

24th August 2016

CABINET – 5TH SEPTEMBER 2016

A meeting of Cabinet will be held at 5.30 pm on Monday 5th September 2016 in the Council Chamber, Town Hall, Rugby.

Adam Norburn
Executive Director

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes.

To confirm the minutes of the meeting held on 27th June 2016.

2. Apologies.

To receive apologies for absence from the meeting.

3. Declarations of Interest.

To receive declarations of –

(a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council's Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a prejudicial interest, the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.

4. Question Time.

Notice of questions from the public should be delivered in writing, by fax or e-mail to the Executive Director at least three clear working days prior to the meeting (no later than Tuesday 30th August 2016).

Growth and Investment Portfolio

5. Memorandum of Understanding relating to the planned distribution of employment land within the Coventry and Warwickshire Housing Market Area.
6. Staffing restructure – Benn Hall.

Corporate Resources Portfolio

7. Finance and Performance Monitoring 2016/17 – Quarter 1.
8. UK Municipal Bonds Agency.

Communities and Homes Portfolio

Nothing to report to this meeting.

Environment and Public Realm Portfolio

Nothing to report to this meeting.

The following item contains reports which are to be considered en bloc subject to any Portfolio Holder requesting discussion of an individual report

9. Risk Management Strategy.
10. Anti-Fraud, Bribery and Corruption Strategy.
11. Adoption of Section 76 of the Public Health Act 1925 – Licensing Enforcement at Rugby Railway Station taxi waiting area.
12. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972

To consider passing the following resolution:

“under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of information defined in paragraphs 3 and 5 of Schedule 12A of the Act.”

PART 2 – EXEMPT INFORMATION

Growth and Investment Portfolio

Nothing to report to this meeting.

Corporate Resources Portfolio

Nothing to report to this meeting.

Communities and Homes Portfolio

Nothing to report to this meeting.

Environment and Public Realm Portfolio

Nothing to report to this meeting.

The following item contains reports which are to be considered en bloc subject to any Portfolio Holder requesting discussion of an individual report

1. Urgent Decision under Delegated Powers – Additional Customer Services Advisor.
2. Exemption to Contracts Standing Orders for the appointment of consultants to undertake Sustainability Appraisal of the Publication Local Plan.
3. Exemption to Contracts Standing Orders to procure Mobile Canvasser App.
4. Exemption to Contracts Standing Orders to procure new Roman History Gallery.
5. Exemption to Contracts Standing Orders - Server Room Battery Backup Infrastructure
6. Write Offs.

Any additional papers for this meeting can be accessed via the website.

The Reports of Officers (Ref. CAB 2016/17 – 3) are attached.

Membership of Cabinet:

Councillors Stokes (Chairman), Leigh Hunt, Mrs Parker, Ms Robbins and Mrs Timms.

CALL- IN PROCEDURES

Publication of the decisions made at this meeting will normally be within three working days of the decision. Each decision will come into force at the expiry of five working days after its publication. This does not apply to decisions made to take immediate effect. Call-in procedures are set out in detail in Standing Order 15 of Part 3c of the Constitution.

If you have any general queries with regard to this agenda please contact Claire Waleczek, Senior Democratic Services Officer (01788 533524 or e-mail claire.waleczek@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

If you wish to attend the meeting and have any special requirements for access please contact the Democratic Services Officer named above.

AGENDA MANAGEMENT SHEET

Name of Meeting	Cabinet
Date of Meeting	5 th September 2016
Report Title	Memorandum of Understanding relating to the planned distribution of employment land within the Coventry & Warwickshire Housing Market Area.
Portfolio	Growth and Investment
Ward Relevance	All
Prior Consultation	Planning Services Working Party
Contact Officer	Victoria Chapman Ext 3758
Report Subject to Call-in	No
Report En-Bloc	No
Forward Plan	No
Corporate Priorities	BUSINESS - Establish an environment that will attract new businesses into the borough and enable existing businesses to flourish. BUSINESS - Work with developers to provide new housing and infrastructure. BUSINESS - Facilitate the expansion of Rugby town by identifying and removing barriers to growth. COUNCIL - Engage in partnerships to meet local needs, reduce costs and increase efficiency.
Statutory/Policy Background	S110 Localism Act National Planning Policy Framework, 2012 Rugby Borough Core Strategy, June 2011
Summary	Report outlines the Memorandum of Understanding relating to the planned distribution of employment land within the Coventry & Warwickshire Housing Market Area supported by Council representatives at a meeting of the C&W Joint Committee on 21 st July 2016.

Risk Management Implications None

Financial Implications None

Environmental Implications None

Legal Implications Assists the Council in demonstrating it has fulfilled its obligations under the Duty to Co-operate (s110 Localism Act)

Equality and Diversity

Options **Option 1:** Endorse the MOU considered by the Joint Committee on 21st July 2016 and supported by Rugby Borough Council representatives at that time.

Risks: None.

Benefits: Endorsement of these recommendations and commitment to the employment land distribution outlined will allow the Council to fulfil its obligations under the Duty to Co-operate and to meet the employment requirements of the housing market area, as required by national planning policy.

Option 2: Do not endorse the MOU considered by the Economic Prosperity Board on 21st July 2016 and supported by Rugby Borough Council representatives at that time.

Benefits: None.

Risks: If the Council does not endorse these recommendations and commit to the processes outlined there is a risk that the Council will not be fulfilling its obligations under the Duty to Co-operate and to meet the employment requirements of the housing market area, as required by national planning policy.

Recommendation The Memorandum of Understanding, dated July 2016, relating to the planned distribution of employment land within the Coventry & Warwickshire Housing Market Area be endorsed.

***Reasons for
Recommendation***

Endorsement of these recommendations and commitment to the employment land distribution outlined will allow the Council to fulfil its obligations under the Duty to Co-operate and to meet the employment requirements of the housing market area, as required by national planning policy.

Cabinet - 5th September 2016

Report of the Growth and Investment Portfolio Holder

Memorandum of Understanding relating to the planned distribution of employment land within the Coventry & Warwickshire Housing Market Area

Recommendation

The Memorandum of Understanding, dated July 2016, relating to the planned distribution of employment land within the Coventry & Warwickshire Housing Market Area be endorsed.

1. Introduction

1.1. On 21st July 2016 the Coventry and Warwickshire Joint Committee considered a report entitled "Coventry and Warwickshire Employment Land Memorandum of Understanding". This report recommended that the MOU was endorsed by the Joint Committee.

1.2. The MOU contains points of agreement that relate to the levels of employment need that are evidenced for the Coventry and Warwickshire housing market area and how that employment land should be distributed across the area.

1.3. The MOU was supported by all Members of the Joint Committee. As part of this agreement, the JC committed to seeking a formal commitment from each of the individual Local Authorities represented to the MOU by September 2016

2. Background

2.1. In November 2015 Full Council considered a report entitled: "Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area." Full Council supported the recommendation that the Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area should be endorsed. This agreement is reflected in the emerging Rugby Borough Local Plan.

2.2. The Joint Committee (Shadow EPB as it was then known) also committed to producing a Memorandum of Understanding that would outline how the employment needs of the Coventry and Warwickshire area would be identified and met across the sub-region. This work would need to take account of the agreed housing distribution to ensure housing and employment alignment across the sub-region, as required by national planning policy.

2.3. The MOU and supporting documents have been placed in the Members' Room for information.

3. Implications of the MOU for Rugby Borough

3.1. As detailed in the report to the Joint Committee, local and sub-regional level evidence has informed the MOU. The sum of each District's most recent employment land study suggests the overall quantum of employment land required in Coventry and Warwickshire between 2011 and 2031 is 714 (gross) hectares. This broadly aligns with the Coventry and Warwickshire Employment Land Use Study (CBRE 2015) which suggested up to 660 hectares for Coventry and Warwickshire.

3.2. The employment land studies undertaken by each District provide the basis for how this requirement should be distributed between the six local authorities. Details of this are set out in Table 1 of the Points of Agreement within the draft MOU.

3.3. Assessments of land availability indicate that the five Warwickshire authorities can meet their local employment land requirements within their areas. However, the evidence indicates that Coventry is unable to meet its employment land requirement in full within the City boundary and that the shortfall is 241 hectares. The MOU therefore contains the points of agreement that ensure this shortfall is met within Coventry and Warwickshire.

3.4. The report to the Joint Committee outlines, in detail, the process that was undertaken in order to arrive at a redistribution of this shortfall. As part of this process, the contribution of existing completions and commitments within the 2011-2031 plan period has been considered. The report to the Joint Committee reflects a position established as part of the Rugby Borough Core Strategy; employment development completed at the Ryton on Dunsmore Peugeot site and Ansty Business Park is considered to be meeting the development needs of Coventry City, not Rugby Borough. This position is reflected in the Annual Monitoring Reports published by RBC which report the delivery of employment land in these locations but do not count that development towards meeting Rugby Borough Council's employment targets.

3.5. The development completed or committed on these two sites in the 2011-2031 plan period will therefore continue to meet the employment needs of Coventry City and in turn address the shortfall in capacity that has been identified within the city. This position is reflected in the MOU.

3.6. The endorsement of the MOU therefore has a very limited impact upon the plan making process for Rugby Borough Council. The new employment allocations proposed within the Publication Draft Local Plan are intended to meet the employment needs of Rugby Borough. Remaining completions at Ryton and Ansty Business Park will continue to be counted towards the Coventry City employment target. No further site allocations are required as part of the Rugby Borough Local Plan to enable a redistribution of the Coventry employment land shortfall.

Name of Meeting: Cabinet

Date Of Meeting: 5th September 2016

Subject Matter:

Originating Department:

LIST OF BACKGROUND PAPERS

Document No.	Date	Description of Document	Officer's Reference	File Reference
1.				

* The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

* Exempt information is contained in the following documents:

Document No.	Relevant Paragraph of Schedule 12A
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* There are no background papers relating to this item.

(*Delete if not applicable)

Coventry, Warwickshire and Hinckley & Bosworth Joint Committee

21st July 2016

**Coventry and Warwickshire
Employment Land Memorandum of Understanding**

1 Summary and Recommendations

1.1 This report seeks agreement to an Employment Land Memorandum of Understanding. Specifically it seeks to ensure that the employment land needs of Coventry and Warwickshire are met in full including addressing an identified shortfall of employment land provision arising in Coventry

1.2 The Joint Committee is recommended to:

- a) Agree the Employment Land Memorandum of Understanding (ELMOU) set out in Appendix 1.
- b) Agree that each of the six Local Plan Authorities within Coventry and Warwickshire will seek to formally endorse the ELMOU by end of October 2016
- c) Note the position update with regard to the Housing Memorandum of Understanding as set out in paragraphs 6.1 and 6.2 below

2 Introduction

2.1 This report explains the C&W Employment Land MOU and the process undertaken to arrive at the agreed distribution. Broadly, that process has the following three parts:

- Review of evidence;
- Assessment of redistribution options;
- Develop redistribution method.

3 Conclusions from review of evidence

3.1 Local and sub-regional level evidence has informed the MOU. Each of these documents are available for review. The main findings are briefly summarised below:

- a) **Coventry and Warwickshire Employment Land Requirement:** The sum of each District's most recent employment land study suggests the overall quantum of employment land required in Coventry and Warwickshire between 2011 and 2031 is 714 (gross) hectares. This broadly aligns with the Coventry

and Warwickshire Employment Land Use Study (CBRE 2015) which suggested up to 660 hectares for Coventry and Warwickshire.

b) Evidence regarding the Distribution of the Requirement: The employment land studies undertaken by each District provide the basis for how this requirement should be distributed between the six local authorities. Details of this are set out in Table 1 of the Points of Agreement within the draft MOU.

c) Availability of Employment Land to meet the Requirement: Assessments of land availability indicate that the five Warwickshire authorities can meet their local employment land requirements within their areas. However, the evidence indicates that Coventry is unable to meet its employment land requirement in full within the City boundary and that the shortfall is 241 hectares.

4 Approach to redistributing the shortfall in requirement:

4.1 To support the Points of Agreement, the resulting shortfall of 241 gross hectares needs to be redistributed from Coventry to the Warwickshire authorities in a justified and appropriate way. The approach taken is as described below.

4.2 Stage 1: Assessment of Redistribution Options:

4.2.1 In preparing the Housing MOU in 2015, the Coventry and Warwickshire authorities undertook a high level assessment of the sustainability impacts of six broad options for the redistribution of Coventry's Housing shortfall. This work concluded that locations close to, or with good accessibility to, the City should be preferred to other options (such as dispersal or new settlements).

4.2.2 In line with the NPPF (for instance paragraphs 17 and 34), it is suggested that the assessment undertaken for the Housing MOU also applies to the redistribution of employment land.

4.2.3 In addition, an employment land redistribution approach which aligns with the approach taken to housing land redistribution will help to support sustainable communities, minimisation of the need to travel and sustainable modes of transport. It is therefore proposed that the employment land redistribution from Coventry to Warwickshire should in the first instance, be based on evidence relating to:

- Commuting flows; and
- The redistribution of housing as set out in the Housing MOU

4.2.4 However, the NPPF also requires that unemployment and regeneration is addressed and that market signals are taken in to account. Evidence regarding these, therefore needs to be used to make appropriate adjustments.

4.2.5 It should also be remembered that the plan period during which the evidence referred to above applied commenced in 2011. It is therefore necessary to consider any relevant employment completions, commitments and proposed allocations since that date before a final redistribution can be agreed.

4.3 Stage 2: Applying Commuting Flows

4.3.1 The starting point for considering the redistribution should reflect commuting flows between Coventry and each of the Warwickshire Districts. These commuting flows informed the housing distribution agreed in 2015 but are considered to be more relevant when considering employment distribution given the movements they report.

4.3.2 The 2011 census indicates that the two-way commuting flows between Coventry and Warwickshire occur according to the following percentages:

- North Warwickshire BC: 6%
- Nuneaton and Bedworth BC: 33%
- Rugby BC: 18%
- Stratford-on-Avon DC: 8%
- Warwick DC: 35%

4.3.3 Table A below shows the indicative quantum of employment land redistributed to each District if commuting patterns are applied to a shortfall of 241 gross hectares:

Table A

Authority	Percentage of Coventry to Warwickshire Commuting (two way)	Indicative employment land redistribution
North Warwickshire	6%	15 ha
Nuneaton and Bedworth	33%	80 ha
Rugby	18%	43 ha
Stratford	8%	19 ha
Warwick	35%	84 ha
Total	100%	241

4.4 Stage 3: Cross reference with the Housing MOU

4.4.1 The approach set out in stage 2 applies a redistribution based on existing commuting patterns. It does not therefore take account of the proposed redistribution of housing from Coventry to Warwickshire as set out the 2015 Housing MOU. This redistribution may well alter commuting flows in future.

4.4.2 Appendix 1 sets out a methodology that aligns employment land redistribution with the proposed housing redistribution set out in the 2015 MOU. The appendix also sets out the outcomes of that methodology.

4.4.3 Table B below shows the indicative quantum of employment land redistributed to each District if alignment with the Housing MOU is applied to a shortfall of 241 hectares:

Table B

Authority	Indicative employment land
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	redistribution
North Warwickshire	10 ha
Nuneaton and Bedworth	71 ha
Rugby	45 ha
Stratford	10 ha
Warwick	105 ha
Total	241 ha

4.4.4 It can be noted that the indicative redistribution above is similar to that resulting from stage 2. That is in part because commuting data informed the distribution applied to housing as part of the MOU. Both stage 2 and stage 3 indicate a distribution that would see the majority of the shortfall accommodated in Warwick District, Rugby Borough and Nuneaton and Bedworth Borough.

4.5 Stage 4: Taking account of further considerations

4.5.1 The indicative quantum set out in Tables A and B above needs to be adjusted to take account of market signals and unemployment and urban regeneration as required by Planning Practice Guidance.

4.5.2 Market Signals: The Local Enterprise Partnership collates evidence regarding market signals. Whilst the signals provide a constantly evolving picture, the evidence from market signals currently points towards a number of key factors which could impact on the redistribution. These factors are:

- Pressures for B8 uses close to the trunk road network and particularly the motorway network to the north and east of the sub-region;
- Pressures for B2 uses, particularly associated with the automotive sector, in the central and southern parts of the sub-region;
- Concerns about a lack of “oven ready” sites for expansion and relocation of businesses across the sub-region.
- Importance of close links to both universities
- A lack of high quality office space which is being combatted by Friargate proposals
- The draw of JLR and demand for sites to support close supply chain location etc

4.5.3 However, the signatories of the Employment Land MOU recognise that more work needs to be done to collate data and monitoring market signals on an ongoing basis. The MOU therefore includes a clause to ensure that processes and responsibilities are put in place to strengthen this part of the evidence base. Processes to collate this information are already in place though through the Coventry and Warwickshire Monitoring group, supported by the LEP and Warwickshire Observatory.

4.5.4 Unemployment and Urban Regeneration: The Atkins Report (2014) analyses which parts of the sub-region have the greatest needs for employment and suggests that the areas of greatest need should be those meeting the following criteria:

- Areas that have seen significant population growth over the past 10 years and are projected to see further growth in the future;

- Areas with high levels of unemployment; and
- Areas with high levels of deprivation.

4.5.5 In terms of population, Coventry is the sub-region's main urban centre accounting for approximately 37% of the sub-region's total population. Its population grew by 22,400 people between 2003 and 2012 (latest available data), accounting for 40% of the sub-region's population growth over that period. Coventry is expected to continue to be the focus of population growth, with CWLEP's Strategic Economic Plan stating that half of the sub-region's 80,000 population increase will take place in Coventry.

4.5.6 In terms of unemployment, the latest available data for the period April 2013 to March 2014 show that Nuneaton and Bedworth had the highest unemployment rate in the sub-region but all other local authorities had unemployment rates below the England average of 7.3%. Examining the unemployment rate trends over the period 2006-2014 though, Coventry had the highest average unemployment rate in the sub-region (8.1%), followed by Nuneaton and Bedworth (7.7%) and North Warwickshire (6.9%).

4.5.7 According to the English Indices of Deprivation, Coventry and Nuneaton and Bedworth are the only local authorities in Coventry and Warwickshire that are ranked among the 50% most deprived in England. Coventry in particular is ranked 53rd out of 326 local authorities in England and is therefore in the 20% most deprived.

4.5.8 The Atkins Report therefore concludes that the consideration of population growth, unemployment rates and deprivation levels suggests that the greatest areas of need in Coventry and Warwickshire are Coventry, Nuneaton and Bedworth and North Warwickshire. Coventry in particular has a rapidly growing population, and relatively high levels of deprivation, making it an area that would clearly benefit from further employment creation and regeneration.

4.5.9 Based on the above and in line with CWLEP's Strategic Economic Plan it is considered that the areas around Coventry and to the north of the LEP area would particularly benefit from the provision of new employment opportunities and developments that would contribute to local regeneration objectives. These local economic needs should be considered in the event of strategic employment sites being formally adopted as part of the Local Plan process.

4.6 Stage 5: Drawing conclusions on redistribution

4.6.1 Drawing together data from stages 2, 3 and 4 the following table sets out the conclusions on the redistribution of Coventry's Employment Land shortfall:

- Warwick, Nuneaton and Bedworth and Rugby have the strongest commuting relationships with Coventry;
- The redistribution of housing from Coventry is focused strongly in Warwick, Nuneaton and Bedworth and Rugby;
- Warwick, Nuneaton and Bedworth and Rugby provide locations which are consistent with the emerging market signals;
- Locations close to the City within Warwick, Rugby and in particular locations towards the northern edge of the City and around Nuneaton

and Bedworth will help to support the regeneration and address unemployment

- Stratford and North Warwickshire have weaker commuting relationships with Coventry and are less well placed to support regeneration of deprived areas.
- Although market signal suggests the North Warwickshire is well placed to support B8 uses and Stratford District is well placed to support growth in B2 uses, their relative remoteness from the City means they are not the preferred locations for these uses when considering a redistribution of Coventry's need. Further the three authorities immediately adjacent to the urban area of the City also have the potential to provide suitable locations for these uses.

4.6.2 Table C below summarises a redistribution resulting from stages 1-5:

Table C

Authority	Indicative Redistribution – Commuting Flows	Indicative Redistribution – Housing MOU	Market Signals	Regeneration and Unemployment	Conclusion
North Warwickshire	15 ha	10 ha	No adjustment	Low impact – downward adjustment	0
Nuneaton and Bedworth	80 ha	71 ha	No adjustment	High impact – upwards adjustment	91 ha
Rugby	43 ha	45 ha	No adjustment	Medium impact - No adjustment	45 ha
Stratford	19 ha	10 ha	No adjustment	Low impact – downward adjustment	0
Warwick	84 ha	105 ha	No adjustment	Medium impact - No adjustment	105 ha
Total	241 ha	241 ha			241

4.7 Stage 6: Existing completions, commitments and proposed allocations

4.7.1 As stated, completions since the commencement of the plan period in 2011 need to be considered as do current commitments, proposed allocations and associated live applications as these help to evidence market interest and site deliverability.

4.7.2 Two sites of sub-regional significance in Rugby Borough have been brought forward since 2011, with substantial completions already recorded. These sites at Ansty Park and ProLogis Ryton were always intended to meet employment land needs beyond that required specifically for Rugby Borough. Given the close proximity of both sites to Coventry there has been an informal agreement that these sites can contribute to the City's employment land requirements. This is referenced within the adopted planning policy of Rugby Borough Council, the Employment Land Reviews for Coventry and Rugby and was also recognised in the RSS revision prior to its abolition. Monitoring has been carried out with this in mind. These two sites should therefore be considered to be providing for Coventry's Employment Land requirements.

4.7.3 A further site of sub-regional significance in the vicinity of Coventry Airport is proposed for an employment allocation within the Warwick District Local Plan. Except for a small proportion, this site provides for sub-regional employment land needs rather than the needs of Warwick District. Subject to the adoption of the Warwick's Local Plan, this site will also contribute to Coventry's employment land requirements.

4.7.4 These three sites therefore have the potential to contribute to the redistribution of Coventry's employment shortfall as follows:

Table D

Site	Area
Ansty Park	41 ha
ProLogis Ryton	57 ha
Land in the vicinity of Coventry Airport	117 ha
Total	215 ha

4.7.5 Table E below contains adjustments to table C above that reflect these completions and commitments.

Table E: Adjustments for Existing completions, commitments and proposed allocations

Authority	Proposed Redistribution	Existing completions, commitments and proposed allocations	Balance
North Warwickshire	0	0	0
Nuneaton and Bedworth	91 ha	0	-91ha
Rugby	45ha	98ha	+43ha
Stratford	0	0	0
Warwick	105ha	117ha	+12 ha
Total	241ha	215ha	-26 ha

4.7.6 Taking existing completions, commitments and proposed allocations in to account suggests an under-provision in Nuneaton and Bedworth and an over-provision in Rugby Borough. However, given that Ansty Park lies close to the boundary with Nuneaton and Bedworth and ProLogis Ryton, is well connected via the trunk road network, this imbalance is not considered significant, particularly when administrative boundaries are removed from the picture.

4.7.7 It is therefore proposed that previous agreements about the role of these sites in making provision over and above local need, is now formalised in the ELMOU as being an important part of the redistribution of employment land to meet Coventry's needs. This approach is consistent with the emerging evidence.

4.7.8 There remains a balance of 26 hectares of Coventry’s shortfall, which needs to be accommodated within Warwickshire. The evidence presented above suggests that this should be met within Nuneaton and Bedworth Borough.

4.8 Stage 7: Testing proposed redistribution against availability of suitable employment land sites

4.8.1 The final stage is to test whether there is capacity within Nuneaton and Bedworth to meet the remaining shortfall. In assessing potential capacity, it is also important to consider whether any potential sites will meet market demands and are deliverable and viable.

4.8.2 NBBC have completed an Employment Land Review which has identified potential capacity within the Borough to meet both the local employment land need and the additional requirement of 26 hectares. However, further assessment work is still being undertaken before this can be confirmed. This will be completed in the Autumn. The ELMOU recognises this uncertainty by including a review clause (8.2) in the event that it is demonstrated through the Plan making process that the proposed distribution cannot be delivered.

5 Proposed distribution of employment land across Coventry and Warwickshire

	Employment Land Requirement (gross hectares)	Redistribution from Coventry (gross hectares)	Minimum Local Plan Employment Provision (gross hectares)
Coventry	369	-	128
North Warwickshire	58	0	58
Nuneaton & Bedworth	87	26	113
Rugby	99	98	197
Stratford-on-Avon	35	0	35
Warwick	66	117	183
Total	714	241	714

6. Housing Memorandum of Understanding Update

6.1 Nuneaton and Bedworth BC were unable to sign the Housing MOU at the end of 2015 as the Council’s evidence base did not indicate that there was sufficient capacity to accommodate the level of growth identified through the redistribution methodology. The Council did however commit to reviewing the evidence. This work is ongoing and Nuneaton and Bedworth BC will be able to review their position on the MOU in the Autumn once the work is complete.

6.2 With regard to the other Councils in the HMA, all have formally endorsed the agreement and all are committed to delivering Local Plans that align with it.



Memorandum of Understanding relating to Employment Land Requirements and Distribution within Coventry & Warwickshire

1 PARTIES TO THE MEMORANDUM

1.1 The Memorandum is agreed by the following Councils:

- Coventry City Council
- North Warwickshire Borough Council
- Nuneaton & Bedworth Borough Council
- Rugby Borough Council
- Stratford–on-Avon District Council
- Warwick District Council
- Warwickshire CC

2 PURPOSE

2.1 This Employment Land Memorandum of Understanding (ELMOU) sets out the agreed position of the Local Authorities within Coventry and Warwickshire with the support of the Coventry and Warwickshire Local Enterprise Partnership with regard to:

- The employment land requirements of each local authority area within the Coventry and Warwickshire sub-region
- The redistribution of employment land requirements required to address the shortfall in supply within Coventry City
- A commitment to meet the employment land requirements of each local authority area within the sub-region.

2.2 The ELMOU seeks to ensure that the employment land requirements of Coventry and Warwickshire are met.

2.3 The ELMOU should be read in conjunction with the Coventry and Warwickshire Housing MOU agreed in 2015/16.

2.4 In particular the ELMOU seeks to ensure that the employment land needs of Coventry City are met. There is clear evidence Coventry City Council is unable to meet its full employment requirement within the City boundary. As a result the five

Borough/District Councils within Warwickshire have collaborated with the City Council and the CWLEP to ensure sufficient employment land is provided to meet both the City's needs and the needs of the Housing Market Area as a whole.

3 POINTS OF AGREEMENT

3.1 The parties agree that the employment land requirements of each local authority area within the Coventry and Warwickshire HMA are as shown in Table 1 below:

Table 1: Employment Land Requirements 2011-2031 (by local authority area)

	Total Employment Land Requirements (gross Hectares)
Coventry	369
North Warwickshire	58
Nuneaton & Bedworth	87
Rugby	99
Stratford-on-Avon	35
Warwick	66
Total	714

3.2 The parties agree that (allowing for flexibility in supply over and above minimum need and replacement provision to support housing delivery) Coventry City Council is unable to meet its employment land requirement in full within the City boundary and that the shortfall in employment land supply is approximately 241 hectares.

3.3 Table 2 below shows the agreed position of the parties with regard to the redistribution of Coventry's employment land requirements

Table 2: Redistribution of Coventry's unmet employment land requirements 2011-2031 (by Local authority area)

	Redistribution of employment land from Coventry (gross hectares)	Notes
North Warwickshire	0	
Nuneaton & Bedworth	26	To be confirmed through Plan making process
Rugby	98	Completions and ongoing developments at Ansty Park and ProLogis Ryton
Stratford-on-Avon	0	
Warwick	117	Proposed allocation at Land adjacent to Coventry Airport
Total	241	

3.4 Reflecting points 3.1, 3.2 and 3.3 above, the parties agree that the minimum employment land provision within each local authority area is as set out in Table 3 below:

Table 3: Minimum employment land provision 2011-2031 (by local authority area)

	Employment Land Requirement (gross hectares)	Redistribution from Coventry (gross hectares)	Minimum Local Plan Employment Provision (gross hectares)
Coventry	369	-	128
North Warwickshire	58	0	58
Nuneaton & Bedworth	87	26	113
Rugby	99	98	197
Stratford-on-Avon	35	0	35
Warwick	66	117	183
Total	714	241	714

3.5 Each local planning authority will prepare a Local Plan that provides for the minimum employment land requirement set out in table 3 above. In the event that it is demonstrated through the Plan making process that the distribution set out in tables 2 and 3 above cannot be delivered, this MOU will be reviewed so that the overall employment land requirement is met within the C&W area.

3.6 In partnership with the C&W LEP and WCC the local planning authorities commit to the on-going development of their evidence base and monitoring of market signals and intelligence to help manage and maintain appropriate employment land provisions across the sub-region.

3.7 Each local authority is committed to ongoing cooperation and engagement by both officers and members in relation to delivery of employment land for the C&W area.

4 LIMITATIONS

4.1 For the avoidance of doubt, this Memorandum shall not fetter the discretion of any of the Councils in the determination of any planning application, or in the exercise of any of their statutory powers and duties, or in their response to consultations, and is not intended to be legally binding but shows clear commitment and intent to meeting the full employment land requirements of the Coventry and Warwickshire sub-region.

5 LIAISON

5.1 Member level representatives of the Local Authorities through the Joint Committee (or appropriate replacement body) will meet as a minimum yearly or more frequently when appropriate, in order to:

- Manage duty to cooperate responsibilities in relation to employment land;
- maintain and update the memorandum, as necessary; and
- Monitor the preparation of Local Plans across the six authorities and discuss strategic issues emerging from them.

6 TIMESCALE

6.1 The Memorandum of Understanding is intended to run up to 2031 to align with the timescale of the evidence.

7 MONITORING

7.1 Annual monitoring will be carried out to ensure that the delivery of employment land is maintained throughout the sub-region. This will be overseen by the C&W monitoring group and will include data regarding permissions, completions, land availability and any market signals information provided by the C&W LEP.

8 REVIEW

8.1 The document will be reviewed in the event that as a result of co-operation with a local authority outside the sub-region, additional employment related development is to be accommodated within Coventry and Warwickshire at a level that materially affects the overall distribution of development in the sub-region (having regard to appropriate and justified alignment between housing and employment provision).

8.2 The document will also be reviewed no less than every three years but also if significant new evidence emerges that renders this MOU out of date.

**Signed on behalf of Coventry City Council
Councillor George Duggins**

Date:

**Signed on behalf of North Warwickshire Borough Council
Councillor David Humphreys**

Date:

**Signed on behalf of Nuneaton & Bedworth Borough Council
Councillor Dennis Harvey**

Date:

**Signed on behalf of Rugby Borough Council
Councillor Michael Stokes**

Date:

**Signed on behalf of Stratford-on-Avon District Council
Councillor Chris Saint**

Date:

**Signed on behalf of Warwick District Council
Councillor Andrew Mobbs**

Date:

**Signed on behalf of Warwickshire County Council
Councillor Isobel Seccombe**

Date:

LPA and approach	Total Homes Redistributed from Coventry through		
	Aligning population and economic growth	Further redistribution from Coventry	Total
Coventry City	-3,800	-14,000	-17,800
Rugby Borough	0	2,800	2,800
Warwick District	0	6,640	6,640
Stratford on Avon District	2,020	0	2,020
Nuneaton and Bedworth Borough	1,460	4,020	5,480
North Warwickshire Borough	320	540	860
Totals	0	0	0

To reflect requirements	
Coventry total employment land requirement =	369
Coventry employment land capacity alongside 25,000 homes	128
unmet proportion of requirement	241
unmet housing need	17800
constrained supply equivalent - employment land per home	0.013539326

Total Redistribution of employment land aligned to housing redistribution
-241.00
37.91
89.90
27.35
74.20
11.64
0

Figures Rounded for MOU
-241.00
38.00
90.00
27.50
74.00
11.50
0

Monday 5th September 2016

Report of the Cabinet

Memorandum of Understanding relating to the planned distribution of employment land within the Coventry & Warwickshire Housing Market Area.

Appendix 5

Timetable of formal endorsement by each individual C&W Council:

Council	Date
Coventry City Council	11 th October, Council meeting
Warwick District Council	1 st September, Executive meeting
Stratford upon Avon District Council	Delegated authority to Officers
Nuneaton and Bedworth Borough Council	Tbc
North Warwickshire Borough Council	Tbc
Warwickshire County Council	Delegated authority to Officers

AGENDA MANAGEMENT SHEET

Report Title:	Staffing Restructure - Benn Hall
Name of Committee:	Cabinet
Date:	5 th September 2016
Report Director:	Head of Growth and Investment
Portfolio:	Growth and Investment
Ward Relevance:	All Wards
Prior Consultation:	
Contact Officer:	Julie Booker, Business Development Manager, Benn Hall x3719
Public or Private:	Public
Report subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	COUNCIL - Actively seek revenue-generating opportunities and apply charges in order to meet our costs.
Statutory / Policy Background:	Previous Cabinet decisions in June 2014 and October 2014 committed the Council to running the Benn Hall internally until March 2018.
Summary:	This report outlines a staffing restructure to incorporate a permanent marketing post. A Research and Marketing Officer is currently on a temporary contract which is due to expire on 24 th October 2016.

Financial Implications:

The staffing restructure can costs can mainly be found within current Benn Hall salary budgets, with the additional shortfall being met from existing marketing budgets.

Risk Management Implications:

There are no risk management implications for this report.

Environmental Implications:

There are no environmental implications for this report.

Legal Implications:

There are no legal implications for this report.

Equality and Diversity:

There are no equality and diversity implications for this report

Options:

Option 1:

To restructure the current team in order to incorporate a permanent part-time (16 hours) marketing officer and a part-time (21 hours) duty manager. This has been made possible by the recent departure of a full-time Duty Manager.

Option 2

Part-time Duty Manager only.

Recommendation:

The proposed restructure of the Benn Hall team incorporating the appointment of a part time Marketing Officer and part time Duty Manager be approved (Option 1).

Reasons for Recommendation:

The Marketing Officer has been in a temporary post since August 2015 and the Benn Hall is already seeing significant growth in income as evidenced within this report.

Cabinet - 5th September 2016

Staffing Restructure - Benn Hall

Report of the Head of Growth and Investment

Recommendation

The proposed restructure of the Benn Hall team incorporating the appointment of a permanent part-time Marketing Officer and part-time Duty Manager be approved.

1. INTRODUCTION

The Benn Hall has operated as a multi-function venue since 1961. It offers room hire for community groups, businesses and functions, while providing a space for public events and entertainment.

In April 2013 the Council decided to take back control of managing the Benn Hall from an external contractor who had been managing the facility on the Council's behalf.

The facility operated at a loss in 2015, even before taking into account internal recharges from other parts of the Council. The aim must be to reduce this deficit and, if possible, create an operating surplus. In order to do so, the Benn Hall needs targeted and cost-effective marketing. This will ensure maximum community usage of the facility with minimum drain on Council resources.

In June 2016 Cabinet approved a two-year marketing and business plan for the Benn Hall. Since then, due to the recent departure of the Duty Manager an opportunity presents itself to rearrange the resources dedicated to marketing. This will mean a decrease in staff time allocated to day-to-day operations (making the Duty Manager post part time) and the creation of the permanent part-time Marketing Officer.

The proposed changes will see an increased salary cost of £1,300 however the additional officer resource will reduce external expenditure on marketing activities and therefore it is proposed to reduce the existing marketing budget by £1,300 to ensure the changes are met in whole from existing Benn Hall budgets.

2. MARKETING THE BENN HALL

In August 2015 a Research and Marketing Officer was recruited on a temporary, part-time contract. The contract was due to end in March 2016, but was extended to October 2016 in view of the significant, identifiable additional income that the Marketing Officer had been instrumental in generating. The impact of the temporary Research and Marketing Officer is summarised in Appendix 1. The proposal is that this position now be made permanent.

2.1 Improvements in Marketing Approaches

Since August 2015 the Marketing Officer has introduced many improvements to marketing at The Benn Hall. These have all been low-cost but high-impact initiatives and include:

- Re-designing the website and re-writing web content to make the venue more attractive to visitors and information about events more accessible.
- A heightened focus on the marketing of weddings via the website and other means. This has contributed to an increase in wedding bookings (see income impact at Appendix 1).
- The introduction of an email marketing system that enables the sending of professional quality, highly targeted emails to the growing database.
- Improvements in the usage of social media platforms, such as Facebook and Twitter.
- Re-design of Benn Hall events guide in order to maximise promotion of Benn Hall events to hirers.
- Development of a digital version of the events guide, now being used in emails, social media and on the website.
- Instigated ongoing staff training of Duty Managers to help motivate and focus their efforts toward financial growth and profitability.
- Facilitated the completion a full analysis of the profitability of past events in order to inform future business and marketing planning.
- Bringing a marketing perspective to event planning to align supply and demand to ensure that events are relevant and attractive to audiences and can be effectively marketed at low cost.

INCOME IMPACT TO DATE

Figure 1 shows monthly income for the past 16 months with the orange trend line showing a steady and significant upturn in income. The Marketing Officer joined in August of 2015, with all income effects due to improved marketing only being felt in the second half of the year. Income was on average £18,457 per month or 24% higher in the second half.

As a direct comparison it is useful to consider income for the first 4 months of the current financial year versus the same period in the prior year. Figure 2 shows that income from April to July 2016 was £12,714 or 22% higher than in the same period in 2015.

Figure 1. Benn Hall Income (ex. VAT)
Monthly Income and Income Trend

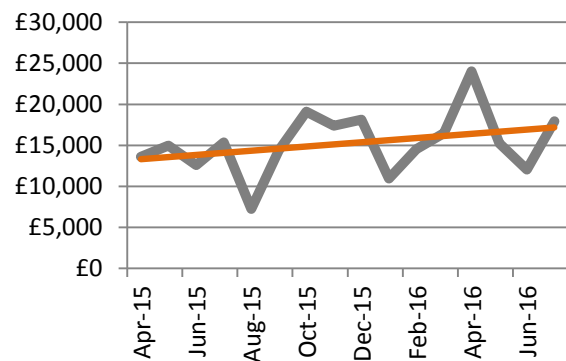
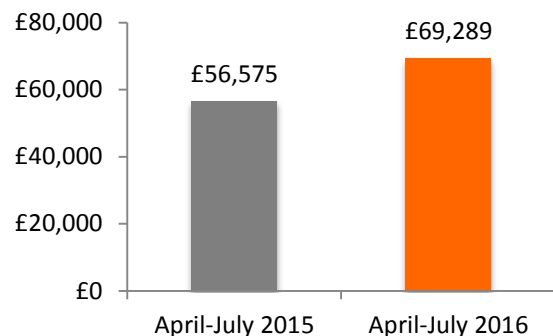


Figure 2. Income performance YTD

The primary increases in income performance are in the following areas:

Weddings

Weddings are highly profitable and the new focus on the marketing of the Benn Hall as a wedding venue delivered increased income in 2015/16, with 8 wedding bookings. In the current financial year 18 weddings have already been booked.



Events

Following the profitability analysis of events instigated by the Marketing Officer, the strategic focus for events has shifted away from high-cost, high-risk events involving large booking agent fees and moved toward lower risk alternatives. By allowing external groups to stage their events by hiring the venue, the hirers carry the risk of poor ticket sales while the Benn Hall generates income from the catering and bar facilities. An example is the Tribute concert in 2016. Ticket sales were poor, meaning that the event was not profitable for the organisers, while the Benn Hall took £830 in bar income and £650 in room hire. A production staged by an external Theatre group brought in £1,313 in room hire and £824 in bar take. If the Benn Hall had staged either of these events booking agent fees would have exceeded income from ticket sales.

SUMMARY

These income figures support the proposal of dedicating resources to marketing. Officers wish to ensure that the improvement in income performance is sustained for the rest of the year and beyond. Having a permanent Marketing Officer is seen to be key to achieving this aspiration. The additional £1,300 in staffing costs required to make this happen is a relatively small increase and will not require any additional budget.

Name of Meeting: Cabinet
Date of Meeting: 5th September 2016
Subject Matter: Staffing restructure Benn Hall
Originating Department: Growth and Investment

List of Background Papers

Document No.	Date	Description of Document	Officer's Reference	File Reference
1.				

* The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

* Exempt information is contained in the following documents:

Document No.	Relevant Paragraph of Schedule 12A
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* There are no background papers relating to this item.

(*Delete if not applicable)

Agenda No 7

AGENDA MANAGEMENT SHEET

<i>Name of Meeting</i>	Cabinet
<i>Date of Meeting</i>	5 th September 2016
<i>Report Title</i>	Finance & Performance Monitoring 2016/17 – Quarter 1
<i>Portfolio</i>	All Portfolios
<i>Ward Relevance</i>	All Wards
<i>Prior Consultation</i>	None
<i>Reporting Director</i>	Corporate Resources
<i>Contact Officer</i>	Mannie Ketley - Head of Corporate Resources & Chief Financial Officer Tel: (01788) 533416
<i>Report Subject to Call-in</i>	Yes
<i>Report En-Bloc</i>	No
<i>Forward Plan</i>	Yes
<i>Corporate Priorities</i>	This report relates to the following priority(ies): All Council Priorities
<i>Risk Management Implications</i>	This report is intended to give Cabinet an overview of the Council's spending and performance position for 2016/17 to inform future decision-making.

<i>Financial Implications</i>	As detailed in the main report.
<i>Environmental Implications</i>	There are no environmental implications arising from this report.
<i>Legal Implications</i>	There are no legal implications arising from this report.
<i>Equality and Diversity</i>	No new or existing policy or procedure has been recommended.
<i>Recommendation</i>	<ol style="list-style-type: none"> 1) The Council's anticipated financial position for 2016/17 be considered; 2) A net nil supplementary General Fund Revenue budget of £8,750 be approved after confirmed full allocation of Police Crime Commissioner Grant funding for 2016/17 to be used for continued work into serious violent crime, reducing re-offending and burglary; 3) A General Fund Revenue budget contribution to Corporate Savings of £20,820 from ITC & Support Services to recognise a reduction in the budget required for the ongoing annual maintenance of the Public Services Network requirements; 4) A General Fund Revenue budget contribution to Corporate Savings of £31,980 due to the disestablishment of the Sustainable Homes Officer post; 5) A net nil Supplementary General Fund expenditure budget of £32,830 for 2016/17 for Consultancy work in connection with the District Heating Network offset by grant funding from the Department of Energy & Climate Change. General Fund and HRA funding of £16,000 was approved at Cabinet on 27th June 2016; 6) A Supplementary General Fund budget of £5,000 be approved in 2016/17 for the gangs exit and vulnerable young people's projects;

- 7) A net nil Supplementary General Fund revenue budget of £37,400 be approved for the cost of services provided by external organisations to deliver Universal Credit support in 2016/17 in partnership with the DWP. The cost of services will be funded by the DWP under the Universal Credit Delivery partnership with the Council.

IT BE RECOMMENDED TO COUNCIL THAT:

- 8) A net nil Supplementary General Fund revenue budget of £63,730 be approved to meet the cost of Benefits Agency staff in 2016/17. Recruitment and retention of experienced Benefits staff is becoming increasingly difficult due to the uncertainties created by the expansion of Universal Credit in Rugby. Agency Staff have been utilised to support this process and avoid lengthy delays in customer claims. The cost of Agency staff can be met from the DWP Universal Credit Delivery partnership funding;
- 9) A supplementary General Fund capital budget of £127,000 be approved for 2016/17 for purchase of a Route Optimiser package to optimise the waste collection service, reducing staff time and vehicle costs. To be funded through the WSU reserve (£72,000) and the balance coming from revenue underspends;
- 10) A supplementary General Fund capital budget of £60,050 be approved for 2016/17 for Open Spaces Refurbishment at Millennium Green of which £54,800 is externally funded, with the balance met from revenue corporate savings target; and
- 11) A supplementary General Fund capital budget of £70,000 be approved for 2016/17 for Great Central Walk trackbed replacement of which £55,000 is externally funded, with the balance met from revenue corporate savings target.

Cabinet – 5th September 2016

Finance & Performance Monitoring 2016/17 – Quarter 1

Report of the Head of Corporate Resources & Chief Financial Officer

RECOMMENDATION

- 1) The Council's anticipated financial position for 2016/17 be considered;
- 2) A net nil supplementary General Fund revenue budget of £8,750 be approved after confirmed full allocation of Police Crime Commissioner Grant funding for 2016/17 to be used for continued work into serious violent crime, reducing re-offending and burglary;
- 3) A General Fund Revenue Budget Contribution to Corporate Savings of £20,820 from ITC & Support Services to recognise a reduction in the budget required for the ongoing annual maintenance of the Public Services Network requirements.
- 4) A General Fund Revenue Budget contribution to Corporate Savings of £31,980 due to a Disestablished Sustainable Homes Officer Post.
- 5) A net nil Supplementary General Fund expenditure budget of £32,830 for 2016/17 for Consultancy work in connection with the District Heating Network offset by grant funding from the Department of Energy & Climate Change. General Fund and HRA funding of £16,000 was approved at Cabinet on 27th June 2016;
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- 10) A supplementary General Fund capital budget of £60,050 be approved for 2016/17 for Open Spaces Refurbishment at Millennium Green of which £54,800 is externally funded, with the balance met from revenue corporate savings target; and
- 11) A supplementary General Fund capital budget of £70,000 be approved for 2016/17 for Great Central Walk trackbed replacement of which £55,000 is externally funded, with the balance met from revenue corporate savings target.

1. INTRODUCTION

This is the first of the quarterly finance and performance monitoring reports for 2016/17, which combines both finance (revenue and capital) and performance monitoring. The purpose of the report is to inform Cabinet of the Council's overall financial and performance position for the year to-date and also the year-end projections as supplied by officers. A final report will be presented to Cabinet in June 2017 for year-end.

The key sections of the report are laid out as follows:

- General Fund (GF) Revenue Budgets - Section 3 and Appendix 1;
- Housing Revenue Account (HRA) Revenue Budgets - Section 4 and Appendix 2;
- Capital Budgets - Section 5 and Appendix 3;
- Performance – Section 6 and Appendix 4

This quarter's report has been restructured and slimmed down from previous year's reports, with removal of the detailed Portfolio analysis that was previously presented as appendices to the report. However, all service variances in excess of £10,000 have been presented in the report and therefore this change has removed some of the information that was previously duplicated. In addition, the presentation of the performance information has been revised, with the performance indicators grouped into Data Sets.

Throughout the report from a financial perspective adverse variances to budget, expenditure overspends and income shortfalls, are shown as positive values. Favourable variances, such as expenditure underspends and additional income, are shown as negative values.

2. BACKGROUND

The 2016/17 General Fund revenue budget was set by Council on 23rd February 2016, with a contribution of £1.1 million from earmarked reserves primarily to fund the 2015/16 Collection Fund deficit (£913,000), in addition to one-off items such as investment to enhance the town centre (£100,000).

However, the budget was set in the context of significant uncertainty within local government finance and a budget gap in the region of £1.9 million in the Council's medium term financial plan.

The Council has already begun taking action to address this gap, including the restructure of Senior Management that will save the Council approximately £200,000 per year. In addition, there are currently Council wide recruitment restrictions in place and Senior Management is considering expressions of interest in voluntary redundancy from Council employees. The imposition of a recruitment restrictions have had some impact on the Council's 2016/17 budget and are reflected in some of the variances and progression with the savings target as shown in this report. However, budget monitoring at this stage has not taken account of the financial implications of any voluntary redundancy requests and this will in turn be reflected in future monitoring and draft budget reports.

Other initiatives, including income generation and digitalisation of services, are also being considered by Senior Management and will be reported to Cabinet throughout the 2017/18 budget setting process.

3. GENERAL FUND (GF) REVENUE BUDGETS:

3.1 Overview

- There is a favourable variance to date of **£365,400**, based on actual spend to the end of the Quarter 1 against profiled budgets.
- The Corporate Savings Target has been set at **£200,000** for 2016/17, to include all savings achieved through more efficient working and savings realised through vacant posts. To date officers have been able to identify **£71,890** putting us in a strong position to meet our target by year-end.
- GF services show an anticipated favorable variance of **£133,110** at year-end.

3.2 Major Variances

A summary of the key variances is included within the table below:

Portfolio / Service Area	Variance at Quarter 1 £	Variance Forecast to Year-End £
Growth and Investment		
Planning Services – The variance to Quarter 1 relates to an overachievement of planning income compared to the budgeted position. Some of this income relates to future years, however the amount will not be known until later in the year.	-194,800	0
Queen Diamond Jubilee Centre - Actual profit share for 2015/16 was higher than anticipated at year-end. Therefore additional income will be recognised in 2016/17.	-19,100	-19,100
Sports & Recreation - The variance mainly relates the Sport & Recreation manager vacant post that is expected to be filled later on in the year.	-12,100	-12,400
Other minor underspends	-16,200	-1,700
Subtotal	-242,200	-33,200
Corporate Resources		
Resources – Anticipated savings within Corporate Assurance and Improvement Team which has recently undergone a service review.	-20,400	-31,400
Other minor variances	-4,400	-26,600
Subtotal	-24,800	-58,000
Environment and Public Realm		
Car Parks – The projected underachievement of income relates to expected lost income from Pay & Display charges, partly due to the unpredictability of demand due to external factors and partly due to lost income from faulty machines	+8,100	+34,600
Cemeteries – Higher than anticipated income from burial and license income.	-19,800	-13,100
Regulatory Services – The variance is due to an underspend on salaries pending a restructure of the service	-12,400	-49,200
Waste Collection and Recycling - The variance is mainly due to the recycling gate fee. The costs have been lower than budgeted for the first quarter, however the price per tonne will continue to vary each month. The cost will also depend on the volume of recycling collected each month so this will be closely monitored.	-42,800	-39,000
Works Services Unit – The variance is mainly due to overtime in the Garage and Refuse & Recycling (Driver Training) plus agency cover for sickness	+12,000	+26,000
Other minor variances	-11,800	+7,300
Subtotal	-71,900	-33,400
Communities and Homes		
Minor variances (no individual variances +/-£10k)	-20,600	-14,800

Subtotal	-20,600	-14,800
Executive Directors Office		
Minor variances (no individual variances +/-£10k)	-5,900	-10,900
Subtotal	-5,900	-10,900
Other Corporate Items		
Net Cost of Borrowing/Minimum Revenue Provision - Investment income forecasts have been revised in the light of market expectations following the EU referendum in June 2016. It is anticipated that rates of return on investments will remain lower, and for longer than those used to inform budget setting in February and therefore risks remain to the downside.	0	+17,200
Net Variance	-365,400	-133,100

3.2 Anticipated General Fund Balances

	£	£
GF Balance at 31st March 2016		-1,880,480
Approved budget carry forwards from 2015/16	+107,620	
Supplementary budget approvals/pending	+97,580	
Anticipated variance to the end of 2016/17	-133,100	
Amount to be taken from balances		+72,100
Anticipated GF Balance at 31st March 2017		-1,808,380

The table above shows that GF balances are forecast to be just above £1.8 million at the end of 2016/17, after considering the projected variance and other budget adjustments.

4 HOUSING REVENUE ACCOUNT (HRA) REVENUE BUDGETS:

4.1 Context

Housing Rents were set by Council on 1st March 2016, in the context of a number of policy changes from government, most notable the imposition of 1% rent reductions for four years.

To address the financial implications of these policy changes the Council introduced an £800,000 savings/income target in the 2016/17 HRA budget. The target was introduced to ensure only the required amount is taken from reserves to achieve a balanced budget and maintain a prudent HRA revenue working balance (£1.131m).

4.1 Overview

- There is a favourable variance to date of **£94,900**, based on actual spend to the end of the Quarter 1 and monitored against profiled budgets..
- HRA services show an anticipated favorable variance of **£258,670** at year-end.
- To-date none of the above variances have been assigned against the savings/income target. It is expected that a significant proportion of this target will be met from debt rescheduling.

4.3 Major Variances

A summary of the key variances follows:

HRA Income and Expenditure	Variance at Quarter 1 £	Variance Forecast to Year-End £
Rent income from dwellings, land, and buildings - Void levels for dwellings and garages are currently lower than estimates. This is subject to change based on the volume of re-lets, voids and Right to Buy applications during the remainder of the financial year.	-64,860	-75,310
Supervision and Management – Forecast variance arising mainly from vacant posts within the following teams: Estate Management; Property Maintenance, Sheltered Accommodation	-77,010	-159,780
Interest & Investment income – forecast variance at year-end based on current estimates of HRA revenue and capital balances. Investment rates may be subject to volatility in 2016/17 and therefore forecast is subject to review.	0	-17,090
Other minor variances	+46,970	-6,490
Net Variance	-94,900	-258,670

4.4 Anticipated HRA Balances

	£	£
HRA Balance at 31st March 2016		-2,827,840
Budgeted contribution from HRA Balances	+1,350,000	
Supplementary budget approvals	+64,560	
Anticipated underspend to the end of 2016/17	-258,670	
Allocation of underspends to savings/income target	+258,670	
Amount to be taken from balances		+1,414,560
Anticipated HRA Balance at 31st March 2017		-1,413,280

It is anticipated that the service variance of £258,670 will be utilised to meet the savings/income target in combination with other efficiencies subject to an ongoing HRA balance based on risk analysis.

5 CAPITAL:

5.1 General Fund Capital – Overview

- The GF capital programme is currently budgeted at £4.734 million for 2016/17.
- At the end of Quarter 1, the GF capital programme shows an adverse variance of **£23,020** against profiled budgets.
- There is currently a projected adverse variance to year-end of **£86,790**.

5.2 General Fund Capital – Major Variances

A summary of the variances by portfolio is included within the table below:

Portfolio / Service Area	Variance at Quarter 1 £	Variance Forecast to Year-End £
Growth and Investment	+20,210	0
Corporate Resources	-7,750	0
Environment and Public Realm		
Great Central Walk trackbed improvements - A supplementary capital budget of £70,000 is requested for approval to be met from external funding (£55,000) and revenue corporate savings target. External funding will be confirmed in Quarter 2.	0	+70,000
Caldecott Park Tennis Court Refurbishment - Following an unsuccessful external funding bid, this scheme will be deferred until a new funding round is opened in 2017/18.	0	-60,000
Open Spaces Refurbishment - A supplementary capital budget of £60,050 is requested for approval for the Millennium Green project to be met from external funding (£54,800) and revenue corporate savings target.	+3,490	+60,050
Other minor variances	+3,010	+16,740
Sub-total	+6,500	+86,790
Communities and Homes	+4,060	0
Net Variance	+23,020	+86,790

5.3 HRA Capital - Overview

- The HRA capital programme is currently budgeted at £8.956 million for 2016/17.
- At the end of Quarter 1, the HRA capital programme shows a favourable variance of **£21,010** against the profiled budget.
- There is currently a projected favourable variance to year-end of **£48,190**.

5.4 HRA Capital – Major Variances

A summary of the key variances follows:

	Variance at Quarter 1 £	Variance Forecast to Year-End £
Disabled Adaptations - There is a forecast variance of £48,190 to year end based on current take-up and expenditure profile. However, works are subject to volatility via demand and assessment criteria and will be reviewed during Quarters 2 and 3.	+3,050	-48,190
Other minor variances	-24,060	0
Net Variance	-21,010	-48,190

6. PERFORMANCE

This is the monitoring report for the first quarter of 2016/17.

In an effort to make performance data easier to digest the performance indicators have been grouped into Data Sets and presented in Appendix 4. This brings focus and clarity to the performance indicators and where they sit within the organisation. Whilst the Data Sets are not split into portfolio segments, the portfolio is identified at the end column.

There is currently work underway with all services to review the performance management information that is currently produced in order to identify the optimal information that is of value to all stakeholders. It is intended that the initial findings of this work will be presented to Councillors for feedback and eventually it will replace all or some of the information that is currently presented in this report. Any feedback prior to this can be provided to the Head of Corporate Resources or the Corporate Assurance and Improvement Manager (Chris Green).

Q1 Summary:

- On the whole the Council is performing well over the range of data that is currently reported.
- Those performance indicators showing a negative trend have commentary attached on **Appendix 4** from the relevant officers.
- The Legal and Procurement data sets have been removed from Local Indicator reporting pending a review to establish appropriate performance measures for these services.
- To further interrogate the data please login to the Rugby Performance Management System (RPMS).

To get login details for the RPMS or a refresher course on using the system please contact RPMSsupport@rugby.gov.uk

Name of Meeting: Cabinet

Date of Meeting: 5th September 2016

Subject Matter: Finance & Performance Monitoring 2016/17 – Quarter 1

Originating Department: Corporate Resources

LIST OF BACKGROUND PAPERS

Document No.	Date	Description of Document	Officer's Reference	File Reference



General Fund
Revenue Budget Monitoring 2016/17 April 2016 to June 2016

Key:

+ = over spend / income shortfall

- = under spend / additional income

	Profiled Budget to Qtr 1	Actual Spend to Qtr 1	Variance to Profile Qtr 1	Current Budget	Projection to Year-End	Variance to Year-End
Portfolio Expenditure :-	£'000	£'000	£'000	£'000	£'000	£'000
Growth & Investment	615	373	-242	3,197	3,164	-33
Corporate Resources	6,022	5,997	-25	2,050	1,992	-58
Environment & Public Realm	1,394	1,322	-72	7,489	7,455	-34
Communities & Homes	200	180	-20	1,094	1,079	-15
Portfolio Expenditure	8,231	7,872	-359	13,830	13,690	-140
Executive Director Office	531	525	-6	1,800	1,790	-10
	8,762	8,397	-365	15,630	15,480	-150
Less Corporate Savings Target				-200	-200	0
Less IAS 19 Pension Adjustment				-345	-345	0
Less Capital Charge Adjustment				-2,127	-2,127	0
Net Expenditure				12,958	12,808	-150
Net Cost of Borrowing				670	664	-6
MRP Adjustment				1,192	1,215	23
Revenue Contribution to Capital Outlay				88	88	0
Total Expenditure (before Parish Precepts)				14,908	14,775	-133
Parish Council Precepts & Council Tax Support				715	715	0
Total Expenditure				15,623	15,490	-133

Housing Revenue Account (HRA)**Revenue Budget Monitoring 2016/17 April 2016 to June 2016**

Appendix 2

Key: + = over spend / income shortfall - = under spend / additional income

Description	Profiled Budget to Qtr 1 £'000	Actual Spend to Qtr 1 £'000	Variance to Profile Qtr 1 £'000	Current Budget £'000	Projection to Year-End £'000	Variance to Year-End £'000
Income						
Rent income from dwellings	-3,744	-3,808	-64	-16,348	-16,423	-75
Rent income from land and buildings	-70	-35	+35	-281	-281	0
Charges for services	-323	-315	+8	-1,410	-1,417	-7
Contributions towards expenditure	-50	-44	+6	-275	-275	0
Total Income	-4,187	-4,202	-15	-18,314	-18,396	-82
Expenditure						
Transfer to Housing Repairs account	0	0	0	3,354	3,354	0
Supervision and Management	1,248	1,171	-77	4,857	4,697	-160
Rents, Rates, Taxes and other charges	3	1	-2	3	3	0
Depreciation & Impairment	0	0	0	3,817	3,817	0
Debt Management Cost	0	0	0	7	7	0
Provision for Bad or Doubtful Debt	0	0	0	131	131	0
Amounts set aside for the repayment of debt	0	0	0	6,900	6,900	0
HRA Savings / Income Target	0	0	0	-801	-801	0
Total Expenditure	1,251	1,172	-79	18,268	18,108	-160
Net Cost of Services	-2,936	-3,030	-94	-46	-288	-242
HRA Share of Corporate & Democratic Core Costs	0	0	0	210	210	0
Interest Payable & Similar Charges	0	0	0	1,327	1,327	0
Interest & Investment Income	0	0	0	-76	-94	-18
Net Operating Expenditure	-2,936	-3,030	-94	1,415	1,155	-260
Contributions to (+) / from (-) Reserves	0	0	0	-1,350	-1,350	0
Surplus(-)/Deficit(+) for year	-2,936	-3,030	-94	65	-195	-260

Capital Budget Monitoring 2016/17
April 2016 to June 2016

Appendix 3

Key: + = over spend / income shortfall - = under spend / additional income

Portfolio	Profiled Budget to Qtr 1 £'000	Actual Spend to Qtr 1 £'000	Variance to Profile to Qtr 1 £'000	Current Budget £'000	Projection to Year-End £'000	Variance to Year-End £'000
Growth & Investment	2	22	+20	91	91	0
Corporate Resources	8	0	-8	1,045	1,045	0
Environment & Public Realm	274	281	+7	2,728	2,815	+87
Communities & Homes	192	196	+4	869	869	0
Sub Total General Fund	476	499	+23	4,733	4,820	87
Housing Revenue Account	1,397	1,376	-21	8,956	8,908	-48
Overall Total	1,873	1,875	+2	13,689	13,728	+39

Performance Report for Cabinet Q1 2016/17

Report Author: Christopher Trezise (Corporate Performance Management Officer)

Generated on: 26 July 2016



How to analyse the trend data

It is important to note that trend data is set to two extremes. Aim to maximise the value or aim to minimise the value. Some data that we collect is not measured against either of these trends and is just factual data.

This report is best viewed in colour so it is recommended to view the electronic version rather than printed black and white copies. The electronic version can be found on the intranet.

An upward pointing arrow is indicative of a positive trend and a downward pointing arrow is indicative of a negative trend.

N/A – When you see this in the trend box it means that the data is not measured against a trend so a trend arrow is not generated.



- The blue trend arrows represent the long term trend. Long term looks at the data and compares it to the same period over a larger frequency – i.e. Months are compared for the same period last year, quarters compared to same period in previous year and Years are compared over 4 years.












- The purple trend arrows represent the short term trend. Short term looks at the data and compares it to the previous frequency – either the last month, quarter or year.



- The bar (both purple and blue) represents no movement in the trend.

Where the short term trend shows as negative then contextual commentary from the assignees and managers has been provided directly beneath the performance measure. Where seasonal trends occur, like at the Art Gallery or Leisure Centre, then contextual commentary will be provided on the long term trend instead.
















Rugby Art Gallery and Museum Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
Museums & Galleries - Visits in Person (per 1,000 population)	120	Q1 2016/17				GI Portfolio
<p>Museum & Floor One closed in June due to clearing out for the Hall of Fame. Art Gallery closed for two weeks in June for the exhibition changeover. Balcony Gallery open 11th-22nd June.</p> <p>Anticipated this will rise next quarter due to the Art Gallery being open, talks, events and the smart summer programme starting and the Festival of Culture events.</p>						
Visits to and Use of Museums - School Groups	252	Q1 2016/17				GI Portfolio
<p>We had a particularly high number of school visits in the previous quarter which accounts for the lower number in Q1. We are continuing to promote our schools programme and have schools booked in for the programme that runs alongside our current exhibition.</p>						
Museums & Galleries - Enquiries & Presentations (per 1,000 population)	123	Q1 2016/17				GI Portfolio
<p>Museum & Floor One closed in June due to Hall of Fame work. Art Gallery closed for two weeks due to exhibition changeover. Anticipated this will rise next quarter due to the Festival of Culture events, our smart summer programme and general interest in the Hall of Fame.</p>						






Benn Hall Data Set

Performance Indicator (PI)	Latest Data Available		Perfc			Portfolio
Number of room bookings at the Benn Hall	38	June 2016				GI Portfolio
Number of tickets sold at the Benn Hall	385	June 2016				GI Portfolio
Footfall through the door at the Benn Hall	3,128	June 2016				GI Portfolio
<p>The reduction in footfall is due to us getting quieter in the holiday season, this will continue through August too, then in September it is looking to be busy again.</p>						







End to End Times Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
Benefits - average end to end time for claims (days)	43.42 Days	June 2016				CR Portfolio
<p>Due to a reduction in staffing and long term sickness, a backlog of work has been created which has led to an increase in days to process benefit claims. Additional resources have been allocated to reduce the backlog and a review of how the team is working has been undertaken. This will see Customer services providing support with telephone calls, which will enable Benefits Officers to concentrate on the processing of benefit claims.</p>						
Average end to end time of Housing Repairs	6 Days	June 2016				CR Portfolio
Average end to end time for determining applications of works to protected trees	25.82 Days	Q1 2016/17				EPR Portfolio
Average void period in days	36 Days	June 2016				CH Portfolio
Average end to end time for Land Charge Searches	2.24 Days	June 2016				GI Portfolio

Environmental Data Set







Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
Cumulative Tonnage of household waste sent for reuse, recycling and composting	503	Q1 2016/17		N/A	N/A	EPR Portfolio
Improved street and environmental cleanliness - No. of Flytipping incidents	253	Q1 2016/17				EPR Portfoli
<p>The statistics do not prove that fly tipping is on the increase, what they show is that the Council has made strident moves in improving its reporting systems. Members and residents are actively encouraged to report fly tipping, the website can be used also social media. Should evidence be found in a fly-tip linking it to an individual or company this information is passed to Environmental Protection Team for further investigation.</p>						
Percentage of household waste sent for reuse, recycling and composting	42.4%	Q1 2016/17		N/A	N/A	EPR Portfoli

Equality & Diversity Data Set

Performance Indicator (PI)	Latest Data Available		Perfc		Portfolio	
(ex-BV 016a) Percentage of Employees with a Disability	29.10%	2015/16				CH Portfolio
(ex-BV 017a) Ethnic Minority representation in the workforce - employees	8.7%	Q1 2016/17				CH Portfolio










On the system it has only dropped by 0.2% and this is probably due to the fact that the headcount has increased slight number of employees from a BME group has stayed the same.

Financial Data Set









Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis		Portfolio	
(ex-BV 009) % of Council Tax collected (cumulative over 10 months per year)	29.60%	Q1 2016/17				CR Portfolio
(ex-BV 010) Percentage of Non-domestic Rates Collected (cumulative over 10 months per year)	30.1%	Q1 2016/17				CR Portfolio

The long and short term trends are showing as negative as there is a drop in performance on these two performance indicators, however they remain above the quarterly target set for them so are considered to be performing satisfactorily.

Food Hygiene Data Set

Performance Indicator (PI)	Latest Data Available		Perfc	I Analysis		Portfolio
% of premises within the Rugby Borough that have attained the Food Hygiene Rating 5	67.12%	Q1 2016/17				EPR Portfolio
% of premises within the Rugby Borough that have attained the Food Hygiene Rating 4 and above	85.13%	Q1 2016/17				EPR Portfolio
% of premises within the Rugby Borough that have attained the Food Hygiene Rating 3 and above	94.68%	Q1 2016/17				EPR Portfolio







Homelessness Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis		Portfolio	
Number of homeless preventions made by Rugby Borough Council	32	Q1 2016/17		 	CH Portfolio	
It should be noted that this figure is much lower than the previous 3 quarters particularly Q2 & Q3 2015/16. This is due to both the nature of the customers engaging with the service and the reasons behind customers seeking advice. There has been a marked increase in approaches from those with chaotic backgrounds (addiction, poor mental/physical health & ex-offenders) who are homeless when they walk in (we can't prevent for someone who is already homeless).						
Number of homeless preventions made by Citizens Advice Bureau	31	Q1 2016/17		 	CH Portfolio	
This figure has stayed fairly constant recently which suggests that there is a continuing & significant need for money advice. I anticipate that this will be the case for the foreseeable future.						
The number of homeless decisions made each quarter	58	Q1 2016/17		N/A	N/A	CH Portfolio
This figure is at a historic high for Q1 and represents a year on year increase of 16% in homeless presentations. This is no surprise given the increased caseload and a reduction in our ability to prevent homelessness. A reduction in accommodation based services elsewhere has led to increased numbers falling back on the council's statutory responsibilities under homeless legislation.						
The number of homeless acceptances made each quarter	45	Q1 2016/17		N/A	N/A	CH Portfolio
In line with homeless presentations the homeless acceptance figure also stands at a historic high for Q1. This is also 16% higher than the same period in 2015/16. This is to be expected given the increase in presentations due to a lack of alternative options for those in receipt of low incomes and those from chaotic backgrounds. As outlined in reference to recent prevention data our ability to prevent homelessness is reduced and this is also reflected in the homeless acceptance data.						













Housing Rents Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis		Portfolio
(ex-BV 066a) Rent Collection and Arrears Recovery	100.57%	Q1 2016/17		 	CH Portfolio





Parks Data Set

Performance Indicator (PI)	Latest Data Available	Performance Trend Analysis	Portfolio
Quality rating of Parks and the Grounds	2.69 out of 4 Q1 2016/17	  	EPR Portfolio
Average end to end time for determining applications of works to protected trees	25.82 Days Q1 2016/17	  	EPR Portfolio







Sickness Absence Data Set

Performance Indicator (PI)	Latest Data Available	Performance Trend Analysis	Portfolio
Number of working days lost due to long term sickness absence	627 Q1 2016/17	  	CR Portfolio
Long term sickness absence is 20 days and above. In this quarter we have had 1 person off having cancer treatment (although they have now returned) and two people absent following strokes. Long term absence is an unknown entity and it is therefore difficult to put in preventative measures.			
Number of working days lost due to short term sickness absence	675.5 Q1 2016/17	  	CR Portfolio
Number of staff on long term sickness absence	29 Q1 2016/17	  	CR Portfolio
Whilst this is shown as being 29 employees the actual figure is 18. This is because the data is collected on a monthly basis and employees who have been absent for the three months of the quarter are shown three times in the cumulative total.			
Number of staff on short term sickness absence	174 Q1 2016/17	  	CR Portfolio

Sports & Rec Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
Total number of people contacts - Borough wide ages 5-19	50,378	Q1 2016/17		N/A	N/A	GI Portfolio
Total grant aid obtained from external funding sources	£80,897.00	Q1 2016/17		N/A	N/A	GI Portfolio
Leisure Centre Visits	63,731	June 2016				GI Portfolio

Customer Services Value Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
% of telephone demand received by the Customer Services Centre classified as Value	81.67%	Q1 2016/17				CH Portfolio
% of face to face demand engaged with a Customer Services Advisor classified as Value	89.33%	Q1 2016/17				CH Portfolio

Gas Certification Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
Percentage of properties with a gas appliance that have a valid gas certificate	99.78	June 2016				CH Portfolio

AGENDA MANAGEMENT SHEET

Report Title:	UK Municipal Bonds Agency
Name of Committee:	Cabinet
Date:	5th September 2016
Report Director:	Head of Corporate Resources and Chief Financial Officer
Portfolio:	Corporate Resources
Ward Relevance:	All wards
Prior Consultation:	Cabinet 15th September 2014
Contact Officer:	Mark Finnegan
Public or Private:	Public
Report subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	This report relates to the following priority(ies): ALL
Statutory / Policy Background:	
Summary:	This report seeks approval for the Council to enter into the borrowing documents prepared by the UK Municipal Bonds Agency (the "Agency"). The Agency requires that local authorities borrowing from it enter into its Framework Agreement. The Agreement includes an accession document confirming that the Council has the necessary approvals to sign the Agreement and a joint and several guarantee to those lending money to the Agency in respect of the borrowing of all other local authorities from the Agency. Entering into the Framework Agreement enables the Council to access funding from the Agency as and when

required.

Financial Implications:

The purpose of the Agency is to deliver cheaper capital finance to local authorities. It will do so via periodic bond issues, as an intermediary for financing from institutions such as the European Investment Bank (EIB) and by facilitating greater inter-authority lending. The Agency is wholly owned by 56 local authorities and the Local Government Association (LGA). The Council is a shareholder in the Agency with a total investment of £20,000.

Risk Management Implications:

As set out in the Options section below and within the report.

Environmental Implications:

There are no environmental implications for this report

Legal Implications:

Statutory power to undertake proposals in the report:

Section 1 of the Localism Act 2011 – the general power of competence.

Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow

Other Legal Implications:

The Council's Legal Services have reviewed the Framework Agreement and agree with the external legal advice and opinions on it set out in this report. It is noted that whilst there is potential for the Council (with others) to become liable for significantly large sums of money under the guarantee that the Council would be required to give to creditors, and the potential for liabilities to arise under the contribution loan mechanism described in the report, the framework arrangements are structured in such a way to make it very unlikely that these liabilities would arise and that this exposure is proportional because it is calculated by reference to the amount borrowed by the Council as a proportion of all non-defaulting loans made by the Agency.

Equality and Diversity:

There are no equality and diversity implications for this report.

Options:

1: Approve the framework agreement with the Agency.

Risks: All mitigating elements implicit in the joint and several guarantee fail (see Risk of Default by an Authority) meaning local authorities cannot recover sums owed to them in the event of a default.

Benefits: Access preferential capital finance versus alternatives (Public Works Loans Board, banks, etc.) and therefore reduce future borrowing and refinancing costs.

2: Do not approve the framework agreement with the Agency.

Risks: Inability to access preferential capital finance vs. alternatives and therefore exposure to higher future borrowing and refinancing costs placing potential programmes at risk

Benefits: The Council is not exposed to the risks and costs associated with the joint and several guarantee in the event of default by another local authority

Recommendation:

IT BE RECOMMENDED TO COUNCIL THAT -

1. the Council's entry into the UK Municipal Bonds Agency Framework Agreement and its accompanying schedules including the joint and several guarantee be approved;
2. delegated authority be given to the Head of Corporate Resources as Section 151 Officer and the Monitoring Officer to enter into the Framework Agreement and accompanying schedules, as appropriate, on behalf of the Council;
3. signing the Framework Agreement does not make the Council subject to the joint and several guarantee or provisions of the Framework Agreement until such time it borrows from the Agency;

4. the Section 151 Officer, after consultation with the Portfolio Holder for Corporate Resources, be given delegated authority to agree amendments to the Framework Agreement as appropriate; and
5. the document, 'Introduction to the UK Municipal Bonds Agency – A Guide for Local Authorities' be noted.

Reasons for Recommendation:

1. This report seeks approval for the Council to enter into the borrowing documents prepared by the UK Municipal Bonds Agency (the "Agency").
2. The Agency requires that local authorities borrowing from it enter into its Framework Agreement. The Agreement includes an accession document confirming that the council has the necessary approvals to sign the Agreement and a joint and several guarantee to those lending money to the Agency in respect of the borrowing of all other local authorities from the Agency. Entering into the Framework Agreement enables the Council to access funding from the Agency as and when required.
3. This report sets out the background to the Agency, key facets of the Framework Agreement and the advantages and disadvantages of entering into the Agreement, including an assessment of the risk that the Council will be called upon under the guarantee. It seeks approval for the Council to enter into the Framework Agreement.

Cabinet - 5th September 2016

Municipal Bonds Agency

Report of the Head of Corporate Resources

Recommendation

IT BE RECOMMENDED TO COUNCIL THAT -

1. the Council's entry into the UK Municipal Bonds Agency Framework Agreement and its accompanying schedules including the joint and several guarantee be approved;
2. delegated authority be given to the Head of Corporate Resources as Section 151 Officer and the Monitoring Officer to enter into the Framework Agreement and accompanying schedules, as appropriate, on behalf of the Council;
3. signing the Framework Agreement does not make the Council subject to the joint and several guarantee or provisions of the Framework Agreement until such time it borrows from the Agency;
4. the Section 151 Officer, after consultation with the Portfolio Holder for Corporate Resources, be given delegated authority to agree amendments to the Framework Agreement as appropriate; and
5. the document, 'Introduction to the UK Municipal Bonds Agency – A Guide for Local Authorities' be noted.

1. BACKGROUND

In October 2014 Full Council agreed to become Shareholders in the Local Capital Finance Company Ltd, which is now known as the UK Municipal Bonds Agency (the "Agency").

This report now seeks approval for the Council to enter into the borrowing documents prepared by the Agency to enable the Council to borrow from the Agency should it wish to do so. The Agency requires that local authorities borrowing from it enter into its Framework Agreement. The Agreement includes an accession document confirming that the Council has the necessary approvals to sign the Agreement and a joint and several guarantee to those lending money to the Agency in respect of the borrowing of all other local authorities from the Agency. Entering into the Framework Agreement enables the Council to access funding from the Agency as and when required, but signing the agreement does not make the Council subject to the joint and several guarantee or provisions of the Framework Agreement until such time it borrows from the Agency.

This report sets out the background to the Agency, key facets of the Framework Agreement and the advantages and disadvantages of entering into the Agreement, including an assessment of the risk that the Council will be called upon under the guarantee. It seeks approval for the Council to enter into the Framework Agreement. To supplement the report, a copy of 'Introduction to the UK Municipal Bonds Agency – A Guide for Local Authorities' has been placed in the Members' Room and on the Council's website for information. The document is intended to provide a summary of both the Agency and a summary of the key facets of the Framework Agreement.

2. EXECUTIVE SUMMARY

The purpose of the Agency is to deliver cheaper capital finance to local authorities. It will do so via periodic bond issues, as an intermediary for financing from institutions such as the European Investment Bank (EIB) and by facilitating greater inter-authority lending. The Agency is wholly owned by 56 local authorities and the Local Government Association (LGA). The Council is a shareholder in the Agency with a total investment of £20,000.

The Council has limited sources of capital finance available to it. One of the primary sources is the Public Works Loan Board (PWLB), a statutory body of the UK Government that provides loans to public bodies, and the margin charged by the PWLB rose significantly in 2010 and therefore the LGA explored, with the support of a number of local authorities, the establishment of the Agency as an alternative to the PWLB

The Agency's Framework Agreement sets out the arrangements for borrowing from the Agency and incorporates a joint and several guarantee that requires all local authorities borrowing from the Agency to guarantee the money owed by the Agency to those who have lent it money to fund its loans. The Framework Agreement incorporates a mechanism to prevent a demand under the guarantee by requiring borrowers to lend the Agency money to cover a default by another local authority, referred to as "contributions".

Signing the Framework Agreement does not make the Council subject to the joint and several guarantee or provisions of the Framework Agreement until such time that it borrows from the Agency.

The Council has the power to enter into the Framework Agreement under Section 1 of the Localism Act 2011 – the general power of competence. Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow.

Acting on behalf of prospective borrowers, a small group of authorities appointed lawyers, Allen & Overy, to review and advise upon the documentation. Allen & Overy instructed counsel to obtain senior opinion on vires and reasonableness. The advice and opinion resulted in a small number of changes to the Agency's documentation.

Counsel raised three key considerations that a local authority must take into account when taking a decision to enter into the Framework Agreement:

- its specific financial position;
- whether or not the council is "reasonably financially robust" i.e. can the council meet the potential demands that the Framework Agreement places upon it; and

- whether it is to the authority's advantage to enter into the Framework Agreement taking into account the advantages and disadvantages of doing so.

Taken together, these three considerations help address a key requirement of the Wednesbury principles that the Council exercises its powers in a reasonable manner. The Council has a need to borrow of £15m over the next three years comprising £5m of borrowing to fund capital expenditure and £10m of refinancing including internal borrowing. If the Council signs the Framework agreement, then the Agency will provide a potential alternative source of borrowing, and the Council will be able to compare the rates offered by the Agency against rates from alternative sources primarily finance available from the PWLB. The Agency's intent is to make funding available at favourable rates compared to the PWLB, and borrowing from the Agency may therefore offer savings in interest payments. However, the Council would review all potential sources of borrowing to ensure value for money in any borrowing decision, and would also weigh up any potential savings which could be achieved from borrowing via the Agency against the potential risks.

The Agency's business case has suggested that over time the average savings delivered by the Agency would be 0.2 per cent against comparable PWLB rates. Using the £15m figure above as a benchmark this would potentially reduce interest costs for the Council by £750,000 over an equivalent PWLB 25 year loan period.

UK local authorities are heavily supervised and subject to tight statutory control that significantly reduces the probability that a local authority will default on its financial obligations. Furthermore, the Agency will undertake credit assessments of local authorities and limit its exposure to authorities to reduce credit risk. In the event that a local authority needs to refinance its borrowings from the Agency, the PWLB is available to all local authorities as lender of last resort provided that the borrowing from the PWLB is not unlawful. No UK local authority has ever defaulted on one of its primary debt obligations. Taken together, the risk of a default is judged to be extremely low and thus the risk associated with entering into the Framework Agreement and guarantee is deemed to be low.

If a local authority does default, the Agency has liquidity facilities available to it so that it can meet the interest payments due on a bond and cover a limited default on a principal repayment by a local authority; the provisions of the Framework Agreement will be used if these facilities are exhausted. In the unlikely event of a demand for contributions under the Framework Agreement or payment under joint and several guarantee, the Council would have an option to draw on reserves (if sufficient) or could access PWLB funds at 48 hours' notice if required.

The risks associated with the joint and several guarantee are mitigated by the contribution arrangements. Therefore, from a practical perspective, the real risk to the Council is the requirement to make contributions in the event of a default by another borrower and this exposure is proportional because it is calculated by reference to the amount borrowed by the Council as a proportion of all non-defaulting loans made by the Agency.

In the unlikely event that the guarantee is called upon, it is also unlikely that bond holders or other providers of finance to the Agency will pursue a single Council for payment because the best outcome for lenders is likely to be achieved by pursuing all the guarantors because this maximises the potential revenues available to repay them.

Section 13 of the Local Government Act secures all debts of a local authority on its revenues and therefore it is highly likely that the Agency will be able to recover amounts owed to it by a defaulting authority. In turn, this will enable the Agency to repay sums lent to it under the Framework Agreement or paid out by the Council under the guarantee.

The risk that the Council suffers a loss under the Framework Agreement and the joint and several guarantee is therefore a combination of the low risk of a default by a local authority and the low risk that if a local authority does default, local authorities cannot recover sums owed to them.

In return for accepting this risk, the Council will receive access to more diverse and cheaper sources of capital finance via the Agency. On balance, the financial advantages have the potential to outweigh the financial disadvantages, particularly if favourable borrowing rate can be achieved.

Although the Agency intends that the Framework Agreement is permanent, there may be a need to either amend the Framework Agreement or if the Council wishes, set aside provisions for a period of time without amending the contributions arrangements or joint and several guarantee.

3. The UK Municipal Bonds Agency

Establishment

The establishment of the UK Municipal Bonds Agency was led by the LGA following the announcement in the 2010 Autumn Statement that PWLB rates would increase from 0.15 percent over Gilts to 1 percent over Gilts, greatly increasing the cost of new borrowing and refinancing. This followed the introduction of punitive early repayment penalties by the PWLB in 2007, which have prevented local authorities from restructuring their loan portfolios to reduce costs while interest rates are low. Although the Government subsequently introduced the “certainty rate”, which effectively reduced the PWLB’s margin to 0.8 per cent over Gilts in return for the limited disclosure of an authority’s borrowing plans, the LGA found that rate remained higher than a bonds agency should be able to achieve

The LGA also noted that it was easy for UK investors such as pension funds to provide capital to overseas local authorities through the London capital markets, but not so to UK local authorities

The LGA published a revised business case in March 2014 that set out how a bonds agency would issue bonds on behalf of local authorities in an efficient and cost effective manner and at lower rates than the PWLB. It identified that the regulatory environment meant that the PWLB had a de facto monopoly on providing simple loans to local authorities:

- For regulatory purposes a bank must set aside capital when lending to local authorities – unlike when lending to the Government – and therefore it is difficult for banks to compete with the PWLB on rates and make money other than by offering highly complex structured lending products.
- Bond investors value liquidity and benchmark sized issues (£250 million), which makes it difficult for most local authorities to access the bond markets, particularly as one-off bond issues can be costly.

- Supranational agencies such as the EIB would typically lend only for large projects, typically £150 million or £250 million depending on the project, thereby excluding most local authorities.

The LGA's revised business case was published in March 2014 and the company established in June 2014. The agency will act as an intermediary, borrowing the money and on-lending it to local authorities on a matched basis to deliver potentially cheaper capital finance to local authorities through periodic bond issues, as an aggregator for loans from other bodies such as the EIB, and facilitating longer term inter-authority lending via the Agency.

The LGA and shareholders representing 55 principal local authorities and 1 combined authority have invested over £6 million in the Agency. The Council is a shareholder in the Agency with a total investment of £20,000.

The Agency will offer the flexibility to borrow smaller amounts through the capital markets than the Council may be able to achieve on its own. It therefore offers an alternative and complementary source of funding to the Council.

Client Base

The Agency will only lend to UK local authorities who can give a joint and several guarantee. This is currently limited to 353 principal English local authorities that have the general power of competence under section 1(1) of the Localism Act 2011. The Department for Communities and Local Government specifically intended that local authorities should be able to give guarantees using the power in its regulatory impact assessment.

The ability to give joint and several guarantees may in due course be extended to other local authorities e.g. combined, Welsh or Scottish authorities. In the event that this occurs, those authorities will be eligible to borrow from the Agency.

The Agency would prefer all borrowers to become shareholders. This ensures a strong alignment of interest between borrowers and shareholders, and is viewed positively by ratings agencies and the capital markets. Accordingly, the Agency will charge a higher interest rate to borrowers that are not shareholders, albeit one which remains competitive.

Loan Pricing

The Agency will operate a transparent pricing structure. It will charge local authorities the interest the Agency pays to obtain the funds it on-lends, plus any transaction costs up to a maximum of 0.5 per cent of the amount borrowed, plus a margin to cover its costs. This margin is currently set at:

- 0.10 per cent for shareholders; and
- 0.15 per cent for non-shareholders.

The Agency may adjust these margins for new borrowing transactions at its discretion, but will not increase them. It is expected that these margins will reduce once the Agency is profitable.

Transactions costs include the Agency's credit rating agency fees, bank syndicate fees and legal costs. If the Council were to borrow from the Agency, the Council has the option to spread these costs over the life of the loan or to expense them in the year of issue.

The Agency will not require local authorities to borrow at a rate that is higher than the PWLB, thus when borrowing via the Agency the Council should be able to achieve a saving. Over time, the rates offered by the Agency are likely to improve as its bonds programme develops and it is able to borrow from institutions such as the EIB.

Early Repayment (Prepayment)

The Agency will pass on the cost of early repayment by a local authority (usually referred to as prepayment in financial services) to that local authority. However, the Agency will not profit from the transaction and will assist any local authority seeking early repayment to find the cheapest solution. For bond issues, voluntary prepayment is calculated in a similar way to the PWLB's early redemption penalties, although one option available to local authorities will be to buy back part of the bond.

Governance

The Agency is a public limited company and as such is directed by its Board. It is expected that the Board will include 7 non-executives and 3 executives. In addition, the Board will have the following 2 sub- committees, chaired by independent non-executives:

- Risk, Compliance and Audit Committee; and
- Nomination and Remuneration Committee.

In addition, the Agency will establish a Local Authority Advisory Board, comprising local authority finance officers, to facilitate two-way communication between the Agency and its borrowers.

Credit Process

Prior to approving any loans, the Agency will carry out a credit assessment of each potential borrower. The Agency has developed a credit scoring model based on similar methodologies to the main credit rating agencies. In order to access funding from the Agency, a local authority will need to be able to achieve a "single A" credit rating on a standalone basis; rating agencies typically "notch up" a local authority to account for implied Government support.

In addition to credit scoring, the Agency will ensure appropriate diversification of its lending portfolio, through the contractual concentration limits agreed in the Framework Agreement, which ensure no single authority can borrow an excess proportion of the total funds available.

4. The Framework Agreement and the Joint and Several Guarantee

Content of the Framework Agreement

The Framework Agreement comprises:

- The Framework Agreement itself, which is primarily designed to prevent a call on the joint and several guarantee and lays out how the Agency will interact with local authorities.
- Schedule 1: Form of Authority Accession Deed, which local authorities sign to commit themselves to the Framework Agreement.
- Schedule 2: Form of Guarantee, which is the joint and several guarantee.

- Schedule 3: Loan Standard Terms, which is the loan agreement that covers any borrowing by an authority.
- Schedule 4: Form of Loan Confirmation, which supplements the Loan Standard Terms and confirms details of a loan such as principal, maturity, interest rate and etc. It is signed by the Agency and a borrower.

Need for the Joint and Several Guarantee

The LGA's revised business case highlighted the need for borrowing authorities to sign a joint and several guarantee:

- The joint and several guarantee allows the Agency to issue bonds without having to prepare a full prospectus for each bond issue, pursuant EU's "Prospective Directive", thereby reducing costs and complexity.
- The UK Listing Authority's "listing rules" that govern whether financial instruments can be listed on a UK stock exchange would not permit bonds issued by an agency to be listed on the London Stock Exchange for some years without a joint and several guarantee, meaning the bonds would need to be listed elsewhere such as the Channel Islands or Luxembourg.
- If, instead of a joint and several guarantee, investors had recourse to an agency's on-lending arrangements, every tranche of financing would require a separate credit rating and investors to assess the participating authorities, which would materially impact an agency's ability to reduce costs and deter a number of potential investors and lenders from lending money to the agency.
- The joint and several guarantee draws on the strength of the local government sector which is simple for investors to understand.

Nature of the Joint and Several Guarantee

The joint and several guarantee is a schedule to the Framework Agreement and is direct, unconditional, irrevocable and not separately administered. In practice this means that all borrowers are collectively and individually guaranteeing the lenders to the Agency against a default by a local authority.

The Council can withdraw from the joint and several guarantee by giving notice and repaying its loans to the Agency. However, the irrevocable nature of the guarantee means that the Council will continue to guarantee the Agency's borrowings at the date of withdrawal until those borrowings mature. This prevents moral hazard i.e. a local authority borrowing from the Agency to achieve a cheaper borrowing rate, but walking away from the obligations. Withdrawal does mean that the Council will not be guaranteeing future borrowing by the Agency.

Preventing a Call on the Guarantee

The Framework Agreement mitigates against a possible call on the joint and several guarantee by minimising the risk of default by a local authority, limiting the possible impact of a default and containing a default before the Agency's ability to make payments is threatened.

The Framework Agreement imposes obligations on the Agency that are designed to reduce the possibility of default by a borrower:

- The Agency must credit assess each borrower and exclude those that do not achieve at least the equivalent of a strong investment grade rating equivalent to an “A” rating from the established credit rating agencies such as Moody’s.
- “Concentration limits” ensure that the Agency will maintain a diverse loan book over time that limits the proportion of the Agency’s loan book that can be lent to a single or small group of authorities.
- Credit lines are available to the Agency that it must utilise in the event of a local authority missing a payment or defaulting, before it has recourse to other borrowers.

The Framework Agreement establishes a “contributions” mechanism that requires borrowers to lend the Agency funds to cover its obligations in the event of a default by a local authority. The contributions are calculated in proportion to an authority’s share of the performing loan book. The loans are interest bearing and will be repaid once the Agency has recovered the sums owed to it by the defaulting authority, which it is required to do by the Framework Agreement. If the Council has no outstanding borrowings via the Agency, it will not be called upon to make contributions under the Framework Agreement.

The payment schedules set out in the Framework Agreement are designed to ensure timely payments by local authorities so that error or late payment by a borrower does not risk a call for contributions or under the guarantee.

The Framework Agreement prevents a borrower from taking action against a defaulting authority so that a single authority cannot jeopardise the structure of the Agency and / or act against the interests of other borrowers.

5. RISK OF DEFAULT BY AN AUTHORITY

The risk of a default by a local authority is deemed to be extremely low: no principal local authority has ever defaulted on a loan. The National Audit Office in its Financial Sustainability of Local Authorities report of November 2014 observed:

“A legal framework at the core of the local government accountability system effectively prevents local authorities becoming insolvent. Local authorities cannot borrow to finance revenue expenditure or run deficits.”

The statutory and prudential framework under which local authorities operate is extremely strong and designed to prevent local authorities from overreaching themselves and becoming insolvent. Key aspects of the framework include:

- Local authorities are prevented from borrowing to fund services by the Local Government Finance Act 1992, which sets out how budgets and the Council Tax must be calculated, particularly Section 31A, 32 and 42A of the Act. These provisions require a budget to be balanced on a cash basis without the use of borrowing.
- Local authorities must comply with the prudential framework established by Part 1 of the Local Government Act 2003 and related regulations, including the Prudential Code for Capital Finance in Local Authorities published by CIPFA.
- Section 151 Officers have varied powers and responsibilities that result in prudent financial management. For example, if an authority cannot pay its bills as it falls due, he or she must submit a Section 114 report to the Executive / Council, which must be acted upon. A Section 151 officer must also report on the adequacy of

reserves and robustness of budget estimate under Section 25 of the Local Government Act 2003 and action be taken by the Council to remedy an adverse report.

- A local authority must make a prudent Minimum Revenue Provision (“MRP”) to repay debt under the local authorities (Capital Finance and Accounting) (England) Regulations 2003, issued by the Secretary of State under Sections 21 of the Local Government Act 2003 (as amended). This means that a local authority sets aside cash via its revenue budget, sufficient to ensure it can repay its debt.
- The Agency’s credit assessments, risk management processes and the concentration limits should reduce the possibility that a local authority borrowing from the Agency is likely to default.
- Local authorities have access to the PWLB as lender of last resort and therefore can refinance any borrowings from the Agency by the PWLB if it cannot repay its debt to the Agency by other means.
- Historically, the Government has intervened when a local authority finds itself in difficulty or the Government deems a local authority to be incapable of managing itself effectively.

For the Council to be called upon to make contributions under the Framework Agreement, let alone be called upon under the joint and several guarantee, all the above controls and protections must fail.

6. RISK OF NOT RECOVERING CONTRIBUTIONS OR PAYMENTS UNDER THE JOINT AND SEVERAL GUARANTEE

The Local Government Act 2003 provides several key protections to lenders that greatly reduce the possibility that the Agency and therefore the Council would be unable to recover sums owed to it if it is required to make a contribution or pay out under the joint and several guarantee:

- Section 6 provides that a lender is not required to ensure that a local authority has the power to borrow and is not “prejudiced” in the absence of such a power. This prevents a local authority claiming an act was “ultra vires” to side step its obligations.
- Section 13 provides that all debts rank pari passu i.e. have equal status under the law and thus a creditor cannot be disadvantaged by later subordination of that debt by a local authority.
- Section 13 also secures all debts of an authority on its revenues, which is the strongest possible security for a loan as the bulk of a local authority’s revenues are either raised under statutory powers or allocated by the Government.
- Section 13 also provides for a receiver to be appointed by the High Court on application if principal and / or interest greater than £10,000 is outstanding for 60 days.

The Framework Agreement requires that the Agency must pursue any defaulting authority to the extent that if it does not do so promptly, borrowers can force it to do so.

Furthermore, the Framework Agreement provides for a strict application of the proceeds of any debt recovered by the Agency from a defaulting authority.

7. LEGAL ADVICE AND OPINION

A small group of authorities commissioned Allen & Overy, a law firm a specialist in financial transactions, to provide advice on the Framework Agreement. Allen & Overy engaged Jonathan Swift QC to provide senior counsel's opinion on, amongst other things, whether:

entry into the Framework agreement, execution of the Guarantee, entry into borrowing transactions under the Framework Agreement and the provision of contribution loans would all be within the general power of competence under the Localism Act 2011; and

a local authority that decides to enter into the Framework Agreement and the Guarantee on the basis of the Document Package would be acting in accordance with the requirement of Wednesbury reasonableness.

His main conclusions were:

local authorities do have the power, in principle, to enter into the arrangement envisaged by the Framework Agreement; and

whilst it would, in principle, be lawful for a reasonably financially robust local authority to enter into the commitments entailed in the Framework Agreement, the final assessment of whether or not it would be reasonable use of the in principle power must be made taking into account the specific financial position of each local authority, whether it is financially robust and the balance of the advantages and disadvantages of doing so.

Wider considerations, such as establishing the independence of the sector, whether they have merit or not, should not have a bearing on the Council's assessment of the advantages and disadvantages of entering into the Framework Agreement.

Jonathan Swift QC's opinion was procured independently of the Agency.

The Council has the power to enter into the Framework Agreement under Section 1 of the Localism Act 2011 – the general power of competence. Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow.

8. FINANCIAL POSITION AND FINANCIAL ROBUSTNESS OF THE COUNCIL

Need to Borrow

The Council has a need to borrow of £15m over the next three years comprising £5m of borrowing to fund capital expenditure and £10m of refinancing including internal borrowing.

Financial Robustness

The Council's revenue budget and medium term financial strategy demonstrate and set out the financial pressures the Council is under, particularly in light of the reduction in Revenue Support Grant (RSG) and uncertainties that changes to the system of local government finance and business rates may bring. Nonetheless, the Council is required to balance its budget and is subject to tight statutory controls and supervision. As highlighted elsewhere in this report, it is therefore extremely unlikely that the Council will find itself in the position that it is unable to meet the requirements of the Framework Agreement and joint and several guarantee e.g. that it makes contributions if asked.

If the Council were called upon, it could utilise available cash resources or alternatively it has access to PWLB funds at 48 hours' notice if required. Loans made to the Agency under the Framework Agreement as part of the contribution arrangements could constitute capital expenditure because loans to third parties are defined as such under the (Capital Finance and Accounting) (England) Regulations 2003 (as amended). Given that the Agency is likely to recover the amounts owed to it by a defaulting authority and that the contributions are in themselves loans, the impact on the revenue budget is likely to be negligible if the Council is required to make a contribution or called upon under the joint and several guarantee.

Name of Meeting: Cabinet
Date of Meeting: 5th September 2016
Subject Matter: Municipal Bonds Agency
Originating Department: Corporate Resources

List of Background Papers

There are no background papers relating to this item.

AGENDA MANAGEMENT SHEET

<i>Name of Meeting</i>	Cabinet
<i>Date of Meeting</i>	5th September 2016
<i>Report Title</i>	Risk Management Strategy
<i>Portfolio</i>	Not portfolio specific
<i>Ward Relevance</i>	Not ward specific
<i>Prior Consultation</i>	Audit and Ethics Committee
<i>Contact Officer</i>	Mannie Grewal-Ketley, Head of Corporate Resources and Chief Finance Officer Tel: 01788 533416
<i>Report Subject to Call-in</i>	No
<i>Report En-Bloc</i>	Yes
<i>Forward Plan</i>	Yes
<i>Statutory/Policy Background</i>	Not applicable
<i>Summary</i>	<p>The Council introduced its first Risk Management Strategy in 2003. Since then progress has been made in implementing both Operational and Strategic Risk Management across the organisation. The strategy is reviewed annually and this was last completed in February 2016. This latest version of the strategy identifies the additional work planned to ensure that Risk Management remains embedded within the day to day work of the Council.</p>
<i>Risk Management Implications</i>	<p>As contained within the Revised Risk Management Strategy dated February 2016 and;</p> <p>If Cabinet do not endorse the recommendation of Audit and Ethics Committee which is to adopt the Strategy, the Council's approach to Risk Management will not be properly documented, and;</p>

Out of date processes and procedures could be followed.

Financial Implications

There are no financial implications arising from this report.

Environmental Implications

There are no environmental implications arising from this report.

Equality and Diversity

There are no Equality and Diversity implications arising from this report

Legal Implications

There are no legal implications arising from this report.

Recommendation

The Risk Management Strategy be approved.

Cabinet – 5 September 2016

Review of Risk Management Strategy

Report of the Head of Corporate Resources and Chief Finance Officer

Recommendation

The Risk Management Strategy be approved.

1. BACKGROUND

Risk Management is a business critical aspect for everyone at Rugby Borough Council. It is imperative that RBC demonstrates to the public, and all other stakeholders, that full consideration has been given to all risks when delivering services for the residents and businesses in the local area.

The Risk Management Strategy outlines how the Council will manage risk through identification, analysis, treatment and monitoring of each risk.

The Council introduced its first Risk Management Strategy in 2003. Since then progress has been made in introducing and implementing Operational and Strategic Risk Management across the organisation.

The strategy is reviewed annually and this was last completed earlier this year by Audit & Ethics Committee. The Committee has specific responsibility to review the work of the Risk Management arrangements and the framework of policies and standards within which it operates.

The Risk Management Strategy was drafted by the Risk Management and Insurance Officer and considered by the Corporate Resources Portfolio Holder, Executive Director, Head of Corporate Resources and Chief Finance Officer, and Strategic Risk Management Group.

A copy of the revised Risk Management Strategy dated February 2016 will be placed in the Members room for information.

2. Report Details

No major amendments or updates have been made to the Strategy in this review.

The Action Plan has been updated to remove actions which are viewed as being part of normal day to day responsibilities, for example the responsibility of Heads of Service to champion risk management on an ongoing basis.

An additional change has been made to highlight how, by implementing Risk Based Internal Auditing (RBIA) with effect from April 2016, the work of internal audit is being aligned with risk management.



RISK MANAGEMENT STRATEGY

May 2016

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SECTION ONE - Rugby Borough Council Risk Management Statement

Risk Management is a business critical aspect for everyone at Rugby Borough Council. It is imperative that RBC demonstrate to the public, and all other stakeholders, that full consideration has been given to all risks when delivering services for the residents and businesses in the local area.

This Strategy outlines how RBC will manage risk through identification, analysis, treatment and monitoring of each risk. This Strategy also details the roles and responsibilities for all employees and members. Everyone has a part to play.



Adam Norburn
Executive Director



Ian Davis
Executive Director



Michael Stokes
Leader of the Council

SECTION TWO - Introduction

2.1 Background

The Council introduced its first Risk Management Strategy in 2003. Since then steady progress has been made in implementing Risk Management throughout the organisation. This latest revision of the Strategy aims to look at the future plans for Risk Management in RBC and the future work planned to ensure that Risk Management becomes embedded in the every day work of the Council.

2.2 What is Risk Management?

Risk Management can be defined as: -

‘Risk is the threat that an event or action will adversely affect an organisation’s ability to achieve its objectives and to successfully execute its strategies. Risk Management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements’

Audit Commission 2001

2.3 The Benefits of Risk Management

The benefits of an effective Risk Management programme are numerous, a selection of the benefits are listed below: -

- Increased focus on the action(s) that should be taken to meet objectives
- Improved delivery of services
- Effective management of change
- Delivering better Value For Money
- More efficient use of resources
- Supporting innovation
- Reduced complaints
- Protection of, and improved, reputation
- Getting things right first time
- Continual assessment of business opportunities

The term Risk Management also includes the management of opportunities, as risk should not be considered just as a negative. The management of opportunities is as important as the management of risk, and we should always look to see if there is a positive outcome to any risk.

SECTION THREE – Purpose & Objectives

3.1 Purpose

The purpose of this Strategy is to set out Rugby Borough Council's approach to Risk Management, including outlining roles and responsibilities, reporting and communication methods and a description of the 4 stages of the Risk Management process.

It is a continuous and developing process, which ultimately aims to create a culture of risk awareness within the Council whereby staff and Members naturally consider risk issues as a part of day-to-day activities.

The Strategy is designed to be a reference source rather than to provide detailed answers to specific questions. It is a foundation for embedding a Risk Management culture across the organisation but is not intended to be a manual.

3.2 Objectives

The objectives of the Risk Management Strategy are to:

- 3.2.1 Develop Risk Management and raise its profile across the Council
 - 3.2.2 Integrate Risk Management into the culture of the Council
 - 3.2.3 Embed Risk Management through the ownership and management of risk as part of all business planning and decision making processes
 - 3.2.4 Manage risks in accordance with best practice
 - 3.2.5 Prevent injury, damage and losses and to reduce the cost of risk
 - 3.2.6 Raise awareness of the need for Risk Management by all those connected with the Council's delivery of services
- (see Appendix 4, Risk Management Action Plan for further details)

These objectives will be achieved by: -

- Establishing clear roles and responsibilities and reporting lines within the Council for Risk Management
- Reinforcing the importance of effective Risk Management as part of the everyday work of employees
- Including Risk Management as an agenda item at meetings as appropriate
- Providing relevant training on Risk Management to employees and Members
- Continuing to demonstrate the application of Risk Management principles
- Developing Risk Management toolkits, procedures and guidelines for use across the Council
- Making all partners, providers and delivery agents aware of the Council's expectations on risk, both generally as set out in its Risk Management policy, and where necessary in particular areas of service delivery
- Maintaining a Risk Management framework that will secure the consideration and review on a rolling basis of the Strategic and Operational risks confronted by the Council
- Inclusion of Risk Management in service plans

SECTION FOUR – Risk Management Process

4.1 Process

Risk Management is an ongoing process, which involves continual identification, analysis, treatment and monitoring of the risks and opportunities faced by the Council.

4.2 Risk Identification

The first step is to identify the ‘significant’ risks that could have an adverse effect or prevent business objectives from being met. (*Section 4.3 describes what is classed as a significant risk*). It is important that those involved with the process clearly understand the service or organisation’s key business objectives to be able to identify the barriers to their achievement.

The identification of risk should happen in all business areas.

4.3 Risk Analysis

The information gathered is then analysed by completing a Risk Assessment. The assessment details the risks to the achievement of a specific business objective, the opportunities that can be gained from that risk, the consequences of the risk and any existing internal controls.

The analysis will then consider the likelihood and impact of the risks. An initial score against likelihood and impact is made (see Appendix 1, Risk Matrices).

In order that risks may be prioritised according to their severity, the Council operates a traffic light system. Risks are scored within one of the following levels: -

Risk rating:

8–16	High Risk (Red)	Immediate attention
4-6	Medium Risk (Amber)	Moderate risk, mitigation action required
1–3	Low risk (Green)	Regular review

Amber and red risks are classed as ‘significant’ risks. All risks are to be kept under review to ensure that the likelihood of occurrence, or the impact should it happen, does not increase.

4.4 Risk Treatment / Control

Once a risk has been identified and analysed, a decision must be made as to how the Council will react. There are four options: -

1. *Tolerate* – Decide to live with the risk and the possibility that it might occur and its possible consequences

2. *Terminate* – Eliminate the risk, usually by deciding to change a course of action or stop a particular activity
3. *Transfer* – Some of the financial risk may be transferred and it may be possible to transfer liability through contractual arrangements
4. *Treat* – Control the risk and take action to reduce the likelihood that an event will occur or the impact if it does.

The existing controls need to be reviewed before considering further action as these controls may no longer be relevant.

The potential for controlling the risks identified further will be investigated through an Action Plan. The implementation of the Action Plan is monitored through RPMS, the Council's performance management system.

4.5 Risk Monitoring and Reporting

Effective Risk Management requires an appropriate reporting and review structure to ensure that risks and opportunities are effectively identified and assessed and that appropriate control measures are in place.

The process requires regular reviews in order to provide the maximum benefit to the Council, including the Strategy, and all the processes and activities outlined within it, to ensure their effectiveness.

A framework of monitoring & reporting has been established to allow regular monitoring to take place.

This requires: -

Cabinet - To receive annual updates on the position of the Council's Risk Management programme; to review the Strategic Risk Register and any amendments made to it and to agree the Risk Management Strategy and any changes made. To appraise options contained within submitted reports.

Audit and Ethics Committee – To consider the effectiveness of the Council's Risk Management arrangements. To receive annual reports which provide assurance on the effective management of the Council's 'Top Level' risks and to agree the Risk Management Strategy and any changes made.

Senior Management Team - To review the Strategic Risks on a quarterly basis and respond to any actions for which they are responsible in the interim.

Individual Managers – To regularly monitor Risk Registers and Action Plans at team meetings – making any adjustments within RPMS or reporting them to the Risk Management and Insurance Officer; to implement and monitor outstanding actions and monitor the effectiveness of the actions in controlling the risks; to identify new risks / opportunities and to annually review the Operational Risk Registers.

Strategic Risk Management Group – to consider and discuss regular updates received from the Risk Management and Insurance Officer on outstanding risk actions and to annually review the Risk Management Strategy.

The risk process itself will be reviewed annually to ensure that it is still appropriate and includes learning from other Authorities. Training and research can be applied.

SECTION FIVE – Links with Existing Processes

5.1 Service Planning

Operational Risk Registers are included within Service Plans. The responsibility for managing those risks sits with the Service Managers.

The Risk Registers within the plans should be monitored on a quarterly basis during service team meetings.

5.2 Performance Management

The monitoring of the Risk Management action plans is facilitated through the performance management software RPMS. Risk Responsible Officers will monitor and update risk assessments and actions plans on a regular basis.

5.3 Project Management

Work is currently underway to improve the robustness of Risk Management within projects, with project risk registers being used more now than ever before with a register in place for each specific project.

5.4 Partnerships

The definition adopted by Rugby Borough Council is “that a partnership involves working with another organisation to deliver common objectives with a formal agreement of roles (through contract, memorandum of understanding, funding agreement, Service Level Agreement etc)”.

Managing risk within the significant partnerships is currently being reviewed. The aim is to ensure that Rugby Borough Council and its significant partners hold joint Risk Registers, which are effectively managed and monitored.

5.5 Reporting

Each report prepared for Cabinet / Panels requires that the report writer consider the risks and benefits associated with each option presented within the report.

5.6 Emergency Planning and Business Continuity

It is a requirement under the Civil Contingency’s Act that the Council has in place an effective Emergency Plan and Business Continuity Plan. The Council’s Major Emergency and Business Continuity Plan can be found on the Intranet. In addition to this there is also a Warwickshire Local Resilience Forum Community Risk Register and a subservient Rugby Borough Council Community Risk Register.

5.7 Health and Safety

The Council has demonstrated a commitment to Health and Safety with the development of policies and guidance specifically addressing the management of risk.

It is essential that the established links to the Risk Management process be maintained with emphasis on identification, analysis, treatment/control and monitoring of risks. The commitment and involvement of all employees will be supported at service level by specific training and guidance.

5.8 Corporate Strategy

The Strategic Risk Register aims to address all elements of risk in delivering the Council's corporate objectives. These in turn cascade into the Operational Risk Registers. The Senior Management Team need to consider the Risk Management Strategy in line with the Corporate Strategy.

5.9 Corporate Assurance

The Council is implementing Risk Based Internal Auditing (RBIA), which is recognised best practice. Actions arising from internal audits will be aligned with the corresponding risk, and will be recorded on the RPMS system. The linkages between the results of internal audits, relevant risks, and their mitigating actions will therefore be enhanced. The process will also facilitate more regular and timely updates of the Operational Risk Registers during the course of the year.

SECTION SIX – Information and Communication

6.1 Information

Risk Management information is available from a number of different sources:

- Intranet web page
- Individual managers
- Risk Champions (see Appendix 3, Contact Information)
- Corporate Assurance Manager (see Appendix 3, Contact Information)
- Risk Management and Insurance Officer (see Appendix 3, Contact Information)

6.2 Communication

Risk Management at Rugby Borough Council is an evolving process, therefore regular communication with staff and managers is essential to ensure everyone is kept up to date and has the opportunity to further their understanding of the Council's risk programme.

Risk information updates and general awareness are communicated through a number of different sources:

- Intranet updates
- Team meetings
- Workshops and awareness sessions
- New employee induction day
- Members Briefings

SECTION SEVEN – Risk Management Fund

The Corporate Assurance Manager is responsible for a small Risk Management fund. Service areas can 'bid' for full or partial funding for Risk Management initiatives that will benefit the Council as a whole.

SECTION EIGHT – Roles and Responsibilities

The following describes the roles and responsibilities that Members and Officers will play in embedding and owning Risk Management:-

8.1 Cabinet and other Elected Members

- To oversee the effective management of risk by Council Officers
- To annually consider the Strategic Risk Register
- To take decisions which are informed by an assessment of associated risks
- To approve overall strategic Risk Management proposals
- To agree the Risk Management Strategy and any changes to the Strategy

8.2 Senior Management Team

- To ensure that the Council manages risk effectively through the development of a comprehensive Risk Management Strategy and the analysis and control of strategic risks
- To take decisions which are informed by an assessment of associated risks
- To provide corporate direction to all Risk Management proposals and to support the Strategic Risk Management Group
- To review the Strategic Risk Register
- To receive and consider an annual report on the Risk Management Strategy
- To identify any emerging strategic risks and report them to the Strategic Risk Management Group
- To identify any movements in the likelihood and / or severity of existing Strategic risks
- To be the service liaison for strategic and operational risks
- To include Risk Management and emerging risks through business planning and decision making

8.3 Strategic Risk Management Group

- To support the Council and its services in the effective development, implementation and review of the Risk Management Strategy
- To review the Risk Management Strategy on an annual basis
- To review the Strategic Risk Register and to identify and support any emerging Strategic risks
- To provide training on and to otherwise facilitate the practice of good Risk Management for Councillors and Officers

8.4 Risk Champions

(see appendix 3, Contact Information)

- To be a member of the Strategic Risk Management Group
- To support the Senior Management Team and Service Managers in the effective management of risk
- To champion Risk Management within their service
- To be their service liaison for Strategic and Operational risks
- To disseminate Risk Management information

- To facilitate and encourage good Risk Management practices
- To co-ordinate the Operational Risk Assessment programme for their service

8.5 Service Managers

- To manage their service whilst taking in to account all associated risks
- To consider the positive and negative aspects of risk in all decisions taken
- To consider and produce/review Operational Risk Registers for their service areas during their business planning process and to report these assessments to the Risk Management and Insurance Officer
- To consider and record additional or strengthened controls that are needed to protect their service area and to incorporate these in to their service action and improvement plans
- To report these assessments, actions and improvement plans to the Risk Management and Insurance Officer

8.6 Risk Management and Insurance Officer

- To advise and assist the Strategic Risk Management Group in their functions
- To facilitate meetings of the Strategic Risk Management Group
- To provide day-to-day Risk Management advice to Council Officers and Members
- To assist in the development of the Council's Risk Management programme in association with external advisors and Council Officers
- To advise and assist the Senior Management Team with the quarterly reviews of the Strategic Risk Register
- To maintain a continuous review of the adequacy of the Risk Management programme
- To produce progress reports to Cabinet and to Audit and Ethics Committee
- To produce annual reports on the Council's 'Top Level' risks to Audit and Ethics Committee
- To produce an annual report on the Strategic Risk Register to Cabinet
- To provide an annual report on the Risk Management Strategy to Cabinet and to Audit and Ethics Committee
- To review systems and procedures for Risk Management and implement improved working practices wherever possible
- To review Strategic and Operational risk registers on a regular basis
- To maintain a continuous review of the adequacy of the Risk Management programme
- To identify instances of best practice through networking and discussions with brokers

8.7 All Employees

- To manage risk effectively in their job
- To report risks to their Service Managers, Risk Champions or the Risk Management and Insurance Officer
- To have an understanding of the risks identified within their service area
- To assist in the identification and control of risk
- To complete the options appraisal on all Senior Management Team, Panel and Cabinet reports

STRATEGIC RISK MATRIX

APPENDIX 1

<u>LIKELIHOOD</u>		
Almost certain	= Strong/very strong/inevitable possibility (over 75%)	Score 4
Possible	= Likely to occur (50% – 75%)	Score 3
Unlikely	= Slight chance/could occur (10% – 49%)	Score 2
Remote	= Almost impossible/only occurring in exceptional circumstances (Below 10%)	Score 1

<u>IMPACT</u>		
Extreme	= Financial loss over £1m, significant service disruption, disabling injury/death, adverse national media coverage, severe stakeholder concern	Score 4
Major	= Financial loss of between £250,000 and £1m, major service disruption, major injury, adverse regional media coverage, significant stakeholder concern	Score 3
Moderate	= Financial loss of between £50,000 and £250,000, moderate service disruption, loss time injury, local media coverage, more service user complaints, moderate stakeholder concern	Score 2
Minor	= Financial loss up to £50,000, short term inconvenience, minor injury, isolated user service complaints, stakeholder concerns	Score 1

		Likelihood			
		M	H	H	H
Impact	4	M	H	H	H
	3	L	M	H	H
	2	L	M	M	H
	1	L	L	L	M
			1	2	3

OPERATIONAL RISK MATRIX

<u>LIKELIHOOD</u>		
Almost certain	= Strong/very strong/inevitable possibility (over 75%)	Score 4
Possible	= Likely to occur (50% - 75%)	Score 3
Unlikely	= Slight chance/could occur (10% - 49%)	Score 2
Remote	= Almost impossible /only occurring in exceptional circumstances (Below 10%)	Score 1

<u>IMPACT</u>		
Extreme	= Financial loss over £250,000, total service loss for a significant period, fatality/disabling injury, adverse national media coverage, severe stakeholder concern, mass complaints	Score 4
Major	= Financial loss of between £75,000 and £250,000, major service disruption, major injury, regional media coverage, significant user complaints, significant stakeholder concern	Score 3
Moderate	= Financial loss of between £10,000 and £75,000, moderate service disruption, loss time injury, local media coverage, more service user complaints, stakeholder concern	Score 2
Minor	= Financial loss up to £10,000, short term inconvenience, minor injury, isolated user service complaints, minor local media coverage, minor stakeholder concerns	Score 1

		Likelihood			
		1	2	3	4
Impact	4	M	H	H	H
	3	L	M	H	H
	2	L	M	M	H
	1	L	L	L	M
		1	2	3	4

STRATEGIC RISK MANAGEMENT GROUP

TERMS OF REFERENCE

The role of the Strategic Risk Management Group (SRMG) is crucial to the implementation of a successful Risk Management programme.

The SRMG is a facilitating group and will enable and empower all aspects of a Risk Management programme, providing where necessary, links with Insurance, Health and Safety, Emergency Planning and Business Continuity.

The SRMG will be the focal point for co-ordinating the Strategic and Operational Risk Registers.

The terms of reference of the SRMG are:-

- To support the Council and its services in the effective development, implementation and review of the Risk Management Strategy
- To identify and monitor key Risk Management indicators and matrices
- To produce an annual report reviewing the Risk Management Strategy to the Senior Management Team and Cabinet
- To identify and support the identification of any emerging Strategic risks
- To review the Strategic Risk Register on a quarterly basis and respond to any actions for which they are responsible in the interim
- To share good Risk Management practice within the Authority
- To provide training on, and to otherwise facilitate, the practice of good Risk Management for Councillors and Service Officers

MEMBERS

The Strategic Risk Management Group comprises of the following staff:-

- Senior officer representatives from:
 - Growth and Investment
 - Environment and Public Realm
 - Communities and Homes
 - Corporate Resources
- Executive Directors (for Strategic Risk Register review)
- Risk Management and Insurance Officer
- Safety and Resilience Manager
- The Council's Risk Management and Insurance consultant representative
- The Council's Risk Member Champion (usually the Corporate Resources Portfolio Holder)

The Head of Environment and Public Realm will act as the Group Chairman. Additional members of staff will attend the Group as and when their expertise are needed.

Each of the representatives is a Risk Champion for their area and will be responsible for co-ordinating the Risk Management programme within their own service. This will include:

- To be a member of the Strategic Risk Management Group
- To support Service Managers in the effective management of risk
- To champion Risk Management within their service
- To be their service liaison officer for Strategic and Operational risks
- To disseminate Risk Management information
- To facilitate and encourage good Risk Management practices
- To co-ordinate the Operational Risk Register reviews for their service areas

CONTACT INFORMATION

Risk Champions:

Elected Members	Cllr Carolyn Robbins	Ext: 3401
	carolyn.robbsins@rugby.gov.uk	
Communities and Homes	Raj Chand	Ext: 3870
	raj.chand@rugby.gov.uk	
Environment and Public Realm	Sean Lawson	Ext: 3850 Group Chairman
	sean.lawson@rugby.gov.uk	
Growth and Investment	Rob Back	Ext: 3720
	rob.back@rugby.gov.uk	
Corporate Resources	Mannie Grewal-Ketley	Ext: 3430
	mannie.grewalketley@rugby.gov.uk	
Health & Safety/Business Continuity	Theresa Summers	Ext: 3893
	theresa.summers@rugby.gov.uk	
Corporate Assurance	Chris Green	Ext: 3451
	chris.green@rugby.gov.uk	
Risk Management and Insurance	Verity Knighton	Ext: 3418
	verity.knighton@rugby.gov.uk	

APPENDIX 4

Risk Management Action Plan 2016/2017

Action	Resources required	Lead Officer(s)	Target date	What we want to achieve	How customers will benefit
1. Conduct a review of the Risk Management Strategy	Strategic Risk Management Group (SRMG)	SRMG	March each year	Robust Risk Management Strategy	<p>Clarity as to the roles and responsibilities for risk management</p> <p>Clarity as to methods of communicating the Strategy</p> <p>Officers will be equipped with a current working document in order to assess risk scores</p>
2. Publishing Risk Management Strategy on the Intranet	Internet and Communications Officer Risk Management and Insurance Officer	Risk Management and Insurance Officer	June each year	Publishing the Councils Risk Management Strategy	Clarity as to the roles and responsibilities for risk management across the Council

3. Reporting and reviewing structure and working practices to ensure risks and opportunities are effectively identified and assessed to prevent injury and reduce costs	Heads of Service	Heads of Service	Complete annual review of Strategy by March each year	Prevention of injury, damage and loss by reducing costs from acts arising from non identification of risks	Fewer injuries and insurance claims
4. To agree a date for awareness training on the practice of good Risk Management for Councillors	SRMG Risk Management and Insurance Officer	SRMG	March each year	To raise awareness of the need for Risk Management through service delivery Knowledge of the tools available and confidence to use them to take positive action in cases	Officers will have an awareness of Risk Management

AGENDA MANAGEMENT SHEET

<i>Name of Meeting</i>	Cabinet
<i>Date of Meeting</i>	5 September 2016
<i>Report Title</i>	Anti-Fraud, Bribery and Corruption Strategy
<i>Portfolio</i>	Not portfolio specific
<i>Ward Relevance</i>	Not ward specific
<i>Prior Consultation</i>	Head of Corporate Resources and Chief Financial Officer, Monitoring Officer, Legal Services Manager, Corporate Assurance and Improvement Manager
<i>Contact Officer</i>	Mannie Ketley – Head of Corporate Resources and Chief Finance Officer Tel: 01788 533416
<i>Report Subject to Call-in</i>	No
<i>En Bloc</i>	Yes
<i>Forward Plan</i>	No
<i>Statutory/Policy Background</i>	Not applicable
<i>Summary</i>	The Council introduced its previous Counter Fraud Strategy in 2007. The previous strategy was focussed primarily on how the Council tackles benefit fraud, whilst the new proposed strategy sets out the Council's approach to managing the risk of fraud, bribery and corruption at the corporate level.
<i>Risk Management Implications</i>	If Cabinet does not endorse the recommendation of the Audit & Ethics Committee which is to adopt the strategy, the Council will not have a clear approach to managing its risks of fraud, bribery and corruption. This would increase the risk of financial loss and reputational damage.
<i>Financial Implications</i>	There are no direct financial implications arising from this report.

Environmental Implications

There are no environmental implications arising from this report.

Legal Implications

There are no direct legal implications arising from this report.

Recommendation

The Anti-Fraud, Bribery and Corruption Strategy, as at Appendix 1 to the report, be approved.

Cabinet – 5 September 2016

Anti-Fraud Bribery and Corruption Strategy

Report of the Head of Corporate Resources and Chief Finance Officer

Recommendation

The Anti-Fraud Bribery and Corruption Strategy, as at Appendix 1 to the report, be approved.

1. Introduction

- 1.1** The Council introduced its previous Counter Fraud Strategy in 2007. The previous strategy was focussed primarily on how the Council tackles benefit fraud, whilst the new proposed strategy sets out the Council's approach to managing the risk of fraud, bribery and corruption at the corporate level.
- 1.2** The Anti-Fraud Bribery and Corruption Strategy was drafted on behalf of the Council by Grant Thornton specialist advisors, and was considered by the Head of Corporate Resources, Monitoring Officer, Legal Services Manager and the Corporate Assurance and Improvement Manager.

2. Report Details

- 2.1** Rugby Borough Council is committed to safeguarding public funds, assets and maintaining the highest standards of probity. In order to fulfil this commitment, the Council has a zero tolerance approach to fraud and corruption.
- 2.2** This document sets out the Council's strategy in relation to fraud, bribery and corruption and its commitment to creating an anti-fraud culture and maintaining high ethical standards in its administration of public funds and assets.
- 2.3** This strategy outlines how the Council manages the risk of fraud, bribery and corruption through existing governance structures, policies, procedures and control processes, and how these are to be augmented with a variety of proactive counter fraud measures that are intended to develop and embed a strong anti-fraud culture.
- 2.4** The strategy complements existing action being taken by the Council to detect and investigate fraud, including participation in the National Fraud Initiative (NFI), and the County Counter Fraud Initiative.

2.5 The following actions are being implemented to develop and embed a strong anti-fraud culture:

- The Corporate Assurance and Improvement Team is working with service areas to specifically identify and evaluate the risks of fraud, bribery and corruption in each area. For each risk identified, the existing mitigating controls are being reviewed and evaluated. Where appropriate, additional actions may be identified. The identified risks, and the additional actions, are being recorded within the Operational Risk Registers, and delivery of the actions will be monitored through the corporate performance management system (RPMS);
- Following completion of the risk review, the Corporate Assurance and Improvement Manager will develop a Fraud Response Plan by the end of September 2016, setting out the proactive action to be taken to prevent, detect and pursue fraud, bribery and corruption;
- The results of the risk assessment will be used to inform the programme of targeted proactive anti-fraud, bribery and corruption work conducted by the Corporate Assurance and Improvement Team;
- Current fraud investigation procedures will also be reviewed and updated to ensure that investigation work is appropriately documented, and to ensure that investigations are carried out objectively, professionally, fairly and expeditiously;
- As an enhancement to current reporting arrangements, achievements against the strategy's desired outcomes, and the actions taken to minimise future cases of fraud and corruption, will be contained in an annual fraud report to the Audit and Ethics Committee. This will be in addition to the current updates provided to each Committee meeting.

2.6 This strategy and the various policies which support it will be reviewed annually to ensure they remain current and satisfy best practice requirements.

Name of Meeting: Cabinet
Date of Meeting: 5 September 2016
Subject Matter: Anti-Fraud Bribery and Corruption Strategy
Originating Department: Corporate Assurance and Improvement

LIST OF BACKGROUND PAPERS

Document No.	Date	Description of Document	Officer's Reference	File Reference
Appendix A	05/09/2016	Anti-Fraud Bribery and Corruption Strategy		

RUGBY BOROUGH COUNCIL

ANTI-FRAUD, BRIBERY & CORRUPTION STRATEGY

1 Introduction

- 1.1 Rugby Borough Council is committed to safeguarding public funds, assets and maintaining the highest standards of probity. In order to fulfil this commitment, the Council has a zero tolerance approach to fraud and corruption.
- 1.2 This document sets out the Council's strategy in relation to fraud, bribery and corruption and its commitment to creating an anti-fraud culture and maintaining high ethical standards in its administration of public funds and assets.
- 1.3 The adoption of a formal strategy provides an opportunity to communicate to the community involved with the Council our absolute determination to deal with dishonesty, whether involving Councillors, employees, contractors or customers. It sets out the steps that the Council is taking to maintain and improve its defences against fraud and misappropriation as well as targets against which we can measure our performance.
- 1.4 This strategy outlines how the Council manages the risk of fraud, bribery and corruption through existing governance structures, policies, procedures and control processes, and how these are to be augmented with a variety of proactive counter fraud measures that are intended to develop and embed a strong anti-fraud culture.
- 1.5 This strategy is not just concerned with reactive operational activity to detect and investigate fraud, bribery and corruption, but it also sets out the objectives for proactive actions to deter and prevent fraud and corruption through the development of an anti-fraud and corruption culture and a strong system of internal controls and reviews.
- 1.6 Underpinning the approach adopted by the Council is [The Local Government Fraud Strategy: Fighting Fraud Locally \(Department for Communities and Local Government, 2011\)](#) and [The CIPFA Code of Practice on Managing the Risk of Fraud \(CIPFA, 2011\)](#) which underpins the following five key elements as the foundations of an effective anti-fraud framework:
 - acknowledge the responsibility of the governing body for countering fraud and corruption
 - identify the fraud and corruption risks
 - develop an appropriate counter fraud and corruption strategy
 - provide resources to implement the strategy
 - take action in response to fraud and corruption
- 1.7 All successful criminal and civil proceedings for fraud, bribery or corruption against suppliers, service providers or individuals, either within or external to the Council, will be publicised in accordance with the Council's Communication Policy.
- 1.8 This strategy and the various policies which support it will be reviewed annually to ensure they remain current and satisfy best practice requirements.

1 How the Council Manages the Risk of Fraud & Corruption

Policies, Procedures and Codes

- 1.1 The Council has a duty to protect public money that it controls from loss due to dishonesty. It also has a duty to provide assurance to the community of Rugby and to other stakeholders that it is taking its responsibilities seriously.
- 1.2 The Council is committed to the maintenance of a robust framework of procedures and policies, which are designed to combine and act proactively as an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud, bribery or corruption.
- 1.3 The Council secures the protection and proper administration of public funds and assets through robust working methods and procedures, and by promoting an environment of openness, honesty and integrity in order to ensure the proper use and protection of public funds and assets
- 1.4 The Council's corporate framework provides a whole range of high level component parts which contribute to the Council having an effective counter fraud strategy and governance structure.

Corporate Framework

- 1.4.1 A clear governance structure:
 - Council Constitution
 - An established Audit and Ethics Committee
 - An established Standards Committee
 - An External Audit regime
 - An Internal Audit function
- 1.4.2 Clear written responsibilities, accountabilities and standards
 - Codes of conduct for Members
 - Codes of conduct for Officers
- 1.4.3 Sound procedures and controls
 - Financial Standing Orders
 - Contract Standing Orders
 - Declaration of interest and gifts and hospitality procedures for Members and Officers
 - Anti-Money Laundering Framework
 - Recruitment procedures
 - Disciplinary Procedure
- 1.4.4 Procedures for reporting irregularities and concerns
 - Confidential Reporting Codeⁱ ("Whistleblowing" Policy)
 - Fraud Response Plan
 - Customer Feedback Policy (Complaints Procedures) available to the public

Corporate Framework

- 1.4.5 Senior Officers of the Council with direct responsibility for tackling fraud, bribery, corruption and other irregularities
- Executive Director holding overall responsibility for the Council's fraud, bribery and corruption strategy
 - A Head of Resources with statutory responsibility for the oversight of all financial affairs
 - A Legal Services Manager with oversight over the Council's legal affairs
 - A Monitoring Officer with overall responsibility for the operation of the Confidential Reporting Code, Register of Interests, and the Gifts and Hospitality Register
 - A Corporate Assurance Manager with oversight over the annual programme of anti-fraud, bribery and corruption work
- 1.4.6 A clear programme of anti-fraud, bribery and corruption work
- Risk management and proactive prevention and detection work undertaken by the Corporate Assurance Team
 - Reactive investigations managed by the Corporate Assurance Team
 - Participation in the National Fraud Initiative and County Counter Fraud Initiative
- 1.4.7 Anti-fraud, bribery and corruption training to Members and Officers
- Annual training on:
 - Governance
 - Anti-Fraud and Probity
- 1.4.8 Engagement with key partners
- Membership to the National Anti-Fraud Network
 - Membership to the CIPFA Fraud Network
- 1.5 These components provide a framework within which the Council operates. Having clear policies ensures clarity about both individual accountabilities and the appropriate approach to be taken during any investigation regarding suspected fraud, bribery or corruption which also contributes to the promotion of an anti-fraud culture.
- 1.6 Management should ensure that all current Council corporate documents and policies are considered for fraud and corruption exposure as part of the periodic review of documents. Any future Council corporate documents will be subject to fraud exposure assessment.

- 1.7 Fraud exposure assessments of contracts with external providers will be reviewed on a regular basis at intervals to be determined by management.

Internal Control Systems

- 1.8 The Council has adopted a Constitution incorporating contract procedure rules, financial procedure rules and various other rules and codes of conduct that provide a requirement on Officers, when dealing with the Council's affairs, to act in accordance with best practice.
- 1.9 The Chief Financial Officer, has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure that proper arrangements are made for the Council's financial affairs. In addition, under the Accounts & Audit Regulations (England) 2011 as the "responsible financial officer", he is required to determine the accounting control systems which include:
- measures to enable the prevention and detection of inaccuracies and fraud
 - identification of the duties of officers dealing with financial transactions
 - division of responsibilities of those officers in relation to significant transactions
- 1.10 The Council's aim is to embed sound financial systems and procedures with appropriate, efficient, and effective, internal controls. Separation of duties should be considered as a fundamental control in systems, especially when involving significant financial transactions. An appropriate division of responsibilities is a key control in the prevention of impropriety
- 1.11 Under the Council's Financial Procedure Rules, the Chief Financial Officer is responsible for ensuring that adequate controls are in place. The existence, appropriateness, and effectiveness of these internal controls is independently monitored and reported upon by the Council's Corporate Assurance Team.
- 1.12 As part of the Council's published accounts each year, a formal statement is produced which describes the Internal Control Systems and provides an assessment of their effectiveness. This Annual Governance Statement is designed to provide assurance to external parties of the quality of the Council's governance arrangements and demonstrates effective stewardship of the public funds entrusted to the Council.
- 1.13 This network of systems and procedures to assist in safeguarding public funds and assets against fraud, bribery and corruption is well established and has been in place for many years. However, the Council is determined to keep pace with future developments and therefore this strategy will build on the existing arrangements to ensure they remain current and comply with best anti-fraud practice.
- 1.14 Systems weakness reports will be produced whenever the Council has been subject to fraud in order that anti-fraud measures are improved following such an incident.

2 Identifying Fraud and Corruption Risks

- 2.1 [The CIPFA Code of Practice on Managing the Risk of Fraud](#) recommends that Councils evaluate their fraud exposure, in order to allocate resources to combat fraud more effectively. The Council evaluates its fraud exposure by an annual fraud and

bribery risk assessment of existing governance structures, policies, procedures and control processes within the Council which is carried out by the Corporate Assurance Team. The results of this annual risk assessment are used to inform a program of targeted proactive anti-fraud, bribery and corruption work to be conducted by the Corporate Assurance Team at the Council.

- 2.2 The risk of fraudulent and or corrupt activity is included in the Council's risk management arrangements. Where appropriate, specific risks of fraud are recorded on departmental risk registers.
- 2.3 Fraud, bribery and corruption risks are also managed within the Council by Managers, Heads of Service and Executive Directors who are responsible for assessing the potential for fraud, bribery and corruption within their own Service's activities. Managers are best placed to monitor and evaluate the effectiveness of the Council's systems of internal control within their areas of responsibility by:
 - ensuring that internal controls to prevent fraud, bribery and corruption exist and are adequate; and
 - ensuring that controls, checks and supervision, associated with the operations for which they are responsible, operate in such a way as to prevent or detect fraudulent activity.
- 2.4 Internal Audit undertakes independent assessments of the key risks and associated controls within systems across the Council.

3 Creating and Maintaining a Strong Anti-Fraud Culture

- 3.1 High ethical standards are an integral part of good governance and can lead to increased public confidence in local democracy. The Council aims to create an anti-fraud culture and environment to deter those who may commit fraudulent and corrupt acts and encourage those who suspect such activity to report it promptly.
- 3.2 The Council's endorsement of this Strategy sends a clear message that fraud against the Council will not be tolerated and, where reported or identified, will be dealt with in a professional and timely manner using all the necessary sanctions that are available. Through the creation and enhancement of a strong anti-fraud culture the Council aims to deter potential perpetrators from targeting its finances and services.
- 3.3 There is an expectation and requirement that all individuals, businesses and organisations dealing in any way with the Council will act with high standards of probity, openness and integrity and that Council employees or its agent(s) at all levels will lead by example in these matters.

Members

- 3.4 The responsibility for an anti-fraud culture is the collective duty of all those involved in giving political direction, determining policy and management.
- 3.5 The Council expects its Councillors to lead by example at all times and to maintain the highest standards of probity, honesty, integrity and accountability in their role as Councillors.

- 3.6 The Council promotes and maintains high standards of Member conduct. Members are required to observe the Member's Code of Conduct. In particular Members are required to operate within:
- Member's Code of Conduct
 - Sections 94-96 of the Local Government Act 1972
 - Local Authorities Members' Interest Regulations 1992 (SI 618)
 - Council Rules of Procedure
- 3.7 The Council has an Audit and Ethics Committee which has a key role in reviewing and ensuring that there are adequate arrangements in place to deal with fraud and corruption. This includes responsibility for approving and supporting this Strategy.

Officers of the Council

- 3.8 A successful anti-fraud culture is one where acts of fraud, bribery and corruption are widely recognised as unacceptable behaviour and whistleblowing is perceived as public-spirited action. The Council has put in place a number of policies, procedures and other actions to promote an anti-fraud culture to the Officers of the Council.
- 3.9 All Officers must abide by the Council's Code of Conduct for Employees, which sets out the Council's requirement on personal conduct. This Code is referred to in all Contracts of Employment. Officers of the Council are expected to follow any code of conduct related to their personal professional institute.
- 3.10 The Council has in place disciplinary procedures for all categories of employee. Any breach of conduct will be dealt with under these procedures and may result in dismissal.

Training

- 3.11 The Council recognises that the continuing success of its strategy will depend largely on the effectiveness of programmed fraud awareness training, communication and responsiveness of Officers throughout the Council.
- 3.12 To facilitate this, the Council provides induction training and follow-up training for all Members and Officers; this applies particularly to those involved in internal control systems and financial and finance-related systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced, and to casual, temporary and agency staff, who may not be aware of the high standards of probity that are required in the public sector.

4 Adequate and Appropriate Resources

- 4.1 The Corporate Assurance Team are responsible for coordinating the investigation of fraud, bribery and corruption and are provided with access to the Council's employees, records, premises and other assets or resources as required.
- 4.2 Whilst the Corporate Assurance Team has an important role to play in the detection of fraud, it is not their sole responsibility but a shared responsibility with all Officers and members of the Council.

- 4.3 The Officers responsible for conducting anti-fraud, bribery and corruption work are trained and professionally accredited. This includes, where appropriate, relevant qualifications such as the Professionalism in Security training (PINS) and counter fraud accreditation training.
- 4.4 The level of counter fraud resource required is regularly reviewed in line with the annual fraud report and the Council's risk management strategy.
- 4.5 An annual programme of anti-fraud, bribery and corruption work is conducted by the Corporate Assurance Team who reports to, and is monitored by, the Audit and Ethics Committee.
- 4.6 Anti-fraud work is integrated within the annual programme of work undertaken by Internal Audit. The Corporate Assurance Manager provides an independent opinion on the adequacy and effectiveness of the systems of internal control based on the work undertaken during the year. Whilst it is not a primary function of Internal Audit to detect fraud, internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.

Working with Others to Prevent and Fight Fraud

- 4.7 The Council is committed to exchanging information with other local and national agencies in order to identify and prevent fraud using data matching techniques. Such activity is conducted in full compliance with the *Data Protection Act 1998* and with the National Initiative [Code of Data Matching Practice \(Cabinet Office, 2015\)](#), and includes providing information to other agencies for data matching purposes. Any employee found to be perpetrating fraud on another local or national agency is liable to face disciplinary action where this has implications for the Council's trust and confidence in the employee. In certain cases, legal proceedings and disciplinary action may be taken that could lead to criminal convictions, civil recovery action and dismissal.
- 4.8 The Council will liaise where appropriate with outside organisations, including neighbouring councils, to encourage closer working, intelligence sharing and formalising joint working through the implementation of working protocols, subject to the use of appropriate legal gateways to sharing of information and resources.

5 Taking Action to Tackle Fraud and Corruption

Deterrence

- 5.1 There are a number of methods which the Council uses to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside and/or outside of the Council, and these include:
- Publicising the fact that the Council will not tolerate fraud, bribery and corruption and will state this at every appropriate opportunity – e.g. publicising the whistleblowing arrangements, clause in contracts, statements on claim forms, publications etc.
 - Acting robustly and decisively when fraud, bribery and corruption are suspected and proven – e.g., the termination of contracts, dismissal, prosecution etc.

- Taking action to effect the maximum recoveries for the Council – e.g. through agreement, court action, penalties, insurance etc.
- The Council's media & communications team will optimise the publicity opportunities associated with anti-fraud and corruption activity within the Council. Where appropriate, the results of any action taken, including prosecutions, will be reported in the media.
- Having sound internal control systems, that still allow for innovation, but at the same time minimise the opportunity for fraud and corruption.

Prevention

- 5.2 Managers across the Council have an important role to play in the prevention of fraud, bribery and corruption. They are responsible for assessing the potential for fraud, bribery and corruption within their own Service's activities and for implementing appropriate strategies to reduce this risk.
- 5.3 The Corporate Assurance Team will provide appropriate advice, as and when appropriate, to managers to ensure they are fully aware of the requirement to give sufficient emphasis to the preventative aspects of fraud and corruption work.
- 5.4 The Internal Audit Plan and programme of anti-fraud, bribery and corruption work conducted by the Corporate Assurance Team includes work based on key risk areas as identified under the Council's risk management arrangements. This programme of work is not restricted solely to the investigation of detected fraud but also includes anti-fraud assurance work intended to deter and prevent fraud. Anti-fraud assurance work represents an area of on-going development and represents a key priority for the Strategy.

Detection, Whistleblowing and Reporting Fraud

- 5.5 The Anti-Fraud, Bribery & Corruption Response Plan provides a clear pathway for raising concerns and facilitating "tip-offs" of allegations of fraud, bribery or corruption, and the fraud-response arrangements outlined in that document, enable such information or allegations to be dealt with accordingly.
- 5.6 The Council's Confidential Reporting Code (Whistleblowing Policy) also gives advice on how to raise a concern and the safeguards and support that are available to those who raise concerns.
- 5.7 The Monitoring Officer has overall responsibility for the maintenance and operation of the Council's Confidential Reporting Code (Whistleblowing Policy), Register of Interests, and the Gifts and Hospitality Register.
- 5.8 All Officers and Members of the Council are encouraged to use the whistleblowing procedures to report any allegations of fraud, bribery and corruption against the Council. Further information on raising a genuine concern under the whistleblowing procedures can be found in the Confidential Reporting Code.
- 5.9 The Council's whistleblowing arrangements will be reviewed on a regular basis against best practice from Public Concern at Work and updated accordingly. This will include testing staff confidence in the whistleblowing arrangements and ensuring that the policy is communicated to and accessible to all employees and contractors. In addition, the arrangements for members of the public to raise fraud concerns will be reviewed.

Investigation

- 5.10 Investigations into allegations of fraud, bribery or corruption are conducted by the Corporate Assurance Team, which is led by the Corporate Assurance Manager. All Members and Officers of the Council are required to report all suspected irregularities or allegations involving fraud, bribery or corruption to the Corporate Assurance Team who will then inform the Chief Financial Officer.
- 5.11 The central reporting of suspected irregularities and allegations of fraud, bribery and corruption to the Corporate Assurance Team is essential to the Strategy and ensures:
- consistent treatment of information regarding fraud, bribery and corruption
 - proper investigation by an independent and experienced Corporate Assurance Team
 - System and procedural weaknesses are promptly identified and addressed
 - proper implementation of a fraud response investigation plan
 - optimum protection of the Council's interests
- 5.12 Depending on the nature and anticipated extent of the allegations, the Corporate Assurance Team will normally work closely with management, personnel, legal etc., and other agencies, such as the Police. This is to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are made for the Council.
- 5.13 The Council's disciplinary procedures will be used where the outcome of the investigation indicates improper behaviour.
- 5.14 Where a fraud has occurred, action will be taken by management to ensure that any control weaknesses which provided the opportunity for the fraud to occur are addressed. Any lessons learnt will be disseminated to all relevant departments within the Council.

Sanctions and Redress

- 5.15 Where financial impropriety is discovered, whether perpetrated by Officers, Members or third party organisations (e.g. suppliers, contractors, and service providers), the Council will consider appropriate action.
- 5.16 Referral to the Police is a matter for the Executive Director and the Chief Financial Officer (the Crown Prosecution Service determines whether or not a prosecution will be pursued).
- 5.17 Referral to the Police will not inhibit action under the Council's Disciplinary Procedures. Serious cases of fraud or corruption would represent gross misconduct and consequently the Officer may be liable for dismissal.
- 5.18 The Executive Director, Monitoring Officer, and Legal team will advise on the course of action to be taken in relation to Members.
- 5.19 Suspected financial impropriety by any organisation the Council deals with, will be the subject of an investigation. If proven, this could result, for example, in the termination of an individual contract and may result in prosecution.

- 5.20 In proven cases of financial loss, the Council will seek to recover all such losses through whatever means it considers appropriate. In the case of an employee, the loss may be recovered from any monies due to the individual on termination of employment.

6 Defining Success

- 6.1 Success will be measured by focusing on the real outcomes achieved from the key actions outlined in this strategy. The outcomes to be measured will include the following:
- awareness levels
 - reports of suspicions
 - successful investigations
 - sanctions applied
 - financial losses recovered and where appropriate financial savings
- 6.2 Achievements against these desired outcomes, and the actions taken to minimise future cases of fraud, will be contained in the annual fraud report, and periodic updates to the Audit and Ethics Committee.

Executive Director

March 2016

Annex A – Glossary

Annual Governance Statement

The Annual Governance Statement is a statutory requirement of the Accounts and Audit (England) Regulations 2011. It is the platform to formally state an opinion on the systems of internal control including the arrangements for the management of risk with recommendations given for future improvements to the systems.

Anti-Fraud, Bribery and Response Plans

The Fraud Response Plan sets out how to report allegations of fraud, bribery and corruption, and how they are dealt with.

Audit and Ethics Committee

The Audit & Ethics Committee oversees the environment of internal control, risk management and anti-fraud and corruption arrangements within the Council. They consider the Annual Governance Statement and Annual Statement of Accounts and quarterly reports from Internal and External Audit to ensure the effectiveness of this environment.

Bribery

Bribery is offering something of value for the purpose of influencing the action of a person when they are undertaking their public or legal duties.

Chief Financial Officer

See S151 Officer.

Corporate Assurance Manager

The Corporate Assurance Manager reviews the effectiveness of the system of internal control throughout the year and reports annually to the Audit & Ethics Committee via the Annual Governance Statement.

Corporate Assurance Team

A dedicated Internal Audit with fraud capability for delivery of an annual programme of proactive and reactive anti-fraud, bribery and corruption work

Chief Officers

Chief Officers are the senior managers of the Council.

Corruption

Improper and usually unlawful conduct intended to secure a benefit for oneself or another.

Council

Rugby Borough Council

Crown Prosecution Service

The CPS is the principal prosecuting authority in England and Wales. In addition to prosecuting cases at court, the CPS is responsible for advising the police on cases for possible prosecution and reviewing the case evidence

Executive Director

Executive Director of the Council with overall responsibility for tackling fraud, bribery and corruption at the Council. This role is held by Adam Norburn.

External Audit

External audit is an annual independent examination designed to form an opinion on the state of the Council's financial management and its published annual accounts. The external auditors provide assurance to residents and councillors that the Council's finances are soundly managed and the annual accounts present a true and fair view of the Council's income and expenditure assets.

Financial Standing Orders

Financial Regulations provide the framework for managing the Council's financial affairs, provide clarity about the financial accountabilities of individuals and set out overarching financial responsibilities of the statutory Chief Financial Officer.

Fraud and Corruption

When these terms are used in conjunction, their definition can include acts such as abuse of position, bribery, collusion, concealment of material facts, conspiracy, deception, embezzlement, extortion, false representation, failing to disclose information to the Council, forgery, giving or accepting of an advantage, misappropriation or theft.

Internal Audit

Internal Audit is an assurance function whose primary purpose is to provide an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance, in support of the objectives of the Council.

Internal Audit Plan

This is a work plan developed annually by Internal Audit which sets out a schedule of audits used to provide assurance to the Council on the effectiveness of internal controls.

Internal Controls

Processes tailored to the Council's structure, work, delegation of authority rules, people and management information systems, which are designed to help the Council accomplish specific goals or objectives, such as preventing fraud, bribery or corruption.

Irregularity

An irregularity is a breach of a convention or normal procedure

Money Laundering

The process by which proceeds of crime or terrorism funds are legitimised. It relates to both the activities of organised crime but also to those who benefit financially from dishonest activities such as receiving stolen goods.

Monitoring Officer

The Monitoring Officer is appointed under Section 5 of the Local Government and Housing Act 1989 and the Local Government Act 2000. The role is further defined in the Council's Constitution. Currently this role is held by the Democratic & Scrutiny Services Manager

National Fraud Initiative and County Counter Fraud Initiative

Exercises which match electronic data within and between public sector bodies and systems to help public bodies prevent and detect fraud and overpayments.

Public Concern at Work

Public Concern at Work is an independent authority on whistleblowing. It provides free help to prospective whistleblowers and advice on whistleblowing laws.

Section 151 Officer

As required by the Local Government Act 1972, the Section 151 Officer is nominated to take responsibility for making arrangements for the proper administration of a local authority's financial affairs including advising on anti-fraud and corruption strategies and measures. The Council's Section 151 Officer is the Head of Resources.

Separation of Duties

An internal control designed to prevent error and fraud by ensuring that at least two individuals are responsible for the separate parts of any task.

Strategy

This Anti-Fraud, Bribery and Corruption Strategy document

AGENDA MANAGEMENT SHEET

Name of Meeting	Cabinet
Date of Meeting	5 September 2016
Reporting Director	Head of Environment and Public Realm
Report Title	Adoption of section 76 of the Public Health Act 1925 – licensing enforcement at Rugby railway station taxi waiting area
Portfolio	Environment and Public Realm
Ward relevance	Benn, Newbold and Brownsover Wards
Prior Consultation	Licensing and Safety Committee; Rugby Hackney Operators and Drivers Association (RHODA).
Contact Officer	Ian Rushton, Licensing Officer, x3894
Is the report public or private?	Public
Report Subject to Call-in	Yes
Report En-Bloc	Yes
Forward Plan	Yes
Does this report relate to any of the Council Priorities?	Yes
Corporate Priorities	An Attractive and thriving Town Centre Working with partners to reduce crime and antisocial behaviour
Statutory/Policy Background	Public Health Act 1925

Summary

The area where hackney carriage taxis wait for customers at Rugby railway station is on a private road, and is not a Council taxi rank (stand). The local taxi trade representative group (Rugby Hackney Operators and Drivers Association - RHODA) have enquired whether the Council had ever adopted section 76 of the Public Health Act 1925 which enables the Council to take enforcement action against private hire drivers who may ply for hire at a private taxi rank or stand at a railway station.

There are no records showing that the Council has previously adopted this legislation and therefore this report asks Cabinet to pass a resolution to adopt it.

Financial Implications

There are no financial implications arising from this report.

Risk Management Implications

There are none as a direct result of this report

Environmental Implications

There are no environmental implications arising from this report.

Legal Implications

There are no records to show that section 76 of the Public Health Act 1925 has ever been adopted. By adopting this legislation it would allow the Council to take licensing enforcement action against private hire drivers who may ply for hire at a private taxi rank or stand at the railway station.

Equality and Diversity

There are no equality and diversity implications arising from this report.

Options

- (1) Cabinet agree to pass the resolution;
- (2) Cabinet do not pass the resolution.

Recommendation

IT BE RECOMMENDED TO COUNCIL THAT Section 76 of the Public Health Act 1925 be adopted with effect from 1 October 2016.

Reasons for Recommendation

To enable licensing enforcement action to be taken in the area should the need arise.

Cabinet - 5 September 2016

Adoption of section 76 of the Public Health Act 1925 – licensing enforcement at Rugby railway station taxi waiting area

Environment and Public Realm Portfolio Holder

Recommendation

IT BE RECOMMENDED TO COUNCIL THAT Section 76 of the Public Health Act 1925 be adopted with effect from 1 October 2016.

1. Background

The area where hackney carriage taxis wait for customers at Rugby railway station is on a private road, and is not a Council taxi rank (stand). The local taxi trade representative group (Rugby Hackney Operators and Drivers Association - RHODA) enquired whether the Council had ever adopted section 76 of the Public Health Act 1925 which enables the Council to take enforcement action at a private taxi rank or stand, at a Railway Station, against private hire drivers who may ply for hire in that area.

The matter was considered by the Licensing and Safety Committee on 9th June 2015. A copy of the report and minutes are attached as Appendix 1.

Name of Meeting: Cabinet

Date of Meeting: 5 September 2016

Subject Matter: Adoption of section 76 of the Public Health Act 1925 –
licensing enforcement at Rugby railway station taxi
waiting area

Originating Department: Environment and Public Realm

1. LIST OF BACKGROUND PAPERS

Document No.	Date	Description of Document	Officer's Reference	File Reference

(*Delete if not applicable)

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Public Health Act 1925. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)



Public Health Act 1925

1925 CHAPTER 71 15 and 16 Geo 5

PART VIII

MISCELLANEOUS

76 As to public vehicles taken at railway stations.

Annotations:

Modifications etc. (not altering text)

- C1** Power to extend or exclude section 76 conferred by Local Government Act 1972 (c. 70), Sch. 14 Pt. II para. 25; excluded (Greater London) by Local Government Act 1972 (c. 70), Sch. 14 Pt. II para. 26 and S.I. 1973/686, art. 2(1), Sch. 1

In any area within which the provisions of the ^{M1}Town Police Clauses Act 1847, with respect to hackney carriages are in force, those provisions and any byelaws of the local authority with respect to hackney carriages shall be as fully applicable in all respects to hackney carriages standing or plying for hire at any railway station or railway premises within such area, as if such railway station or railway premises were a stand for hackney carriages or a street:

Provided that—

- (a) the provisions of this section shall not apply to any vehicle belonging to or used by any railway company for the purpose of carrying passengers and their luggage to or from any of their railway stations or railway premises, or to the driver or conductor of such vehicle;
- (b) Nothing in this section shall empower the local authority to fix the site of the stand or starting place of any hackney carriage in any railway station or railway premises, or in any yard belonging to a railway company, except with the consent of that company.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Public Health Act 1925. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Annotations:**Modifications etc. (not altering text)**

- CI** Power to extend or exclude section 76 conferred by Local Government Act 1972 (c. 70), Sch. 14 Pt. II para. 25; excluded (Greater London) by Local Government Act 1972 (c. 70), Sch. 14 Pt. II para. 26 and S.I. 1973/686, art. 2(1), Sch. 1

Marginal Citations

- MI** 1847 c. 89.

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Public Health Act 1925. Any changes that have already been made by the team appear in the content and are referenced with annotations.

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act functions made exercisable by S.I. 2015/378 reg. 3 Sch. 3 para. 2

Commencement Orders yet to be applied to the Public Health Act 1925

Commencement Orders bringing legislation that affects this Act into force:

- S.I. 2003/1900 art. 2 Sch. 1 2 commences (2003 c. 21)

ORIGINAL ARTICLES

1. *Observations on the Pathogenesis of the Common Cold*
2. *Experimental Studies on the Pathogenesis of the Common Cold*

3. *Observations on the Pathogenesis of the Common Cold*
4. *Experimental Studies on the Pathogenesis of the Common Cold*

5. *Observations on the Pathogenesis of the Common Cold*
6. *Experimental Studies on the Pathogenesis of the Common Cold*

7. *Observations on the Pathogenesis of the Common Cold*
8. *Experimental Studies on the Pathogenesis of the Common Cold*

9. *Observations on the Pathogenesis of the Common Cold*
10. *Experimental Studies on the Pathogenesis of the Common Cold*

11. *Observations on the Pathogenesis of the Common Cold*
12. *Experimental Studies on the Pathogenesis of the Common Cold*

13. *Observations on the Pathogenesis of the Common Cold*
14. *Experimental Studies on the Pathogenesis of the Common Cold*

15. *Observations on the Pathogenesis of the Common Cold*
16. *Experimental Studies on the Pathogenesis of the Common Cold*

17. *Observations on the Pathogenesis of the Common Cold*
18. *Experimental Studies on the Pathogenesis of the Common Cold*

19. *Observations on the Pathogenesis of the Common Cold*
20. *Experimental Studies on the Pathogenesis of the Common Cold*

21. *Observations on the Pathogenesis of the Common Cold*
22. *Experimental Studies on the Pathogenesis of the Common Cold*

23. *Observations on the Pathogenesis of the Common Cold*
24. *Experimental Studies on the Pathogenesis of the Common Cold*

25. *Observations on the Pathogenesis of the Common Cold*
26. *Experimental Studies on the Pathogenesis of the Common Cold*

27. *Observations on the Pathogenesis of the Common Cold*
28. *Experimental Studies on the Pathogenesis of the Common Cold*

Agenda No 4**AGENDA MANAGEMENT SHEET**

Name of Meeting	Special Licensing and Safety Committee
Date of Meeting	9 June 2015
Report Title	Changes to Taxi Licensing
Portfolio	Sustainable Environment
Ward Relevance	All
Prior Consultation	N/A
Contact Officer	Mr J Collins. Team Leader, Public Health and Licensing. (ext 3667)
Report Subject to Call-in	N
Report En-Bloc	N
Forward Plan	N/A
Corporate Priorities	Enable our residents, visitors and Enterprises to enjoy, achieve and prosper.
Statutory/Policy Background	Deregulation Act 2015. DVLA Policy on paper driver licences and on licensing EU drivers. Rugby Borough Council Taxi Licensing Policy. Local Government (Miscellaneous Provisions) Act 1976. Sections 53 and 70. Public Health Act 1925. Section 76.
Summary	There are a number of changes and developments in taxi licensing, which Licensing and Safety Committee, need to be aware of. These include changes to the length of certain licences, sub-contracting of private hire transport, the end of the DVLA paper licence, EU drivers applying for Dual Driver Licences without

having UK driver licences and cost accounting/fees setting. In addition, the taxi trade have asked that the Council adopt a specific section of an older piece of legislation, in order to enforce at the private taxi rank by the railway station.

Risk Management Implications

The legislation requires councils to determine the costs of administering taxi licensing and set fees to enable cost recovery. Failure to comply means there could be a deficit in Council funds for this service and the fees charged by the Council could be challenged. If licensed taxi drivers, who have EU licences, are not required to have UK driver licences, it will be difficult to check if they have any motoring convictions in this Country, potentially putting passengers at risk.

Financial Implications

The costing exercise will show if the current fees are covering the actual costs of administering the taxi service, issuing licences and compliance checks. If the costs are not being fully recovered, the fees will have to increase, and a report will be brought back to Committee on this. The change from annual to 3-yearly driver licences and 5-yearly operator licences will also be considered, where it is thought that reduced fees (averaged per year) may reduce.

Environmental Implications None.

Legal Implications

The Deregulation Act 2015 will change licence periods for driver and private hire operator licences. It will also allow sub –contracting of private hire work, and this will be difficult for officers to regulate. If the Council does not adopt section 76 of the Public Health Act 1925, it means that officers cannot enforce against plying for hire, at the private taxi rank by the railway station.

Equality and Diversity None.

Options

1. Committee note the changes in taxi licensing, mentioned in the report and approve further consultation. The Head of Environmental Services be requested to start preparatory work for a report to be submitted to Full Council, to adopt section 76 of the Public Health Act 1925.

Benefits: compliance with changes in legislation. The Council will be able to enforce against private hire drivers at the Railway Station taxi rank (stand).

Risks: temporary procedures will be required to be introduced by the Head of Environmental Services to cover immediate operational needs.

2. Committee note the changes in taxi licensing, but determine alternative actions. They do not recommend that section 76 of the Public Health Act 1925 is adopted.

Benefits: rapid progress to implementing adopted new policies

Risks: potential non-compliance with legislation.

Recommendation

- (1) The changes in taxi licensing, mentioned in the report be noted and further consultation is approved; and
- (2) the Head of Environmental Services be authorised to undertake work to submit a report to full Council, to adopt section 76 of the Public Health Act 1925.

Reasons for Recommendation

So that Committee are aware of the changes in taxi licensing, and that EU drivers are treated in compliance with EU legislation while protecting the public.

Agenda No 4

Special Licensing and Safety Committee - 9 June 2015

Changes in Taxi Licensing

Report of the Head of Environmental Services.

Recommendation:

- (1) The changes in taxi licensing, mentioned in the report be noted and further consultation is approved; and
- (2) the Head of Environmental Services be authorised to undertake work to submit a report to full Council to adopt section 76 of the Public Health Act 1925.

1. Background.

Rugby Borough Council is a Licensing Authority for Taxi Licensing.

There are some current developments in Taxi Licensing, because of changes in Legislation or Government Agency Policy and other factors, which will affect how we administer taxi licensing.

These developments are outlined in the following paragraphs.

2. Deregulation Act 2015.

This Act has now received Royal Assent, and was brought in by the Government just before the Election.

It covers a wide range of topics but there are some sections (10 & 11) relating to taxi licensing.

These were brought in following the Law Commission review into Taxi Licensing, and their report, which has been published.

These provisions in the Deregulation Act come into force on the 1st October 2015. From that date, Driver licences for hackney carriage drivers and private hire vehicles, will be for three years.

We currently issue Dual driver licences on an annual basis. There will be less administration but officers will still make regular checks on drivers with regard to their DVLA licence data. This is to ensure that they do not have motoring convictions, which they have not advised the Council about. Medical and Criminal record checks will continue as before.

In exceptional circumstances, the Council can issue a dual driver licence for only one year, but this will be a decision made by Licensing and Safety Committee or Sub-Committee. Each case will be considered on its own merits.

Private Hire Operator licences will now last for five years. Currently licences are issued annually.

Private Hire Operators will also be able to sub-contract bookings to other operators, which may be licensed in another Council area. This is to give business more flexibility, but it will be more difficult for officers to check if there are complaints.

The Council is waiting for guidance on these changes to taxi licensing, from the Department for Transport.

The Council is permitted to recover the costs of administration of the taxi licensing scheme which includes issuing licences, compliance checking and policy development. It is intended that with more efficient and less routine administration that officers will be able to carry out more compliance checking.

3. DVLA paper counterpart driver licence.

The Driver and Vehicle Licence Agency, DVLA, which is a Government Body, has announced that the paper counterpart driver licence will no longer be in use from early June 2015.

Paper counterpart licences will no longer be issued and motoring convictions will no longer be entered on them.

We currently request existing drivers to bring in their paper DVLA licences, when they make their annual application to renew their dual driver licence. This is to see if they have any new motoring convictions, which they have not advised us about.

We will no longer be able to do this check, in this way.

DVLA driver data will be mostly electronic, though there will still be the DVLA paper data disclosure, which has previously been sent to us, which will be required for EU drivers who do not convert to a UK licence

Officers are planning to use an external company to provide this data via secure web links in an easy to read format, in compliance with DVLA advice.

Officers will then be able to access DVLA driver data for new licence applicants and also for existing drivers. There will be a minimum of an annual check on a driver's DVLA data, and checks may be more frequent for some drivers.

The data is password protected and easier to read than the existing DVLA paper data records, that they send us.

The cost will be slightly more than the current DVLA fee, but this will be incorporated into the licence fee.

The main changes are:

- For UK driving licence holders the service will be quicker to access
- Drivers will only have to sign a mandate every 3 years.
- Officers will have to check that we have a recent mandate from all licensed drivers, and may have to request that a new one is signed by the driver.
- Drivers who currently do not respond to reminders risk being suspended. Electronic access will remove the need for reminder letters and reduce the risk of suspension if they do not respond.
- For higher risk drivers more frequent checks can be made.
- Where complaints are received checks can be made quicker.
- For EU drivers who have not converted their licence to a UK licence will still need to use paper requests as their records are stored differently by DVLA.

4. Taxi Licensing Costs Accounting Exercise-Fees Setting.

Experience with other authorities has clarified how costs of fees are determined. Fees can only cover the costs of the administration of taxi licensing schemes.

Officers are currently conducting a costs accounting exercise, within the Council, to determine the total costs of administering the taxi licensing regime.

Costs have to be separated into those for different types of licence; e.g. driver, vehicle, private hire operator.

There also has to be separation between hackney carriage and private hire licensing.

There cannot be cross-subsidy between different types of licences.

Costs not only include issue of licence and administration but also compliance checks, policy producing and ancillary costs, as a number of other council teams. are involved.

The legislation also stipulates what costs can be included for different types of licence.

Once the costs have been determined and recorded, officers will compare these against the fees charged. This is to find out if costs are being fully recovered or not.

Costs can be averaged over a three year period.

Councils are not allowed to make a profit on fees, and any costs have to be able to be scrutinised and be able to be audited.

Fees for licences and ancillary services may have to be increased, and a report will be brought back to this Committee, with full details of costs and proposed fees.

There is a legal process the Licensing Authority must follow when changing taxi fees. There would be a recommendation to Cabinet or Full Council, to approve consultation with the trade and that an advert is placed in the local press, for a period of 28 days, to advertise the fees increase.

A report would be brought back to Committee after consultation and the advert period, with details of any consultation responses received, to consider any responses and whether the fees should be increased from a set date.

Committee would then make a recommendation to Cabinet or full Council, on the fees to be set.

5. EU drivers and UK driving licences.

The current situation is that a person can apply for a dual taxi driving licence from the UK, the EU or another country. However, to apply they must hold a type of UK driving licence, either a full UK driving licence or if from the EU they can hold their national licence and a paper counterpart.

This means that all drivers have a UK driving licence number which can be used to access records held by DVLA. Any points on a licence, any convictions or disqualifications would also be recorded.

The current Taxi Licensing Policy does not require EU licence holders to have a full UK driver licence, before a driver licence is issued. That is consistent with other authorities and with EU legislation that requires the removal of unnecessary barriers to EU citizens working in the UK.

In addition, the DVLA paper counterpart allows them to take the DVSA taxi driver test, using their EU driver licence.

However, the removal of the paper counterpart by DVLA is causing issues.

The process from early June is that EU licence holders can still apply to the DVLA using the same form (Form D1), but instead of receiving a paper counterpart, they receive a certificate of registration with a reference number that can only be used to take the DVSA taxi test.

Not having a UK driving licence means:

- DVLA hold only limited information (convictions in UK courts) and as the records are not linked to a UK driving licence number the records cannot be easily accessed
- There is a risk that offences may not be pursued by enforcement agencies such as the police, e.g. if they are caught speeding if they hold an EU licence it will have to be sent to court, which is more difficult than for UK drivers who can be given points without a court hearing
- DVLA do not record points issued on a licence so they could get more than 12 points without disqualification

It is important for passenger safety, that officers can check motoring convictions of any licensed drivers, to establish if they are fit and proper persons to hold a licence. Officers would also have difficulty if the driver moved address, as there would not be an UK driver licence with a UK address.

Officers feel that the existing Rugby Taxi Licensing Policy should be amended, so that dual driver licence applicants with EU driver licences have to obtain a UK driver licence first, before the dual driver licence is issued to them. However, there are two issues with this:

- Officers have been advised that EU drivers cannot convert their driving licences to UK ones, with a UK address, once they have passed the DVSA taxi driver test. They simply receive a pass certificate they can show to licensing authorities.
- Before a licence can be transferred they must be UK residents and to meet that criterion they must reside in the UK for at least 185 days.

Therefore, if we required all EU drivers to exchange their licence for a UK driving licence they would have to:

- Pass the standard DVSA test and then also, as part of the council requirement, pass the DVSA taxi test
- Live in the UK for at least 185 days, which would limit their ability to work in the UK.

The alternative is those EU drivers continue to hold their licence which could mean offences are either not pursued by the police or records are not held by DVLA.

Further discussion with other authorities is required and consultation with the taxi trade before a report can be brought to Committee.

However, the views of Committee on this subject would be of value to allow officers to develop a proposal.

Officers invite the Committee to consider whether, from 8 June 2015, all holders of dual driver licences (i.e. both hackney carriage and private hire), should hold a current UK driving licence. This is when the paper counterpart DVLA driver licence, is no longer in use.

6. Adoption of Section 76 of the Public Health Act 1925-Enforcement at the Railway Station Taxi Rank.

The taxi rank at Rugby railway station is on a private road, and is not a Council Taxi rank (stand).

The Council Licensing team has been contacted by the Secretary of the Local Hackney Carriage association (the Rugby Hackney Operators and Drivers Association, RHODA), to enquire whether Rugby Borough Council ever adopted

section 76 of the Public Health Act 1925. A copy of section 76 of the Act is attached at Appendix 1.

This section enables the Council to take enforcement action at a private taxi rank or stand, at a Railway Station, against private hire drivers who ply for hire.

Officers have checked with the Council's Legal team and there is no record of the Council ever adopting this section of the Public Health Act 1925. We have advised the Taxi trade that we will consider this, but that it is a significant amount of work, with a number of legal steps for the Council.

In addition, the legislation on taxi licensing is outdated and may be changed by the Government, in accordance with the recommendations of the Law Commission report. However, there is no timescale on this, at the present time, with the new Government.

The Chairman of Licensing and Safety Committee has requested that officers consider submitting a report to Licensing and Safety Committee recommending that Full Council adopt this legislation.

Officers recommend that the Committee authorise the Head of Environmental services to start work on submitting a report to full Council, on adopting section 76 of the Public Health Act 1925.

Name of Meeting: Special Licensing and Safety Committee
 Date of Meeting: 9 June 2015
 Subject Matter: Changes to Taxi Licensing
 Originating Department: Environmental Services.

LIST OF BACKGROUND PAPERS

Document No	Date	Description of Document	Officer's Reference	File Reference
1.		Link to section 10 of the Deregulation Act 2015 http://www.legislation.gov.uk/ukpga/2015/20/section/10/enacted	JHC 1	
2.		Link to section 11 of the Deregulation Act 2015. http://www.legislation.gov.uk/ukpga/2015/20/section/11/enacted	JHC2	
3.		Link to Deregulation Act 2015 (Commencement No 1 and Transitional and saving provisions) order 2015. http://www.legislation.gov.uk/uksi/2015/994/article/11/made	JHC3	
4.		Link to section 53, Local Government (misc provisions) Act 1976. http://www.legislation.gov.uk/ukpga/1976/57/section/53	JHC 4	
5.		Link to section 70, Local Government (misc provisions) Act 1976. http://www.legislation.gov.uk/ukpga/1976/57/section/70	JHC5	
6.		Link to section 76, Public Health Act 1925. http://www.legislation.gov.uk/ukpga/Geo5/15-16/71/section/76 - attached	JHC6.	