caution will be adopted with the 2015-16 treasury operations. The Director of Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

The Council will maintain the current prudent borrowing strategy to support the approach of minimising counterparty risk.

### **Treasury management limits on activity**

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<b>Interest rate exposures</b>			
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on fixed interest rates based on net debt</b>	£43m	£43m	£43m
<b>Limits on variable interest rates based on net debt</b>	£13m	£13m	£13m
<b>Maturity structure of fixed interest rate borrowing 2015-16</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	20%	
12 months to 2 years	0%	20%	
2 years to 5 years	0%	50%	
5 years to 10 years	0%	75%	
10 years and above	0%	100%	

### **3.4 Policy on borrowing in advance of need**

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting.

### **3.5 Debt rescheduling**

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Executive Committee, at the earliest meeting following its action

## **4 ANNUAL INVESTMENT STRATEGY**

### **4.1 Investment policy**

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of these reflect in the eyes of each agency. Using the Sector ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.



Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in paragraph 5 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

#### **4.2 Creditworthiness policy**

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, then the institution will fall outside the lending criteria. Credit rating information is supplied by Sector, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
  - i. are UK banks; and/or
  - ii. are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAA and have, as a minimum, the following Fitch, Moody's and Standard and Poor credit ratings (where rated):
    - i. Short term – F1, P-1, A-1
    - ii. Long term – AA-, Aa3, AA-
    - iii. Viability / financial strength – B (Fitch / Moody's only)
    - iv. Support – 2 (Fitch only)
- Banks 2 – Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Building societies. The Council will use all societies which:
  - i. meet the ratings for banks outlined above;
  - ii. Have assets in excess of £500 million; or meet both criteria.
- Money market funds
- UK Government (including gilts and the DMADF)
- Local authorities and parish councils

**Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks 1 above. In addition:

- no more than 10% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

**Use of additional information other than credit ratings.** Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

**Time and monetary limits applying to investments.** The time and monetary limits for institutions on the Council's counterparty list are set out in paragraph 5 for approval.

#### **4.3 Country limits**

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ from Fitch. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

#### **4.4 Investment strategy**

**In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

**Investment returns expectations** - Bank Rate is forecast to remain unchanged at present, so the revenue budget is based on achieving a weighted average return of 0.5%.

**Investment treasury indicator and limit** - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

<b>Maximum principal sums invested &gt; 364 days</b>			
<b>£m</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Principal sums invested > 364 days	£1m	£1m	£1m

#### **4.5 Investment risk benchmarking**

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and

trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- **0.1% historic risk of default when compared to the whole portfolio.**

Liquidity – in respect of this area the Council seeks to maintain:

- Liquid short term deposits of at least £2m available with a week's notice.
- Weighted average life benchmark is expected to be 0.15 years, with a maximum of 0.75 years.

Yield - local measures of yield benchmark

- Investments – internal returns above the 7 day LIBID rate

and in addition that the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
<b>Maximum</b>	<b>0.03%</b>	<b>0.12%</b>	<b>0.10%</b>	<b>0.08%</b>	<b>0.06%</b>

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

#### **4.6 End of year investment report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

### **5 TREASURY MANAGEMENT PRACTICE (TMP1) – Credit and Counterparty Risk Management**

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 14/3/2002 and will apply its principles to all investment activity. In accordance with the Code, the Director of Resources has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

**Annual investment strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. A local authority, parish council or community council.
3. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated F1, P-1, A-1 by Standard and Poor's, Moody's or Fitch rating agencies.
4. A body that is considered of a high credit quality (such as a bank or building society. For category 5 this covers bodies with a minimum short term rating of F1, P-1, A-1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is:

	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
<b>Limit 1: long term</b>	<b>AA-</b>	<b>£2m</b>	<b>5 years</b>
<b>Limit 2: short term Council's own bank</b>	<b>F1</b>	<b>£10m</b>	<b>1 year</b>
<b>Limit 3: Short term banks and building societies</b>	<b>F1 or eligible institution with £500m of assets</b>	<b>£3m</b>	<b>1 year</b>
<b>Other institutions limit</b>	<b>-</b>	<b>£5m</b>	<b>1 year</b>
<b>DMADF</b>	<b>AAA</b>	<b>Unlimited</b>	<b>1 year</b>
<b>Local authorities</b>	<b>-</b>	<b>£5m</b>	<b>1 year</b>

**Non-specified investments** –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	<b>Non Specified Investment Category</b>	<b>Limit (£ or %)</b>
a.	<b>Gilt edged securities</b> with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	£5m 5 years
b.	<b>The Council's own banker - HSBC</b>	£10m
c.	<b>Building societies not meeting the basic security requirements under the specified investments.</b> The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which have a minimum asset size of £500m, but will restrict these type of investments to £3m and a time limit of 1 year.	£3m 1 year
d.	Any <b>bank or building society</b> that has a minimum long term credit rating of AA-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£3m 1 year
e.	Any <b>non-rated subsidiary</b> of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to the parent bank having the necessary credit rating to qualify in its own right.	£5m 1 year
f.	Local authorities	£5m 1 year

**The monitoring of investment counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Resources, and if required new counterparties which meet the criteria will be added to the list.

<b>EXECUTIVE COMMITTEE</b>		<u>Part One</u> <b>(D)</b> <b>Agenda</b> <b>Item</b> <b>10</b>
<b>Date of Meeting:</b>	<b>21st January, 2015</b>	
<b>Reporting Officer:</b>	<b>Director of Resources</b>	
<p><b>Title: Business Continuity Plan</b></p> <p><b>Summary and Conclusions:</b></p> <p>This report sets out the Council's Business Continuity Plan for Members approval.</p> <p><b>Recommendations:</b></p> <p>To approve the Business Continuity Plan.</p>		

### **Report**

The Business Continuity Plan is attached at **Appendix 7**.

The Plan aims to ensure that, as far as possible, services provided by the Council continue following a major disruption. The Plan addresses an incident or event that disrupts the delivery of Council services and requires contingency action to be taken. Major emergencies which impact on the safety of people will be dealt with under the Civil Contingency Act and are not included in the Plan.

The Plan sets out the alternative premises and ICT systems arrangements and contains a service prioritisation structure.

(i) **Legal Implications**

The recommendation has no legal implications.

(ii) **Risk Assessment**

The recommendation sets out the Council's Plan to respond to a major disruption to services.

(iii) **Financial Implications**

The recommendation has no financial implications.

(iv) **Health and Safety Implications**

The recommendation has no significant implications.



(v) Equality and Diversity

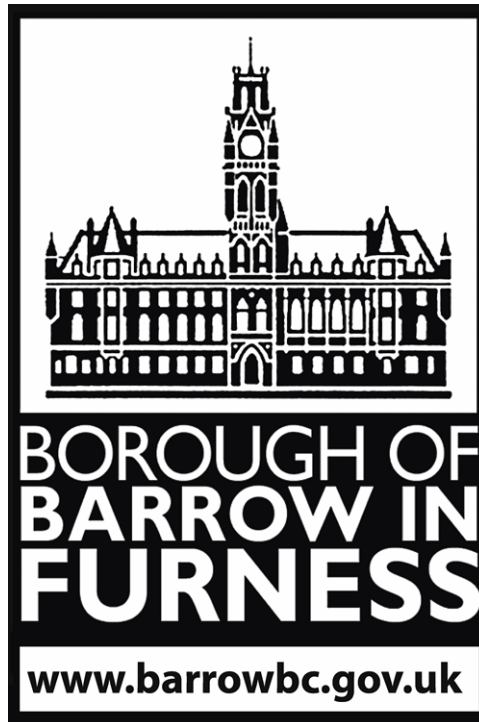
The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil



# Business Continuity Plan

<b>Version Control:</b>	
<b>Document Name:</b>	Business Continuity Plan
<b>Version:</b>	Version 1.0
<b>Author:</b>	Corporate Support Manager
<b>Approved by:</b>	Management Board/Executive Committee
<b>Date Approved:</b>	
<b>Review Date</b>	November 2016

## **Introduction**

The aim of this Business Continuity Plan is to ensure as far as possible the continuation of services provided by Barrow Borough Council in case of a major disruption.

For the purpose of this plan a major disruption is defined as “an incident or event that disrupts the delivery of Council services and requires contingency action to be taken”.

Major emergencies which impact on the safety of people will be dealt with by the Cumbria Resilience Unit. The Council has duties and responsibilities under the Civil Contingency Act but they are not included in this plan.

## **Purpose of the Plan**

To provide visibility of the Council’s arrangements for the continuation of services in case of a major disruption.

To identify the Council’s critical functions and activities and provide a prioritised and timely response to recovering service delivery if there is a major disruption.

Identify key roles, responsibilities and contacts to ensure we maintain service delivery if there is a major disruption.

## **Activation of the Plan**

In the event of a major disruption the Executive Director will make an initial assessment of the situation and determine whether to convene a meeting of Management Board and other officers.

If the Business Continuity Plan is to be activated, Management Board will assign emergency roles to officers as required.

## **Alternative Premises and Access to Systems**

In the event of the Town Hall or other premises being incapacitated alternative accommodation for employees will be provided in the sports hall at the Park Leisure Centre.

The Council has installed a microwave link between the offices of Optech IT Services and the Town Hall, and purchased wireless equipment for links to the others venues. This option includes using a wireless link between the Leisure Centre and Optech office, then onwards to the Town Hall. This provides connectivity to enable disaster recovery plans to be implemented if there was an event which prevented us operating from the Town Hall.

The Optech offices are hosting a replicate Storage Area Network (SAN) and there will be “real time” transfer of data from the SAN in the Town Hall to the SAN in the Optech offices. This has replaced the tape backup arrangements. This will also

provide additional data storage capacity and we will be able to retain data for seven weeks compared to the current four week retention period.

Essential staff from the Town Hall, Lake House, Forum and the Cemetery will be able work from the Leisure Centre with full access to the Council's network. There are a limited number of power points in the sports hall but they will be adequate for bringing critical services back on line. There aren't any Local Area Network points in the sports hall and the IT service will set up network switch cables as required. These cables are readily available.

The Council will maintain a small stock of thin client VDI units and monitors at the Park Leisure Centre to minimise the delay to service recovery. If required additional systems will be procured during the first day of recovery. A small quantity of office furniture will be stored in Craven House which can be retrieved at short notice. Service managers will carry out risk assessments of temporary working.

### **Telephony**

IT Services will contact the telephony provider and transfer the switchboard number (876543) to a telephone point at the Leisure Centre. Mobile devices and the Leisure Centre phones will be used for outgoing calls.

### **Prioritisation**

In the event of a major disruption it is unlikely that the Council will be able to provide a full range of services immediately so there is a requirement to prioritise service delivery. A structured approach has been adopted and the following system of prioritisation has been agreed.

- Priority 1: Services and operations that directly impact on the wellbeing of people in the Borough
- Priority 2: Services and operations that impact on the statutory and discretionary functions of the Council.
- Priority 3: Services that are mainly internal and will not have a significant impact on residents.

Each function has been assessed and the potential impact on customers has been identified. A proposed timeframe for recovery has been agreed and in some cases actions to mitigate the impact have been put in place. A support package including alternative premises, data and systems requirements and additional staff requirements have been identified.

The responsible officer and deputies (in brackets) have been identified.

## **Critical Function Identification and Recovery Process**

### **Priority 1: Management Board**

Responsibility	Executive Director (Director of Resources)
Potential impact	Management Board will be required to consider the impact on critical services and re-deploy resources as appropriate.
Recovery timeframe	24 hours.
Mitigating action	Management Board consists of five senior managers and meet regularly to ensure all are up-to-date with the services across the Council.
Alternative premises	Any premises with telephone facilities.
Data/system requirement	None.
Additional staff requirement	Members of Management Group as required.

### **Priority 1: Payment of Housing Benefits**

Responsibility	Director of Resources (Financial Services Manager)
Potential impact	HB recipients may be unable to pay rent which may compromise their tenancies.
Recovery timeframe	72 hours.
Mitigating action	Payments are created at Sheffield by Liberata. BACS support is available from supplier and at the bank. Alternative payment arrangements can be made available.
Alternative premises	Park Leisure Centre.
Data/system requirement	File transfer from Sheffield initiated by the Council. BACS transmission software. Authorisation card reader.
Additional staff requirement	IT Support Officer may be required to initiate the systems.

### **Priority 1: Homeless/Tenancy Service**

Responsibility	Assistant Director Housing (Housing Operations Manager)
Potential impact	Families may not have accommodation.
Recovery timeframe	72 hours.
Mitigating action	An out of hours emergency service is currently in operation. Bed and breakfast accommodation is available and a list is held by housing department staff.
Alternative premises	Park Leisure Centre.
Data/system requirement	Housing systems can be accessed via the backup servers.
Additional staff requirement	IT Support Officer.

### Priority 1: Household Refuse Collection Service

Responsibility	Assistant Director Community Services (Street Care Manager)
Potential impact	Health risk from accumulating rubbish.
Recovery timeframe	72 hours.
Mitigating action	Service is provided by external contractor who has contingency plans in place. Adverse weather plan waste collection plan in place.
Alternative premises	Any venue with internet access and vehicle storage facility.
Data/system requirement	CRM service for reporting fly-tips and dead animals.
Additional staff requirement	Will be provided by the contractor.

### Priority 1: Provision of Burial and Cremation Service

Responsibility	Assistant Director Community Services (Cemetery and Crematorium Manager)
Potential impact	Health risk from delayed burials/cremations.
Recovery timeframe	72 hours.
Mitigating action	Emergency burial and cremation plan in place. The burial and cremation software system is remote from the Town Hall.
Alternative premises	Park Leisure Centre.
Data/system requirement	The burial and cremation software system can be accessed via the backup servers.
Additional staff requirement	None.

### Priority 1: Customer Relationship Management

Responsibility	Director of Resources (Corporate Support Officer)
Potential impact	Residents are unable to contact the Council.
Recovery timeframe	72 hours.
Mitigating action	Service is provided by external contractor who has contingency plans in place. Staff will migrate to PLC to access network.
Alternative premises	Park Leisure Centre.
Data/system requirement	Excelsior software.
Additional staff requirement	These will be provided by the contractor.

### **Priority 1: Environmental Health: Food safety, Infectious Diseases, H&S Complaints and Accident Investigations**

Responsibility	Environmental Health Manager (Senior Environmental Health Officer - Noise; Senior Environmental Health Officer - Food; Senior Environmental Health Officer - H&S and Licensing)
Potential impact	Health risks failure to meet statutory response times.
Recovery timeframe	72 hours.
Mitigating action	Procedures are available on Council servers.
Alternative premises	Park Leisure Centre.
Data/system requirement	Flare and Council servers.
Additional staff requirement	Equivalent officers from other local authorities and consultants. Access to these resources is currently being investigated.

### **Priority 1: Building Control**

Responsibility	Building Control Manager (Building Control Surveyor)
Potential impact	Potential risk from dangerous structures which may need inspecting.
Recovery timeframe	72 hours.
Mitigating action	None.
Alternative premises	Park Leisure Centre. Offsite using mobile devices
Data/system requirement	Northgate software and Council servers.
Additional staff requirement	None.

### **Priority 1: IT Services**

Responsibility	Corporate Support Manager (IT Team Leader)
Potential impact	Access to the Council's network is required to facilitate recovery of others key services.
Recovery timeframe	72 hours.
Mitigating action	None.
Alternative premises	Park Leisure Centre.
Data/system requirement	Council servers.
Additional staff requirement	None.

## Priority 2: Environmental Health: Health & Safety and Licensing

Responsibility	Environmental Health Manager (Senior Environmental Health Officer - H&S and Licensing)
Potential impact	Potential impact on the local economy.
Recovery timeframe	7 days.
Mitigating action	None.
Alternative premises	Park Leisure Centre.
Data/system requirement	Northgate software.
Additional staff requirement	None.

## Priority 2: Development Control Services

Responsibility	Development Services Manager (District Planning Officer)
Potential impact	Potential impact on local economy.
Recovery timeframe	7 Days.
Mitigating action	None.
Alternative premises	Park Leisure Centre. Offsite using mobile devices.
Data/system requirement	Northgate software and Council servers.
Additional staff requirement	None.

## Priority 2: Democratic Services and Facilities for Council Meetings

Responsibility	Democratic Services Manager
Potential impact	Lack of facilities for Councillors and decision making committees.
Recovery timeframe	7 Days.
Mitigating action	None.
Alternative premises	Any venue with conference facilities.
Data/system requirement	Council servers.
Additional staff requirement	None.



## Priority 2: Housing Tenancy Services, Maintenance and Business Support

Responsibility	Assistant Director Housing (Housing Maintenance Manager)
Potential impact	Delay in essential repair works. Re-housing requirements in severe circumstances.
Recovery timeframe	7 Days.
Mitigating action	An out of hours emergency service currently operates.
Alternative premises	Any venue with internet access. Offsite using mobile devices.
Data/system requirement	For emergencies the relevant contractor will be contacted by phone. For business as usual the Council's network and housing systems will be required.
Additional staff requirement	Will be provided by the contractor.

## Priority 2: Household Recycling and Green Waste Collection Service

Responsibility	Assistant Director Community Services (Street Care Manager)
Potential impact	Increase in residual household waste. Loss of income to the Council.
Recovery timeframe	7 Days.
Mitigating action	Service is provided by external contractor who has contingency plans in place.
Alternative premises	Any venue with internet access and vehicle storage facility.
Data/system requirement	CRM service for reporting fly-tips and dead animals.
Additional staff requirement	Will be provided by the contractor.

## Priority 2: Streetcare Services including Dog Control

Responsibility	Assistant Director Community Services (Street Care Manager)
Potential impact	Health risk from accumulating rubbish.
Recovery timeframe	7 Days.
Mitigating action	Services are provided by external contractors but some monitoring of service is required.
Alternative premises	Park Leisure Centre. Offsite using mobile devices.
Data/system requirement	CRM service, Flare, Council Servers.
Additional staff requirement	None.

## Priority 2: Financial Services and Accounting

Responsibility	Financial Services Manager (Accountancy Services Manager)
Potential impact	Financial viability of the Council.
Recovery timeframe	7 Day.
Mitigating action	Critical payments can be made by the Director of Resources offsite. Payroll is provided by a Bureau.
Alternative premises	Park Leisure Centre.
Data/system requirement	Council Servers, Oracle, BACS server, Income Management Systems.
Additional staff requirement	None.

## Priority 2: Council Tax and NNDR

Responsibility	Director of Resources (Financial Services Manager)
Potential impact	Reduction in income.
Recovery timeframe	7 Days.
Mitigating action	Direct debit collection files are created by a contractor who will have their own plan in place. These files are collected by the Council, so file transfers will still be required. Payments can be made online and through the bank. Cheques sent in the post could be redirected to the Park Leisure Centre.
Alternative premises	Park Leisure Centre.
Data/system requirement	Council Servers, Income Management Systems, Oracle.
Additional staff requirement	None.

## Priority 2: Human Resources

Responsibility	Director of Resources (Human Resources Manager)
Potential impact	Staff related issues. Temporary staffing requirements depending upon the nature of the service disruption.
Recovery timeframe	7 Days.
Mitigating action	None.
Alternative premises	Park Leisure Centre.
Data/system requirement	Council Servers, HR System.
Additional staff requirement	None.

## Priority 2: Cultural Services

Responsibility	Assistant Director Community Services (Venue managers)
Potential impact	Wellbeing of the public. Reduction in income.
Recovery timeframe	7 Days.
Mitigating action	The venues are in different locations and it is unlikely all of them will be affected.
Alternative premises	Park Leisure Centre.
Data/system requirement	Council Servers, Oracle, Venues own systems.
Additional staff requirement	None.

## Priority 2: Market and Town Centre Management

Responsibility	Assistant Director Community Services (Town Centre & Festivals Manager)
Potential impact	Impact on local economy.
Recovery timeframe	7 Days.
Mitigating action	Market attendants are on-site to maintain the facilities.
Alternative premises	Park Leisure Centre.
Data/system requirement	Council Servers.
Additional staff requirement	None.

## Priority 3: Corporate Services

Responsibility	Director of Resources (Corporate Services Manager)
Potential impact	Delay in delivering corporate support services.
Recovery timeframe	30 Days.
Mitigating action	None.
Alternative premises	Any venue with internet access.
Data/system requirement	Council Servers.
Additional staff requirement	None.

## Priority 3: Internal Audit

Responsibility	Director of Resources (Head of Internal Audit)
Potential impact	Delay in delivering the audit plan.
Recovery timeframe	30 Days.
Mitigating action	Service can be delivered offsite if required.
Alternative premises	Offsite using mobile devices.
Data/system requirement	Council Servers.
Additional staff requirement	None.

**Priority 3: Electoral Services (this will become a priority 1 service during the Purdah period, notice of election and when required to publish the register)**

Responsibility	Executive Director (Democratic Services Manager)
Potential impact	Delay in maintaining electoral register.
Recovery timeframe	30 Days.
Mitigating action	Service can be delivered offsite if required.
Alternative premises	Offsite using mobile devices.
Data/system requirement	Council Servers.
Additional staff requirement	None.

**Priority 3: Local Plan**

Responsibility	Assistant Director Regeneration and Built Environment (Development Services Manager)
Potential impact	Delay in delivering the Local Plan.
Recovery timeframe	30 Days.
Mitigating action	Service can be delivered offsite if required.
Alternative premises	Offsite using mobile devices.
Data/system requirement	Council Servers.
Additional staff requirement	None.

**Testing**

The technical aspects of the system will be tested on a six monthly basis to ensure the plan can be activated.

**Information and Publicity**

Information will be cascaded to staff via members of Management Board. The Executive Director will be responsible for ensuring that the leaders of political groups are kept informed of any developments. The Corporate Support Division will be responsible for external communications.

**Record Keeping**

The manager of each service is responsible for ensuring that appropriate records are kept of all decisions and transactions.

**Availability of the Plan**

The plan will be published on the Council's intranet.

**Updating the Plan**

The plan will routinely be reviewed on a biennial basis but there may be additional updates as required.

<b>EXECUTIVE COMMITTEE</b>	<b>(D) Agenda Item 11</b>
<b>Date of Meeting: 21st January, 2015</b>	
<b>Reporting Officer: Executive Director</b>	
<p><b>Title: Clusters of Empty Homes Fund</b></p> <p><b>Summary and Conclusions:</b></p> <p>An update on the Clusters of Empty Homes plan is provided.</p> <p><b>Recommendations:</b></p> <p>To note the progress of the project to date.</p>	

## 1. Background

- 1.1. In May 2012, a bid was submitted to the Government's Clusters of Empty Homes Fund. This resulted in £3.442m being allocated to the Council to tackle the problem of empty homes within Barrow Island Flats. Of this sum, £1.15m was allocated to improve the public realm in the vicinity of the Flats (Minute 16; 20/06/12 refers).
- 1.2. The bulk of this funding was earmarked for interest-free loans to be provided to the private landlords in the neighbourhood to enable them to improve empty homes so that they can be re-occupied. These loans have and will be provided under the terms of the Council's private sector housing assistance policy (Minute 49; 19/09/12 refers).
- 1.3. The landscaping element of the project is intended to help to make the flats more desirable and therefore more lettable by improving the physical environment around the flats. The area to be improved consists principally of the highway surrounding the flats, and three areas of open space which are either owned or leased by the Council.
- 1.4. During 2013 the Landscape Institute ran a competition on behalf of the Council to select suitably qualified landscape architects. Members agreed to appoint the winners of the competition (Minute 48; 04/09/13 refers) and Farrer Huxley Associates (FHA) were appointed on this basis.

## 2. Progress Report – Loan Funding

- 2.1. Loan funding of £312,000 was advanced to Holker Estates in January 2014. This will be repaid over a period of 10 years. Holker Estates have now

completed their refurbishment of the Devonshire Buildings on Michaelson Road.

- 2.2. The majority of the empty flats are currently contained in a single landlord portfolio which had been in administration since 2009. This portfolio includes all of the flats on Brig Street, Barque Street, Ship Street and Sloop Street – a total of 320 properties. These properties have now been purchased by Barros Trading Ltd, who intend to refurbish the flats and rent them out directly. They are proposing a range of internal and external improvements, including the installation of a biomass district heating system, which is currently the subject of a planning application to the Council.
- 2.3. Subject to entering into a formal loan agreement, we intend to advance £1.9m to Barros Trading to allow them to accelerate their programme of improvements.

### **3. Progress Report - Landscaping**

- 3.1. FHA have developed their competition entry into a detailed landscaping scheme. Planning approval for the proposed scheme has now been obtained.
- 3.2. The contract to carry out the landscaping work was put out to tender through The Chest, the Council's procurement portal, and the Executive Director authorised to appoint the lowest tenderer, in consultation with the Chair of Executive Committee (Minute 40; 30/07/14 refers).
- 3.3. During the tender process, it was necessary to find significant cost savings. These were achieved by amending the work specification with the aim of reducing costs without unduly compromising the design principles. The successful contractor had been provisionally selected, and is ESH Border Construction. This is also the contractor that Barros Trading has appointed to carry out the bulk of the refurbishment works on their properties.
- 3.4. The final schedule of works will be refined in consultation with ESH, but the contract sum will be in the region of £1.35m. This will require additional funding. An additional £200,000 has been made available in the capital programme (Minute 63 10/09/14 refers), and it is proposed that any additional funding required to support this contract will ultimately be sourced from the recycling of the loan funding provided to Barros Trading Ltd. For this reason, the contract with ESH will not be formally entered into until the loan agreement with Barros is signed.
- 3.5. It is expected that the formalities of both elements of the plan will be concluded in the coming weeks, and that work on site will start during February.

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no significant implications.

(iii) Financial Implications

Funding for this project has been provided through the Clusters of Empty Homes Fund and provision made accordingly through the capital programme.

(iv) Health and Safety Implications

This report has no significant implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has a positive effect on the Health and Wellbeing of residents.

Background Papers

Original bid documents to Clusters of Empty Homes Fund held by the Property Services Group Manager.

Competition design briefs and correspondence held by the Property Services Group Manager.

Plans and technical drawings held by the Property Services Group Manager.

Planning applications ref. B29/2014/0429 and B23/2014/0836.

Part One

<b>EXECUTIVE COMMITTEE</b>	<b>(D) Agenda Item 12</b>
<b>Date of Meeting: 21st January, 2015</b>	
<b>Reporting Officer: Corporate Support Manager</b>	
<b>Title: Covert Surveillance Policy</b>	
<b>Summary and Conclusions:</b>	
This Council undertakes cover surveillance to support enforcement activities. Under the Regulation of Investigatory Powers Act (RIPA) we are required to have a Covert Surveillance Policy to ensure that we are conforming to the Act.	
<b>Recommendations:</b>	
To agree that the updated policy be adopted.	

**Report**

The Regulation of Investigatory Powers Act policy has been reviewed. There are a few minor amendments to reflect changes in post titles following the restructure.

The only other change is a paragraph on the use of social media which is highlighted attached at **Appendix 8**.

(i) Legal Implications

There is not a legal require to have a covert surveillance policy, however evidence collected using unregulated covert surveillance is not admissible in court.

Undertaking unregulated covert surveillance may breach privacy laws and expose the council to legal action.

(ii) Risk Assessment

The recommendation has no significant risk implications

(iii) Financial Implications

The recommendation has no significant financial implications

(iv) Health and Safety Implications

The recommendation has no significant health and safety implications



(v) Equality and Diversity

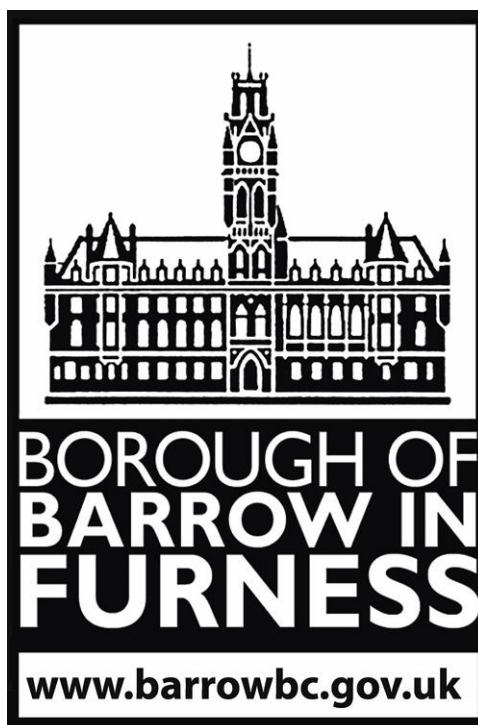
Undertaking unregulated covert surveillance may have a detrimental impact on service users showing any of the protected characteristics under current equalities legislation

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Back ground Papers

Protection of Freedoms Act 2012



## **COVERT SURVEILLANCE POLICY**

**Compliant with the Human Rights Act 1998, Regulation of Investigatory Powers Act 2000, Protection of Freedoms Act 2012 and Crime and Court Act 2013**

<b>Version Control:</b>	
<b>Document Name:</b>	Covert Surveillance Policy
<b>Version:</b>	Version 3.0
<b>Author:</b>	Corporate Support Manager
<b>Approved by:</b>	Executive Committee
<b>Date Approved:</b>	
<b>Review Date</b>	31 <sup>st</sup> October 2016

## Policy Statement

Barrow Borough Council will apply the principles of the Regulation of Investigatory Powers Act 2000 (RIPA) to all activities where covert surveillance or Covert, human intelligence sources are used.

RIPA sets out a regulatory framework for the use of covert investigatory techniques by public authorities. RIPA does not provide any powers to carry out covert activities. If such activities are conducted by Council officers, then RIPA regulates them in a manner that is compatible with the European Convention on Human Rights (ECHR), particularly Article 8; the right to respect for private and family life.

The Human Rights Act 1998 requires that all actions which may potentially breach an individual's human rights are:

- Proportionate
- Necessary
- Non-discriminatory
- lawful

The Council may use two techniques for detecting and preventing a crime:

- **Directed Surveillance:** covert surveillance in places other than residential premises or private vehicles (**Council officers cannot conduct intrusive surveillance in a residential premises or private vehicle**)
- **Covert Human Intelligence Source (CHIS):** includes undercover officers, public informants and people who make test purchases

## Restrictions of RIPA

The Protection of Freedoms Act 2012 (in particular a statutory instrument made under the Act) restricts the use of RIPA to conduct that would constitute a criminal offence which is punishable by a maximum custodial sentence of 6 months or more. This effectively restricts the use of RIPA to circumstances when the conduct is considered to be serious criminal conduct, by reference to sentencing powers. There are some limited exceptions to the 6 month rule, set out in statutory instrument. These are:

- The sale of alcohol to children (S.146 of the Licensing Act 2003)
- Allowing the sale of alcohol to children (S.147 of the Licensing Act 2003)
- Persistently selling alcohol to children (S.147A of the Licensing Act 2003)
- The sale of tobacco to persons under 18 years of age (S.7 Children and Young Persons Act 1933)

Use of these techniques has to be authorised internally by an authorising officer or a designated person at Head of Service or equivalent level. They can only be used where it is considered necessary (e.g. to investigate a suspected crime or disorder) and proportionate (e.g. balancing the seriousness of the intrusion into privacy against the seriousness of the offence and whether the information can be obtained by other means).

The relevant Codes of Practice should be referred to for further information on the scope of powers, necessity and proportionality.

<http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers/ripa-codes-of-practice/>

Each covert surveillance operation involving directed surveillance and covert human intelligence sources must be authorised internally in writing using the standard forms application forms approved by the Secretary of State provided. The authorisation forms are available on the Council's intranet:

In addition to the internal authorisation process an application must also be externally authorised by a Magistrate. No investigation can commence until both internal and external authorisations have been given.

The Council will ensure that all Officers who are involved in surveillance and granting of authorisations are aware of the procedures to be followed, and that appropriate training is given.

Authorising officer should not be responsible for authorising investigations or operations in which he is directly involved, although it is recognised that this may sometimes be unavoidable.

The Council's Authorising Officer is Assistant Director - Community Services

## **Social media**

Social media is now an embedded form of communication and one that public authorities may use for investigative purposes. There is now a heightened awareness that this media is being used and it is advisable that we consider authorisations under RIPA before undertaking such investigations. It can be argued that information made publicly available in this medium cannot be considered private, however, the Office of Surveillance Commissioners remain of the view that the repeat viewing of individual "open source" sites for the purpose of intelligence gathering and data collation should be considered within the context of the protection that RIPA authorisation provides.

The Council is preparing social media guidelines to advise staff on appropriate use of this media.

## **Time limits**

Any authorisations granted for directed surveillance will cease to have effect at the end of the period of three months beginning with the date on which it took effect. Covert human intelligence source authorisations will cease to have effect after a period of 12 months beginning with the day on which the grant takes effect.

Any request for a renewal will be fully investigated, but in any event must be approved by a Line Manager before submission for authorisation. The renewal will also require approval by a magistrate.

## **Reviews**

Reviews of Authorisations should be undertaken following any significant occurrence or within one calendar month of the authorisation commencing. Details of the review should be recorded on the review form:

## **Cancellation**

If the conditions for surveillance being carried out are no longer satisfied, and the authorisation period has not ended, a cancellation form must be completed and all those involved in the surveillance should receive notification of the cancellation, which must be confirmed in writing at the earliest opportunity.

## **Records**

The designated officers are responsible for recording use of the powers under the legislation and for retaining the necessary documentation. A central record of surveillances undertaken will also be kept with the Corporate Support Manager. This will include all authorisation, review and cancellation forms. Authorisation forms will be kept for three years from the end of the authorisation period and then destroyed.

## **Monitoring and Review**

The Executive Director or his designated officer will review the authorisations held on the central file on an annual basis to ensure that the Act is being used consistently with the policy and that the policy remains fit for purpose and that authorisation forms are being correctly completed.

The Office of the Surveillance Commissioner has set up an Inspectorate to monitor the various authorities' compliance with the Act. For local authorities the first point of contact for the Inspectors will be the Executive Director.

## Authorisation Procedures

At the start of an operation Council officers will need to satisfy themselves that what they are investigating is a criminal offence which is punishable by a maximum custodial sentence of 6 months or more. The exceptions being:

- The sale of alcohol to children (S.146 of the Licensing Act 2003)
- Allowing the sale of alcohol to children (S.147 of the Licensing Act 2003)
- Persistently selling alcohol to children (S.147A of the Licensing Act 2003)
- The sale of tobacco to persons under 18 years of age (S.7 Children and Young Persons Act 1933)

The Protection of Freedoms Act guidance specifically states that RIPA authorisations should not be used for: littering, dog control and fly-posting, however, overt techniques may be used for these offences.

The covert surveillance operation involving directed surveillance and covert human intelligence sources must be authorised internally using the standard forms provided and a unique reference number should be obtained from the Corporate Support Manager

<http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers/ripa-forms/>

The investigator should contact the administration officer at Her Majesty's Courts and Tribunal Service (HMCTS) at the magistrate's court to arrange a hearing. The investigator should attend the hearing with the authorised RIPA form, a Judicial Approval application form and any supporting material.

If the authorisation is approved by the magistrate the investigator may use covert techniques. If the authorisation is refused the investigator may not use covert techniques and must investigate the case using other means.

In exceptional circumstances out of hours access to the magistrate may be gained via HMCTS staff in this case two copies of the authorisation form and a Judicial Approval form will be required.

Once internal and external approval have been granted the operation may commence.

Reviews of Authorisations should take place every four weeks or sooner if the risk of obtaining private information or of collateral intrusion is high and in accordance with the circumstances of the case.

A Review will take place by an applicant completing a Review Form which is located intranet before the date for review and forward the form to the Authorising Officer for consideration.

<http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers/ripa-forms/>

Records of the review should also be forwarded to the Corporate Support Manager for inclusion onto the central file.

If your authorisation time period is about to end, it will be necessary to complete a renewal form and forward this to the relevant authorising officer who will then consider whether the grounds for authorisation still exist. If the authorising officer agrees to extend the authorisation period Judicial Approval by a magistrate will be required.

The renewal form is available on the intranet

<http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers/ripa-forms/>

The renewal forms should be to the Corporate Support Manager for retention in the central record.

If the conditions for surveillance being carried out are no longer satisfied, and the authorisation period has not ended, a cancellation form must be completed and all those involved in the surveillance should receive notification of the cancellation, which must be confirmed in writing at the earliest opportunity.

The cancellation form is available on the intranet

<http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers/ripa-forms/>

The completed cancellation forms should be forwarded to the Corporate Support Manager for retention in the central record.

To ensure that the Central Retrievable record is up to date, and to allow proper central oversight, it is important that all applications approved and any subsequent renewals, extensions or cancellations are forwarded to the Policy Review Officer

The Central Retrievable record and copy authorisations are kept for a period of three years from the date of the end of the authorisation.

All Original and copy documents shall be destroyed after a period of three years from the date the authorisation comes to an end. Regular reviews should take place to ensure that retention and destruction take place appropriately.

## **Monitoring and Review**

Officers who made applications for Authorisations and Authorising Officer should monitor any Authorisation and keep them under review. Consideration should also be given by applicant officers and authorising officers as to whether Authorisations should be cancelled or renewed. Decisions should be recorded in addition to the reasons for those decisions.

In addition to the above review mechanism the Executive Director or his designated officer will review the authorisations held on the central file on an annual basis to ensure that the Act is being used consistently with the policy and the policy remains fit for purpose and that authorisation forms are being correctly completed.

The Office of the Surveillance Commissioner has set up an Inspectorate to monitor the various authorities' compliance with the Act. For local authorities the first point of contact for the Inspectors will be the Executive Director.