

To: All Members and Substitute Members of
the Overview & Scrutiny Committee -
Value for Money & Customer Service
(Other Members for Information)

When calling please ask for:
Amy McNulty, Democratic Services Officer

Policy and Governance

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Direct line: 01483 523492

Calls may be recorded for training or monitoring

Date: 16 June 2017

Membership of the Overview & Scrutiny Committee - Value for Money & Customer Service

Cllr Mike Band
Cllr Nicholas Holder
Cllr Peter Martin
Cllr Stephen Mulliner
Cllr Nabeel Nasir

Cllr Libby Piper
Cllr Jeanette Stennett
Cllr Stewart Stennett
Cllr John Williamson

Substitutes

Cllr Liz Townsend
Cllr Richard Seaborne

Cllr Jerry Hyman

Dear Councillor

A meeting of the OVERVIEW & SCRUTINY COMMITTEE - VALUE FOR MONEY & CUSTOMER SERVICE will be held as follows:

DATE: MONDAY, 26 JUNE 2017

TIME: 7.00 PM

PLACE: COMMITTEE ROOM 1, COUNCIL OFFICES, THE BURYS,
GODALMING

The Agenda for the Meeting is set out below.

Yours sincerely

ROBIN TAYLOR
Head of Policy and Governance

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Waverley Corporate Plan 2016-2019

Priority 1: Customer Service

We will strive to deliver excellent , accessible services which meet the needs of our residents.

Priority 2: Community Wellbeing

We will support the wellbeing and vitality of our communities.

Priority 3: Environment

We will strive to protect and enhance the environment of Waverley.

Priority 4: Value for Money

We will continue to provide excellent value for money that reflects the needs of our residents.

Good scrutiny:

- is an independent, Member-led function working towards the delivery of the Council's priorities and plays an integral part in shaping and improving the delivery of services in the Borough;
- provides a critical friend challenge to the Executive to help support, prompt reflection and influence how public services are delivered;
- is led by 'independent minded governors' who take ownership of the scrutiny process; and
- amplifies the voices and concerns of the public and acts as a key mechanism connecting the public to the democratic process.

NOTES FOR MEMBERS

Members are reminded that contact officers are shown at the end of each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.

AGENDA

1. APPOINTMENT OF CHAIRMAN

To confirm the appointment of Cllr John Williamson as Chairman of the Value for Money and Customer Service Overview and Scrutiny Committee for the Council year 2017/18.

2. APPOINTMENT OF VICE CHAIRMAN

To confirm the appointment of Cllr Mike Band as the Vice Chairman of the Value for Money and Customer Service Overview and Scrutiny Committee for the Council year 2017/18.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTES

To receive apologies for absence and note any substitutions.

4. DECLARATIONS OF INTERESTS

To receive from Members declarations of interests in relation to any items included on the agenda for this meeting, in accordance with Waverley's Code of Local Government Conduct.

5. QUESTIONS FROM MEMBERS OF THE PUBLIC

The Chairman to respond to any written questions received from members of the public in accordance with Procedure Rule 10.

6. COMMITTEE AREAS OF RESPONSIBILITIES AND SERVICE CONTEXT

To receive a presentation on the Service Areas falling within the remit of the Value for Money and Customer Service Overview and Scrutiny Committee.

7. COMMITTEE WORK PROGRAMME (Pages 7 - 22)

The Value for Money and Customer Service Overview and Scrutiny Committee, along with the O&S Co-ordinating Board is responsible for managing the Committee's work programme.

The work programme (attached) includes items agreed at the O&S Co-ordinating Board and takes account of items identified on the latest Executive Forward Programme (Annexe 2) as due to come forward for decision.

Members are invited to identify any additional topics that the Committee may wish to add to its work programme.

Recommendation

Members are invited to consider their work programme and make any comments and/or amendments they consider necessary, including suggestions for any additional topics that the Committee may wish to add to its work programme.

8. MEDIUM TERM FINANCIAL PLAN (Pages 23 - 40)

This report sets out the latest position on the Budget Review 2017/18 and the proposed changes to the Medium Term Financial Plan in the light of the Strategic Review and other emerging issues. The 2017/18 budget will continue to be reviewed during the year, particularly if any changes are made to the Corporate Plan later in the year and if the new Government make announcements affecting Waverley's finances.

Recommendation

It is recommended that the Committee scrutinise the report and detailed Annexes, including the Medium Term Financial Plan, and pass any comments and observations to the Executive.

9. CREATION OF A PROPERTY COMPANY (Pages 41 - 54)

The Investment Board are exploring the advantages and opportunities that would be offered should the Council set up a property company. Most important amongst these is the ability of a company to pursue opportunities to acquire commercial properties that are beyond the Council's powers i.e. solely for income generation purposes.

Overview and Scrutiny Members are asked to consider these advantages and to advise on other opportunities and challenges such a vehicle might offer or present.

Recommendation

The Committee is asked to consider and comment on the matters and others arising from this proposal and to submit any observations and comments to the Executive.

10. PERFORMANCE MANAGEMENT REPORT (Pages 55 - 76)

The first part of this report provides an analysis of the Council's performance in the fourth quarter of 2016/17 in the service areas of Finance, Strategic HR and Complaints. Annexe 1 to the report details performance against key indicators. Annexe 2 gives outturn performance on the Service Plan objectives for 2016/17.

The second part of this report serves as a discussion item and asks the Committee to consider their future requirements on performance monitoring.

Recommendation

It is recommended that the Customer Service & Value for Money Overview & Scrutiny Committee:

- 1. Considers the performance figures for Quarter 4 as set out in Annexe 1, and agrees any observations or recommendations about performance and progress towards targets it wishes to make to the**

Executive; and

2. Considers how performance monitoring should be achieved in 2017/18 and agrees a way forward.

11. WORKFORCE PROFILE UPDATE (Pages 77 - 94)

As requested by the Overview and Scrutiny Committee, this report provides Members with detailed information about the Council's workforce to help assess the staffing resilience in each service area.

Recommendation

Members are asked to comment on the analysis set out in this report and identify any further information that they wish to receive regarding staffing resilience in the organisation.

12. EXCLUSION OF PRESS AND PUBLIC

To consider the following recommendation on the motion of the Chairman:

Recommendation

That pursuant to Procedure Rule 20 and in accordance with Section 100A(4) of the Local government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the items, there would be disclosure to them of exempt information (as defined by Section 100I of the Act) of the description specified in paragraph 3 of the revised Part 1 of Schedule 12A to the Act, namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

13. BUILDING CONTROL - BUSINESS PLAN (Pages 95 - 138)

To consider the EXEMPT report, attached.

14. ANY OTHER ISSUES TO BE CONSIDERED IN EXEMPT SESSION

To consider any matters relating to aspects of any reports on this agenda which it is felt may need to be considered in Exempt session.

Officer contacts:

Alex Sargeson, Scrutiny Policy Officer

Tel. 01483 523214 or email: alex.sargeson@waverley.gov.uk

Amy McNulty, Democratic Services Officer

Tel. 01483 523492 or email: amy.mcnulty@waverley.gov.uk

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INTRODUCTION TO WAVERLEY BOROUGH COUNCIL

OVERVIEW AND SCRUTINY WORK PROGRAMME

The programme is designed to assist the Council in achieving its corporate priorities by ensuring topics add value to the Council's objectives, are strategic in outlook, are timed to optimise scrutiny input and reflect the concerns of Waverley residents and council members. The programme is indicative and is open to being amended with the agreement of the Chair with whom the item is concerned. The work programme consists of three sections:-

- Section A – Items tabled for the forthcoming relevant Overview and Scrutiny Committee.
- Section B – Items for consideration at future meetings of the relevant Overview and Scrutiny committee. In-depth scrutiny review topics for consideration by the respective Committee will also be listed in this section. It is expected some items will be carried over to the following municipal year.
- Section C – Lists live in-depth scrutiny task and finish groups, including objectives, key issues and progress.

Section A

Forthcoming agenda items

26th June 2017

Agenda item	Objectives for Scrutiny	Link to Corporate Plan	Executive Member lead	Director lead
1. Building control options / business plan	To consider and scrutinise the building control business plan and options including the financial robustness of the service and identify options for sustainable service delivery.	Customer Service & Value for Money	Cllr Brian Adams	Paul Wenham
2. Medium term financial strategy	To consider the revised MTFS and provide comments on budget priorities and policy, including but not limited to taxation and fees & charges.	Value for Money	Cllr Ged Hall	Graeme Clark
3. Local authority trading company	For members to contemplate the idea of setting up a local authority property trading company for the purpose of generating additional income.	Value for Money	Cllr Ged Hall	Graeme Clark
4. Performance management report	Consider the performance figures for Q4 and make any observations or recommendations as appropriate; And for members to debate which performance	Customer Service & Value for Money	Cllr Julia Potts	Paul Wenham

Customer Service & Value for Money Overview and Scrutiny Committee

	information would be useful for scrutiny and how future performance reports should be presented.			
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Section B

Forward Programme 2017-18

Subject (alphabetical order)	Purpose for Scrutiny	Date for O&S consideration	Date of Executive decision (if applicable)	Priority (high / low)
Building control	To consider and scrutinise the building control business plan and options including the financial robustness of the service and identify options for sustainable service delivery.	26 th June 2017	June 2017	High
Changes to housing benefit	a) To understand the changes to welfare reform in the context of Waverley; particularly the reduction in the benefit income cap threshold on Waverley's caseload and the provision and advice available. b) Consider the impact of changes to housing			

Customer Service & Value for Money Overview and Scrutiny Committee

	benefit entitlement introduced in April 2017 on tenants with two or more children.			
Changes to services provided by Surrey County Council	To assess the likely impact of the reduction in funding for services delivered on behalf of Waverley Borough Council by the County.			High
Customer services review	Update on Customer Services review.			High
Economic development strategy	Consider the revision of the economic strategy in terms of how the Council will support existing businesses and future economic activity in the Borough; and To consider future investment proposals and the specific plans for each of the main settlements in the Borough.			High
Financial performance	In-depth review			
Local authority trading company	To explore property investment opportunities for income generation. Link to Investment Advisory Board.	26 th June 2017		High
Medium Term Financial Strategy	To consider the principles of the June budget / new		July 2017	High

Customer Service & Value for Money Overview and Scrutiny Committee

	<p>MTFS and scrutinise and develop plans for income regeneration and targeted investment proposals; and</p> <p>To take into consideration the reduction in new homes bonus on the general fund; and</p> <p>The implications of business rate retention on the economic prospects for the borough.</p>	26 th June 2017		
Overpayment of housing benefit	Understand the cause of overpayment and consider the methods of repayment			Low
Performance reports	<p>Consider the performance figures for Q4 and make any observations or recommendations as appropriate;</p> <p>And for members to debate which performance information would be useful for scrutiny and how future performance reports should be presented.</p>	26 th June 2017		
Procurement review	In the context of the strategic review to consider a procurement review as part of a continued pro-			

Customer Service & Value for Money Overview and Scrutiny Committee

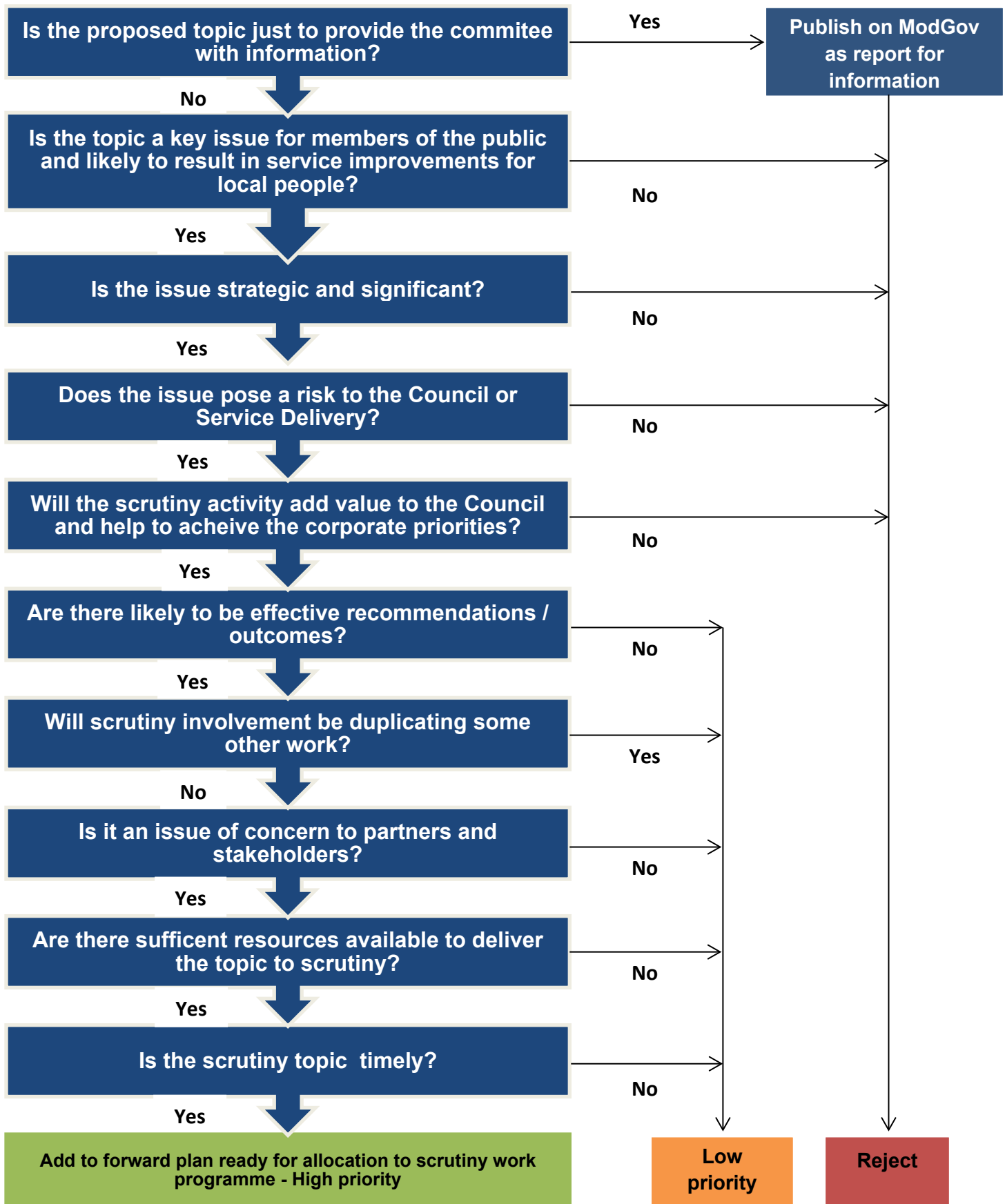
	active and commercial approach to income generation; and within this consider which services which could be sold.			High
Recruitment gap	To scrutinise reasons for recruitment difficulties and the implications and impact this has on sustainable service delivery.			High
Universal Credit	Examine the implications of Universal Credit on the Council's finances and on tenants; how and when to collect rent and the level of support some tenants will need to make the transition to a single, direct monthly payment.			Low

Section C

Proposed in-depth scrutiny reviews 2017-18

Subject	Objective	Key issues	Lead officer	Progress
1. Financial performance				
2.				

Selection Criteria for Overview and Scrutiny topics



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Waverley Borough Council Key Decisions and Forward Programme

This Forward Programme sets out the decisions which the Executive expects to take over forthcoming months and identifies those which are key decisions.

A key decision is a decision to be taken by the Executive which (1) is likely to result in the local authority incurring expenditure or making savings of above £100,000 and/or (2) is significant in terms of its effects on communities living or working in an area comprising two or more wards.

Please direct any enquiries about the Forward Programme to the Democratic Services Manager, Emma McQuillan, at the Council Offices on 01483 523351 or email committees@waverley.gov.uk.

Executive Forward Programme for the period 7 June 2017 onwards

TOPIC	DECISION	DECISION TAKER	KEY	ANTICIPATED EARLIEST (OR NEXT) DATE FOR DECISION	CONTACT OFFICER	O AND S
POLICY AND GOVERNANCE, HUMAN RESOURCES, BRIGHTWELLS AND LEP CLLR JULIA POTTS (LEADER)						
1. Brightwells	To bring forward matters when necessary	Executive (and potentially Council)		Potentially each Executive meeting	Kelvin Mills	ENVT
2. Performance Management	Quarterly combined performance report	Executive		July 2017	Louise Norie	ALL
3. Independent Remuneration Panel – Members' Allowances	To receive the report and recommendations of the Panel	Executive and Council		July 2017	Emma McQuillan	CS and VFM
CUSTOMER AND CORPORATE SERVICES – CLLR TOM MARTIN (DEPUTY LEADER)						
1. Property Acquisitions	To bring forward opportunities for approval as they arise	Executive (and potentially Council)		Potentially each Executive meeting	David Allum	CS AND VFM

TOPIC	DECISION	DECISION TAKER	KEY	ANTICIPATED EARLIEST (OR NEXT) DATE FOR DECISION	CONTACT OFFICER	O AND S
2. Customer Services Review	To review and agree the way forward for Customer Services	Executive and Council	√	September 2017	David Allum	CS AND VFM
PLANNING I – CLLR BRIAN ADAMS						
1. Building Control Options Appraisal/Business Plan	To agree the way forward	Executive and possibly Council		July 2017	Elizabeth Sims	ENVT
2. CIL Draft Charging Schedule	To agree the next stage	Executive	√	October 2017	Graham Parrott	ENVT
3. Local Plan Part II – Approval for Regulation 18 Consultation	For approval	Executive and possibly Council		November 2017	Graham Parrott	ENVT
4. Local Plan Part I	For adoption	Executive and Council	√	November 2017	Graham Parrott	ENVT
ECONOMIC DEVELOPMENT – CLLR ANDREW BOLTON						
1. Economic Development Strategy	For approval	Executive and Council		July 2017	Damian Roberts	CS AND VFM
COMMUNITY SERVICES AND COMMUNITY SAFETY – CLLR KEVIN DEANUS						

TOPIC	DECISION	DECISION TAKER	KEY	ANTICIPATED EARLIEST (OR NEXT) DATE FOR DECISION	CONTACT OFFICER	O AND S
1. 'Prevent' Counter-Terrorism Strategy	To agree a Strategy and Action Plan	Executive		July 2017	Katie Webb	COMM WELL
2. Safeguarding Policy	To review and adopt the policy	Executive		Sept 2017	Kelvin Mills	COMM WELL
3. Joint Enforcement Team (JET) Initiative	To agree next steps	Executive		Sept 2017	Richard Homewood	ENVT

ENVIRONMENT – CLLR JIM EDWARDS

1. Weydon Lane – Future Management	To report back on the outcome of the feasibility study and recommend a way forward	Executive		July 2017	Richard Homewood	ENVT
2. Disabled Parking Charges	To report on the outcome of the Equalities Impact Assessment and recommend a way forward	Executive		July 2017	Richard Homewood	ENVT

HEALTH, WELLBEING AND CULTURE – CLLR JENNY ELSE

FINANCE – CLLR GED HALL

1. Budget Management [E3]	Potential for seeking approval for budget variations	Executive (and possibly Council)	√	Potentially every Executive meeting	Peter Vickers	CS AND VFM
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HOUSING – CLLR CAROLE KING

TOPIC	DECISION	DECISION TAKER	KEY	ANTICIPATED EARLIEST (OR NEXT) DATE FOR DECISION	CONTACT OFFICER	O AND S
1. Housing Delivery Board [E3]	Potential to approve and adopt policies and make decisions to assist in the delivery of affordable homes in the Borough	Executive (and possibly Council)	√	Potentially every Executive meeting	Andrew Smith	HOUSING
2. Partnership with Developers or Housing Associations for new Affordable Homes	Give consideration to matters as they arise to assist in the delivery of affordable homes in the Borough	Executive (and possibly Council)		Potentially every Executive meeting	Andrew Smith	HOUSING
3. Implementing requirements of the Housing and Planning Act 2016	Decisions to implement changes resulting from the Act	Executive (and possibly Council)	√	July 2017	Andrew Smith	HOUSING
4. Homelessness Reduction Bill	To agree a response and budget/grant allocations	Executive		September 2017	Andrew Smith	HOUSING
5. HRA Business Plan Review	To review the business plan as part of the budget process	Executive (and possibly Council)		November 2017	Hugh Wagstaff	HOUSING
6. Review Tenancy Agreements	To agree amendments and the consultation process	Executive		December 2017	Hugh Wagstaff	HOUSING
7. Housing Maintenance Contract Procurement [E3]	To report back on the progress of the project	Executive		January 2018	Hugh Wagstaff	HOUSING

TOPIC	DECISION	DECISION TAKER	KEY	ANTICIPATED EARLIEST (OR NEXT) DATE FOR DECISION	CONTACT OFFICER	O AND S
8. Approve Housing Strategy	To adopt the strategy	Executive and Council		February 2018	Andrew Smith	HOUSING
9. Asset Management Strategy [E3]	To adopt the strategy	Executive and Council		February 2018	Hugh Wagstaff	HOUSING

PLANNING II – CLLR CHRIS STOREY

Background Information

The agenda for each Executive meeting will be published at least 5 working days before the meeting and will be available for inspection at the Council Offices and on the Council's Website (www.waverley.gov.uk). This programme gives at least 28 days notice of items before they are considered at a meeting of the Executive and consultation will be undertaken with relevant interested parties and stakeholders where necessary.

Exempt Information - whilst the majority of the Executive's business at the meetings listed in this Plan will be open to the public and press, there will inevitably be some business to be considered which contains confidential, commercially sensitive or personal information which will be discussed in exempt session, i.e. with the press and public excluded. These matters are most commonly human resource decisions relating to individuals such as requests for early or flexible retirements and property matters relating to individual transactions. These may relate to key and non-key decisions. If they are not key decisions, 28 days notice of the likely intention to consider the item in exempt needs to be given.

This is formal notice under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that part of any of the Executive meetings listed below may be held in private because the agenda and reports or annexes for that meeting contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), and that the public interest in withholding the information outweighs the public interest in disclosing it. Where this applies, the letter [E] will appear after the name of the topic, along with an indication of which exempt paragraph(s) applies, most commonly:

[E1 – Information relating to any individual; E2 – Information which is likely to reveal the identity of an individual; E3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information); E5 Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings; E7 – Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime].

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WAVERLEY BOROUGH COUNCIL

O&S - CUSTOMER SERVICE AND VFM

26 JUNE 2017

Title:

MEDIUM TERM FINANCIAL PLAN

[Portfolio Holder: Cllr. Ged Hall]

[Wards Affected: ALL]

Summary and purpose:

This report sets out the latest position on the Budget Review 2017/18 and the proposed changes to the Medium Term Financial Plan in the light of the Strategic Review and other emerging issues. The 2017/18 budget will continue to be reviewed during the year, particularly if any changes are made to the Corporate Plan later in the year and if the new Government make announcements affecting Waverley's finances.

How this report relates to the Council's Corporate Priorities:

The Council could not deliver the Corporate Priorities without a robust Budget in place including the Capital Programme which supports the Council's priorities.

Financial Implications:

All decisions made with regard to the Budget will impact on Waverley's resources. The Value for Money O&S Committee will scrutinise any budget decisions on an ongoing basis and pass comments to the Executive.

Legal Implications:

There are no direct legal implications as a result of the recommendations of this report.

Introduction

1. The Annual Finance Seminar was held on 30 November 2016 for all members of the Council. The seminar set out the key aims of the Finance Strategy and the issues and risks for the next four years. The Medium Term Financial Plan document was updated and approved by Council in February 2017. This document has been reviewed in light of the Strategic Review report and other emerging issues and is included at Annexe 1. The detailed observations from Cratus, who undertook the Strategic review, on Waverley's Financial Strategy in December 2016 are shown in Annexe 2. Significant savings will be required over the next three years in view of ongoing Government Grant reductions and other financial pressures. The Financial Plan approved in February 2016 forecast a General Fund budget shortfall of £3m over the 3 – year period 17/18 to 19/20.

The forecast has been updated for the period 18/19 to 20/21 to take account of the latest budget projections and a budget shortfall of £2.1m is currently forecast for this period. The revised Financial Plan identifies the actions proposed to address this shortfall in the Medium Term. These actions will be developed into a delivery plan over the summer by officers and members.

Funding

2. Waverley accepted the Government's offer of locking in to a 4-year settlement in order to get certainty in its medium term financial planning. As expected, a further reduction was applied to Waverley's grant in 2017/18 on top of the very substantial reductions already made. Waverley's Revenue Support Grant is now just £60,000 in 2017/18 and reduces to zero in 2018/19. Waverley's grant has reduced dramatically over the last 5-years from £3.8m in 2012/13.
3. There is still considerable uncertainty about the 'negative grant' of £800,000 in 2019/20 that the Government notified the Council of earlier in the year. It is hoped that further clarity will be provided by the new Government in the Autumn.

New Homes Bonus

4. The Finance Seminar reported that there was a considerable threat to the future level of payments to be made under the New Homes Bonus (NHB). Government announced its future plans for the NHB alongside the draft finance settlement and the new proposals reduced the 17/18 forecast figure by £650,000 and reduced the forecast figure for the 3-year period 2017-2020 by £3.5million. This is a significant reduction for Waverley and is the result of the Government curtailing payments made in previous years that were promised for 6 years, and from introducing a 'growth threshold' of 0.4% below which NHB is no longer paid.
5. The Financial Strategy currently includes Waverley's policy of New Homes Bonus being earmarked within the Revenue Reserve Fund, to be used for 'Invest-to-Save' schemes, so that the Council does not rely on the New Homes Bonus to support ongoing service provision. It is proposed to change this policy to transfer all New Homes Bonus received into the Investment Fund which is overseen by the Investment Advisory Board. This will ensure that spending proposals are thoroughly evaluated against approval criteria and will generate a factorable income.

Business Rates

6. Waverley collects £37m of business rates in a year and retains £2m of this to support its General Fund Services. The Government had been developing proposals to change local authority business rate funding but these plans are currently on hold due to the General Election in June 2017. Members will be updated when further details are known and any impact can be assessed.

Council Tax

7. Waverley retains approximately 10% of the council tax collected in the Borough. It is expected that the Government will continue to allow Waverley to increase its council tax by £5 per year on its Band D charge. In the light of the projected budget shortfall in the medium term, it is proposed to have a working assumption of £5 increases for the foreseeable future.

Medium Term General Fund Revenue budget Projections

8. Annexe 3 shows the latest projections of changes to the 2017/18 General Fund revenue budget over the next 3 years and highlights the indicative budget shortfall.

9. *Emerging Budget Pressures in medium-term*

- Pay inflation and pay benchmarking - addressing hard-to-recruit areas.
- Business rates on WBC properties.
- SCC – waste grants/grounds maintenance and other cost-transfers.
- Appeals and Judicial Review costs.
- Retender of waste/street contracts could lead to increased costs.
- Achieving all savings in 17/18 budget.
- Planning and Building Control income must be maintained or increased.
- Information/data management – new strategy requirements require additional resources.

10. *Opportunities*

- Developing ongoing income from property through the Investment Advisory Board.
- Developing a more commercial culture – cost conscious and understanding the business property income eg. Enterprise Centre.
- Apprenticeship levy – maximise credit through training programme.
- Planning fee increase July 2017 – reinvest in planning service to generate future income and reduce costs.
- Procurement – savings from better procurement and commissioning.
- Developing major projects to generate income from Waverley owned assets including South Street Car Park, the Edge Sports Centre, Weyhill Car Park and Farnham Museum.

11. *Risks*

- Inflation – increase in May CPI to 2.9% compared to 0.3% in the same period the previous year.
- Building Control and Waverley Training Services need to revise business plan in the light of 16/17 outturn and new income opportunities.
- Borrowing beyond prudent level to fund capital and property acquisitions.
- Failure to ensure adequate levels of balances to meet known and unforeseen pressures in the future.

General Fund Capital

12. The core funding for the General Fund Capital Programme is from Revenue Contributions via the Revenue Reserve Fund. The Budget proposals include a Contribution to Capital from the Revenue Budget including revenue project costs included in the overall budget. In 2017/2018 this amount is £0.9m. Given the level of rescheduling needed in recent years and the need for certainty in the budget forecast, it is proposed to place a cap of £900k on the reserve funding of the General Fund Capital programme in future years.
13. In the light of the level of underspend and rescheduling of General Fund capital schemes in recent years, it is proposed to implement a new, more rigorous bidding and monitoring process for General Fund capital schemes. This will include:
- A quarterly bidding process including a requirement for delivery milestones and cash flow projections.
 - A rolling reserve list of schemes that are over and above the available funding but can be implemented by agreement of the Director of Finance and The Portfolio Holder for Finance if sufficient funds become available in the year.
 - Terminating or postponing schemes that are not delivering to agreed timescales in the year and reallocating resources to new or reserve schemes.
 - The ability to bid for additional funding for capital spend if a return or cost saving is achieved that meets the Investment Advisory Board criteria.

General Fund Reserves

14. As reported in the Budget report to Council in February 2017 Waverley holds a number of reserves and balances to support the delivery of services going forward. An updated schedule is attached at Annexe 4 This schedule shows that Waverley does not have significant unallocated funding in the medium term. The Investment Fund is projected to grow as new homes bonus funding is transferred in but this will be utilised on developing investment opportunities and acquiring new income-earning assets. Any investment opportunity above this available resource will require borrowing to fund up-front costs. The main risk continues to be that the revenue reserve fund will be required to meet the costs of defending the Council in any appeals or Judicial Review proceedings. In the event that these costs exceed the available funding, the Council will need to divert some of the funding from the Investment Fund.

Housing Revenue Account

15. The Housing Revenue Account was subject to a comprehensive review during 2016 which resulted in a realignment of revenue and capital budgets and funding to meet current demands, this was approved by Council in February 2017. The financial outturn position in 2016/2017 was positive with a relatively small overall underspend against the £30m budget.

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MEDIUM TERM FINANCIAL PLAN

UPDATE – June 2017

2017/18 – 2020/21

FINANCIAL PLAN 2017/18 – 2020/21 WAVERLEY BOROUGH COUNCIL

Introduction

The Medium Term Financial Plan is Waverley's key financial planning document which takes account of all the various factors and influences that may impact on Waverley for the next few years. These factors include economic conditions, Government spending plans, current expenditure patterns, inflation, planned changes to service delivery, changing demand for services, sources of income etc. It also includes an assessment of the risks faced by Waverley.

The Plan includes a forward look over the next four years to anticipate the spending pressures faced by Waverley. Planning now to meet known changes in the future provides greater opportunity to phase in the impact of the changes. Planning for the future will mean that Waverley can ensure sufficient funds are held in balances to be in a position to react swiftly to changing demands and emergencies as priorities or policy demands changes. Anticipating forward pressures at an early stage, helps ensure that limited financial resources are targeted to Waverley's residents' highest priorities.

Strategic Objectives

The objectives of this plan are to:

- Provide a framework for managing resources in medium term.
- Ensure that sufficient resources will be available to meet Waverley's objectives and priorities, particularly in the delivery of value for money.
- Look ahead to the longer term to protect and help plan sustainable services within an extremely challenging external economic and funding environment.
- Strengthen Waverley's financial resilience and manage volatility and risk, including maintaining an adequate level of reserves.
- Secure, maintain and develop Waverley's capital assets consistent with the Asset Management Plan.
- Anticipate financial pressures and identify potential ways to balance Waverley's budget including through efficiency measures and increased income

Delivering The Council's Priorities

The Council's Vision for 2016 -19 is:

To make Waverley a better place to live and work

The role of the council's financial planning process is to support the achievement of Waverley's Strategic Priorities and Corporate Plan.

Waverley has four main priorities that respond to residents' concerns and to ensure the delivery of high quality, cost effective services:

- Customer Service
- Community and Wellbeing
- Environment
- Value for Money

National Context

The problems of demography and caring for an increasing elderly population are well known as are increasing costs of pensions. Further significant reductions in public spending means that this period will continue to be extremely challenging for Waverley. Now, more than ever, Waverley needs to be clear about the priorities and focus on them to guide its decision making process.

Financial Plan - Context

- Continued Government grant cuts – 52% reduction in Revenue Support Grant in 2016/17 and almost complete withdrawal in 2017/18 with negative grant beyond this.
- Funding uncertainty and impact of Comprehensive Spending Review – Waverley's core resource of business rates is being reviewed – early indications are that Waverley's resources will be cut further and additional risk transferred. New Homes Bonus has been significantly reduced under Government reforms
- Government proposals for Housing – 1% rent cut for 4 years and high value forced home sell offs has taken £300million from original forecast resources.
- Challenge to focus resources on Corporate Plan objectives and priorities without impacting on other services.
- Responding to service demands, residents' and tenants' needs and Government legislation eg Homelessness.
- How to achieve further efficiency gains and generate additional income..
- Government restrictions on council tax levels and key income streams.

Financial Projection – General Fund

The latest financial projections for the General Fund are shown in the table at Annexe 3 which show a projected cumulative budget shortfall of £2.3m over the next 3 years after 2017/18.

Reserves and Balances

Waverley holds a number of balances and reserves for a range of specific and general purposes. These amounts must be used for their intended purpose and support Waverley's key objectives.

General Fund and HRA Balance – These balances are to cover variations in budgeted income & spending due to:

- Unexpected price increases
- Unbudgeted calls for spending e.g. major one-off inquiry
- Loss of income if offsetting savings can't be found
- Increased demand for services e.g. homelessness

In the light of major changes to the HRA by the Government which have a significant financial impact on Waverley's business plan, a comprehensive review was undertaken in 2016. The Council agreed a range of measures to balance the HRA revenue and capital budgets in the medium term and these have now been incorporated in the Business Plan.

Key policies are as follows:

- General Fund balances will be maintained at a prudent level of at least £ 3.2 million – This represents approximately 10% of running costs.
- The Housing Revenue Account balance will be maintained at a prudent level of at least £2.0 million.
- Investment Fund to support the Investment Advisory Board to bring forward and oversee property investment opportunities to generate ongoing income.
- Business rate equalisation fund to mitigate the impact of fluctuations and between-year adjustments on the General Fund.
- The Revenue Reserve will be the principal funding source for the General Fund Capital programme, invest to save schemes and one-off items of revenue and capital expenditure including appeal and litigation costs.
- No dependency on reserves or one off uncertain funding sources to fund ongoing services.
- New Homes Bonus will be used to fund one off revenue projects and to support invest-to-save projects.

- Not to consider replacing repaid HRA borrowing until the Government has removed its 1% rent reduction policy.
- Implement and maintain Community Infrastructure Levy in conjunction with the new Local Plan to provide capital infrastructure funding.

Key Financial Plan Actions to address budget shortfall

- Continue the budget challenge process and the Foresight Programme to ensure budgets deliver good value for money and are aligned to Corporate Plan priorities.
- Cross cutting efficiency programme to be developed.
- Deliver the Brightwells regeneration scheme and realise the significant financial, economic and social value of Waverley's asset.
- Maximise income from fees and charges and property
- Develop Waverley's borrowing strategy further for General Fund Capital to enable more investment.
- Optimising return on cash surplus in times of low interest rates, balancing security, liquidity and return.
- Utilise General Fund and HRA asset strategies including disposals and acquisitions, including the Investment Advisory Board programme.
- Review the outcome of the Economic Strategy alongside the emerging Local Plan in relation to Waverley's business rate income.
- Maximise invest to save opportunities to generate income, improve processes and/or make savings.
- Identify further efficiencies under the 'Foresight' Efficiency Plan.
- Secure new funding opportunities to help deliver priority services and projects.
- Model and monitor sensitivities on key budget areas e.g. inflation and interest, council tax and business rates.
- Rigorously test all capital proposals for relevance, timeliness and deliverability.
- Review procurement methods and contracts to identify efficiencies and cost savings including agency staff.
- Achieve social inclusion and providing accessible, affordable services for the Borough's most vulnerable residents.

- Support Service Managers to manage finances effectively.
- Do not progress capital schemes that are not high priority or make an ongoing return.

Equality Impact Assessment

Waverley's Medium Term Financial Plan aims to ensure that the Council can deliver all its services and target its resources on priority areas. These priorities were developed having regard to the Council's approved Equality and Diversity policy. This Strategy recognises Waverley's diverse population and its unique geography and is intended to have a positive impact on the most disadvantaged and vulnerable citizens by focusing resources on providing affordable and accessible services throughout the Borough. It is important that any future service change proposed to support the Financial Plan objectives is considered against Waverley's equality impact assessment.

Cratus Strategic Review

Observations on Waverley's Financial Strategy December 2016

- The changing funding climate for local councils makes it imperative that the MTFP has regard for the impact on business rate income arising from the economic prospects of the borough; the impact on council tax collection and new homes bonus from new housing and the ability of the Council to intervene to achieve increased income streams, as well as direct sources of commercial income to support its revenue spending on services.
- The Council has good financial standing and has been prudently managed. There is a need to improve on the current strategy, linking it to the corporate plan and the wider strategic ambitions for the borough; including a more expansive efficiency programme; focusing on generating income and making provision for investment including the scope and role for borrowing.
- An ambitious vision needs to be underpinned by a sound MTFP so that the Council has the ability to intervene and invest alongside provision of good basic services. The new MTFP needs to move away from an annualised budget process, needs to incorporate a cross-cutting efficiency programme and modernisation of council business processes and needs a focus on growing the income base, including income generation and targeted investment proposals which are in synergy with the new Economic Development Plan.
- The Council should identify and establish a robust efficiency savings programme to support the new MTFP and to streamline business systems and ways of working. The scope to work in partnership with other neighbouring councils or provide a modern working environment should be explored. This may be particularly applicable for services which are under pressure, where the Council finds difficulty in recruiting and retaining staff or where others are known to provide best practice services.
- Waverley can take some comfort in that, although it faces financial challenges, those it faces are similar to many other Local Authorities, particularly District Councils. Nothing emerges from the Financial Accounts, nor from the Budget Strategy and Council Tax setting reports that indicate the Council is in a fundamentally risky financial position compared to other Local Authorities. The Balance Sheet is sound, and the revenue performance against budget, and issues such as pensions liabilities, levels of cash, and debt levels to assets all indicate that generally it is prudently managed. Notwithstanding this it is clear however that the on-going financial strategy requires more specific measures to

address the withdrawal of grant, and the need to reach a broadly self-sustaining position by 2020. Although recognised, these measures are not explicitly addressed beyond broad intentions. This is understandable given the uncertain financial prospects, however there is a need for a more developed set of targeted, strategically led, accountable proposals for the MTFS.

- Although universal “dumb targets” should be avoided, some degree of quantifiable driver should be considered, linking priorities to resource shifts. The objective being a strategy-led budget and MTFS linking to a more focused Corporate Plan. Creating “headroom” in the current financial climate is very difficult, but not impossible given that the budget will need to be balanced in the longer term in any case; therefore consideration should be given to timing the phasing of efficiencies, and reflect this in the MTFS together with a longer term financial prospects element, which will provide a longer term more strategic backdrop for the Corporate Plan (and the Local Plan), and will also serve to show the impact of growth and development initiatives in supporting future sustainability
- A key action identified in the MTFS is to maximise investing to save opportunities and make savings. This needs to be developed more, into a specific delivery programme with sufficient detail to drive proactive delivery and accountability. Joining the dots from this overall aim into specific management activity would help develop organisational focus and expectations. It is fruitless to pursue a detailed MTFS beyond a medium term horizon. However the Financial Strategy should signal “Financial Prospects”. It is fully understood that the future is extremely uncertain. However there will be a range of projects, initiatives and other activities where there will be a longer term view or ambitions. For example capital projects, assets, and assumptions about service continuity and demographics, will have validity beyond a 4 year horizon. Therefore, these assumptions should be played in and potentially reflected into the Corporate Plan and Local Plan, helping to inform and develop longer term growth and investment decisions.

BUDGET REVIEW - JULY 2017

Annexe 3

General Fund Budget Projection

	2018/2019 Variance from 2017/2018 Base budget £000	2019/2020 Variance from 2018/2019 Base budget £000	2020/2021 Variance from 2019/2020 Base budget £000	Total over 3-years Variance from 2017/2018 Base budget £000
Inflation - including pay	400	350	350	1,100
Government grant reduction - £150k transition + £60k RSG	210		0	210
Benefit admin grant	50	50	50	150
Waste and recycling	100	100	100	300
Interest on investments	50	50	0	100
Waverley's business rate bill increases	70			70
Negative Government Grant		800		800
New legislation - data management	50			?
Transfer of new burdens from Govt.		100	100	?
Commercial property income - Enterprise Centre	-150	-100	-100	-350
Net reductions from budget realignments	-50			-50
Business rates equalisation - match withdrawal of transition grant	-150			-150
T&P grants - continue policy of gradual reduction	-20	-20	-20	-60
Business rates equalisation fund - restore contribution	100			100
Local plan top-up budget		-80		-80
Homelessness	?	?	?	?
Land charges - Government changes	?	?	?	?
Business rates new system			?	?

Estimated budget shortfall	660	1,250	480	2,140
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Council tax increase of £5 band D	-260	-260	-260	-780
Commercial property income	?	?	?	?
Fees and charges	?	?	?	?
Brightwells income			?	?

Schedule of Reserves and Balances - Actual and Projected

General Fund	2017/18			2018/19			2019/20			
	Balance £'000	In £'000	Out £'000	Balance £'000	In £'000	Out £'000	Balance £'000	In £'000	Out £'000	Balance £'000
General Fund Working Balance	3,200			3,200			3,200			3,200
Non-Earmarked Capital Reserves										
Revenue Reserve Fund (inc NHB) (1)	2,686	1,845	(3,731)	800	900	(900)	800	900	(900)	800
General Fund Capital Receipts (2)	0	700	(700)	0	?	?	0	?	?	0
Investment Advisory Board	900	1,000	(900)	1,000	1,500	?	2,500	1,000	?	3,500
Earmarked Reserves										
Asset Development Reserve	920	3,545	(5,331)	1,800	2,400	(900)	3,300	1,900	(900)	4,300
Memorial Hall Reserve (1)	797		(797)	0			0			0
Potential SANG site acquisitions	1,000			1,000		(1,000)	0			0
Renewals Fund (to replace vehicles and equipment)	74		(10)	64			64			64
	2,791	0	(1,727)	1,064	0	(1,000)	64	0	0	64
General Fund Total	9,577	3,545	(7,058)	6,064	2,400	(1,900)	6,564	1,900	(900)	7,564

1 The Memorial Hall project will need to draw £1.5million from the Revenue Reserve Fund in 2017/18 pending receipt of contributions from CNS and sale proceeds of the Pump House, Farnham.

2 Capital Receipts expected in 2017/18 up to £3million for Brightwells disposal.

Schedule of Reserves and Balances - Actual and Projected

Housing Revenue Account	31.3.2017 Balance £'000	2017/18		2018/19		2019/20		
		In £'000	Out £'000	In £'000	Out £'000	In £'000	Out £'000	Balance £'000
Working Balance	2,027		(27)					2,000
Total Revenue	2,027	0	(27)	0	0	0	0	2,000
Earmarked Reserves								
Revenue Reserve - Core Capital Programme	1,799	4,643	(6,442)	0	(4,645)	3,645	(3,645)	0
Capital Receipts Unapplied	19,775	500	(8,012)	12,263	(3,787)	500	(500)	8,476
New Affordable Homes	12,277	3,000	(8,012)	7,265	(4,271)	3,000	(393)	8,601
Stock Remodelling	7,312		(3,520)	3,792	(485)		(3,750)	57
HCA/External Grants	372	300	(672)	0				0
Total Earmarked Reserves	41,535	8,443	(26,658)	23,320	(13,188)	8,145	(8,288)	17,134
Housing Revenue Account Total	43,562	8,443	(26,685)	25,320	(13,188)	7,145	(8,288)	19,134

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WAVERLEY BOROUGH COUNCIL

OVERVIEW AND SCRUTINY (CUSTOMER SERVICE AND VFM)

26TH JUNE 2017

Title:

CREATION OF A PROPERTY COMPANY

[Portfolio Holder: Cllr Tom Martin]

[Wards Affected: All]

Summary and purpose:

The Investment Board are exploring the advantages and opportunities that would be offered should the Council set up a property company. Most important amongst these is the ability of a company to pursue opportunities to acquire commercial properties that are beyond the Council's powers i.e. solely for income generation purposes.

Overview and Scrutiny Members are asked to consider these advantages and to advise on other opportunities and challenges such a vehicle might offer or present.

Background

1. The primary objective of the Council's Investment Strategy, and therefore of the Investment Board, is to contribute to offsetting the overall budget deficit. The Council is currently constrained under s.1 of the Localism Act 2011 when it comes to acquiring property for investment purposes.
2. Should the Council wish to do so it has the ability to establish a 'Local Authority Trading Company' via section 95 of the Local Government Act 2003. Such a company would in effect be a subsidiary company of the local authority and as such the shareholder (i.e the Council) would have ultimate control over activity and operational matters).
3. The company as a property vehicle would target a specified minimum return with funding either from loans from the Council or commercial sources. The aim would be to maximise the opportunities within the existing portfolio where there is a clear business case and an acceptable level of risk, and to bring in new opportunities to increase the assets the Council already owns in cases where this falls outside of the Council's legal powers. Every property option would be looked at on its own merits to decide whether to purchase through the Council or the Company dependent upon the business case and legal implications of the opportunity concerned.
4. It is the intention that the company has enough flexibility to acquire and work on a commercial basis across a range of activities if appropriate. This may include joint ventures, special purpose vehicles, operating existing Council assets and possibly the development of management agreements.
5. Initially, the focus of the company would be to concentrate on property investment and development work both inside and outside of the Borough which is needed to provide a valuable income stream to the Council. The company would mainly operate in situations where the Council can't or where there is a need to respond

more quickly and effectively to market opportunities where the Council is more disadvantaged by the regulations on decision making which affect speeds of response.

Legal Implications

6. The detailed legal implications are included in the Annexe which was the information reported to the recent Investment Advisory Board meeting. A summary of the main points is below.
7. An appropriate governance structure will be needed to ensure sound and robust management alongside protection of the Council's financial and reputational investment. The Council as shareholder would control the company and delegate operational matters via a Shareholder's Agreement.
8. The company would be subject to the Local Authorities (Companies) Order 1995. The order sets out regulations that are specific to controlled companies and start from the basis that the public should be aware that the company they are dealing with is controlled by the local authority. It should be noted that the company would be liable to corporation tax in the normal manner on profits, and would need to charge VAT.
9. The Council would also need to consider how the support services required by the company will be contracted out. This would include legal services for property acquisition and accounting services provided by local authority staff (and re-charged to the company).
10. The following documentation is required to complete the establishment of a company and associated governance arrangements.
 - Articles of Association
 - Shareholder Agreement.
 - Loan Agreements
 - Director Appointments
 - Appointment of Company Secretary and an Auditor.
 - Business Plan

Financial Implications

11. The company would need significant funding to purchase property in the open market. Therefore, as well as the Council having the powers to form the company it would also need to be able to provide it with the necessary loans (which it can do via the Localism Act 2011 and also s24 of the Local Government Act 1988) and equity funding. The Company would also need working capital and this is likely to be provided by way of short term loans from the Council.
12. The creation and operation of a company by a local authority is a complex matter. It is however, an action that a number of other local authorities have taken successfully. To ensure that the Council maximises the opportunities from having a company and manager the associated risks effectively to safeguard the Council's finances, and it will be necessary to seek specialist advice. This advice will aim to cover Waverley's specific aspirations and include advice on:

- Structure, including subsidiaries if appropriate.
- Tax.
- Raising finance, including borrowing from the Council.
- Support costs and other overheads.
- Investment criteria.
- Further scope for the company's activities in future.

Conclusion

13. The creation of a Company whilst presenting opportunities to the Council that could otherwise not be realised does raise questions for Members as regards issues such as:

- Governance arrangements
- Structure
- Authorisation
- Scope of activity and types of investments
- HRA interface (in particular the use of revenue from disposals to the company for affordable housing)
- On-lending (i.e. any restrictions around the Council's ability to loan money to the company).

14. Subject to the comments of this committee, it is envisaged that Executive and Council will consider this matter in July and the company will be established and ready to operate in the Autumn.

Recommendation

The Committee is asked to consider and comment on these matters and others arising from this proposal and to submit any observations and comments to the Executive.

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**Creation of a Property Company – Information provided to Investment
Advisory Board May 2017**

1. As previously advised by its external legal advisors, under section 120 of the Local Government Act 1972 the Council may acquire by agreement any land inside or outside its area for the purpose of (a) any of its statutory functions or (b) the benefit, improvement or development of its area.
2. The Council has a number of statutory functions in relation to its financial affairs. For example, sections 25 to 29 of the Local Government Act 2003 impose a statutory responsibility on the Council to set and arrange its affairs to remain within prudential limits for borrowing and capital investment. These provisions also require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year, leaving it to the Council's discretion as to the allowances to be made and action to be taken. In particular, section 28 of the LGA 2003 requires the Council, upon reviewing its budget, to take any action it considers necessary to deal with any deterioration in its financial position.
3. The objective of the Council's Investment Strategy is to offset the budget deficit that has been identified by the Council. To the extent that the purpose of acquiring any property is to deal with the deterioration in the Council's financial position by way of income generation, the Council could rely on section 120 LGA 1972 on the basis that the acquisition is for the purpose of fulfilling its statutory functions. This will need to be documented and it should be explained how an acquisition will specifically help remedy that deterioration.
4. Similarly, when justifying any property investment within its area on the basis of "the benefit, improvement or development of its area", the Council will need to clearly document the specific benefits (economic or otherwise) that the Council area will benefit from as a result of purchasing property.
5. External advice has also confirmed that it is likely the acquisition of the property in order to generate income will constitute an activity for a commercial purpose. The Council will therefore be unable to rely on the general power of competence under s.1 of the Localism Act 2011 in acquiring the property, unless it forms a company for the purposes of property investment. The Council may be able to rely on the section 1 Local Government Act 2003 power to borrow. However, the Council should be mindful that borrowing purely to invest at a profit is likely to be considered unlawful. In order to rely on this power the Council will need to clearly document how the acquisition is for the purpose of the prudent management of its financial affairs, explaining how it forms part of a range of financial management measures and why the acquisition of the Centre is necessary for that purpose. Borrowing under section 1 of the 2003 Act may also be possible

on the basis that the acquisition is for the purpose of dealing with the deterioration of the Council's financial position. Again, this will need to be clearly documented with reasons. When assessing the suitability of the Centre and the acquisition in more detail, the Council should consider whether the acquisition would meet any other statutory functions (for example, development or regeneration duties).

6. The position therefore is that a company is not required in order to invest in property outside of the Borough, provided that the Council can justify the investment as falling within one of the Council's statutory powers, and the most appropriate of these would be the preservation of the Council's financial position.
7. Having said that, should the Council wish to set up a company in order to invest in property, then the Council is able to establish a 'Local Authority Trading Company' (LATC) through the powers in section 95 of the Local Government Act 2003. A local authority is permitted to trade in anything that it is authorised to do under its ordinary functions.
8. Such a company would likely be a controlled company as defined in the Local Government and Housing Act 1989 as it would be a subsidiary company of a local authority and as such the shareholder (the Council) would have ultimate control over the activities and operational matters of the company.
9. Typically, property investment and development acquisitions within the scope of the proposed company are expected to be high, and will include a diverse range of use types. The property vehicle would normally target a specified minimum return with funding from Council's reserves, Public Works Loan Board or commercial sources. The aim would be to maximise the opportunities within the existing portfolio and bring in new opportunities to increase the mixed and balanced portfolio the Council already owns.
10. It is important that the company has enough flexibility to buy considered opportunities and work on a commercial basis. This may include joint ventures, special purpose vehicles and possibly development management agreements. A LATC could enter into and have subsidiary companies to be able to trade effectively in the property market place e.g. special purpose vehicles for particular projects.

Company Structure and Governance

11. The purpose of the company would be to concentrate on property investment and development work both inside and outside of the Borough which is needed to provide a valuable income stream to the Council. Its focus would be on responding more quickly and effectively to market opportunities where the Council is more disadvantaged by the regulations on decision making which affect speeds of response.

12. As a company wholly-owned by the Council, it would be imperative for an appropriate governance structure to be put in place to ensure the sound and robust management of the company alongside protection of the Council's financial and reputational investment in the company.

Shareholder Function

13. The company shareholder would have ultimate control over the company and would control the company in a variety of ways, including the appointment of directors, provision of funding and the Articles of Association, but operational matters could also be included in a Shareholder's Agreement as described below.
14. The most appropriate avenue would be for the Shareholder function of the Council to primarily be executed through a dedicated Sub-Committee of the Executive comprising members appointed by the Leader, with a minimum of three Members. If further appointments were required these will be made by the Leader.
15. The Shareholder will, through a Shareholder Agreement, set out the performance levels required for the company and the tolerances (e.g. financial and decision making) within which the Company may operate.
16. The Council as Shareholder can change the make-up of the Board of Directors and can change the Company Secretary in the same way.
17. The Articles of Association can make provision for the Shareholder to appoint Directors by serving notice in writing to the company and to appoint any other person to be a Director in place of a Director who leaves office by whatever means. This can take immediate effect on service to the Company Secretary.
18. As stated above, the company would be a 'controlled company' as defined by the Local Authority Government and Housing Act 1989 and as a result would be subject to the Local Authorities (Companies) Order 1995. The order sets out regulations that are specific to controlled companies and start from the basis that the public should be aware that the company they are dealing with is controlled by the local authority. The Council must provide information about the affairs of the company to any Member of the local authority as they shall reasonably require for the proper discharge of the Member's responsibilities, and they must also provide information required by the Council's auditors.

Board of Directors

19. The Board of Directors would be responsible for delivery of the expected outcomes within the Business Plan. They would have oversight of the performance, financial and operational management of the company within the parameters agreed with the Shareholder.

20. The Board would usually be comprised of senior Council officers, and whether any Councillors would also be appointed as Directors would be for the Council to decide. Both Officers and Councillors would be unpaid. Some local authorities appoint Councillors onto the Board, but this is not a requirement and there are no hard rules governing this. The Articles of Association would need to be drafted in such a way as to ensure that a Councillor's appointment would terminate should they be disqualified or fail to be returned at an election.
21. Some local authorities have appointed an independent non-executive director to each company, with that director being chairman of the Board. The non-executive director would be remunerated, and would be recruited following an advertisement and interview. This would also bring commercial experience to the Board.
22. A Company Secretary would be appointed but would not be a Director. Many local authorities have appointed their senior legal officer or monitoring officer to this position.
23. The typical areas for the Directors to consider and approve include:
- Specific investment transactions – acquisitions, sales, letting, agreement for leases, surrenders, borrowing and other key transactions.
 - Appointment of service providers – accountants, solicitors, agents, valuers, architects, property managers, and other professionals as deemed appropriate.
 - Reporting – reporting arrangements to an Executive Sub-Committee (Appendix 1) and the appropriate Overview and Scrutiny Committee.
24. In making appointments to the Board, the Council would need to be extremely mindful of, and put in place measures to eliminate, any conflicts that could arise between the duties of the statutory Council officers, such as the Section 151 Officer and the Monitoring Officer, in providing their advice to the Council as the Shareholder, and the duties of the Directors to the company.
25. The statutory duties for directors of a company are set out in sections 171 – 177 of the Companies Act 2006. Those duties are, in summary:
- The duty to act within powers
 - The duty to promote the success of the company
 - The duty to exercise independent judgement
26. The Council would need to consider how the support services which will be required by the company will be contracted out to the company. This would include legal services for property acquisition and accounting services provided by local authority staff (and re-charged to the company).

Documentation required to establish a company

27. The following documentation is required to complete the establishment of a LATC and associated governance arrangements.

- Articles of Association – the company constitution setting out the rules governing the running of the company
- Shareholder Agreement – this will be a key document as it will capture how the Council as Shareholder will exercise its control over the Company and the expectations for performance delivery.
- Loan Agreements – these set out the details of the funding arrangements between the Council and the company.
- Director Appointments – the terms upon which Council officers who will be appointed as directors to the Company will need to be agreed.
- Appointment of Company Secretary and an Auditor.
- Business Plan – the business plan would be developed to cover a rolling 20 year period of investment activity and would outline the company's planned operations. The Business Plan would be reviewed and agreed annually and would cover the following:
 - Company objectives (as established in the Shareholder Agreement) but these are expected to develop over time.
 - Governance arrangements - sufficiency of the arrangements and any planned changes to the Board.
 - Operational plans.
 - Financial model and assumptions.
 - Investment strategy.
 - Rents, sales and development assumptions.
 - Distribution Policy – is all trading profit to be returned to the shareholder or is any retained for future investment and/or running capital.
 - Fees, on-costs and tax.
 - Funding profile and sensitivity analysis.

Articles of Association

28. The Articles of Association would be agreed by the Executive Sub-Committee but would likely comprise the following:

- The articles are for a company limited by shares
- There will be one shareholder – the Council
- The liability of the Council is limited to the nominal value of its share
- If a Director ceases to be employed by the Council then he will ordinarily cease to be a Director of the company and a replacement sought
- Quorum for a meeting of the Directors and to be able to vote on the decisions of the company.
- Some decisions can only be taken at a general meeting by the Council as Shareholder. For example, to allocate extra shares, to reappoint the directors, to declare a dividend, to change the articles of association, etc.

- Requirements to sign documents on behalf of the Company
- The Company is obliged to comply with all the requirements that form part of it being a wholly owned subsidiary of a Local Authority.
- The Company needs to make arrangements to have the accounts audited.

Objects

29. Since 2009 most companies do not have objects clauses relying on the fact that the objects of the Company are generally unrestricted. The Company can then reflect the wide powers granted to the Council under the Localism Act 2011 to use a company to do anything commercially that individuals may generally do.

Shareholder Agreement

30. A Shareholder Agreement would operate in addition to the Articles of Association. The Shareholder Agreement would regulate the actions of the company and give rights to the Council that would not be appropriate to be included in the Articles. It represents a finer level of detail and control:

- The setting of investment targets each year and the associated budget
- Approving and / or removing auditors
- Agreement of any borrowing arrangement and giving security in respect of borrowing
- Considerations before making a planning application or lodging an appeal
- Any matter that the Council shall advise the company of in writing.

Tax liability

31. The Company would be liable to corporation tax in the normal manner on profits, and would need to charge VAT.

32. Every property opportunity would be looked at on its own merits to decide whether to purchase through the Council or the Company dependent upon the taxation and legal implications of the opportunity concerned.

Risks

33. Councillors will be concerned to ensure that all risks of operating in a new way have been thoroughly considered.

34. Each acquisition would be considered in the light of investment and development appraisals, the overriding economic conditions prevailing, occupational and investment demand as well as the associated due diligence. These appraisals would be provided to members of the Executive Sub-Committee. Each acquisition would be subject to these assessments as well as the normal legal and survey due diligence required. Therefore each acquisition would be considered in light of this information.

35. Certain checks and balances are built into the above structure so as to ensure that the company operates within agreed parameters and can assure Councillors that there is no greater financial risk to the Council than at present:

- The Articles of Association would set out the powers available to Directors.
- The Shareholder Agreement would set out further controls around dealings with properties.
- The Executive Sub-Committee would hold the Directors accountable for delivery of the business plan. This is no different to the current arrangement whereby officers are held to account by Councillors.
- Funding provided by the Council and properties to be subject to development by the Council would need to be agreed by the Executive Sub-Committee. Funding from the capital programme and/ or funding from prudential borrowing would need to be agreed by Council.
- Any asset transferred to the company by the Council would be subject to the usual requirements of best value and section 123 of the Local Government Act 1972. The Council would need to obtain up-to-date valuation advice before any transaction were to proceed.
- Assets transferred to the company by the Council would also be subject of charge by way of legal mortgage to protect the Council's interests should the company face financial difficulties.
- There will be ongoing liaison (as exists at present) between officers and councillors to ensure there are clear channels of communication and that councillors remain comfortable at all times with proposed deals.
- The Executive Sub-Committee would be scrutinised by the appropriate Overview and Scrutiny Committee in the same way as any other Executive function.
- Any project which poses more of a commercial risk, for instance an out of borough joint venture, can be contained in a subsidiary company (if appropriate) so as not to risk the company. This is a normal way of containing risk in property transactions and it applies here as it would in the general property market
- The company will have its own auditors and will be subject to the requirements of company law and filing at Companies House

State Aid

36. EU regulations ensure that the company could not be subsidised by the Council. This means the Council must recover the costs of any accommodation, goods, services, employees or any other support it supplies to the company. State Aid would also include loans to the company and the rate of interest that loans to the company would need to be charged. This would be reviewed on an ongoing basis. Specialist advice would need to be sought when making acquisitions or receiving loans from the Council in order to ensure that State Aid regulations are complied with.

Company Loan Facilities

37. As set out above the company would seek loans from the Council that comply with State Aid requirements. Loans would include draw-down provisions that meet the need of the business case. Where property acquisitions are made by the company, loans from the Council would be secured against the property by way of a legal charge (or mortgage) in favour of the Council.
38. Loans could be sourced from the Council's capital reserves - where the Council would loan some equity – and/or from the banking sector or through Public Works Loan Board.

Powers to fund the Company

39. The company would need significant funding to purchase property in the open market. Therefore, as well as the Council having the powers to form the company it would also need to be able to provide it with the necessary loan and equity funding.
40. The Council has the power to borrow under the Local Government Act 2003 for the purposes of the prudent management of their financial affairs, or in connection with any of their functions. The borrowing would need to be prudent and comply with the Prudential Code.
41. The Council could borrow monies and in turn support the company through the provision of loans and subscription to share capital. This would be permitted by virtue of the Localism Act 2011. In addition the Council has a power to provide financial assistance to a company providing privately-let accommodation under section 24 of the Local Government Act 1988.
42. Where it were appropriate for the company to develop Council-owned land, the Council would be entitled to dispose of land to the Company provided it complied with Section 123 of the Local Government Act 1972, which is the duty to obtain best value for property disposals.

Procurement

43. In the above circumstances the Council would be establishing the company for a commercial purpose. It would be funded from a variety of sources, including Council money, other public money and private funding. It would be intended that the company would have a commercial character so as not to count as “a body governed by public law” for the purposes of the Public Contract Regulations. This would mean that the requirements of the Regulations would not apply to the company.

Executive Sub-Committee

Background

The Council would establish an Executive Sub-Committee specifically to discharge the functions of the Council as regards its corporate shareholding in the company. The Sub-Committee would meet once a year to receive an annual report and annual accounts from the company, but otherwise meetings would be called on an 'as and when required' basis to deal with company business.

Membership

To be determined by the Leader of the Council from time to time. Only members of the Executive would be able to sit and vote on the Committee. A minimum number of three Executive Members would be needed to undertake the shareholder function. Substitutes would be permitted at the discretion of the Leader.

Purpose

To exercise the function of the Council as a shareholder in relation to the Council's property company.

Remit

To undertake all functions of the Council as a shareholder under the Company Act 2006 in relation to the Council's company, which would include without limitation:

- To determine the Shareholder Agreement between the Council and the company including the Business Plan
- To appoint and dismiss directors of the company (where power is reserved to the Shareholder)
- To agree any Directors' Service Agreements (if required)
- Appointment and removal of a Company Secretary and Auditor
- To agree any Resourcing Agreement between the Council and company for the use of Council staff and facilities and reimbursement for the same
- To agree any loan agreements or draw-down of Council financing (subject to funds being made available by Council)
- To agree any reserved matter required by the Articles of Association or Shareholder Agreement
- To agree the Articles of Association or any amendment thereof.

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WAVERLEY BOROUGH COUNCIL

CUSTOMER SERVICE & VALUE FOR MONEY OVERVIEW & SCRUTINY COMMITTEE

26 JUNE 2017

Title:

**PERFORMANCE MANAGEMENT REPORT
QUARTER 4, 2016/17
(JANUARY – MARCH 2017)**

**[Portfolio Holder: Cllr Tom Martin, Cllr Jed Hall, Cllr Andrew Bolton]
[Wards Affected: All]**

Summary and purpose:

The first part of this report provides an analysis of the Council's performance in the fourth quarter of 2016/17 in the service areas of Finance, Strategic HR and Complaints. Annexe 1 to the report details performance against key indicators. Annexe 2 gives outturn performance on the Service Plan objectives for 2016/17.

The second part of this report serves as a discussion item and asks the Committee to consider their future requirements on performance monitoring.

How this report relates to the Council's Corporate Priorities:

Waverley's Performance Management Framework and the active management of performance information help to ensure that Waverley delivers its Corporate Priorities.

Equality and Diversity Implications:

There are no direct equality and diversity implications in this report. Equality impact assessments are carried out when necessary across the Council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

Resource/Value for Money implications:

There are no resource implications in this report. Active review of Waverley's performance information is an integral part of the corporate performance management process, enabling the Council to improve Value for Money across its services.

Legal Implications:

Some indicators are based on statutory returns which the Council must make to Central Government.

Quarter 4 2016/17 Performance

1. The Performance Indicators for Finance & Strategic HR and Complaints are set out in Annexe 1. Out of the 8 performance indicators which have associated targets, 5 are on target, 2 are within 5% and only 1 is off target by more than 5%.

Finance

2. Quarter 4 has seen a very good performance from Finance with 4 out of 6 indicators meeting their targets.
3. Performance in both the '*time taken to process new housing benefit claims*' [NI 181a] and *change events* [NI 181b] remains steady in the fourth quarter and continues the improvement over the preceding year.
4. The overall performance for the '*percentage of invoices paid within 30 days*' [F3] experienced a small dip of 0.5% which is likely to be the result of the end of year workload increase and takes it slightly below target. '*The percentage of invoices from small/local businesses paid within 10 days*' [F4] has experienced a drop of 5.9% from the previous quarter, but it still exceeds the target by 2.3%.

Resources

5. Strategic HR will present a separate report as part of this agenda which will show the staffing resilience of each service area, as requested by Members at the last O&S meeting, as well as recommend a review of the target for '*staff sickness absence*' [HR2].
6. The Council's *staff turnover* [HR1] increased from 2.26% in Q3 to 4.67% in the fourth quarter, and represents 21 members of staff leaving employment at Waverley. This data includes all leavers including retirees, voluntary and non-voluntary leavers, but does not include agency staff. No target is set for this indicator

NB: 30 members of staff were successfully recruited during the same period.

Staff breakdown:

New recruits	30
Overall leavers	21
Resignations	17
Retirements	3
Completed temporary contracts	1
TUPE	-
Any Other Reason	-

7. The average number of days lost due to sickness absence per person [HR2] has decreased from 1.94 days in Quarter 3 to 1.89 in Quarter 4, but is still 0.51days outside the challenging target of 1.38 days (5.52 days per annum).

Complaints

8. The number of *Level 3 (Executive Director) and Ombudsman complaints* [M1] has increased from the last quarter from 8 to 15 (15 being an average in the past 5 years). 6 of the complaints concerned Planning, two concerned Housing (anti-social behaviour) and the rest were evenly distributed across all other services. There was also an increase in the *total number of complaints received* [M2] from 112 in Q3 to 140 in Q4. The areas with the largest number of complaints were Development Control with a total of 15 (5 – dealing with planning applications, 10 – other reasons)

and responsive repairs with a total of 10 complaints against 'action requested not taken'.

9. The % of complaints responded to within target times of 10 days Level 1 & 15 days for Level 2 and 3 [M3] increased from 83% in Q3 to 94% in Q4 showing the best performance since March 2011.

Service Plans 2016/17 – Outturn Report

10. Service Plans for the past year are set out at Annexe 2. Of the 68 actions contained in the Plans, 63 were achieved and 5 were partially achieved.

Future Performance Scrutiny Requirements

11. With the new Overview & Scrutiny arrangements it seems an appropriate time to review performance management reporting as it relates to this committee. The remainder of this report sets out some guidance and best practice on performance monitoring and provides the basis for discussion on how the Committee might like to monitor and scrutinise performance in the future.

Guidance on performance indicator reporting

12. Performance measures are used to ensure the Council's priorities and objectives are being met. The Corporate Plan sets out the Council's priorities; strategies such as the Health and Wellbeing Strategy, ensure that strategic objectives are implemented and service plans show how the Council intends to deliver its priorities on an annual basis. Best practice suggests that there should be a range of high level indicators to help assess performance at a strategic and corporate level supplemented by more detailed indicators on service performance.
13. There are four types of performance measures:

Type of performance measure	Description	Example
Input measure	A measure of the resources used by a service or process. Some inputs relate to workload, others relate to the amount of resources used in a process	e.g. Number of complaints Cost of service
Output measure	The number of units of a process or service produced or delivered	e.g. total tonnage of residual waste
Process measure	Aspects of service processes such as completion rates, processing time, backlogs, error rates	e.g. Time taken to process Housing Benefit and Council Tax Support new claims
Outcome measure	A measure of the ultimate benefit from undertaking an activity or providing a service	e.g. improvement in standard of living or equality of opportunity

14. Whilst outcome measures are often the most valuable they can also be the most difficult to collect. These measures also tend to be measured over a longer period of time. At the moment there are no outcome measures provided by the PIs presented to this committee.
15. Performance measures should be:
 - Accurate
 - Timely
 - Meaningful (not overly detailed)
 - Relevant
 - High quality
 - Well presented

Best practice guidance states that performance measures should also include

- trend data
 - benchmarking data
 - targets
 - outcomes
16. The information presented to Members should be concise, accurate, balanced and presented in an easily understandable format and enable the committee to judge how well a service is doing. It should inform Members if targets are being met, why variances occurred, what the implications are of not meeting the target, if resources are adequate, what impact it will have on people who use services, if there is an impact on equalities, sustainability or efficiency and what impact this might have on corporate priorities. Generally the performance reports since the review in 2015 have achieved most of these aims but there is always room for improvement.
 17. The current suite of PIs are set out in Annexe 1 and are reported on a quarterly basis with benchmarking included at the end of the year outturn report. Members are asked to consider what they feel is the most effective means of scrutinising performance. First of all there needs to be consideration of **which areas** are a priority to monitor and then **how frequently** it should be scrutinised. Members may like to consider whether some PIs could be reported on an exception basis where performance has varied from a specific standard.
 18. The remit of this committee covers the following service areas:
 - Corporate Plan
 - Customer Services
 - Communications and Public Relations
 - Democratic Services
 - Elections
 - Complaints
 - Corporate Finance
 - Revenues and Benefits
 - Economic Development
 - Business Liaison
 - Property
 - IT
 - Procurement and Commissioning
 - HR and Recruitment

At present, the performance indicators that are presented to overview and scrutiny are focused on service performance and not on strategic or corporate performance such as value for money or overall customer service.

19. Customer service i.e. customer satisfaction is monitored at a service level in the following areas; Environmental Health, Housing, Environmental Services, Parks and Leisure Centres. In addition, the Citizens' Panel surveys give the opportunity to ascertain other information. In the last survey conducted in February this year for example, the Panel were asked about when they last contacted the Council and opinions about the level of service they received. Overall satisfaction with the Council has not been routinely monitored in the last few years.
20. A number of councils use a 'Residents Survey' to ascertain customer satisfaction with the Council. e.g.
 - % of residents that are satisfied with how the Council runs things
 - % of residents who think the Council provides good value for money
 - % of residents who are satisfied with their neighbourhood as a place to live
 - % of residents that feel that Council keeps people informed
 - % of residents who feel that they can influence Council decisions
 - % of residents who were satisfied with how they were served by the Council

The advantage of using questions like these is that it would be possible to benchmark against other councils who also use these questions. For example, Surrey CC undertake an annual residents survey as do all the London boroughs. However, there would be a cost to collecting this information.

21. Performance indicators are only one method of monitoring performance and scrutiny can take place in all forums from full council, through committees to less formal panels and working groups. Service plans, for example, are an important means to show how individual services are intending to deliver the Council's priorities for the year. These should be reviewed to ensure they accurately reflect the Council's priorities and are delivering the Council's objectives efficiently. In the past few years, service plans have been presented to a joint meeting of the O&S committees but these presentations have not always found favour and Members may like to take this opportunity to consider how they would like to review Service Plans in the future.
22. Action plans associated with strategies also measure the implementation and outcomes of an important aspect of the Council's work. Overview and Scrutiny Committees are also able to scrutinise the performance of any of their areas of responsibility by adding items to their work programme.
23. In considering what should be monitored, it may be helpful to consider the following:
 - Corporate Plan commitments – ensuring we achieve what we said we would achieve
 - Impact on customers – focus on areas where the impact of poor performance would be the greatest
 - Risk to the Council – focus on areas where the risk of poor performance would have the greatest impact
- 24.. In addition the committee may also want to consider the following:

- How does this committee want to monitor performance? (quarterly reports, reporting by exception, annual reports, specific reports focused on certain service areas?)
- Does performance monitoring currently measure the right things?
- Are performance indicators focused too much on inputs, outputs and processes rather than outcomes?
- What areas should be measured in the future?

Recommendation

It is recommended that the Customer Service & Value for Money Overview & Scrutiny Committee:

1. Considers the performance figures for Quarter 4 as set out in Annexe 1, and agrees any observations or recommendations about performance and progress towards targets it wishes to make to the Executive; and
2. Considers how performance monitoring should be achieved in 2017/18 and agrees a way forward.

Background Papers




There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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Customer Service & Value for Money
O&S Committee
Performance Management Report
Quarter 4, 2016/17
(January - March 2017)

RAG Legend		Graph Lines Legend	
On target	Green	Waverley 2016/17 (current year outturn)	
Up to 5% off target	Amber	Waverley Outturn 2015/16 prior year	
More than 5% off target	Red	Waverley Target	
Data not available	Not available		
Data only/ no target/ not due	No target		

CONTACT OFFICER:

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Email: nora.copping@waverley.gov.uk

Report date: 12 June 2017

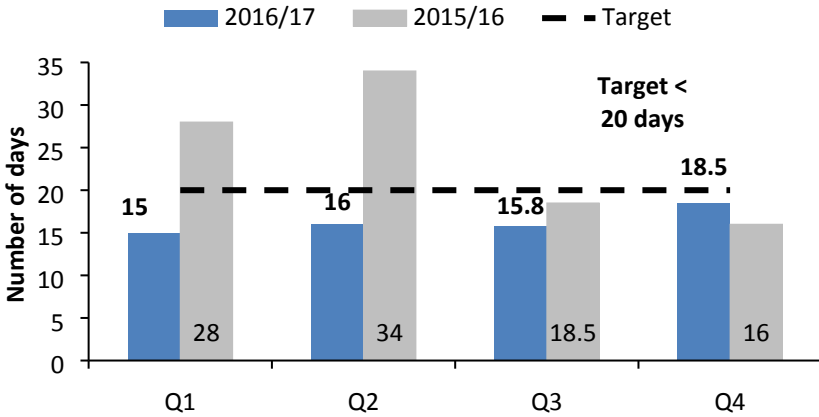
FINANCE

FINANCE

NI 181a Time taken to process Housing Benefit support new claims

GREEN

Time taken to process Housing Benefit (lower outturn is better)



Quarter	2016/17	2015/16	Target
Q1	15	28	20
Q2	16	34	20
Q3	15.8	18.5	20
Q4	18.5	16	20

Comments

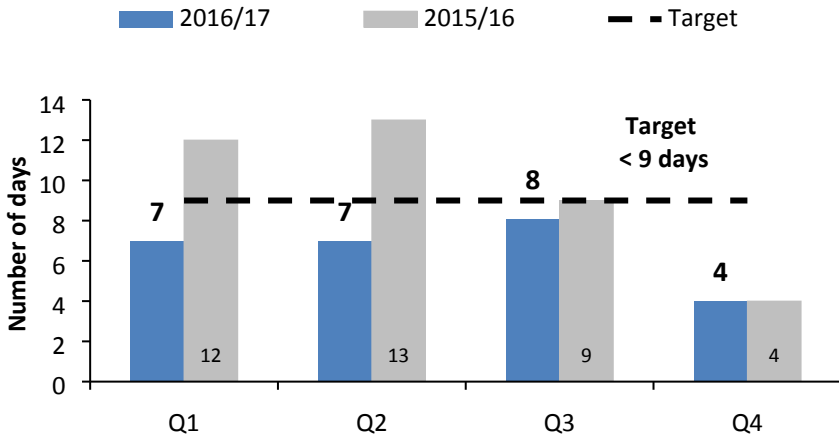
'Change processing time' has slightly increased in Q4 by 2.7% due to the end of year workload increase and processing of yearly pension statements, however it is still on target.

FINANCE

NI 181b Time taken to process Housing Benefit change events

GREEN

Time taken to process HB support change events (lower outturn is better)



Quarter	2016/17	2015/16	Target
Q1	7	12	9
Q2	7	13	9
Q3	8	9	9
Q4	4	4	9

Comments

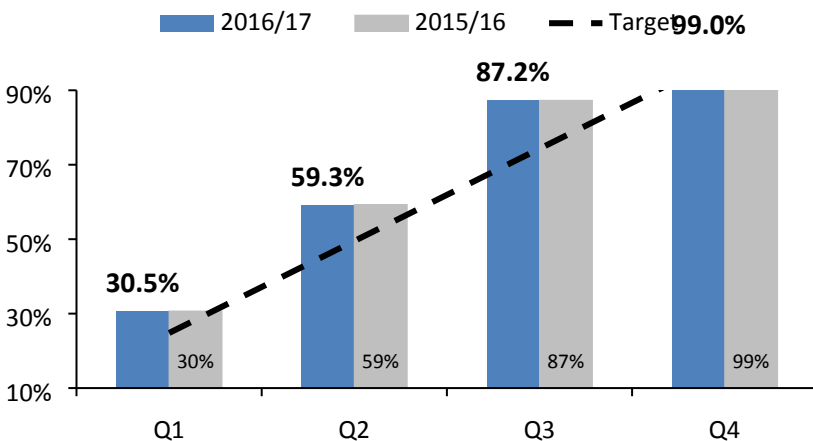
The increase in performance reflects the large number of change events being processed in February caused by the annual pension statement update. This only takes one day to process thus bringing down the overall average.

FINANCE

F1: Percentage of Council Tax collected

GREEN

% of Council Tax collected (higher outturn is better)



Quarter	2016/17	2015/16	Target
Q1	30.5%	30.7%	24.8%
Q2	59.0%	59.3%	49.5%
Q3	87.2%	87.3%	74.3%
Q4	99.0%	99.1%	99.0%

Comments

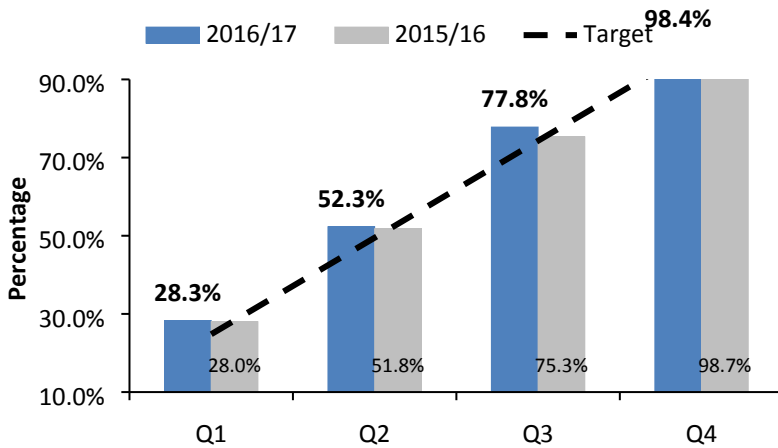
Council Tax collection for the fourth quarter has reached the target and is similar to the corresponding quarter last year.

FINANCE

F2: Percentage of non-domestic rates collected

AMBER

% of non domestic rates collected (higher outturn is better)



Quarter	2016/17	2015/16	Target
Q1	28.3%	28.0%	24.8%
Q2	52.3%	51.8%	49.5%
Q3	77.8%	75.3%	74.3%
Q4	98.4%	98.7%	99.0%

Comments

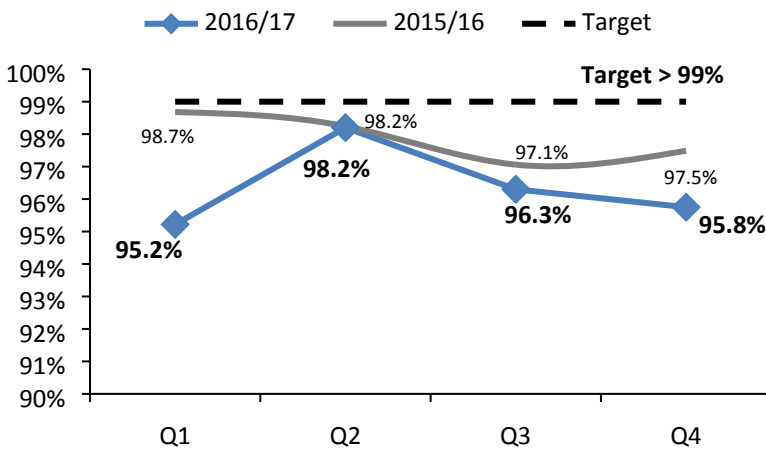
Fourth quarter collection rates were 0.6% off target due to a high volume of work and staff shortages. Staff levels are now back to normal.

FINANCE

F3: Percentage of invoices paid within 30 days

AMBER

% of invoices paid within 30 days (higher outturn is better)



Quarter	2016/17	2015/16	Target
Q1	95.2%	98.7%	99%
Q2	98.2%	98.2%	99%
Q3	96.3%	97.1%	99%
Q4	95.8%	97.5%	99%

Comments

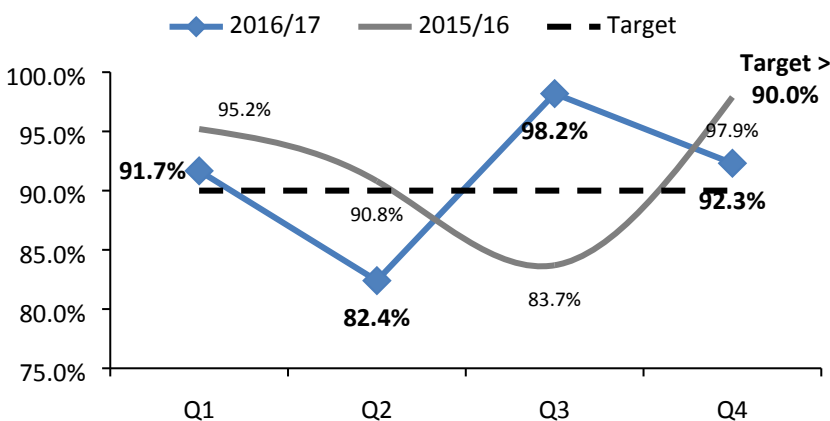
The overall performance in Q4 has dropped slightly by 0.5% as a result of the end of year workload increase. It still remains slightly outside the target. The criteria for this indicator will change in 2017/18 to pay invoices in accordance with supplier terms.

FINANCE

F4: Percentage of invoices from small/local businesses paid within 10 days

GREEN

% of invoices from small/ local businesses paid within 10 days (higher outturn is better)



Quarter	2016/17	2015/16	Target
Q1	91.7%	95.2%	90.0%
Q2	82.4%	90.8%	90.0%
Q3	98.2%	83.7%	90.0%
Q4	92.3%	97.9%	90.0%

Comments

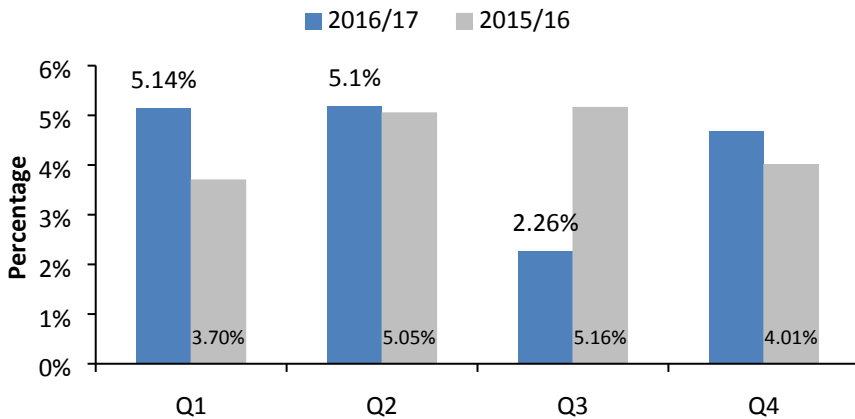
Of the 39 invoices in this category only 3 missed the target. The overall performance still remains within the target of 90%. As a comparison in Q3 8 out of 441 invoices missed their target.

RESOURCES

HR1: Staff turnover – all leavers as a percentage of the average number of staff in period

No target

Staff turnover - all leavers as a percentage of the average number of staff in a period



Quarter	2016/17	2015/16
Q1	5.14%	3.7%
Q2	5.18%	5.05%
Q3	2.26%	5.16%
Q4	4.67%	4.01%

Comments

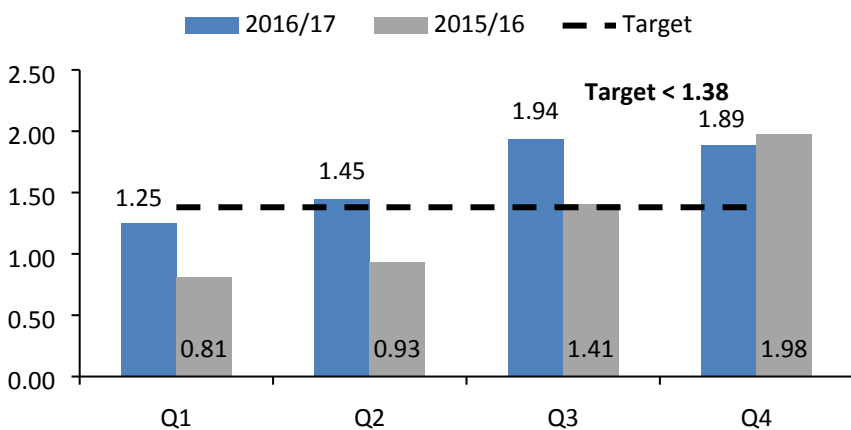
Staff turnover has increased since last quarter but it is still within the average trend in recent years. 21 members of staff left in the quarter and 30 joined in the same period.

RESOURCES

HR2: Average working days lost due to sickness absence per employee

RED

Working days lost due to sickness absence (lower outturn is better)



Quarter	2016/17	2015/16	Target
Q1	1.25	0.81	1.38
Q2	1.45	0.93	1.38
Q3	1.94	1.41	1.38
Q4	1.89	1.98	1.38

Comments

The average number of days lost due to sickness absence per person has improved slightly from last quarter but is still 0.51 days outside the challenging target of 1.38 days. This target is being reviewed for 2017/18.

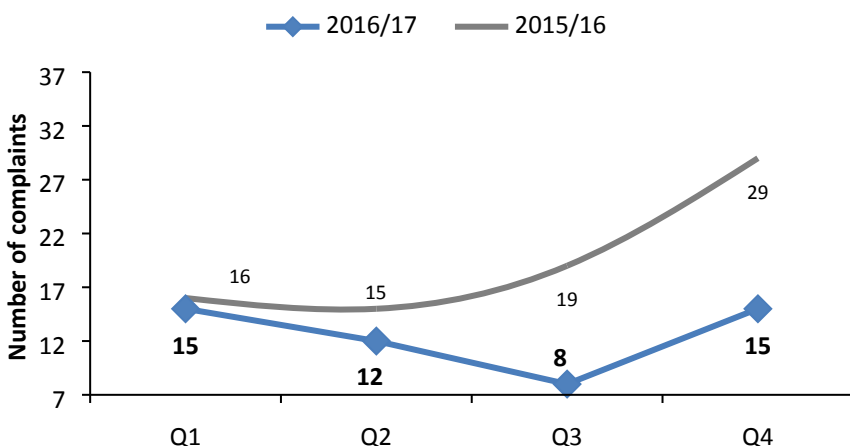
COMPLAINTS

COMPLAINTS

M1: Number of Level 3 (Exec Dir) and Ombudsman Complaints received

No target

Number of Level 3 (CEX) and Ombudsman complaints received



Quarter	2016/17	2015/16
Q1	15	16
Q2	12	15
Q3	8	19
Q4	15	29

Comments

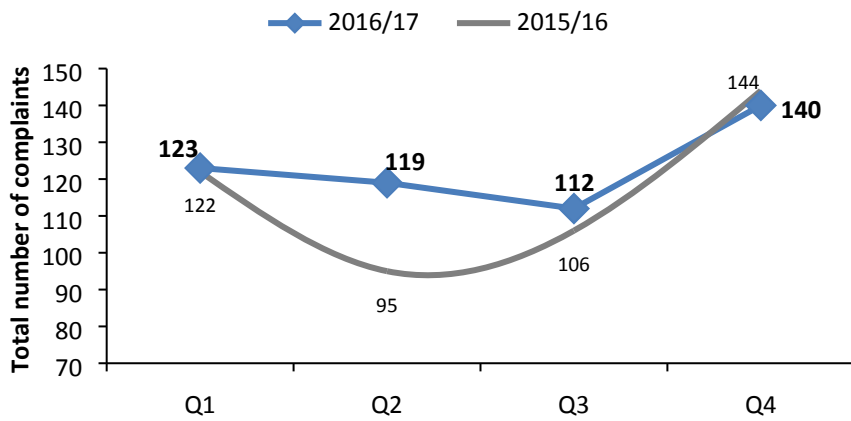
After an exceptionally low number of Level 3 complaints in Q3, Q4 figures return to what is an average figure for the past 5 years which is 15.

COMPLAINTS

M2: Total number of complaints received

No target

Total number of complaints received



Quarter	2016/17	2015/16
Q1	123	122
Q2	119	95
Q3	112	106
Q4	140	144

Comments

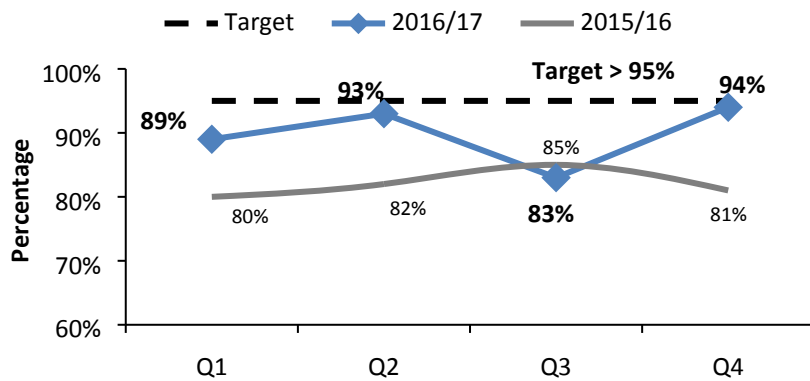
The number of complaints has increased but remains lower than the corresponding quarter last year. The highest numbers of complaints were in the Planning and Housing service areas.

COMPLAINTS

M3: % of complaints responded to within target times of 10 days Level 1 & 15 days for Level 2 and 3

AMBER

% of complaints responded to within WBC target times of Level 1 (10 days) and Level 2,3 (15 days) (higher outturn is better)



Quarter	2016/17	2015/16	Target
Q1	89%	80%	95%
Q2	93%	82%	95%
Q3	83%	85%	95%
Q4	94%	81%	95%

Comments

The performance has improved by 11% from previous quarter and is at its best since March 2011. The introduction of the new database to monitor performance on complaints may have resulted in an added impetus improve turn around times.

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Service Plan Annual Outturn Report 2016/17 Customer Service and Value for Money

(01/04/2016 – 31/03/2017)

Service : Finance	Head of Service : Peter Vickers
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Objective: F1 Carry out a service review to improve efficiency of the Benefit Service			
Ref	Action	Status	Progress / comments
F1.1	Carry out a full and detailed service review of the Benefit Service to reduce the number of days to process new claims and changes in circumstances	50%	Systems thinking project began in January 2017. Systems thinking is a lean management type review directly applicable to service industry, as contrasted to lean management in a production environment. Phase one of the project is complete. This phase was information gathering to understand the value activities contributing to the purpose of the service. Phase two is service redesign using the findings from phase one. This will take 3 months to complete, resulting in perfect flow of work.
Objective: F2 Ensure that all of Waverley's residents who are eligible for housing benefit or council tax support claims are assessed and paid quickly and accurately			
Ref	Action	Status	Progress / comments
F2.1	Monitor the speed of processing targets and take any corrective action necessary.	Achieved	Targets met fully for 2016/17. Benefit service performance indicators were within the targets set for the full year.
Objective: F3 Improve Customer Service/satisfaction levels in the Benefits Service			
Ref	Action	Status	Progress / comments
F3.1	Extend the monitoring of customer satisfaction levels with the benefits service and use results to help identify improvements.	Achieved	The number of processing days for turning around claims is below national average and locally set performance targets. This is being improved upon through the systems thinking project currently being rolled out.
Objective: F4 Review residual fraud deterrent requirements and impact of Single Point of Contact (SPOC) impact on Benefit team capacity after transfer of Fraud Investigation team to DWP			
Ref	Action	Status	Progress / comments
F4.1	Complete an evaluation of fraud potential across all council services and propose mitigations, particularly residual fraud potential within the Benefit's service.	Achieved	Fraud within the benefits system is now the responsibility of the Single Fraud investigation service - a new national agency belonging to Dept. Works and Pensions. The Benefits service complies with all anti fraud information processing such as ATLAS and RTI and refers cases and liaises with the fraud service. A fraud risk assessment was completed during the year to assess potential fraud across all services. Mitigations and controls were assessed.
Objective: F5 Implement comprehensive project plan for the transformation of Benefits to Universal Credit			
Ref	Action	Status	Progress / comments
F5.1	Ensure a smooth introduction of Universal Credit which balances the needs of staff, the Council and claimants during and following the	Achieved	Universal credit is now live at Waverley and the Council is supporting the Department of Work and Pensions Universal Credit initiative.

	transition period		
Objective: F6 Implement recommendations from the Employee service review to improve efficiency, internal and external communications, develop resilience and adequately resource the service.			
Ref	Action	Status	Progress / comments
F6.1	Business Service Review recommendations adopted and a project plan devised and agreed with Head of Finance.	Achieved	Recommendations actioned from the review. Payroll and recruitment is adequately resourced.
F6.2	Structure the Employee Services team to ensure the appropriate level of resource is employed and business resilience is robust.	Achieved	Restructure completed and fully recruited staffing levels.
F6.3	Maintain a robust payroll function to ensure employees are paid accurately and on time. All returns to HMRC are completed accurately and on time.	Achieved	Achieved.
Objective: F7 Maximise revenue base for local taxation.			
Ref	Action	Status	Progress / comments
F7.1	Verify that all commercial and residential properties are correctly recorded on the revenues system using information from external sources and property inspections	Achieved	Full year of inspections completed.
Objective: F8 Maximise in year revenue collection rates			
Ref	Action	Status	Progress / comments
F8.1	Issue accurate demands in March for 1st April instalment and robustly apply approved enforcement and recovery measures in all cases	Achieved	Bills issued accurately and on time, enforcement action taken during the year to effect recovery where required.
Objective: F9 Improve prior year debt recovery			
Ref	Action	Status	Progress / comments
F9.1	Review historical debts for local taxation, sundry debts and overpaid housing benefit and enforce or put forward for write off.	Achieved	Debt recovery process reviewed, regular write offs are identified and actioned once proven that they are not economical to pursue.
Objective: F10 Revenues Service improvement plan to maximise capacity and improve customer access			
Ref	Action	Status	Progress / comments
F10.1	Develop a service improvement plan to understand how Council Tax and Business rate payers interact with the service and design processes to maximise access to the service.	Achieved	Surveys were undertaken and results used to redesign online forms, the systems thinking methodology will be rolled out across this service to complete a more holistic redesign.
Objective: F11 Support the delivery of Waverley's corporate objectives with effective financial management			
Ref	Action	Status	Progress / comments
F11.1	Ensure that the Medium Term Financial Strategy (MTFS) presents a sustainable and robust plan for Waverley's financial resources, anticipating the impact of future financial pressures and recognising the	Achieved	The MTFS, taken to Council in February 2017 and approved, is being reviewed and presented to Executive in July 2017.

	desire to deliver corporate plan priorities and improve services in accordance with customers' needs.		
Objective: F12 Improve budget monitoring process			
Ref	Action	Status	Progress / comments
F12.1	Continue to improve the robustness of the budget management arrangements and ensure services are supported with proactive financial management and support	Achieved	Significant redesign of the budget process was completed in the Autumn of 2016. This will be rolled out from April 2017 to service areas.
Objective: F13 Increase financial management and technical accounting support to the Housing Service			
Ref	Action	Status	Progress / comments
F13.1	Support the delivery of the Housing Revenue Account (HRA) Business plan through effective financial management and robust monitoring and reporting.	Achieved	Housing now has a Senior Accountant dedicated to its financial management supported by an Assistant Accountant
Objective: F14 Finance team structure is staffed to required capacity and focused upon key priorities			
Ref	Action	Status	Progress / comments
F14.1	Ensure the structure of the Finance team is effective in delivering key priorities and service requirements	Achieved	Senior accountant roles are focused on ownership and accountability for specific aspects of financial management.
Objective: F15 Improve debt administration and collection			
Ref	Action	Status	Progress / comments
F15.1	Effective management of debts, particularly historical debt on Agresso.	Achieved	Monthly debt review process is now in place with clear focus and visibility on debt recovery.
Objective: F16 Treasury management operates within the approved strategy, credit ratings and limits			
Ref	Action	Status	Progress / comments
F16.1	Effective management of Treasury function within the prudential limits set within the approved strategy.	Achieved	Treasury Management is fully within parameters for the whole of 2016/17.

Service : Corporate & Customer Service	Head of Service : David Allum
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Objective: CC1. Produce an IT Strategy meeting the strategic and operational objectives of the Council and to execute effectively the commensurate work programme			
Ref	Action	Status	Progress / comments
CC1.1	Implement a re-drafted IT Strategy appropriate to the Council's requirements and priorities	Achieved	Strategy agreed and now underpinning the activity of the service.
CC1.2	Implement IT driven "invest to save" projects as key elements within the IT Work Plan for 2016/2017	Achieved	Some cashable savings identified which mitigated the inflation rises within the overall budget.
CC1.3	Create and deliver a Work Programme which facilitates the delivery of the key objectives of the IT Strategy (i.e. it will need to account for benefits systems post universal credit, mobile working requirements, document	Ongoing	Work Programme has been agreed and is being implemented. 16 projects have been successfully completed, with the remaining 5 expected to be carried out and completed in 2017-18.

	management etc.).		
CC1.4	Ensure the corporate telephone system effectively supports the business and the staff are empowered to get maximum benefit from the facilities offered	Achieved	Very little down time this year to date and telephones were not a major issue for the IT Service Desk. Nothing emerged from the Corporate Services Survey this year regarding the telephone system.
CC1.5	Procure mobile telephone and device contracts which support the Council's business objectives	Achieved	Procurement complete and contract let.
Objective: CC2. Review, revise and re-launch a Corporate Asset Management Strategy ensuring that the Council maximises the potential returns from its portfolio			
Ref	Action	Status	Progress / comments
CC2.1	Ensure the Corporate Asset Management Strategy as agreed in October 2015 is effectively implemented	Partially achieved	Strategy is being implemented. However due to vacancies, recruitment issues and other competing priorities it has not been possible to develop Asset Management Plans for all sites as originally envisaged.
CC2.2	Audit and evaluate all corporate assets and produce individual asset plans as appropriate	Partially achieved	Rent reviews completed but individual asset plans not progressed due to the reasons stated above.
CC2.3	Identify and acquire assets which will generate revenue returns to support the Council's financial ambitions	Achieved	Investment Advisory Board created. One acquisition made. Others under active consideration.
CC2.4	Create and maintain a database of all non HRA assets which set out and facilitate all corporate responsibilities (e.g. fire safety, legionella inspections etc.)	Achieved	A new alerts system built and implemented, linking all centres to an electronic database, allowing for the upcoming job reminders to be sent to team members.
Objective: CC3. Review facilities infrastructure to ensure optimum arrangements are in place for the delivery of services			
Ref	Action	Status	Progress / comments
CC3.1	Ensure the Council's premises meet all medium and long term requirements	On Target	The long term future of the current premises are under review.
CC3.2	Re-procure energy requirements via the LASER consortia (Current contract expires in October 2016)	Achieved	The process was completed with an estimated potential saving of £20K.
Objective: CC4. Review support services infrastructure to ensure optimum arrangements are in place for the delivery of services			
Ref	Action	Status	Progress / comments
CC4.1	Review staff restaurant business direction in a bid to minimise the cost to the Council	Achieved	Review completed and changes implemented.
CC4.2	Review Print Room capacity for carrying out external work	In progress	Legal advice being sought on our trading ability.
CC4.3	Increase usage of pool cars	On-going	No significant increase in use recorded. Further work needed to encourage further use of the pool car facility.
CC4.4	Review cleaning service arrangements and implement the outcomes	Achieved.	Review concluded and implementation underway.

CC4.5	Review scanning and document processes with a view to procuring new arrangements more suitable to the needs of the business	Achieved	Review concluded with a decision not to procure new arrangements as the business case did not justify the change.
Objective: CC5. Re-design the Customer Services Delivery Model for corporate application			
Ref	Action	Status	Progress / comments
CC5.1	Complete customer services project and recommend a new delivery model	Partially achieved	A further report to Executive is expected in June/ July.
CC5.2	Re-design Reception Area and refresh other customer facing facilities	Achieved	The reception area at WBC has been refurbished. I-Pad self-service stations now available at Godalming and Farnham offices allowing access to Waverley website portal and access to online services.
Objective: CC6. Ensure staffing resources are appropriate to service needs and account for succession needs			
Ref	Action	Status	Progress / comments
CC6.1	Ensure Estates and Valuation Team is staffed according to service requirements	Achieved.	The team was fully staffed at year end. However, subsequently, further recruitment is now required.
CC6.2	Ensure Property and Engineering Team is staffed according to service requirements	Achieved.	Engineering graduate successfully appointed at the beginning of 2017.

Service : Strategic HR	Head of Service : Wendy Gane
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Objective: SHR1. Contribute to organisational and service resilience by continuing to develop and maintain a high performing, highly engaged staff team to deliver high quality customer-focused, value for money front-line services			
Ref	Action	Status	Progress / comments
SHR1.1	Continue to develop a culture of high quality performance management and staff engagement throughout the Council	Achieved	Actively supported managers to restructure their service areas to ensure that the service continues to deliver high quality customer-focused value for money services, for example Strategic Housing and Delivery (Housing Options service team).
SHR1.2	To implement a Skills Gap and Capacity Management Strategy to address skills gaps and skills shortages which affect the Council's service delivery	Achieved	Through the successful implementation of the Skills Gap and Capacity Management Strategy managers have been supported to: <ul style="list-style-type: none"> - write adverts suitable for social media - Be aware of options to review salary benchmarking and/or offer career development, flexible working etc., - remove all possible barriers for potential candidates by making it as easy as just emailing their CV - consider 'job redesign' or outsourcing if unable to recruit the appropriate calibre staff
SHR1.3	Address sensitive employee issues, sustain and enhance effective employee relations and maintain trusting relationships with Staffside/ union representatives	Achieved	Actively supported managers to resolve sensitive employee issues such as the removal of the PMI scheme, ill-health retirement, TUPE transfers and successful redeployment. Continue to maintain a positive working

			relationship with Staffside and union representatives.
SHR1.4	To support organisational resilience through the provision of a governance framework: Continue to develop effective HR policies and procedures to ensure they comply with employment law and meet Waverley's changing needs and priorities.	Achieved	Maintained rolling programme of review for all HR policies, ensuring they comply with employment law and meet Waverley's changing needs and priorities.

Service : Policy & Governance	Head of Service : Robin Taylor
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Objective: PG1 Democratic Services - Support democratic, transparent, informed and high quality decision-making by Waverley's Elected Councillors.

Ref	Action	Status	Progress / comments
PG1.1	Provide effective democratic support to all Council Committees and priority internal working groups	Achieved/ Ongoing	All public meetings are properly convened in line with legal and Waverley constitutional requirements and recorded accurately.
PG1.2	Continue to monitor and improve the quality of committee reports, minutes and agendas.	Achieved/ Ongoing	The team have continued to maintain and monitor the democratic services error log and have continued to use the agenda checklist system with cross-checking of final agenda by second member of team.
PG1.3	Provide a targeted programme of member training and briefings	Achieved/ Ongoing	Take up of elected learning and development opportunities was strong in 2016/17. In addition to a programme of all member briefings and individual learning activities, there was a programme of scrutiny workshops for all councillors in 2017 to support the scrutiny change programme.

Objective: PG3 Legal Services and Land Charges - Provide high quality advice to ensure the Council acts lawfully and transparently and provide vital information to house and property buyers in Waverley

Ref	Action	Status	Progress / comments
PG3.1	Ensure high quality and timely internal and external legal advice is provided to Council staff and elected members to support the delivery of service priorities and corporate plan objectives.	Achieved	The Legal Services has continued to provide high quality advice to Officers and Members across the full range of the Council's services, with a number of major projects having been a particular focus during 2016/17 and resulting in successful outcomes and significant ongoing focus.
PG3.2	Analyse and plan for the potential outcomes of the Government's Land Charges review.	Achieved Ongoing	Waverley continues to liaise with the Land Registry in respect of this project albeit the timescales for delivery for this national project have been deferred more than once by the Land Registry.
PG3.3	Maintain high performance in turning around land charges search requests	Partially complete	Performance was very good in the early part of the year but declined as the year progressed. The performance target for this action is for the 12 month rolling average turnaround figure not to exceed 7 working days and for performance not to

			exceed 10 working days at any point. The average 12 month performance during 2016/17 was 7.8 days (0.8 days off target) and did breach 10 days in five of the twelve months during the monitoring period. Staff turnover has to some degree impeded the team's capacity to get performance back on track. This remains an area for performance improvement within the service in 2017/18 and continues to be actively managed and monitored.
PG3.4	Provide a timely and effective response to Freedom of Information requests and ensure good progress is made against the information risk management agenda	Achieved/ Ongoing	The Information Rights service continues to perform at a very high level, with response rates that compare extremely favourably with other local authorities. The information risk management agenda continues to be progressed and will be a major focus in the 2017/18 year.
Objective: PG4 Corporate Policy - Ensure Waverley has a clear vision, robust plans and policies and an effective performance management culture			
Ref	Action	Status	Progress / comments
PG4.1	Support the Council to ensure Waverley's Corporate Plan (2016-19) is well publicised, properly monitored and effectively delivered	Achieved	After being adopted in February 2016, the Corporate Plan has been publicised widely. Corporate priorities and values are used to focus work throughout the Council and provide 'the golden thread' between the Corporate Plan through the performance management framework to individual target setting. The Council's Executive are currently reviewing the plan.
PG4.2	Manage the Council's participation in the National Graduate Development Programme and its Apprenticeship Programme	Achieved/ Ongoing	The Council has recruited to the post of graduate trainee in 2016. Four apprenticeship trainee positions were also filled successfully in 2016/17.
PG4.3	Manage the Council's Citizens Panel and use the opinion data arising from it to support decision-making.	Achieved/ Ongoing	There were 2 Citizens' Panel surveys conducted in 2016/17. The results of the surveys were used to inform service improvements.
PG4.4	Provide accurate, timely and useful performance information to enable Councillors and others to scrutinise Council performance and make informed decisions	Achieved/ Ongoing	Regular reports have been provided to Overview and Scrutiny Committees and the Executive presenting analysis of key performance indicators throughout Council services.
PG4.5	Continue to manage a programme of service reviews to deliver efficiencies and continuous improvement	Achieved/ Ongoing	On-going.
PG4.6	Coordinate the Council's programme of staff Learning and Development to ensure staff have the skills they need to perform effectively in their roles and deliver results for Waverley	Achieved/ Ongoing	The appraisal process for 2016/17 was completed during the year and guided a range of learning and development activities. The Council adopted its new Learning and Development Strategy and action plan within the year and these are being delivered on target.
PG4.7	Provide effective programme and project management support to	Achieved/ Ongoing	Foresight Boards are held every 6 weeks with updates provided from each Project Manager.

	the Council's 'Foresight' improvement and efficiency programme		Individual project groups are held monthly with support provided to ensure work does not overlap, but complements each other (for example business improvement and customer service). Timely notes of meetings and agendas are circulated and advice provided to project managers/sponsors as required. Programme progress and success is communicated via Backstage and success boards.
Objective: PG5 Communications & PR - Ensure that information about Waverley's services reaches the right people at the right time in the most accurate, efficient and cost-effective way			
Ref	Action	Status	Progress / comments
PG5.1	Provide accurate, easy-to-read and useful information and news about Waverley Borough Council to all residents and customers using both digital and non-digital channels of communication.	Achieved/ Ongoing	In terms of non-digital media, the council has continued to publish its 'Your Waverley' magazine and engage with the local press. In terms of digital media, the council has continued to progress its digital strategy by developing its social media channels, website and digital newsletters.
PG5.2	Support the delivery of Waverley's service priorities by providing communications and PR advice, expertise and support in respect of major projects and initiatives	Achieved/ Ongoing	The rolling Communications and PR team plan has been delivered. Communication and PR plans are in place for all service areas and are regularly monitored and reviewed with Heads of Service and Service leads.
PG5.3	Promote awareness of Waverley's Corporate Plan, including the Council's vision, corporate objectives and values	Achieved/ Ongoing	In the 2016 staff survey, 90%+ of staff agreed that Waverley has a Corporate Plan with a clear vision and priorities, that they understood what the council's corporate priorities were and that they were aware how their work contributed to those priorities.
PG5.4	Communications and PR staff are ready and prepared to support the council's response in the event of an emergency situation.	Achieved/ Ongoing	The Council's emergency and business continuity plans have been reviewed and revised, to ensure that the Communications and PR team will be ready to provide support in the event of a major incident. The Communications and PR team have continued to work as part of the Surrey Wide Communications and Resilience Group to plan for and respond to civil emergencies and major incidents. All communications and PR officers have had the relevant training and taken part in the Surrey wide incident training.
PG5.5	Ensure that all aspects of Waverley's brand are professionally, positively and consistently communicated to residents and customers	Achieved/ Ongoing	The Brand Guidelines have been developed with input from the Executive, Management Team and Host and were launched in April 2017 and have been communicated internally. The new guidelines build on the work that has previously taken place refreshing 'Your Waverley', the website, the new corporate plan and other design work. This approach has ensured that the refresh of the brand guidelines has been

			<p>conducted within existing budgets. Other work to ensure a consistent approach include:</p> <ul style="list-style-type: none"> • New Waverley logos redrawn in a variety of formats • Production of poster templates • Integration of social media accounts and social media etiquette • Draft photography guide – to be approved.
Objective: M1 Maintaining high standards of governance and ethical standards			
Ref	Action	Status	Progress / comments
M1.1	Raise profile of ethical standards with staff and WBC and Town and Parish councillors	Achieved/ Ongoing	Waverley's Code of Conduct, Arrangements for Dealing with Standards Allegations and Councillor Code of Good Planning Code of Good Practice have been updated and circulated to all Waverley Members and Town and Parish Clerks.
M1.2	Ensure all Councillors briefed on ethical standards before taking any decisions after WBC elections	Complete	All Councillors have received a briefing on standards.

Service : Elections	Service Manager: Tracy Standbridge
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Objective: Maintaining high standards of governance and ethical standards			
Ref	Action	Status	Progress / comments
Mon. off. 3	Finish Individual elector registration process	Achieved	This has been successfully completed.
Mon. off. 4	Administer successful combined triple or quadruple combined elections	Achieved	Elections were conducted in February, May, June, August and December 2016. Of those combined elections were run in February, May and August.
Mon. off. 5	If necessary organise Neighbourhood Plan referenda-approximately eight may need to be held in 2015/16	Achieved	No Neighbourhood Plan referenda were required to be conducted before the 31/03/2017.

Service : Audit	Service Manager: Gail Beaton
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Objective: Effective Internal Audit service and good relationship with external Auditors			
Ref	Action	Status	Progress / comments
Mon. off. 6	Continue to monitor external contractor performance and quality	Achieved	Regular meetings throughout the year with the RSM audit manager to review performance. RSM also attended an audit committee meeting in 2016
Mon. off. 7	Review anti fraud resources within Council once universal credit introduced	Achieved/ ongoing	Fraud officer post now in establishment following Council approval in Feb 2017. Universal Credit (UC) implementation delayed by the Government but a small number of cases now in place. The DWP have centralised their fraud unit to manage UC fraud but officers will continue to monitor the position for the Council.

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WAVERLEY BOROUGH COUNCIL

OVERVIEW AND SCRUTINY – VALUE FOR MONEY & CUSTOMER SERVICE

26 JUNE 2017

Title:

WORKFORCE PROFILE UPDATE

**[Portfolio Holder:Councillor Julia Potts, Leader of the Council]
[Wards Affected:n/a]**

Summary and purpose:

As requested by the Overview and Scrutiny Committee, this report provides Members with detailed information about the Council's workforce to help assess the staffing resilience in each service area.

The following information has been provided by:

1. Peter Vickers, Head of Finance (including 'Employee Services' which is the service area dealing with Payroll and Recruitment)
 2. Wendy Gane, Strategic HR Manager
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How this report relates to the Council's Corporate Priorities:

Waverley's staff are the organisation's most important resource in delivering the Council's immediate priorities and for ensuring that the organisation is able to respond to the opportunities and challenges ahead.

This report is focused on the resilience of Council staff in terms of turnover and sickness levels in each of the service areas and provides a summary of overall staff satisfaction.

Financial Implications

The Council's staffing budget is £12,793,000.

HR Implications

The strategies, policies and procedures which are linked to the information contained in this report comply with relevant employment law.

Background

Waverley employs at any one time about 470 staff, a significant proportion (36%) of which work part-time. The majority of Waverley staff are based at the The Burys offices in Godalming, with others working in key locations across the borough such as Sheltered Housing Units, Parks and Open Spaces and at Waverley Training Services.

Waverley's staff team deliver 110 different types of services to the community through a total of 98,700 working days

The Council competes in the recruitment market with key organisations, in the private sector, London Boroughs, Surrey Local Authorities and the surrounding regions, for staff in areas such as Planning, Legal, Finance, IT, and roles associated with the building sector.

A committed, skilled and high performing workforce is key to the overall success of the Council. There are three key performance measures that are relevant to this:

- Staff turnover rates
- Staff sickness levels
- Overall measures of staff satisfaction

High **staff turnover rates** can result in a loss of valuable knowledge and skills in the organisation and be very disruptive to service delivery. However, a moderate level of turnover is important in providing career development opportunities for existing staff and for bringing new skills and perspectives into the organisation which can help to further improve performance. The age profile of the organisation can be a factor in driving staff turnover rates with a higher proportion of staff leaving each year through retirement. Internal and external promotion and career progression can also be a factor leading to higher turnover rates for organisations that actively encourage staff development.

Staff sickness levels is a good measure of the health and wellbeing of the workforce. While some level of sickness is inevitable, high levels of sickness and the type of sickness can indicate poor morale and a lack of effective staff management. The age profile of the workforce can be a factor in longer-term sickness, with incidents of cancer and degenerative conditions, including musculoskeletal problems increasing relative to age.

Staff satisfaction levels are measured through staff surveys and are used to assess the factors that are important in developing a motivated, committed and high performing workforce. These factors include a) ensuring staff are clear what is expected of them and how their role contributes to the organisation's goals, b) the level of trust and respect that exists between staff and managers, c) the tools and information they need to do a good job and d) how well they get on with their colleagues and other factors which impact them in their work environment such as their relationship with our Members.

To actively manage the above, including the the Council's overall organisational and service resilience a number of key policies and strategies have been developed with associated action plans. These are:

- HR Strategy (2015–18)
- Skills Gaps and Capacity Management Strategy. (2015–2020)
- Staff Engagement Strategy
- Fit for Work Policy

The primary focus of these policies and strategies is to make Waverley “an Employer of Choice”, promoting a positive and committed staff culture, developing and retaining the most talented staff and ensuring that Waverley is able to compete effectively in the employment market.

Overall context for Waverley

There are a number of factors that influence the Council's ability to recruit and retain high quality staff. These include:

- The high cost of living: Waverley is top of the 389 local authorities in the UK Prosperity Index. As a result, house prices are among the most expensive in the region and there has been a limited supply of affordable housing for those in essential public service jobs.
- As a rural borough, transport infrastructure is extremely limited with Waverley having the lowest connectivity index in the South East. With one of the lowest levels of unemployment in the country residents tend to work in highly paid jobs in the commercial sector.
- Competition from London for high quality staff. A smaller District Council, Waverley can not easily match the salaries of the significantly larger London boroughs or the private sector.

To succeed, the Council recognises that Waverley needs to offer current and future staff compelling reasons to want to work for Waverley and then, once here, the opportunity to do their best work and develop their career here. Factors that impact include:

- A welcoming and friendly staff culture
- Excellent training and development opportunities
- Flexible working opportunities
- Career progression
- Opportunity to deliver sector leading performance and best practice
- Good quality management that motivates and inspires and a constructive relationship with Members
- Good communication
- Good systems including IT systems that provide the tools staff need to perform well.

Summary of key performance indicators

Turnover

Waverley's annual staff turnover was 17.27% in 2016/17. This compares to a UK national average of 15%. Turnover rates vary significantly between different services with the highest rates being recorded in areas of significant skill shortages (e.g. property related functions and IT) where salaries have grown significantly in the employment market. A significant proportion of the 2016/17 turnover rates relate to or are a consequence of internal promotions and transfers – particularly in Planning and Environmental Services. Further detail on staff turnover can be found in Annexe 1 below.

Sickness

Waverley's total working days lost through sickness equates to c.1.2%. of the total number of working days available. This is significantly less than the 2.9% working days lost (as published by the Office for National Statistics) recorded across the public sector last year, and lower than the 1.7% recorded in the private sector. There are no obvious trends from the data in relation to the type of sickness or the services the staff come from, further information is included in Annexe 2 below.

Staff Engagement

Waverley's latest staff survey was completed at the end of 2016. As agreed with staff, the results were aggregated so that individual staff could respond confidently knowing that they could not be individually identified. The results showed a significant improvement in all indicators when compared with the results from the previous staff survey completed almost three years ago. Going forward, arrangements have been made for the staff survey to be conducted every two years to enable us to monitor trends and take appropriate action.

It is intended that Employee Services will develop an Exit Interview process which will produce high value information regarding reasons for leaving so that the Council can take further appropriate action.

Staff Survey Results (summary)

% of Waverley staff who agree with each statement		
Waverley has a Corporate Plan with a clear vision and priorities	95%	Yes
I understand what our corporate priorities are	93%	Yes
I understand how I contribute to the corporate priorities	90%	Yes
I understand how my team contributes to the corporate priorities	91%	Yes
I understand how my role makes a vital contribution to the local community	95%	Yes
My line manager trusts me to do a good job	92%	Yes
I have access to the knowledge and information I need to do my job well	89%	Yes
I am able to offer my ideas and suggestions for improvements	90%	Yes
The people I work with at Waverley are great!	93%	Yes

As you would expect, a range of actions have been needed to address our recruitment and retention challenges. We have achieved a great deal but recognise that there is more to be done.

The actions to date include (in summary):

Recruitment

- ✓ Supporting Managers to:
 - be aware of the market,
 - carefully determine the *Essential* criteria for the job to maximise the relevant applicant pool
 - write adverts suitable for social media
 - Be aware of options to review salary benchmarking, and/or offer career development, flexible working etc, or outsource the role
 - remove all possible barriers for potential candidates by making it as easy as just emailing us their CV

- provide high quality 'job packs' including a personal letter, written by a senior manager
- consider 'job redesign' or outsourcing if unable to recruit the appropriate calibre staff.
- Consider succession planning, trainee opportunities etc.

Retention, performance management (including sickness)

- ✓ Supporting Managers to:
 - Clearly communicate each member of staff's objectives with effective measurements of success
 - Provide a supportive and motivational style of leadership and management
 - Support their staff to feel they are part of an energised and welcoming culture with a 'shared vision'
 - Celebrate success
 - Be aware of options to review salary benchmarking and/or offer market supplement, career development, flexible working etc, or outsource the role

Recommendations

Members are asked to comment on the analysis set out in this report and identify any further information that they wish to receive regarding staffing resilience in the organisation.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

Name:	Peter Vickers Head of Finance (Head of Service for Employee Services which is the service area dealing with Payroll and Recruitment administration)	Telephone: 01483 523539 E-mail: peter.vickers@waverley.gov.uk
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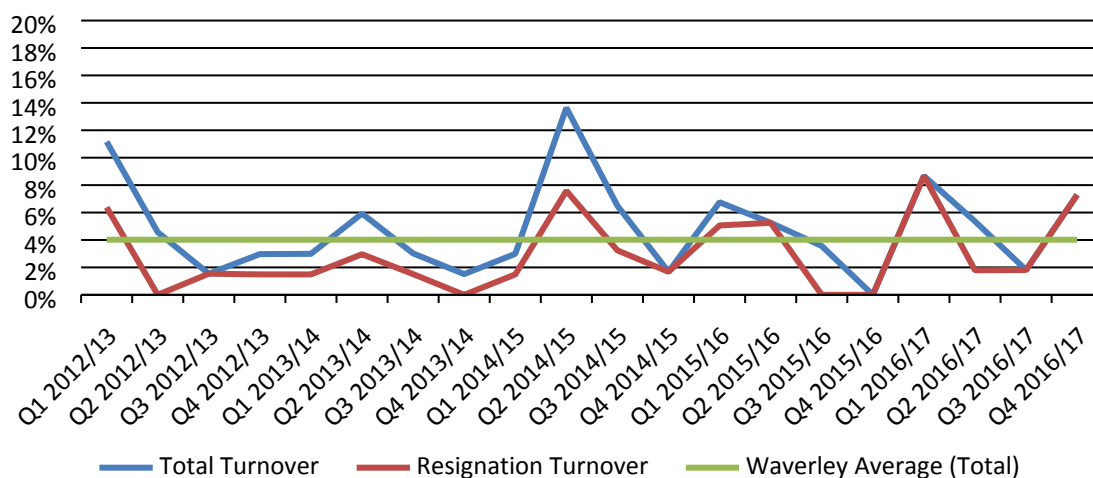
Name:	Wendy Gane Strategic HR Manager	Telephone: 01483 523382 E-mail: wendy.gane@waverley.gov.uk
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Annexe 1 – Staff Turnover

1. Service Area Turnover and Recruitment Information

1.1. Community Services (2016/17 average number of staff – 56)

1.1.1. Staff Turnover – 5 year trend analysis



- Staff turnover in Community Services has largely remained consistent over the last 5 years, between 1% and 5%. The peak, seen in Q2 2014/15, is a result of 9 employees leaving, 4 of whom left as a result of an end of their temporary contracts. The other 5 posts were the following:
 - 2 Careline Officers
 - 1 Countryside Projects Assistant
 - 1 Seasonal Assistant Ranger
 - 1 Tutor
- The Countryside team annually recruit seasonal rangers on temporary contracts. This therefore increases the number of employees leaving the team when these contracts end. The impact of this can be seen on the graph in Q2 12/13, Q2 13/14, Q2 14/15, Q3 15/16 and Q2 16/17.
- Waverley Training Services (WTS), with an average number of 17 staff, has experienced higher turnover relative to other teams within Community Services over the past 5 years (averaging 6.27% per quarter, 1 member of staff each quarter). A total of 21 employees have left WTS accounting for 35% of all leavers in Community Services. The leavers were as follows:

Post	Number of leavers	Av. length of service	Reason(s) for leaving
Apprentice (nb. not employed through Waverley's Apprenticeship Scheme)	6	1 year	5 end of apprenticeships, 1 resignation
Assessor	4	6 years	1 resignation 1 retirement 1 redundancy 1 dismissal

Assistant Manager	1	3 years	1 resignation
Centre Manager	1	8 years	1 resignation
Tutor	9	2 years	9 resignations (detail is varied and known and is being addressed by the new WTS manager)

Note: Resignation may include staff taking up internal and external promotions.

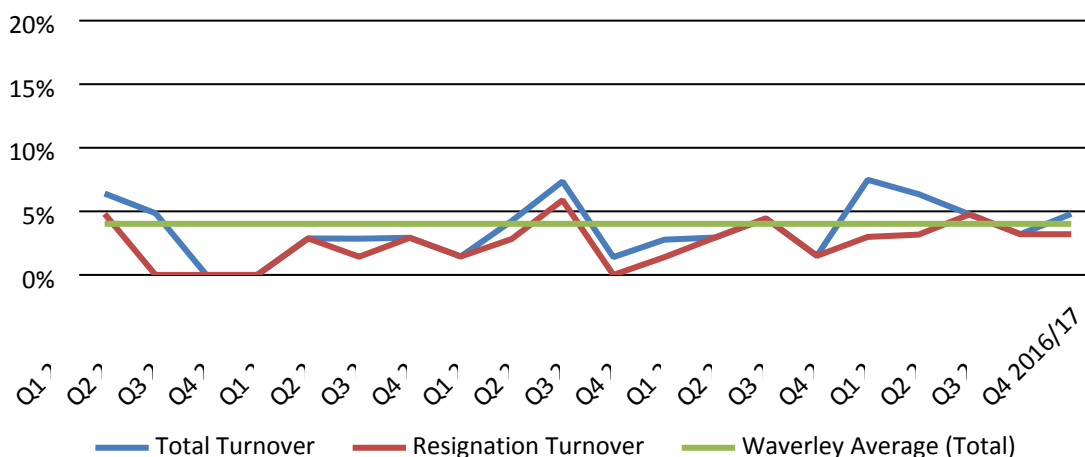
1.1.2. Recruitment 2016/17 – Community Services

Community Services Recruitment Information	
Posts advertised	19
Appointed on 1 st advertisement	17
Appointed on 2 nd advertisement	2
	<ul style="list-style-type: none"> • Tutor • Casual Projectionist (Borough Hall)

Action taken: Adverts reviewed and staff successfully recruited.

1.2. Customer and Corporate Services (2016/17 average number of staff – 63)

1.2.1. Staff Turnover – 5 year trend analysis



- Staff turnover in Customer and Corporate Services has been consistent over the last 5 years, between 1% and 5% and regularly falling below the average for Waverley as an organisation.
- A number of the leavers from this service come from posts such as office cleaners who account for 35% of all leavers in the last 5 years (equivalent to 17 members of staff).
- The two peaks in turnover in Q2 2014/15 and Q4 2015/16 were the result of 5 employees leaving in each of those quarters, totalling 10 employees, 8 of whom were in posts such as office cleaners and post and scanning assistants. The other two were:

- 1 Senior Service Desk Assistant – retirement after 31 years of service
- 1 Estates and Valuation Manager – resigned after 2 years of service

1.2.2. Recruitment 2016/17 – Customer and Corporate Services

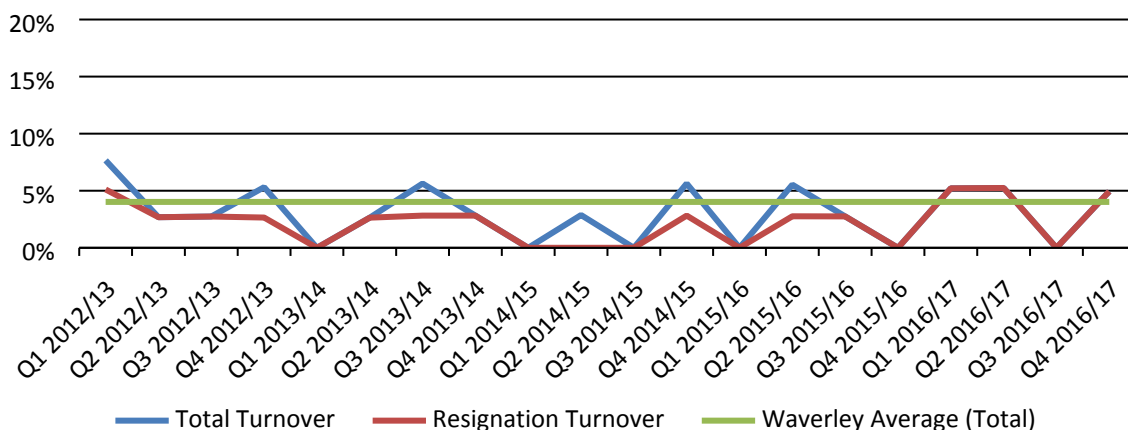
Customer and Corporate Services Recruitment Information	
Posts advertised	16
Appointed on 1 st advertisement	10
Appointed on 2 nd advertisement	3 <ul style="list-style-type: none"> • Catering Manager and Chef • IT Support Analyst • Estates and Valuation Officer
Appointed on 3 rd advertisement	3 <ul style="list-style-type: none"> • 2 Service Desk Analysts (newly created, not 'vacancy') • Estates and Valuation Manager

Action taken

- Review of the job description/person specification in two cases (Estates and Valuation Manager, Catering Manager), resulted in successful appointments.
- Head of Service has addressed opportunities to mitigate recruitment challenges and is aware of the option of applying a market supplement to 'difficult to recruit' posts but acknowledges that the proximity of London continues to be a potential challenge. (NB: currently the IT service is fully staffed).

1.3. **Environmental Services** (2016/17 average number of staff – 39)

1.3.1. Staff Turnover – 5 year trend analysis



- Staff turnover in Environmental Services is consistently low, between 1% and 5%. Each peak above the Waverley average represents just 2 members of staff leaving the service area.
- In 2012/13 the Environmental Health team there was at least one leaver per quarter; however since the start of 2013/14 four members of staff have left the team in the four year period until March 2017

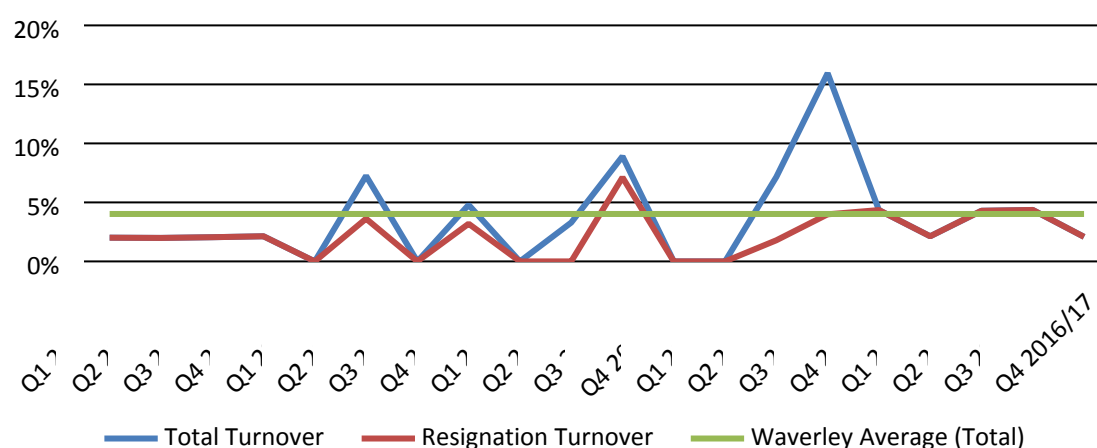
1.3.2. Recruitment 2016/17 – Environmental Services

Environmental Services Recruitment Information	
Posts advertised	11
Appointed on 1 st advertisement	9
Appointed on 3 rd advertisement	1 • Deputy Environmental Health Manager
Appointed on 5 th advertisement	1 • Environmental Health Officer

Action taken: Head of Service will be taking a proposal to Management Board in the light of the benchmarking of Environmental Health Officer salaries.

1.4. **Finance** (2016/17 average number of staff – 47)

1.4.1. Staff Turnover – 5 year trend analysis



- Staff turnover in Finance has been largely consistent however one clear peak in Q3 2015/16 is evident on the graph. This peak is a result of the Benefits Investigation team (3 members of staff) being TUPE transferred to a central office not run by Waverley in addition to 'normal' staff turnover in the service.
- Another peak in Q3 2014/15 was caused by 5 members of staff leaving Waverley, these were:
 - 1 Apprentice

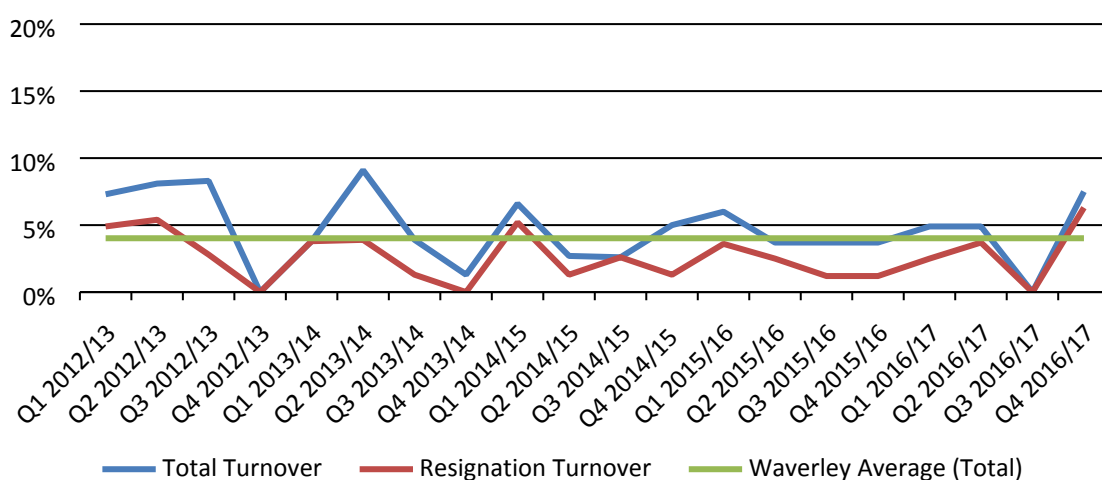
- 1 Benefits Assessment Officer
 - 1 Employee Services Team Leader
 - 1 Procurement and Improvement Officer
 - 1 Senior Accountant
- Up until March 2016 the Benefits team experienced regular staff turnover; however in 2016/17 they experienced zero staff turnover.
 - In 2016/17 Accountancy experienced more staff turnover than the team had previously. This team was responsible for all staff turnover in Finance between Q2 and Q4 2016/17 (July 2016 and March 2017) with a total of 5 members of staff leaving. These were:
 - 2 Accountancy Assistants
 - 1 Finance Officer
 - 1 Senior Accountant
 - 1 Trainee Accountant

1.4.2. Recruitment 2016/17 – Finance

Finance Recruitment Information	
Posts advertised	13
Appointed on 1 st advertisement	13

1.5. Housing Operations (2016/17 average number of staff – 81)

1.5.1. Staff Turnover – 5 year trend analysis



- Turnover in Housing Operations has improved since the consistently high levels in the first three quarters of 2012/13 and the resignation element of turnover is lower than average.
- Between 2012/13 – 2015/16 staff turnover within Tenancy and Estates accounted for the majority of leavers in Housing Operations however more recently, between Q4 2015/16 – Q3 2016/17, no members of staff left the Tenancy and Estates team.
- Staff turnover in Housing Maintenance has been largely consistent over the last 5 years, averaging 4.72% per quarter, however in 2016/17 the average turnover per quarter was higher at 7%, the equivalent of 2 employees per quarter. However, this

has given the Head of Service the opportunity to review the structure of this area of the service with a view to achieving further budget savings.

1.5.2. Recruitment 2016/17 – Housing Operations

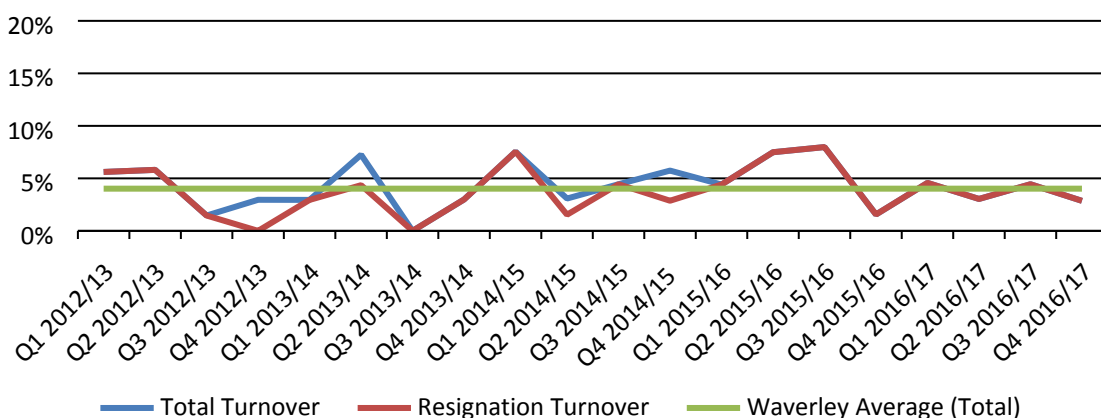
Housing Operations Recruitment Information	
Posts advertised	21
Appointed on 1 st advertisement	17
Appointed on 2 nd advertisement	1 • Sheltered Housing and Careline Manager
Appointed on 3 rd advertisement	1 • Rent Accounts Officer (Job Share)
Currently vacant – under review	2 • *Compliance Officer • *Mechanical and Electrical Officer/Gas and Electrical Contracts Officer/Gas and Electrical Contracts Manager (This role has been advertised under three different job titles and amended job descriptions.)

Action taken:

A range of approaches has been taken to address the challenges faced when recruiting the above technical staff (e.g. salary benchmarking and salary adjustment, 'Golden Hello' payment, reviewed advert and supporting recruitment literature, job redesign). However, we are still finding it difficult to recruit in these areas. Therefore, the Head of Service is considering absorbing the technical roles (marked * above) into the current consultancy remit.

1.6. Planning Services (2016/17 average number of staff – 67)

1.6.1. Staff Turnover – 5 year trend analysis



- Over the past 16 months staff turnover in Planning has been consistently between 1% and 5% following a period of higher turnover in Q2 and Q3 2015/16. There were 8 leavers during that period, these were:
 - 1 Administration Assistant
 - 1 Area Team Leader
 - 1 Planning Information Officer (Maternity cover)
 - 1 Planning Policy Technician
 - 1 Planning Policy Technician (Temp)
 - 2 Planning Technicians
 - 1 Principal Planning Officer
- Due to the size of the Development Control team (average of 41 employees) the majority of staff turnover within Planning occurs in this area (61%, equivalent to 36 out of 59 leavers in the 5 year period). 20 of these leavers were professional planning officers, all of whom resigned with an average of 7 years service. Between August 2016 and March 2017 was a period of stability when no professional planning officers left Development Control.
- It is acknowledged that recruitment and retention of professional planners is a challenge due to significantly higher private sector salaries (c £15,000 higher than the public sector), and therefore the Council has addressed the need to offer career development and accept a turnover of c. 18 months to 2 years.

1.6.2. Recruitment 2016/17 – Planning Services

Planning Services Recruitment Information	
Posts advertised	28
Appointed on 1 st advertisement	21
Appointed on 2 nd advertisement	4 <ul style="list-style-type: none"> • Area Team Leader (Maternity cover) • Planning Information Officer • Planning Technician • Principal Planning Officer (Maternity cover)
Currently under review by Head of Service prior to advertising	3 <ul style="list-style-type: none"> • Major Development Projects Officer • Projects Team Leader (Maternity cover) • Senior Planning Officer (Policy)

Action taken:

A range of approaches have been successfully used to address the challenges faced, including:

Overt support for career development, internal promotions (see below), 'Golden Hello' payment, review of adverts and recruitment literature, flexible working etc.

NB: Building Control has been addressed separately and in detail by the Head of Service and Building Control Manager in a report to O&S.

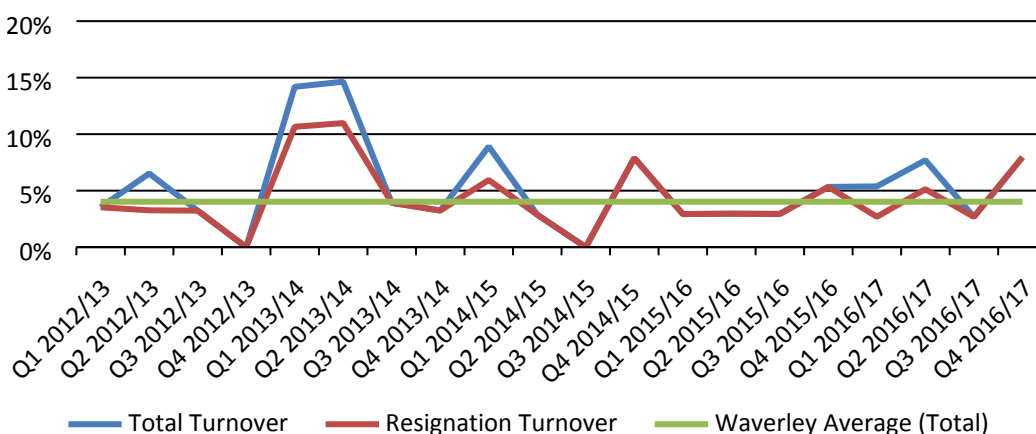
Internal movements/promotions in Planning

In the last 12 months 8 employees in Planning were successfully promoted through the normal recruitment process. This means that Waverley staff have been selected against external applicants and therefore Waverley has retained and developed high quality staff.

Planning Services Internal Movements/Promotions	
Previous Position	New Position
Major Development Projects Officer	Development Control Manager
Principal Planning Officer	Area Team Leader (maternity cover)
Senior Planning Officer	Principal Planning Officer
Senior Planning Officer	Principal Planning Officer
Planning Officer	Senior Planning Officer
Planning Technician	Planning Officer
Planning Technician	Planning Officer
Planning Information Officer	Planning Technician

1.7. Policy and Governance Services (2016/17 average number of staff – 38)

1.7.1. Staff Turnover – 5 year trend analysis



- Due to the size of the Policy and Governance Service area if four members of staff left the staff turnover figure would be over 10%. For this reason staff turnover in Policy and Governance has been, over the last 5 years, slightly inconsistent.
- The peaks in staff turnover in Q1 and Q2 2013/14 were caused by 8 members of staff leaving Waverley. These posts were:
 - 1 Communications Apprentice
 - 1 Communications Assistant
 - 1 Communications Manager
 - 1 Local Land Charges Administrator
 - 1 Planning Lawyer
 - 1 Senior Communications Officer
 - 1 Temporary Local Land Charges Administrator

- 1 Website and Digital Media Officer
- Two teams are responsible for 26 out of 35 leavers in the last 5 years (74%) in this service area, Communications and Legal Services. These posts were as follows:

Post	Number of leavers	Average Length of service	Reason(s) for leaving
Communications & PR Officer	1	0.5 years	Resignation
Communications Apprentice	1	2 years	Resignation (2 year temporary contract would have applied)
Communications Assistant	1	9 years	Resignation
Communications Manager	1	21 years	Redundancy
Communications Officer	1	0.5 years	Resignation
Communications Projects Assistant	1	0.5 years	End of temporary contract
Information Rights Co-ordinator (legal)	2	8 years	1 Resignation 1 Retirement
Lawyer	2	1 year	2 Resignations
Legal Services Manager	1	9 years	Resignation
Local Land Charges Administrator	4	2 years	4 Resignations
Local Land Charges Assistant	1	4 years	Resignation
Planning Lawyer	3	2 years	3 Resignations
PR Manager	1	1 year	Resignation
Senior Communications Officer	1	3 years	Resignation
Senior Media Officer	1	5 years	Resignation
Temporary Local Land Charges Administrator	1	1 month	End of temporary contract
Website and Digital Media Officer	3	1 year	3 Resignations

1.7.2. Recruitment 2016/17 – Policy and Governance Services

Policy and Governance Recruitment Information	
Posts advertised	12
Appointed on 1 st advertisement	9
Appointed on 2 nd advertisement	3
	<ul style="list-style-type: none"> • Policy and Performance Officer • Scrutiny Officer • Website and Digital Media Officer

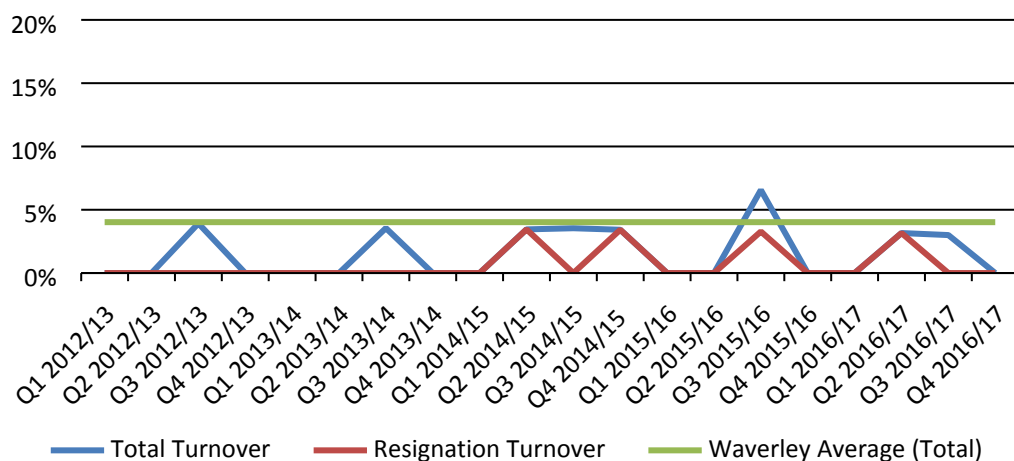
Action taken:

Review of adverts, market supplement to be added to the Deputy Borough Solicitor role.

Additionally, the Head of Service is using the results of a benchmarking exercise for the Legal Service to make a proposal to be included in the Budget Review.

1.8. Strategic Housing and Delivery (2016/17 average number of staff – 33)

1.8.1. Staff Turnover – 5 year trend analysis



- Staff turnover in Strategic Housing and Delivery has been consistently low over the last 5 years. Due to the size of the service one member of staff leaving results in a turnover rate of 4%.
- The majority of leavers in Strategic Housing and Delivery are from the Housing Options team (7 out of 9). This is not surprising due to the Housing Options team being the largest team in Strategic Housing and Delivery accounting for over half the employees.

1.8.2. Recruitment 2016/17 – Strategic Housing and Delivery

Strategic Housing and Delivery Recruitment Information	
Posts advertised	5
Appointed on 1 st advertisement	5

1.9. Electoral Services (2016/17 average number of staff – 5)

1.9.1. Staff Turnover – 5 year trend analysis

- Due to the small number of employees in Electoral Services a graph has not been produced as the impact of an individual member of staff leaving would not be comparative to graphs included above.
- Over the past 5 years, 6 members of staff have left the Elections team these (1 in 2016/17) are:
 - 4 Administrative Assistant (4 end of temporary contracts)
 - 2 Electoral Services Assistants (2 resignations)

1.9.2. Recruitment 2016/17 – Electoral Services

- 1 post was advertised and successfully filled in 2016/17.

2. Exit interviews

Employee Services are developing an Exit Interview process so that the Council can fully understand the reasons why staff leave, monitor trends and take appropriate action.

Annexe 2 – Short Term Sickness

1. Short Term Sickness 2016/17 Analysis

At the last O&S meeting Members requested an analysis into short term sickness absence in 2016/17 as it had increased from 2015/16 data. The following analysis shows the reasons for short term sickness absence in 2016/17 and indicates that whilst Waverley has seen an increase in sickness absence the level is still below the national figure for local authorities.

1.1. Sickness Benchmarking

Indicator	Days lost per employee (annual 2016)
CIPD (all sectors)	6.3 days
CIPD (Local Government data)	9.9 days
Waverley Borough Council (2016)	6.22 days
Waverley Borough Council (2016/17)	6.38 days

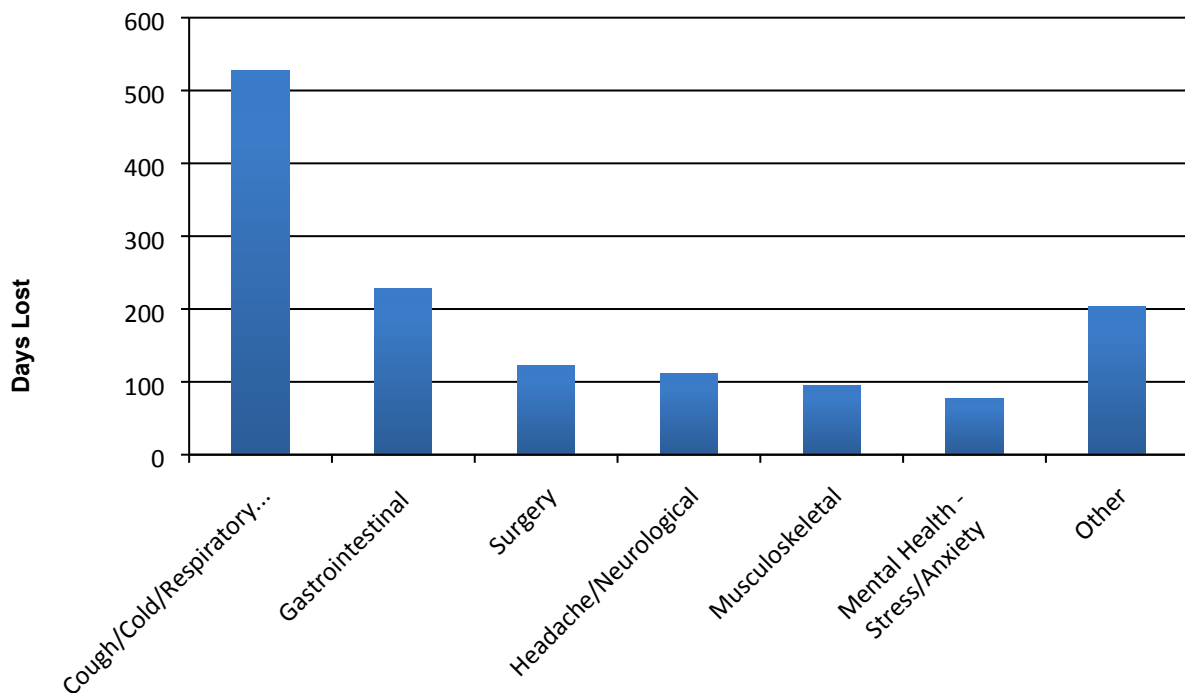
The table above shows how Waverley compares to national benchmarks in 2016 according to the CIPD Absence Management Survey.

Waverley's sickness reporting service, FirstCare, also provide their own benchmarking metrics. Their recent report covering the 2016/17 financial year showed that **Waverley's sickness is 26% lower than the average for other Councils in their client base and 18% below the average for the client base as a whole.**

The Council's comprehensive Fit for Work Policy actively addresses sickness absence management. The Council's approach is to balance maximising the attendance of staff through appropriate support and management action whilst maintaining our duty of care to our staff and recognising that there will be occasions when staff are unable to work due to sickness.

1.2. Short Term Sickness Reasons Analysis 2016/17

Short Term Sickness Absence 2016/17



The graph above shows that a large proportion of days lost have been a result of cough/cold/flu or gastrointestinal, the majority of these sicknesses lasting 1 or 2 working days.

Total working days: 98,700 days

Total working days lost through sickness in 2016/17: 1366.5 days

2. Note on Sickness Reporting Figures

Waverley regularly provides sickness reporting information to Surrey Chief Executive Meetings. The information supplied to this group has previously been the same figure supplied to Corporate O&S.

The information now supplied to Surrey Chief Executives reflects the average number of days lost due to sickness absence by FTE employees. For this reason the figure now supplied to Surrey Chief Executive Meetings will be higher than the figure supplied to O&S.

Waverley's position as one of the lowest rates of absence in Surrey will remain unaffected.

The Council actively manages sickness absence through the Fit for Work Policy.

3. Note on Sickness Target

Taking into consideration the external benchmarking information supplied by the CIPD and Surrey Chief Executives, Waverley's sickness absence is currently lower than the national and local averages.

However, the Office of National Statistics recently reported that the average number of days last per worker across their reporting was 4.3 days, this is two days lower than the information supplied by the CIPD for all sectors and five days lower than the public sector information. It is also acknowledged that the term 'presenteeism' is a term frequently used nationally, supported by ACAS, regarding staff coming in to work when unwell. Therefore, again, this Council is working to achieve the right balance in this area.

It is recommended that Waverley reviews its sickness absence target in order to more closely match the average supplied by the CIPD and Surrey Chief Executives for sickness absence as this information reflects sector and local government specific information. Using the most recent information available the average number of days lost in public sector and local government is 8.75 days, this reflects figures for the 2016 calendar year.

It is therefore recommended that the target for Waverley is reviewed to reflect this average and be set at 6.5 days rather than the current level of 5.5 days lost.

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