

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:
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Policy and Governance

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Calls may be recorded for training or monitoring

Date: 16 March 2018

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

Cllr John Williamson (Chairman)	Cllr Stephen Mulliner
Cllr Mike Band (Vice Chairman)	Cllr Nabeel Nasir
Cllr Brian Adams	Cllr Libby Piper
Cllr Nicholas Holder	Cllr David Round
Cllr Peter Martin	

Substitutes

Cllr Liz Townsend	Cllr Jerry Hyman
Cllr Richard Seaborne	

Members who are unable to attend this meeting must submit apologies by the end of Monday, 19 March 2018 to enable a substitute to be arranged.

Dear Councillor

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

DATE: MONDAY, 26 MARCH 2018

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. **MINUTES** (Pages 7 - 16)

To confirm the Minutes of the Meeting held on 22 January 2018 and the Special Meeting held on 19 February 2018 (to be laid on the table 30 minutes before the meeting).

2. **APOLOGIES FOR ABSENCE AND SUBSTITUTES**

To receive apologies for absence and note any substitutions.

Members who are unable to attend this meeting must submit apologies by the end of Monday 19 March 2018 to enable a substitute to be arranged, if applicable.

3. **DECLARATIONS OF INTERESTS**

To receive 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.

4. **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.

5. **PROPERTY INVESTMENT STRATEGY**

The report (to follow) presents a revised Property Investment Strategy and proposes delegations to the Executive to progress general fund investment opportunities. The report also sets out a revised composition for the Investment Advisory Board to strengthen the governance in the decision making for property investments.

The Property Investment Strategy will be circulated to the Committee following the final meeting of the Property Strategy Working Group on 19 March 2018.

Recommendation

It is recommended that the VfM O&S Committee considers the report and Strategy and makes comments and observations to the Executive.

6. TREASURY MANAGEMENT FRAMEWORK 2018/19 (Pages 17 - 34)

This report sets out the proposed Treasury Management Framework for 2018/19, comprising:

- revised Treasury Management Policy;
- 2018/19 Treasury Management Strategy;
- 2018/19 Treasury Management Investment Strategy; and
- Prudential Indicators for 2018/19 to 2020/21.

Recommendation

That the Value for Money Overview and Scrutiny Committee considers the Treasury Management Strategy and passes any comments and observations to the Executive.

7. REPORT OF THE CAPITAL EXPENDITURE PROCESS AND MANAGEMENT REVIEW GROUP (Pages 35 - 108)

The report details the findings of the Capital Expenditure Process and Management Review Working Group and the recommendations made as a result of the review.

Recommendation

It is recommended that the Committee considers the report and endorses the recommendations made by the Working Group.

8. BUDGET STRATEGY WORKING GROUP (Pages 109 - 118)

To receive the scoping document for the Budget Strategy Working Group.

Recommendation

It is recommended that the Committee endorses the scoping document and agrees the membership of the Working Group.

9. COMMUNITY INFRASTRUCTURE LEVY (CIL) - UPDATE PAPER (Pages 119 - 120)

To provide an update on the Community Infrastructure Levy (CIL) and to outline the Committee's role in reviewing the Governance Arrangements.

Recommendation

It is recommended that the update report be noted and the Committee agree to add CIL Governance Arrangements to its work programme with a view to receiving a report to its June meeting.

10. PERFORMANCE MANAGEMENT REPORT QUARTER 3, 2017/18 (OCTOBER - DECEMBER 2017) (Pages 121 - 130)

This report provides an analysis of the Council's performance in the third quarter of 2017/18 in the service areas of Finance, Strategic HR and Complaints. Annexe 1 to the report details performance against key indicators.

Recommendation

It is recommended that the Value for Money & Customer Service Overview and Scrutiny Committee considers the performance figures for Quarter 3 and agrees any observations or recommendations about performance and progress towards targets it wishes to make to the Executive.

11. COMMITTEE WORK PROGRAMME (Pages 131 - 146)

The Value for Money and Customer Service Overview and Scrutiny Committee, is responsible for managing its work programme.

The work programme includes items agreed at previous meetings and takes account of items identified on the latest Executive Forward Programme (Annexe 2) as due to come forward for decision.

A Scrutiny Tracker has been produced to assist the Committee in monitoring the recommendations that have been agreed at its meetings. The Tracker details the latest position on the implementation of these recommendations and is attached as Part C of the 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.

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 the appropriate paragraph(s) of the revised Part 1 of Schedule 12A to the Act (to be specified at the meeting).

Officer contacts:

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Amy McNulty, Democratic Services Officer

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mWAVERLEY BOROUGH COUNCIL

MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE - VALUE FOR MONEY & CUSTOMER SERVICE - 22 JANUARY 2018

(To be read in conjunction with the Agenda for the Meeting)

Present

Cllr Mike Band (Vice Chairman)
Cllr Nicholas Holder
Cllr Peter Martin

Cllr Nabeel Nasir
Cllr David Round

Cllr Liz Townsend (Substitute)
Cllr Richard Seaborne (Substitute)

Cllr Jerry Hyman (Substitute)

Apologies

Cllr John Williamson, Cllr Stephen Mulliner and Cllr Libby Piper

Also Present

Councillor James Edwards

23. MINUTES (Agenda item 1.)

The Minutes of the Meeting held on 30 October 2017 were confirmed as a correct record and signed.

24. APOLOGIES FOR ABSENCE AND SUBSTITUTES (Agenda item 2.)

Apologies for absence were received from Cllrs John Williamson, Stephen Mulliner and Libby Piper. Cllrs Liz Townsend, Richard Seaborne and Jerry Hyman attended as substitutes.

25. DECLARATIONS OF INTERESTS (Agenda item 3.)

There were no declarations of interests in connection with items on the agenda.

26. QUESTIONS FROM MEMBERS OF THE PUBLIC (Agenda item 4.)

There were none.

27. MEDIUM TERM FINANCIAL PLAN 2018/19 - 2020/21
GENERAL FUND BUDGET 2018/19 (Agenda item 5.)

Graeme Clark, Strategic Director, introduced the report setting out the General Fund Budget for 2018/19. He explained that the Council was faced with a Budget shortfall of £2.7m over three years however Heads of Service had worked through the detailed budget with their Portfolio Holders and officers were now in a position to present a balanced budget for 2018/19. Key changes from the original projection for 2018/19 included a transitional arrangement with SCC on recycling income, new income from property investments and some changes to fees and charges.

The Government had made changes to the criteria for New Homes Bonus. While this had an impact on income, officers advised that the Council did not rely on this to balance the budget. Instead, the funds were used for invest to save schemes, specifically property investment.

There was a proposed increase of 2.99% to Council Tax, and no changes were proposed to the Council Tax Support Scheme. The Chancellor's Budget had made provision for an increase to the Council Tax premium charged on empty properties; it would be Waverley's intention to implement this as soon as it is able to. In response to questions, officers clarified that the additional charge would only be applied once the property had been empty for two years. Cllr Hyman felt that a Council Tax increase each year would negatively affect Waverley's older residents who were asset rich but cash poor and suggested that the Council look for other ways of generating income.

Graeme Clark also reported that the Council had been corresponding with the Government regarding the negative grant. The Chancellor would be undertaking a 'fair funding review' in the Spring which would set new baseline allocations for local authorities based on relative needs and resources. Officers hoped that this might result in the delay or removal of the negative grant and the Committee recommended that the Executive continue to engage with local MPs to have this negative grant removed.

The Committee commented that for 2018/19 the expected income from property would be £250k and queried how conservative this estimate was. Officers responded that this amount would be achieved from recently acquired property, and any further acquisitions during 2018/19 would simply enhance this.

In addition to the 2018/19 budget, some measures were set out which would help to achieve a balanced budget to 2021. These included procurement savings, property income, and efficiency savings. Cllr Holder asked for further details as to where the proposed efficiency savings would come from. Officers responded that reviews would be ongoing throughout the year to identify efficiencies and that these would come to this Committee throughout the year, not just at budget-setting time.

Members noted that there were some proposed increased to fees and charges, but commented that without knowing how frequently a service was used, it was difficult to quantify how much income would be generated. Peter Vickers, Head of Finance, responded that there was information available about how much income was generated from these services, and that this could be made available. Cllr Hyman was concerned that by continuing to increase the charges for services, such as garden waste, a tipping point would eventually be reached, and take-up of the service would drop. Officers responded that while this was something to consider for the future, Heads of Service were confident that with the current fee increases, take-up would not be affected.

Additionally, the Committee noted that delegated authority was sought to set the Building Control fees. Officers explained that this was due to the extremely competitive market in which the Building Control Service operated, and therefore there was a need to be flexible and able to respond quickly to changing circumstances. Members accepted this rationale, however recommended that the fees be reported once they had been agreed.

Cllr Townsend noted that the business rates pilot was not included within the budget. Graeme Clark responded that this had not yet been budgeted for as the Council would only be able to calculate what gains had been received at the end of the next financial year.

The Committee considered the potential impact of the Homelessness Act and whether a contingency budget should be put in place. Members concluded that this was not required at the current time, as the impact would be difficult to quantify, but recommended that the Executive be made aware of this potential risk and that the situation continue to be monitored.

The Committee thanked officers and Portfolio Holders for their hard work in delivering a balanced budget for 2018/19 and looked forward to continuing to work with officers to deal with the budget challenges for coming years.

28. BUDGET STRATEGY WORKING GROUP - SUB GROUP OPTIONS (Agenda item 6.)

The Committee received a report setting out proposals which would enable Scrutiny Members to add more strategic value to the Council's financial plan. Peter Vickers highlighted the plan to establish a working group that would maintain an overview of Heads of Services' progress towards efficiency targets. Additionally, he presented four key work streams that would enable the working group to look in more detail at key transformation issues.

The first work stream would involve looking at the split between mandatory and discretionary services and would seek to ensure that the costs of discretionary services were recovered in some way. The second work stream would relate to demand management, and would involve ensuring that Council services meet the needs of the user. The third work stream would relate to procurement, focusing on the balance between planned and reactive spend. And the final work stream would involve looking at the Council's assets and people resources; questioning assumptions about the way we do business; and examining recruitment issues.

The Committee felt that the report set out a good structure for the work of the sub-groups. Members agreed that an additional work stream should be added, looking at service delivery, and also suggested that the procurement work stream be expanded to cover the bigger picture of project execution. Members also commented that in addition to savings, the Council should be looking for income opportunities too.

The Committee queried how the working group would operate; and whether it would be expected to analyse each individual department within the Council. Graeme Clark responded that officers could remove the areas that wouldn't generate significant returns which would enable the group to focus on areas to add real value. Additionally, the Committee noted that a growth bid had been included within the budget report for budget community engagement. This could be used to help residents identify which services are their highest priorities.

The Committee approved the recommendation that the Value for Money and Customer Service O&S Committee be the coordinating committee for progressing

the Budget Strategy Working Group's cross-cutting topics. The Committee also agreed to the inclusion of a fifth work stream on Service Delivery.

The Committee requested that officers prepare a list of key topics and priorities under each of the work stream headings and agreed that these would be considered by the O&S Coordinating Board at its next meeting. In the meantime, Members were asked to consider which of the work streams their individual skills would be most suited to.

29. PROPERTY INVESTMENT STRATEGY - VERBAL UPDATE (Agenda item 7.)

Prior to the meeting, the Committee had received a briefing on Property Investments, delivered by external consultants.

The Committee received an update on the progress that had been made by the Property Strategy Working Group. The Group had initially been established to examine the proposals for the creation of a Property Company, however it had become apparent that the Investment Strategy document needed to be revised before this could be progressed.

The Group had met three times and had worked to develop and refine the Strategy under the broad topics outlined by the consultants. Cllr Band indicated that one or two further meetings of the Working Group would be required before the Strategy could be brought to the March meeting of the Committee.

30. CAPITAL EXPENDITURE PROCESS AND MANAGEMENT SCRUTINY REVIEW - VERBAL UPDATE (Agenda item 8.)

The Committee received an update on the progress that had been made by the Capital Expenditure Working Group. The Group had met three times to look at General Fund Capital expenditure and would be looking at the HRA Capital Programme at its next meeting. The Group had identified several issues including examples of multi-year projects being budgeted for in single year. It was hoped that the new Capital Expenditure process implemented by the Accountancy team would help to avoid this in future. The Working Group's final report would be submitted to the March meeting of the Committee.

31. UNIVERSAL CREDIT (Agenda item 9.)

The Committee received an update on the work that was being undertaken to mitigate the impact of Universal Credit. The majority of risks related to housing, and issues concerning rent arrears. Officers informed the Committee that a contingency fund of £1m would be set aside in the HRA which could be used if required. Additionally, there was a dedicated Welfare Officer in place, and the Rents team had a strategy in place to assist more vulnerable tenants.

The full roll-out of Universal Credit for all new claimants would be from October 2018. The Benefits Service received approximately 500 new claims each year, with a similar amount also coming off the system. Peter Vickers, therefore commented that, with this rate of turnover, it would take around six years for all claimants to transfer to Universal Credit.

The Committee felt that this was a good opportunity to promote the use of Credit Unions. Officers responded that they had a good dialogue with Boom, the West Sussex and Surrey Credit Union, and would continue to promote close working.

Members thanked officers for the update and agreed that it was important that the Committee receives regular updates on the progress of the roll-out, emerging risks, and associated mitigations.

32. BENEFIT SERVICE BUSINESS IMPROVEMENT PROJECT - VERBAL UPDATE
(Agenda item 10.)

Peter Vickers provided the Committee with an update on the Systems Thinking Review that had taken place in the Benefits team. The service had been redesigned around the needs of the customer, so that each contact with a client was now owned by a specific member of staff. The team had been restructured and existing staff were now in new roles; a further two technical staff would also be recruited. New claims currently took around 20 days to process, however following the roll-out of this new way of working it was anticipated that new claims could be processed in seven days. Peter explained that the roll-out would be completed by the end of March and the Committee looked forward to receiving a progress report in due course.

33. WAVERLEY'S COMPLAINTS HANDLING POLICY AND REVIEW OF COMPLAINTS RECEIVED IN 2016/17 (Agenda item 11.)

Tom Horwood, Chief Executive, introduced the revised Complaints Handling Policy to the Committee. He explained that complaints made up only a small proportion of the interactions between the Council and its customers however were an important way for the Council to learn how to do things even better.

The Complaints Handling Policy had been streamlined which would help to reduce the length of the complaints process for residents and avoid unnecessary repetition. This was in keeping with Waverley's neighbouring Councils who all operated a two-stage process. Additionally, more training was being introduced for complaints administrators to ensure that customers were treated consistently and with empathy. There would be a short transition period, and the aim was to have the new procedure in place by the end of March.

Some Members had concerns about the process going straight from Level 2 to the Ombudsman, however officers responded that they would ensure that Level 2 provided an objective review on complaints, with Heads of Service being assisted by the Corporate Complaints Officer. Cllr Holder also felt that the role of the Ward Councillor was also very important, as they could help to point residents in the right direction and help avoid complaints escalating.

The Committee was generally supportive of the proposals to streamline the process, however, felt that even though the Chief Executive was no longer specifically involved in the last stage, he and the Strategic Directors would still be monitoring the process carefully to draw out the learning and that this should be set out in the procedure document.

[Cllr Nicholas Holder left the meeting at 9pm prior to the consideration of the following item.]

34. SERVICE PLANS 2018/19 (Agenda item 12.)

The Committee agreed that in order to have a meaningful discussion on Service Plans, a separate meeting should be arranged to consider these, potentially as a Joint O&S.

35. PERFORMANCE MANAGEMENT REPORT QUARTER 2, 2017/18 (JULY - SEPTEMBER 2017) (Agenda item 13.)

The Committee received the performance report, which was now presented on an exception basis. Nora Copping, Policy and Performance Officer, highlighted that only one indicator had exceeded target by more than 5% during Quarter 2; this related to a small number of Level 3 complaints that had been particularly difficult to resolve. Having reviewed the revised complaints handling policy earlier in the meeting, the Committee endorsed the proposed changes to the complaints performance indicators to coincide with the adoption of the updated policy and procedure.

Members were disappointed, however, that they were receiving the Quarter 2 figures after the end of Quarter 3. Officers responded that this was due to difficulties with the timings of the quarter ends and committee deadlines. The Committee therefore suggested that officers review the cut-off points to enable performance data to be presented more promptly.

36. COMMITTEE WORK PROGRAMME (Agenda item 14.)

The Committee noted the items on its work programme as due to be considered at its March meeting. Yasmine Makin, Scrutiny Support Officer, also advised that the Scrutiny Tracker contained within the work programme had been revised to make it clearer when a recommendation had been completed.

The meeting commenced at 7.00 pm and concluded at 9.11 pm

Chairman

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE SPECIAL OVERVIEW & SCRUTINY COMMITTEE - VALUE FOR
MONEY & CUSTOMER SERVICE - 19 FEBRUARY 2018

(To be read in conjunction with the Agenda for the Meeting)

Present

Cllr Mike Band (Vice Chairman)
Cllr Nicholas Holder
Cllr Stephen Mulliner

Cllr Nabeel Nasir
Cllr David Round

Apologies

Cllr John Williamson, Cllr Brian Adams and Cllr Libby Piper

45. APOLOGIES FOR ABSENCE AND SUBSTITUTES (Agenda item 1.)

Apologies for absence were received from Cllrs John Williamson, Brian Adams and Libby Piper.

46. DECLARATIONS OF INTERESTS (Agenda item 2.)

There were no declarations of interests in connection with items on the agenda.

47. SERVICE PLANS 2018/19 (Agenda item 3.)

The Committee considered the Service Plans falling within the remit of Value for Money and Customer Service. Officers advised that the template had been updated slightly, to focus more on outcomes. Members were pleased to have the opportunity to properly scrutinise the Service Plans in detail.

The Committee made an overall recommendation that, in future years, where Service Plans referred to a budget implication, that this be cross-referenced to the appropriate line of the budget report. This would enable Members to clearly see where a Capital or Revenue resource had been agreed. The Committee then made the following observations on the individual Service Plans.

Customer and Corporate Services

David Allum explained that the first section of the Service Plan related to customer service; this work involved building on the report and action plan that had been agreed by O&S and the Executive in 2017. The Committee discussed the Channel Shift programme which would involve encouraging residents to use automated, online methods for more transactional services, such as checking rent accounts or booking sports facilities. Capital resources of £40k had been secured in 2017/18 and would be carried forward; this would be used to fund the purchase of software to link up existing Council systems. Members were pleased to note the anticipated savings that would be delivered following the implementation of the programme.

The second section related to investment and commercial activity which would see the Service achieve a £300k budget contribution each year. The Committee queried

whether their team had sufficient resources to support these outcomes. Officers responded that ultimately more staff would enable the team to generate more income, and that a plan was in place to recruit two new members of staff to the team. This would also potentially enable the management of property acquisitions to be done in house rather than by an external company. The Committee emphasised the importance of ensuring that the team was adequately resourced and requested to see a plan of how this would be taken forward.

The third section related to IT investment; a key project within this would be the development of a new core IT system for Planning. David Allum advised the Committee that the Council would be the pilot for a new system that was being developed by an existing supplier and so there would therefore be no upfront cost. Members had some concerns over the risks involved with this approach and recommended that progress be closely monitored.

The fourth section related to income generation and efficiencies including providing external cleaning services in order to generate income. The Community Meals service was working well and generating an income, David Allum added that there was also capacity to take on more clients. There was also a target to reduce post and printing costs by 5%. The Committee was very keen that reducing paper usage be promoted as much as possible. Robin Taylor added the promotion of paperless agendas was also included within the Policy and Governance Service Plan and Cllr Band emphasised the need for an ongoing dialogue with councillors to encourage them to be more paperless. Cllr Round added that it would be useful if concise summaries of longer documents could be provided to councillors.

Economic Development

The Committee noted that Economic Development Strategy would be developed in light of the Council's new Corporate Strategy and therefore felt that the timescales for adoption set out in the Service Plan were slightly optimistic.

Finance

Peter Vickers explained that the objectives set out in the Service Plan tied in to the Medium Term Financial Plan. The Finance Service aimed to deliver savings by supporting other services with their efficiency projects, such as the Channel Shift programme already discussed.

The Benefits team had just completed a 'Systems Thinking' pilot, which had already resulted in savings of around £70k. This involved redesigning the service around the customer and cutting out any unnecessary work. The team would also be dealing with the impact of Universal Credit when it goes live for Waverley in July 2018. The Committee noted that the impact of Universal Credit was already on its work programme, and that updates would be provided at meetings as necessary.

Peter Vickers informed the Committee that over the coming year the Revenues team would be undertaking a similar 'Systems Thinking' review to take a fresh look at how the service is delivered, with a shift towards more self-service options. Additionally, a Corporate Debt Policy would be developed which would help to more effectively manage debts to services across the whole council.

Additionally, the Finance team would be utilising a new module in Agresso, making budget management more interactive, with the ability to deliver more efficient and effective financial information to budget managers.

Policy and Governance

Robin Taylor explained that the Service Plan reflected the current time of change at Waverley and included aspects such as the O&S change programme and the amendments to the Constitution and Scheme of Delegation to reduce bureaucracy. The Service Plan defined Policy and Governance as a hub for organisational change and increased consultation. It included some revenue growth bids and one capital bid for a more extensive roll-out of the mobile canvasser project.

The Committee noted that there was a £50k growth bid to ensure compliance with GDPR and asked if there was a plan in place for this. Officers assured Members that the Council was clear about what was required of it, and had an action plan in place to achieve this. Following the introduction of GDPR in May, it would be an ongoing process to ensure that the Council continued to effectively and efficiently manage data. Cllr Band queried how GDPR would affect councillors; officers responded that this was included within the project plan and separate briefing sessions would be arranged. The Committee also suggested that, where possible, support also be offered to Town and Parish Councils, who had fewer resources than Waverley. Robin Taylor responded that the Council was actively sharing information with Town and Parish Councils, which enabled them to benefit from Waverley's investment in consultants.

Members were generally supportive of the proposals to increase community engagement through more consultations rather than passively disseminating information. The Committee felt, however, that this could be difficult to achieve. Robin Taylor acknowledged that this could be challenging, but cited the good work that had recently been done with the Citizens' Panel.

Strategic HR

Wendy Gane explained that a key aspect of the Service Plan would be developing a new People Strategy (formerly the HR Strategy) which would sit alongside the new Corporate Strategy. The senior management team would be supported to develop the skills required to deliver the aspirations of the new Corporate Strategy. A Pay and Reward scheme would also be developed which would enable the council to attract and retain high quality staff. This work would be on top of the day-to-day Strategic HR role of monitoring service resilience and carrying out employment law work.

The Committee commented that, due to the nature of the profession and competition with the private sector, the Planning Service had a higher staff turnover than other areas of the organisation. Members therefore suggested that it might be appropriate to develop a separate People Strategy dedicated to the Planning Service. Officers responded that there was a specific salary structure in place and that the Council was working on its offer in terms of development and career progression. A consultant would be working with officers on the development of the People Strategy, and would investigate the best ways to retain staff. Ultimately, members acknowledged that good quality Planners would often be head-hunted

and therefore suggested that the Council just needed to have different expectations in terms of this area.

The Committee thanked Heads of Service for their presentations and endorsed the Service Plans to the Executive for approval.

The meeting commenced at 4.00 pm and concluded at 5.29 pm

Chairman

WAVERLEY BOROUGH COUNCIL

VALUE FOR MONEY OVERVIEW AND SCRUTINY - 26 MARCH 2018 EXECUTIVE – 10 APRIL 2018

Title:

TREASURY MANAGEMENT FRAMEWORK 2018/19

[Portfolio Holder: Cllr Ged Hall]

[Wards Affected: All]

Summary and purpose:

This report sets out the proposed Treasury Management Framework for 2018/19, comprising:

- revised Treasury Management Policy;
 - 2018/19 Treasury Management Strategy;
 - 2018/19 Treasury Management Investment Strategy; and
 - Prudential Indicators for 2018/19 to 2020/21
-

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

An effective treasury management function is critical to all Council services in that it ensures financial resources are available at the right time to deliver the Council's priorities and services. It supports the Council's Value for Money priority and is a key element in the management of Waverley's financial resources.

Equality and Diversity Implications:

Treasury management provides financial resources to support all services including those which promote equality and diversity.

Financial implications:

A sound treasury management policy which achieves an appropriate balance between risk and return is essential to support service provision.

Legal Implications:

The current Code of Practice on Treasury Management (the Code) produced by CIPFA supports the provisions of the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 and it is expected that local authorities will apply the Code to their individual circumstances.

Introduction

1. Treasury management is the management of the Council's monetary investments and cash flows, its banking and money market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. The Treasury Management Framework for 2018/19 contains only minor changes to the existing framework.

2. For Waverley Borough Council this means collecting around £130m per annum and managing a similar amount of revenue expenditure together with an average investment of around £65m each day invested in financial markets and, with the introduction of HRA Self-financing in 2012/13, it now also includes borrowing of £192m and in future this could also include borrowing to support commercial investment.
3. The 2018 revised code now required a separate capital strategy that includes commercial investments held for financial return. This will be developed during 2018/2019 following the approval of the Property Investment Strategy and the Treasury Strategy. The Capital Strategy will include all of the new disclosure requirements and will take account of the external advice commissioned in March 2018 from Link Asset Services, a leading treasury advisor to local government.
4. The CIPFA code requires local authorities to maintain their Treasury Management Policy in accordance with the code, and any of its revisions, and with legislation. It also requires local authorities to determine their Treasury Management strategies, Investment strategies and their Prudential Indicators on an annual basis.
5. During 2017 CIPFA revised the Code through a series of consultations. The Government also published in March 2018 a revised Prudential Framework for Capital Finance, which includes the Local Authorities Investment Code and MRP Guidance. These revisions take effect from April 2019 and will be incorporated in Waverley's Capital Strategy.

Purpose of the Code

6. CIPFA has produced this Code and the accompanying guidance notes to help satisfy nine main purposes:
 - i. To assist public service organisations in the development and maintenance of firm foundations and clear objectives for their treasury management activities, and thereby to add to their credibility in the public eye.
 - ii. To emphasise the over-riding importance of effective risk management, as the foundation for treasury management in all public service bodies.
 - iii. To provide transparency for treasury management decisions including the use of counterparties and financial instruments that individual public service organisations intend to use for the prudent management of their financial affairs.
 - iv. To encourage the pursuit of value for money in treasury management, and to promote the reasoned use, development and appreciation of appropriate and practical measures of performance.
 - v. To enable CIPFA members to fulfil their professional and contractual responsibilities to the organisations they serve and, in accordance with the members' charter, *"to maintain and develop the professional competence of both themselves and those they supervise"*.
 - vi. To help facilitate a standardisation and codification of treasury management policies and practices in the public services.

- vii. To assist those involved in the regulation and review of treasury management in the public services, particularly those charged with the audit of the same
- viii. To foster a continuing debate on the relevance and currency of the statutory and regulatory regimes under which treasury management in the various parts of the public services operates.
- ix. To further the understanding and confidence of, and to act as a reference work for, financial and other institutions whose businesses bring them into contact with the treasury management activities of public service organisations.

Treasury Management Statements

7. The key documents in line with the requirements of the Code are approved by Council annually as follows:
 - Treasury Management Policy Statement is included at Annexe 1 and sets out the headline objectives of the Treasury Management function.
 - Treasury Management Strategy 2018/19 is included at Annexe 2 and sets out the way in which Waverley's policy objectives for Treasury Management will be achieved and the high level approach to borrowing and treasury investment. As required by the Code, the Strategy includes a statement of Waverley's Treasury Management Practices (TMPs) which set out specific areas of note and how they will be dealt with.
 - Annual Investment Strategy 2018/19 is included at Annexe 3 and sets out how Waverley's treasury investments will be managed, in accordance with the Treasury Management Strategy, and how this will help achieve Waverley's policy objectives. This Strategy is required by local government investment regulations.

Borrowing

8. With the creation of the Investment Advisory Board and the Government's significant reduction in Waverley's New Homes Bonus funding, it is likely that Waverley will need to borrow in 2018/19 and subsequent years to develop and/or acquire property assets in order to develop the local economy and generate revenue for the General Fund budget.
9. In order to respond quickly to opportunities that arise and ensure flexibility in the capital financing arrangements, the decision to borrow to finance capital expenditure was delegated to the Executive by the Council, subject to the limits within this report and provided that the annual revenue cost of the borrowing is within the Executive's authorised spending limit for each transaction.

Prudential Indicators to 2020/21

10. The Local Government Act 2003 requires local authorities to comply with CIPFA's Prudential Borrowing Code. This in turn requires local authorities to agree a specified set of prudential indicators relating to their investment and borrowing activities. Waverley's Prudential Indicators are in line with the requirements of the Code and the current conditions which are included at Annexe 4 (to follow). The

prudential indicators are intended to support decision-making and are ways of targeting and measuring performance.

Proposed Recommendation for Executive

The Executive recommends to the Council that the proposed Treasury Management Framework for 2018/19 be approved.

Recommendation

That the Value for Money Overview and Scrutiny Committee considers the Treasury Management Strategy and passes any comments and observations to the Executive.

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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STATEMENT OF TREASURY MANAGEMENT POLICY

The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Sections 5 and 6 of the Code. The full Code is available for Members on request and identifies 3 key principles which organisations should apply:

- 1) formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of treasury management activities should be in place.
- 2) effective management and control of risk are the prime objectives of Treasury Management and are the responsibility of the Council. Waverley's Treasury Management Strategy must make clear its appetite for risk, the use of which financial instruments are allowed for the prudent management of those risks and that priority be given first to security, then to liquidity and last to yield.
- 3) treasury management policies and practices should reflect that the pursuit of value for money is, nevertheless, important and performance measures are important and valid tools to be used in support of this.

Accordingly, the Council will create and maintain, as the cornerstones for effective Treasury Management:

- A treasury management policy stating the policies, objectives and approach to risk management of its treasury management activities.
- A treasury management strategy on at least an annual basis, including approved treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve its policy objectives and prescribing how it will manage and control those activities.

The content of the policy, strategy and TMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the organisation materially deviating from the Code's key principles.

The Council will receive reports on its treasury management policy and practices and the Executive will receive reports on treasury activities and performance, including, as a minimum, the annual strategy in advance of the year, regular monitoring reports during the year and an annual report after its close, in the form prescribed in its TMPs.

The Council delegates responsibility for the regular monitoring of its Treasury Management Policy and practices to the Executive, and for the execution and administration of day-to-day treasury management decisions to the Strategic Director (Section 151 Officer) who will act in accordance with the Waverley's Policy, Strategy and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

The Council nominates the Value for Money Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Overall policy:

Waverley Borough Council defines its treasury management objectives as:

The effective management of the Council's investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks in order to ensure that financial resources are available at the right time to deliver the Council's service priorities.

Risk:

Waverley regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.

Value for money:

Waverley acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives and is therefore committed to the principles of achieving value for money in treasury management and to employing suitable performance monitoring arrangements within the context of effective risk management.

Borrowing:

The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should ensure the Council is transparent and has flexibility and control over its debt.

Investment:

Waverley's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's treasury investments followed by the yield earned on investments remain important but are secondary considerations.

Treasury Management Strategy Statement 2018/19 **(incorporating Treasury Management Practice statements)**

Overall policy:

The major objective of managing daily cash balances to meet cash flow commitments remains the priority.

Investments:

Waverley's policy is to give security of treasury investment a higher priority than rate of return/yield. Waverley's strategy and day-to-day practice, therefore, continue to be refined, within the boundaries agreed in the Annual Treasury Investment Strategy (Annexe 3), in response to market conditions.

Risk:

Waverley acknowledges that no treasury management activity is without risk. The major area of risk is identified as investment risk. Investment risk will be mitigated in a number of ways as set out in accordance with the specified Treasury Management Practices and Annual Treasury Investment Strategy. The cornerstones of current treasury investment strategy are:

- to lend only to those institutions which fit the Council's policy in terms of financial standing, credit ratings etc;
- generally to restrict lending to terms of one year or less or to cover precept dates or known expenditure commitments, except where the Strategic Director (S.151 Officer) or Head of Finance agree to an investment within Waverley's criteria over a longer period if interest rates are favourable;
- to identify financial limits for each counterparty institution depending on the quality of its financial ratings;
- to make all cash investments in GBP sterling thus avoiding exchange rate risk;
- that Waverley's general preference is for fixed rate investments for budgetary certainty and the avoidance of yield risk and
- to consider other forms of investment that are not part of treasury management activity, such as property acquisitions, on a case by case basis subject to a comprehensive business case being presented to Members including analysis of risk and viability. This is set out in a separate Property Investment Strategy.

The Council is also committed to using available market intelligence to aid investment and borrowing decision making.

Value for money:

Waverley is committed to the pursuit of value for money in its Treasury Management function and to use performance methodology in support of that aim. This will be achieved through the formal reporting process set out in the Treasury Management Practices as well as the use of comparative performance indicators (including Prudential Indicators) for its investment returns and costs.

Borrowing:

Waverley borrowed £192m in March 2012, £5m of which was borrowed internally, for the purposes of HRA self-financing implementation. The Council adopted a flexible approach to this borrowing in consultation with treasury management advisers.

The following issues will be considered prior to undertaking any external borrowing:

- Affordability
- Maturity profile of existing debt
- Interest rate and refinancing risk
- Borrowing source

It may be advantageous in future, as the HRA Business Plan is developed, to reschedule some of the HRA debt. Waverley's debt portfolio can, potentially, be restructured in order to achieve a reduction in risk, savings in interest costs and/or to meet changing cash demands. The rationale for undertaking any future HRA debt rescheduling would be one or more of the following:

- Changing the maturity profile of the debt portfolio
- Interest rate savings and premiums
- Rebalancing the interest rate structure of the debt portfolio

With the creation of the Investment Advisory Board and the Government's significant reduction in Waverley's New Homes Bonus funding, it is likely that Waverley will need to borrow in 2018/19 and subsequent years to develop and/or acquire property assets in order to develop the local economy and generate revenue for the General Fund budget.

In addition, temporary borrowing for the purposes of financing day-to-day expenditure commitments is allowed for short periods if economic on the day.

Overall, borrowing will be managed within the Authorised Limit for External Debt (See Prudential Indicator 5) and the HRA debt will not exceed the specified statutory cap.

Minimum Revenue Provision (MRP) Annual Policy Statement - The scheme of Minimum Revenue Provision (MRP) requires Local Authorities to set aside some of their revenues as provision for debt each year of an amount considered to be 'prudent'. Prudent provision should ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

Following the implementation of International Financial Reporting Standards, finance leases may also be subject to the requirements of MRP. However, borrowing to finance capital expenditure on housing assets is not subject to MRP.

Revised Guidance on MRP has been issued by the Government. The guidance is fairly prescriptive but sets out options for making a prudent provision for MRP. If the Council undertakes borrowing requiring an MRP provision, it will apply the most appropriate option having regard to the guidance. It is intended that Waverley will use the Annuity method of calculating MRP as it links MRP to the flow of benefits.

TREASURY MANAGEMENT PRACTICES (TMP)

TMP1 RISK MANAGEMENT

General Statement

The Strategic Director, (Section 151 Officer) will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and report as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 *Reporting requirements and management information arrangements*. In respect of each of the following risks, detailed arrangements, which seek to ensure compliance with these objectives, are set out in 'Additional Information' schedules.

Credit and Counterparty Risk Management

The key risk in Waverley Borough Council's treasury management activities is the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments methods and techniques.

Liquidity Risk Management

Waverley Borough Council will ensure it has adequate cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

Waverley Borough Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current approved capital programme or to finance future debt maturities.

Interest Rate Risk Management

Waverley Borough Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements, as revised, in accordance with TMP6 *Reporting requirements and management information arrangements*. It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications considered by the Executive as appropriate.

Exchange Rate Risk Management

Waverley Borough Council's current approved policy allows cash investments solely in GBP sterling because other currency deals expose Waverley to an additional level of risk. Accordingly, Waverley does not have an exchange rate risk management strategy at this time. Should market conditions change such that foreign currency deals become appropriate, this Treasury Management Practice will be developed to cover this and approval for such a policy change will be sought.

Inflation Risk Management

Waverley Borough Council will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

Refinancing Risk Management

Waverley Borough Council will ensure that its borrowing is structured and documented, and the maturity profile of the debt is managed with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to Waverley as can reasonably be achieved in the light of market conditions prevailing at the time.

Legal and Regulatory Risk Management

Waverley Borough Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its TMP1[1] *credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with Waverley, particularly with regard to duty of care and fees charged.

Waverley Borough Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

Fraud, Error and Corruption, and Contingency Management

Waverley Borough Council will ensure that it has identified the circumstances, which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Market Risk Management

Waverley Borough Council will ensure that its stated treasury management policies and objectives do not expose the Council to the risk of adverse market fluctuations in the value of the principal cash sums it invests and will accordingly protect itself from the effects of such fluctuations.

TMP2 PERFORMANCE MEASUREMENT

Waverley Borough Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. The performance of the treasury management function is included in the budget monitoring process, and periodic reports to the Executive and Corporate O&S Committee.

TMP3 DECISION-MAKING AND ANALYSIS

Waverley Borough Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

Waverley Borough Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the Treasury Management Strategy and Annual Investment Strategy, and within the limits and parameters defined in TMP1 *Risk management*.

Should Waverley decide in future to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury management strategy. The organisation will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products

TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

Waverley Borough Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decision and the audit and review of the treasury management function.

If the Council has to depart from these principles, the Director of Finance and Resources will ensure that the reasons are properly reported in accordance with TMP6 *Reporting requirements and management information arrangements* and the implications properly considered and evaluated.

The Strategic Director (S.151 Officer) will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements have been agreed with the Portfolio Holder for Finance and the Strategic Director (S.151 Officer) in March 2010 as included in the Additional Guidance document.

The delegations to the Strategic Director (S.151 Officer) in respect of treasury management have been agreed with the Portfolio Holder for Finance and the Strategic Director (S.151 Officer) in March 2010 as included in the Additional Guidance document. The Director of Finance and Resources will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and CIPFA's *Standard of Professional Practice on Treasury Management*.

TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

Waverley Borough Council will ensure that regular reports are prepared and considered on:

- the implementation of its treasury management policies
- the effects of decisions taken and transactions executed in pursuit of those policies
- the implications of changes, particularly budgetary, resulting from regulatory economic, market or other factors affecting its treasury management activities
- the performance of the treasury management function.

As a minimum:

The Executive will receive:

- An annual report on the strategy to be pursued in the coming year;
- Regular monitoring reports during the year on treasury management activities and risks;
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

The Value for Money Overview and Scrutiny Committee will have responsibility for the scrutiny of treasury management policies and practices and will receive the annual strategy documents for comment and periodic performance reports.

TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The Strategic Director (S.151 Officer) will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at a minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk management*, TMP2 *Performance measurement* and TMP6 *Approved instruments, methods and techniques*. The Strategic Director (S.151 Officer) will exercise effective controls over

this budget and will report upon and recommend any changes required in accordance with *TMP6 Reporting requirements and management information arrangements*.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP8 CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Strategic Director (S.151 Officer) and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis and the Strategic Director (S.151 Officer) will ensure that these are adequate for the purposes of monitoring compliance with TMP1[1] liquidity risk management.

TMP9 MONEY LAUNDERING

Waverley Borough Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, the Council will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made have been agreed by the Audit Committee.

TMP10 TRAINING AND QUALIFICATIONS

Waverley Borough Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Strategic Director (S.151 Officer) will recommend and implement the necessary arrangements.

The Strategic Director (S.151 Officer) will ensure that Members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

TMP11 USE OF EXTERNAL SERVICE PROVIDERS

Waverley Borough Council recognises that responsibility for treasury management decisions remains with the Council at all times. The Council recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which have been submitted to a full evaluation of the costs and benefits. The Council will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be

observed. The monitoring of such arrangements rests with the Strategic Director (S.151 Officer).

TMP12 CORPORATE GOVERNANCE

Waverley Borough Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This action, together with the other arrangements detailed in this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Strategic Director (S.151 Officer) will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Annual Treasury Management Investment Strategy 2017/18

The Annual Treasury Investment Strategy is required under the Treasury Management code of Practice and Statutory Investment Guidance issued by the Department of Communities and Local Government. Waverley's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments and the yields earned on investments are important but secondary considerations.

The 2018/19 Strategy is framed against the backdrop of current market conditions. On a local level, the Strategy also recognises the significant levels of cash accumulated by Waverley, mainly due to the accumulated HRA funds which will be spent on delivering the HRA capital programmes.

The statutory guidance requires the Council to determine a number of limits and guidelines for its investment activity including 'specified' and 'non-specified' investments. Specified investments are those held in sterling with a maturity of no more than a year and must be with the UK Government, UK local authorities or "high" credit rated institutions. Non-specified investments are any investments that do not meet the above criteria.

To meet the requirements of the Regulations it is proposed that the following policy and limits apply to all of Waverley's investment activity in 2018/19:

- Cash investments only with UK Local Authorities and the UK Government and institutions assessed as having a 'high credit quality'
- 'High credit quality' means having AAA rating for sterling money market funds or a minimum rating of A- for any banks and building societies, and being considered to have high credit credentials after taking account of the factors listed below.
- Waverley will not make any non-specified cash investments, other than when the investment is non-specified by virtue of it being for a period of more than one year, subject to it being an approved counterparty and an assessment of risk.
- £10million is the maximum investment in any single specified organisation at any one time.
- £20m is the total investment with any group - £10m the maximum with any single member of that group.
- Up to date information gathered by officers, together with specialist advice if appropriate, will be used to ensure compliance with the strategy.
- Every investment will have a ratings check on the day of the investment and a list of potential counterparties will be prepared and approved by the S151 Officer before 1st April each year and updated throughout the year.
- The maximum total investment at any one time that can prudently be committed for more than one year is £10 million.
- If cashflow certainty can be demonstrated over a longer term, Waverley will consider investing in property provided that a business case is presented to Members including a risk and viability assessment.
- The Strategic Director (S.151 Officer) can seek the approval of the Executive to change the above limits during the year if necessary, provided that it is in the best interests of the Council to do so.

In practice, day-to-day controls are actually tighter, but still within the bounds of the approved policy, in order to create as much security as possible for Waverley's investment portfolio. These measures include:

- The major objective of managing daily cash balances to meet cash flow commitments remains the priority although it is recognised that, to some extent, some stability has been evident so longer term investment decisions are potentially possible subject to consideration of capital spending plans.
- In addition to the thresholds above, the maximum amount invested in any single specified organisation will generally be restricted to no more than 20% of the overall total external investments at that time.
- Investments are also monitored on a sector basis and judgments made as to the appropriate level within each sector taking into account appropriate treasury management information.
- General Market information is also used to enable some targeting of investment partners and the objective views of the credit agencies still have a value and are monitored more regularly.
- Close monitoring of credit ratings at the point of transaction including consideration of the 'future outlook' assessment.
- Increased frequency of updating the list of preferred organisations for investment with reduced working maximum limits for lower rated counterparties.

A major problem in the current environment is acknowledged as finding a sufficient number of investment counterparties providing acceptable levels of counterparty risk. In order to diversify an investment portfolio largely invested in cash, investments will be placed with a range of approved investment counterparties in order to achieve a diversified portfolio of prudent counterparties, investment periods and rates of return. Maximum investment levels with each counterparty within the limits set out in this Strategy will be set to ensure prudent diversification is achieved. Introductions to new counterparties (within the allowed criteria) will be sought where appropriate.

In order to continually review the Council's counterparty list and to make a judgement about whether a counterparty has a 'high credit quality', officers will gather and consider information such as:

- Credit rating 'future outlook' assessments
- Published credit ratings for financial institutions
- Economic fundamentals (for example Net Debt as a percentage of GDP)

Banking - Waverley banks with HSBC. At the current time, HSBC meets the minimum credit criteria of 'A' long term. The Council continues to monitor the credit rating of HSBC and would report to Members if any major concerns emerged. If the credit rating falls below the Authority's minimum criteria HSBC would have to be used in the short term for business continuity and liquidity requirements.

However, in practice, it would be impossible to restrict the Council's own bank, HSBC, to the same £limits as other investment counterparties because there are many instances when cash in excess of £10m is moving through the Council's HSBC bank accounts. Given also that it is likely that there will often be occasions when Waverley has more cash than the total of its approved counterparty limits, it is therefore necessary to specifically

exclude HSBC's banking activities from the £10m limit. It should be noted that existing HSBC bank accounts are all instant access.

Training - CIPFA's Code of Practice requires the *responsible officer* to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Waverley's approach to training is set out in the schedule supporting Treasury Management Practice (TMP) 10

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WAVERLEY BOROUGH COUNCIL

VALUE FOR MONEY AND CUSTOMER SERVICES OVERVIEW AND SCRUTINY COMMITTEE

26 MARCH 2018

Title:

CAPITAL EXPENDITURE PROCESS AND MANAGEMENT REVIEW REPORT

**[Portfolio Holder: Cllr Ged Hall]
[Wards Affected: All]**

Summary and purpose:

This report details the findings of the Capital Expenditure Process and Management Review Working Group and the recommendations made as a result of the review.

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

The review and the recommendations support the value for money of the Council's capital expenditure programmes.

Equality and Diversity Implications:

A number of projects were considered during the review. Equality impact assessments would have been completed for these projects where appropriate.

Financial Implications:

Capital Budgets for 2018/19 total £9.8m. Improving the management of capital budgets and ensuring delivery in intended timescales would help ensure value for money through minimising inflationary cost pressures and provide services to Waverley's residents sooner. Identifying savings earlier would allow for reallocation of capital funds where possible to enable additional projects to happen or allow investment to improve interest income for the Council.

Legal Implications:

There are no direct legal implications associated with this report.

1. Background

At the September 2017 Value for Money and Customer Service Overview and Scrutiny Committee meeting it was agreed a working group would be set up to review the process and management of the Council's capital expenditure programme. This report details the findings of the review and the recommendations made.

Recommendation

It is recommended that the Committee considers the report and endorses the recommendations made by the Working Group.

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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Waverley Borough Council Scrutiny Review

Capital Expenditure Process and Management Review Report

Value for Money and Customer Services Overview & Scrutiny Committee

March 2018

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Value for Money and Customer Services

Overview and Scrutiny Committee

Working Members:

Councillor Mike Band (Chair)

Councillor John Williamson

Councillor Richard Seaborne (Housing Overview and Scrutiny Committee Representative)

Councillor John Gray (Audit Committee Representative)

Chair's foreword

To follow.

1. Executive summary

Background

- 1.3 In light of significant slippage of capital expenditure observed in the budget expenditure reports for 2014-15, 2015-16 and 2016-17 by the Value for Money and Customer Services Overview and Scrutiny Committee (the Committee), it was agreed that a working group (the group) should be set up to review the process and management of the capital expenditure programme and identify improvements to the process to ensure value for money is being maximised.
- 1.4 The review addressed both General Fund and Housing Revenue Account (HRA) capital projects.
- 1.5 With the objective of understanding the cause of the slippage observed, the purpose of the review was to make recommendations which, if adopted, would contribute to more efficient use of approved capital funds.

Key findings

- 1.6 The key findings listed from 1.5 – 1.11 are all addressed in further detail in the report.
- 1.7 The major responsibility for overseeing the justification of projects, including their budgets, was not formalised by an official process. This not only made a comprehensive view of all projects difficult but it also increased the risk relating to estimations and justification of funds.
- 1.8 Some budgets were prematurely approved, resulting in funds being reserved for projects, the viability of which had not been fully assessed, or initial foundation work had not been carried out. The inconsistent approach to business cases meant that not all projects benefitted from thorough feasibility considerations.
- 1.9 The lack of adequate officer resource was a recurring theme throughout the review. The demand on officer resource was not given sufficient consideration when planning projects, resulting in unrealistic expectations of officer capacity at the project planning stages.
- 1.10 Early on in the review the group learnt that as a result of the way funds for projects are budgeted and approved, what looks like slippage is often intentional re-scheduling of funds from one year to another. This commonly used way of rescheduling funds resulted in budget reports, which gave the impression of slippage even though funds were being used in an appropriate manner.
- 1.11 For some projects the underspend of budgets was not always reported in a timely manner due to the fact that unspent funds would be automatically re-scheduled into the next year. Although genuine savings on a budget were not to be rescheduled they were not always reported in time for the savings to be used to fund another project.
- 1.12 Despite the review's scope focusing on budget management, the group identified that variability in the effectiveness of project management was another recurring theme. The lack of a standard approach to the documentation for projects meant that methods of project management were inconsistent.

- 1.13 Ownership of projects was not always clear and appropriate, resulting in a reduction in the effectiveness of delivery of projects due to the fact that overall responsibility was ambiguous.

2. Report

Background

- 2.1 In considering capital budget expenditure reports from 2014-15, 2015-16 and 2016-17 the Value for Money and Customer Service Overview and Scrutiny Committee members observed significant slippage. Whilst the committee accepted there may be reasonable grounds for some slippage in relation to the size of the programme, the extent observed caused the Committee some concern. Further, the Committee believed that the lateness in identifying the slippage may be inhibiting the introduction of replacement items and making full use of the resource approved by Council.

- 2.2 The Committee agreed to set up a working group to review the process and management of the Council's capital expenditure programme. The scope of the review is attached in appendix 1.

- 2.3 The overall aims of the review were to:

- Understand the process and management of the capital expenditure programme as it currently stood;
- Identify potential improvements for the programme's process and management with a view to, if appropriate, introducing replacement items when there is significant slippage.

- 2.4 To achieve this, the group scrutinised the following elements of the capital expenditure programme process:

- Identification and selection of capital expenditure items.
- Commitment of funds on capital expenditure items.
- Management of capital expenditure items.
- Allocation and use of contingent funds.
- Identification and reporting of slippage.
- Identification and approval of substitute capital expenditure items.

Conduct of the review

- 2.5 The group invited officers managing various projects from across the Council to attend the group meetings. The projects being reviewed were chosen from the 2016/17 capital expenditure outturn reports (attached in appendix 2) by the Chair of the group, in liaison with Heads of Service (HoS). A wide range of projects were chosen to ensure the most representative sample.

- 2.6 Factors taken into account when choosing the projects were:

- a) Size of project (budget/spend),
- b) Length of project (seasonal/multi-year),

c) Nature of project (recurring/one off).

The projects chosen for review are listed in table 1 below:

	Service	Project	Year
General fund	Communities	Gostrey/Memorial Hall	2016/17
		Higher Level Stewardship (HLS) capital works	
		Frensham Common	
	Customer and Corporate Services	IT mobile working solutions	
		Housing Software Systems interface	
		Pump House business continuity arrangements	
		Manfield Park	
		Gostrey Meadow Pavilion	
	Housing Revenue Account (HRA)	Housing Operations	
Windows and doors			
Estate works			
Housing Development		Station Road	
		Wey Court	
		Binhams Lea	

Table 1 Capital projects chosen for review

- 2.7 The group met a total of five times and heard from officers from various services. Each meeting was dedicated to a particular service and the chosen projects that fell within that service area. The purpose of the first meeting was for the working group to understand the process of the capital expenditure programme from justification through to delivery as it was in 2016/17.
- 2.8 Officers were invited to present documents they used to help them manage the delivery of the chosen projects from 2016/17, in order for working group members to gain a better understanding of the process of project justification and project management.
- 2.9 The review was supported by the Accountancy Manager, who provided information to the group about the capital expenditure programme, outlining the process in the first meeting and answering more specific points in subsequent meetings.

- 2.10 Graphs (attached in appendix 3) showing outturn compared to budget by service areas by year, were produced to provide the working group with a contextual understanding of the scale of under/over spend. The graphs were a visual representation of the service outturn reports, grouped by area of spend. They were able, therefore, to highlight any trends or particular areas for improvement.
- 2.11 Notes of each meeting were taken by Democratic Services and were agreed as a correct record at the subsequent meeting of the Working Group. The notes are attached at (exempt) appendix 6.

2. Findings

Project initiation

Independent oversight

- 2.3 The group reviewed the process for establishing the annual capital expenditure programme. This is described in appendix 4.
- 2.4 The issue of the limited amount of independent oversight and the need for it in terms of validation arrangements, estimation of budget figures and setting of project milestones was identified by the group.
- 2.5 The group expressed concern about the validation process of projects at this early stage. It was understood that Heads of Service were expected to validate their own project justification forms, with no independent oversight until seen by a Director. This placed significant reliance on HoS to provide accurate figures and on the Director to judge which projects should be included in the programme. For example, an initial budget of over half a million pounds had been approved for a project, only for over £700k to be added to the budget a year later.
- 2.6 It was the responsibility of HoS to ensure projects were brought in on budget and issues reconciled at an early stage.
- 2.7 For major projects an employer's agent would be procured to verify the figures and that support from the Procurement Officer would help ensure the figures are as accurate as possible.

Recommendations:

1. It is recommended that a greater level of **independent oversight and review of projects** in terms of validation arrangements, estimated figures and project milestones is introduced. A formal process on a rolling basis for supervision and review of projects would ensure they are subject to thorough oversight, possibly by Management Board.
2. It is recommended that a mechanism to reduce the **heavy reliance on HoS** to ensure projects are brought in on budget, and that resources are sufficient, is considered and introduced.

Ownership of projects and budgets

- 2.8 Clarity on ownership of projects and budgets is vital to their success. Without a clear owner, projects are at risk of losing focus and therefore budgets are at risk of slipping.
- 2.9 One of the projects chosen for review was the development of the Orchard-Agrosso interface. Due to the cross-service nature of the project it relied on several services for implementation. The group learnt that while the IT team had completed the technical element of the project, they had been waiting for confirmation from Finance and Housing before the system could go live.
- 2.10 The IT Manager referenced another cross-service project that involved Environmental Services. This project had run much more smoothly due to there being one project manager with overall responsibility. The group felt that cross-service projects with IT support belong in the capital expenditure programme of the service using the system, and should not be included in the IT capital expenditure programme. This would result in the user-service owning the project, and clearer project responsibilities being defined.
- 2.11 The group also felt that there needed to be an organisation-wide mechanism for managing interface projects that involve more than one service. This would improve project management as clear responsibilities would be assigned.
- 2.12 The group reviewed several projects relating to property. Members expressed the feeling that due to their nature, projects involving capital investment should be recorded differently from standard capital expenditure projects. The group suggested separating investment properties from other capital projects. It was noted that the remit of the Investment Advisory Board (IAB) is due to be reconsidered and the group suggested the remit should include consideration of capital expenditure on investment properties already owned in addition to the purchase of additional properties.

Recommendations:

3. **The ownership of projects concerning property** needs to be clearly defined to ensure clear lines of responsibility.
4. **Cross-service projects need robust project management** arrangements to avoid fragmentation of ownership which can impact negatively on project delivery.
5. **Ownership of projects which are facilitated by supporting services**, such as IT, should sit within the initiating department.

Viability assessments and business cases

- 2.13 Viability assessments and the generation of business cases can be important elements at the beginning of projects, depending on their nature.
- 2.14 The purpose of a business case is to explain the need for the project and set out its design and evaluation. Having robust business cases lessens the risks already identified regarding independent oversight and reliance on HoS.

- 2.15 Viability assessments are particularly important when there is significant budget assigned and there are a number of factors at play including external factors which could threaten the success of the project, for example projects involving the investment in, or use of, property.
- 2.16 There was not a corporate process by which business cases were reviewed alongside the budget bid and viability assessments were sometimes made after the full budget had been requested.
- 2.17 For example, in 2016/17 a project had been agreed, with a budget of £79k, only for the contract underpinning the project to be terminated shortly afterwards due to lack of confidence in the provider.
- 2.18 Further, the group noted the 'document management' project of 2016/17, for which the budget was agreed at £60k before a business case was prepared. After approval the viability of the project was evaluated and it was felt that this project was not viable resulting in its cancellation.
- 2.19 The group felt, particularly in relation to property projects, that some of the projects were speculative, with the budget being agreed before a thorough viability assessment was completed and business case produced. The group suggested that a fund be allocated specifically for feasibility studies on larger projects before the full budget is agreed.

Recommendations:

- 6. A need is identified for a **robust justification process**, bringing together a clear business case with sufficient detailed costings to ensure transparent decisions are made.
- 7. Where feasibility is less certain, **viability assessments and robust business cases** need to be prepared before bids are made for funds for larger projects. A fund for feasibility studies was suggested. This would include undertaking all preparatory work to fully understand the requirements of a project before budget is sought.

Officer resource

- 2.20 All projects, to varying extents, rely on officer time to be delivered. The level of officer resource can directly affect the number and progress of projects. Therefore officer resource is a key consideration when reviewing the process and management of capital expenditure projects.
- 2.21 Not all projects benefitted from project baselines. Project teams often relied on prioritisation of tasks to meet project deadlines and bringing in extra resources was not common practice at Waverley. Although there was a mechanism for requesting temporary resourcing support this is not a commonly used option.
- 2.22 Members expressed concern about the lack of provision for additional resources, particularly for major projects. The group felt that some project teams, such as the Memorial Hall team, were being stretched to achieve deadlines that were unrealistic with the current resource level. It was stressed by the group that there was an opportunity cost to projects not being fully resourced. Members emphasised that whilst officers were stretched working on one project there could potentially be other

projects that are not receiving appropriate attention. It was agreed that it might be more financially beneficial in the long term to fully resource projects by drafting in temporary support, rather than stretching officers and putting delivery of projects and day-to-day work at risk.

- 2.23 Difficulties in recruiting to some technical posts in Housing led to additional pressures on resources and in some cases directly impacted the delivery of some projects, for example the windows and doors programme of the 2016/17 HRA. The challenge of recruiting even agency staff is one experienced across a number of Council services and adds to the pressure on stretched officer resource more generally.

Recommendations:

8. **Officer resource needs to be properly measured and factored** when agreeing projects to ensure both delivery on projects and day-to-day work is covered. A time based resource plan including milestones would enable easier identification of a potential strain on resources.
9. A mechanism for **flagging significant pressure on resources** needs to be included in a time based resource plan. This could also be addressed through modification of the new budget-setting forms to include estimated resource requirements.

Budget setting

Budget phasing

- 2.24 Throughout the review Members emphasised that when Council approves budgets the expectation is that they will be spent in the time period agreed.
- 2.25 Because budgets could only be approved for a year at a time, project managers were hesitant to phase spending due to the perceived risk of not having the necessary funds later in the project. Therefore, despite the process allowing for phasing, budgets for entire projects were being scheduled and agreed for one year.
- 2.26 The Memorial Hall project, for example, scheduled over £1.5m in 2015/16 despite the expectation that significant spend wouldn't occur until 2017/18.
- 2.27 Members showed concern that the process did not reflect realistic expenditure for multi-year projects. The lack of provision for phased budgets to be agreed all at once meant that what officers saw as routine re-scheduling by slipping, Members perceived as a delay in the project. The group also expressed its disappointment in the transparency of this process and endorsed the changes made by the Finance team to allow for phased budgets, detailed further in section 4.

Contingency

- 2.26 The need for contingency budgets varies depending on the nature of the project. Some recurring projects with low risk do not require contingency budgets whilst bigger projects, with higher levels of risk, need a contingency provision.

- 2.27 Some of the projects, particularly the larger ones, had their own contingency budgets built into the agreed overall budget, for example the Memorial Hall project. Members asked if the contingency budgets are adjusted as the projects progress and the risk of unexpected costs decreases. It was recognised that projects tend to maintain sizeable contingency budgets. Savings might be found if contingency budgets are reassessed as the projects progress.
- 2.28 The possibility of a corporate projects contingency budget was raised for major projects rather than each individual project having its own separate budget.

Recommendations:

10. **Budgets for projects need to allow for phasing** over more than one financial year. In the past few years budgets have focused on one year only, which has resulted in ambitious timetabling due, in part, to uncertainty of funding being available in future years.
11. **Contingency budgets need to be explicitly or separately** secured to increase transparency of budgeting.
12. As part of the robust monitoring process of projects, **contingency budgets should be subject to review as the project progresses.**
13. **Consideration of a corporate contingency budget** should be made in order to avoid over-budgeting of funds.

Delivery

Project management

- 2.29 The group was told that project management abilities vary across the organisation and that steps were being taken to ensure there was a consistent approach. Officers told Members that work is being done to review and refresh project management documentation.
- 2.30 The review raised various concerns about project management practices relating to project ownership and documentation.
- 2.31 Members felt that the development of the Orchard-Agresso interface suffered from problems with project management. As mentioned in section 3.7 of this report, the interface project did not have a dedicated project owner with overall responsibility. This resulted in delays to the implementation of the interface despite the earlier completion of the project's technical elements. Members made the point that the money had been spent to complete the technical side of the project but the benefit to the service was not felt until later.
- 2.32 Members asked project managers about their use of baselines of original timescales and budget spending. There was an inconsistent approach to how baselines were used, with some created in Microsoft Project and others in Microsoft Excel. Reliance on these original plans also varied, as did the use of risk registers and action plans/logs. Members felt the issues around officer resource related to project management. If projects had a clear initial timescale with allocated resources and action plans then it would be easier to identify when projects were in need of

additional resource. Without these project documents officers are working to complete projects without yardsticks to measure success.

- 2.33 Depending on the size of the project there will be a project working group monitoring its progress. For the Memorial Hall this group met weekly with the attendance of the Head of Finance. The notes were shared with the relevant Portfolio Holder with the budget monitored by Finance.
- 2.34 As highlighted in section 3.3, Members expressed concern about the level of independent oversight of projects at their start. The group asked about independent oversight of the project during its lifetime and whether or not there was an independent 'gate-keeper' overseeing progress according to project milestones. The lack of the requirement for a document stating the business case and project baseline (with reference to resources and spending) raised concern with Members.
- 2.35 The group learnt that, understandably, the attention of project managers tended to be focused on projects with bigger budgets. The group emphasised that whilst it's important to deliver on major projects smaller projects can have a big impact on residents.

Recommendations:

14. A **standard approach to project management** should be developed and implemented across the Council. The standardisation of project documentation would result in more thorough overview of projects and make the assessment of project progress against initial plans and milestones easier. These documents would include risk registers and project baselines. The new approach should allow for flexibility to reflect a project's scale of spend and risk.
15. The **accounting system should be utilised as a tool for budget management** as opposed to merely reporting budget activity. This would result in financial information being in a form useful to both the accountancy team and project managers.

Slippage/rescheduling

- 2.36 As described in section 2.1, this capital expenditure process and management review originated from concern about the amount of slippage observed in budget spending reports.
- 2.37 Due to the way budgets were set (as highlighted in 3.25), slipping budgets was effectively a way of rescheduling funds. This meant that despite the figures showing significant sums being slipped, there was not necessarily any deviation from the original spending plan.
- 2.38 Whilst Members acknowledged the reason for the size of the slippage figures, they reiterated their frustration that when Council approves the capital expenditure programme it expects the money to be spent in the time period agreed. It was also suggested that other projects should be brought forward to make use of the slipped budget if the original project was unable to use the funds in that year.
- 2.39 Members questioned the slippage of £18,576 from 2016/17 into 2017/18 for the mobile working project. The IT Manager told the group that the reason for this

underspend, was because of the fall in the price of the devices and the lower than expected take-up of them. Members emphasised the importance of early reporting of underspend by project managers, reiterating the possibility other projects might be brought forward.

- 2.40 Whilst this may be possible for some projects, the IT Manager explained that because the mobile working project is demand led the funds would have to have been secure in case a service had a review and decided to go down the mobile working route.
- 2.41 The Orchard-Agresso interface project was also discussed in terms of slippage. Members felt that as issues became apparent officers should have realised the project wouldn't be fully implemented and that the budget allocated could have been released for another purpose.
- 2.42 The Pump House project was also reviewed. The group learnt that it was originally the contingency location for business continuity of the Burys. Part way through the project it was decided that the Memorial Hall would replace the Pump House as the contingency location.
- 2.43 For this project £40k was allocated in 16/17 and it was known by August 2016 that the work wouldn't be done due to the change of arrangements. The group expressed confusion as to why it was only decided in January 2017 that the budget would need to be carried forward. Whilst officers accepted the point being made about early reporting of slippage, Members were reminded that due to timescales leading up to Council meetings the report would have been drafted in November to come to January Council.
- 2.44 As the review progressed Members noted that it was the smaller projects that were the cause of most of the concern around slippage; the larger projects normally had more clear reasons for significant rescheduling.
- 2.45 The graphs produced (in appendix 3) to provide context to Members show that it is not unusual for underspends of around 20% to be made. Members reiterated their point that early reporting of these savings could mean alternative projects are brought forward.

Recommendations:

16. **Close monitoring of the timeliness of slippage reporting** should be exercised in coordination with the implementation of the new project justification forms. More timely reporting would allow greater flexibility in the capital programme with opportunities for alternative projects to be introduced.

3. Improvements to the 2018/19 Capital Expenditure Programme

- 3.3 Throughout the review Members were reassured by the changes that had been made to the budget setting process for the 2018/19 budget and beyond.
- 3.4 In answer to some of the concerns that had been recognised by officers prior to this review, a new project justification form had been prepared, see appendix 5. The new form now requires project managers to explicitly phase spend across the year by month. It is expected that this change will enable project managers and Finance to

recognise and report savings earlier, increasing the potential for alternative projects to be brought forward.

- 3.5 The new approach to budget setting allows for phasing of budgets across more than one year. This means multi-year projects can now securely phase their spend with the certainty of funding in future years. It is likely that this change will result in more accurate rescheduling figures in outturn reports.
- 3.6 Members noted that the new budget setting forms do not require officers to estimate resource levels at the same time as estimating funding. The addition of a line to estimate the monthly Full Time Equivalent (FTE) level required to deliver a capital project could help flag where officer resource is over-allocated.
- 3.7 Member suggested that the new budget setting forms are possibly over-detailed for projects running into a second and subsequent years. Estimating budgets by month rather than by quarter probably represents an unjustified level of detail and should be reviewed.

4. Recommendations

Project Initiation

1. It is recommended that a greater level of **independent oversight and review of projects** in terms of validation arrangements, estimated figures and project milestones is introduced. A formal process on a rolling basis for supervision and review of projects would ensure they are subject to thorough oversight, possibly by Management Board.
2. It is recommended that a mechanism to reduce the **heavy reliance on HoS** to ensure projects are brought in on budget and that resources are sufficient is considered and introduced.
3. **The ownership of projects concerning property** needs to be clearly defined to ensure clear lines of responsibility.
4. **Cross-service projects need robust project management** arrangements to avoid fragmentation of ownership which can impact negatively on project delivery.
5. **Ownership of projects which are facilitated by supporting services**, such as IT, should sit within the initiating department.
6. A need is identified for a **robust justification process**, bringing together a clear business case with sufficient detailed costings to ensure transparent decisions are made.
7. Where feasibility is less certain **viability assessments and robust business cases** need to be prepared before bids are made for funds for larger projects. A fund for feasibility studies was suggested. This would include undertaking all preparatory work to fully understand the requirements of a project before budget is sought.

8. **Officer resource needs to be properly measured and factored** when agreeing projects to ensure both delivery on projects and day-to-day work is covered. A time based resource plan including milestones would enable easier identification of a potential strain on resources.
9. A mechanism for **flagging significant pressure on resources** needs to be included in a time based resource plan. This could also be addressed through modification of the new budget-setting forms to include estimated resource requirements.

Budget Management

10. **Budgets for projects need to allow for phasing** over more than one financial year. In the past few years budgets have focused on one year only, which has resulted in ambitious timetabling due, in part, to uncertainty of funding being available in future years.
11. **Contingency budgets need to be explicitly or separately** secured to increase transparency of budgeting.
12. As part of the robust monitoring process of projects, **contingency budgets should be subject to review as the project progresses.**
13. **Consideration of a corporate contingency budget** should be made in order to avoid over-budgeting of funds.

Project Management

14. A **standard approach to project management** should be developed and implemented across the Council. The standardisation of project documentation would result in more thorough overview of projects and make the assessment of project progress against initial plans and milestones easier. These documents would include risk registers and project baselines. The new approach should allow for flexibility to reflect a project's scale of spend and risk.
15. The **accounting system should be utilised as a tool for budget management** as opposed to merely reporting budget activity. This would result in financial information being in a form useful to both the accountancy team and project managers.
16. **Close monitoring of the timeliness of slippage reporting** should be exercised in coordination with the implementation of the new project justification forms. More timely reporting would allow greater flexibility in the capital programme with opportunities for alternative projects to be introduced.

General

17. After one year of the review's initiation graphs equivalent to those in appendix 3 should be produced in order to **monitor progress of the improvements** made to the capital expenditure programme.

18. The new process of **phasing budgets across several years should be presented** in budget papers for both the general fund and the HRA.
19. A clear **link between budgets and service plans** should be drawn in papers presented to members.

5. Acknowledgements

To follow.

6. Officers to contact

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Waverley Borough Council

Scrutiny Review

Capital Expenditure Process and
Management Review Scoping Document

September 2017

SCOPING A SCRUTINY REVIEW

Background

Overview and Scrutiny by definition of the Local Government Act 2000 has the power to investigate and review an issue or concern by conducting an in-depth scrutiny review. Choosing the right topic for an in-depth scrutiny review is the first step in guaranteeing that the work of scrutiny adds value to the corporate priorities and benefits the Borough's residents. The Overview and Scrutiny Committee may wish to appoint a Members task and finish group to undertake a majority of the research and to evaluate the evidence.

What makes an effective scrutiny review?

An effective scrutiny review must be properly project managed. The review must clearly state the aims and objectives, rationale and how the review will contribute to policy development / improve service delivery. To ensure the review goes well it is vital that the scope is robust and thorough and is treated as a project plan. The review should be SMART (Specific, Measurable, Achievable, Realistic & Time-bound) in its scope in order to have the most impact. The scoping template is designed to ensure that the review from the outset is focused exactly on what the Members hope to achieve.

The scoping document should be treated as the primary source of information that helps others understand what the review inquiry is about, who is involved and how it will be undertaken. Once the scoping document is complete it should be circulated to relevant officers and key members of the Executive for comment before being agreed by the relevant Overview & Scrutiny Committee. The scrutiny review will be supported by the Scrutiny Policy Officer.

What happens after the review is complete?

It is important that the relevant Overview & Scrutiny committee considers whether an on-going monitoring role is appropriate in relation to the review topic and how frequently progress is reported back to the Overview & Scrutiny committee after completion. Overview & Scrutiny should be monitoring the progress and reviewing the changes that have been made as a result of a scrutiny review to ensure the work undertaken has been effective in achieving its objectives.

FOR COMPLETION BY MEMBERS PROPOSING THE REVIEW

Topic		
1.	Title of proposed review:	Capital Expenditure Process & Management Review
2.	Proposed by:	Cllr Mike Band

Who is involved?		
3.	Chair of the task and finish group:	
4.	Members on the task group:	Cllr John Williamson Cllr Mike Band Cllr Richard Seaborne
5.	Scrutiny Policy Officer:	Yasmine Makin

Research programme	
6.	<p>Rationale / background to the review: Why do you want to undertake this review? What has prompted the review? E.g. legislation, public interest, local issue, performance information etc.</p> <p>The committee has observed significant slippage in the capital programmes of both the General Fund and the Housing Revenue Account (HRA) and as a result the committee is concerned that this may be leading to both poor value for money and also possible poor customer service. Whilst there can be reasonable grounds for some slippage, the extent of the slippage in relation to the total programme and the lateness in identifying it appears to be inhibiting the introduction of replacement capital project expenditure (CAPEX) items and making full use of the resources already approved by the Council.</p> <p>In particular, the committee want to undertake the review to:</p> <ul style="list-style-type: none"> • Minimise project slippage. • Minimise delays in delivering projects. • Maximise the use of Council funding. • Reduce the reputational risk of occurring and re-occurring slippage. <p>This in-depth scrutiny review runs parallel with the proposals in the Medium Term Financial Strategy to implement a new, more rigorous bidding and monitoring process for General Fund capital schemes, including rigorously testing all capital proposals for relevance, timeliness and deliverability (MTFS June '17). Moreover the Financial Strategy 2017/18 – 2019/20 General Fund Budget 2017/18 states that the capital programme has been scaled back due to revenue budget pressure and the loss of the New Homes Bonus. Therefore there is every need to ensure the capital programme reflects a more rigorous bidding process which also reflects the Council's corporate priorities to ensure greater value for money and customer service.</p>

7. **Terms of reference:**
What are your desired outcomes?
What are the objectives for this review? (Linked to the research questions but are used to describe the general aims and outcomes of the review).
Which research questions do you want to answer? (Questions upon which the review will be focused and for which timely and informed answers can be developed in accordance to the evidence collected)

Terms of reference

Desired outcomes

- To either give assurance that the current capital programme processes and procedure do give value for money.

Or, make recommendations to the Executive, for;

- Improvements to the CAPEX processes and procedures in both the identification and management of project slippages.
- A protocol and method for introducing replacement CAPEX items following early identification of slippage and;
- All proposed capital projects are timely, deliverable and give better value for money and customer service.

Objectives for the review

The committee would like to scrutinise in-depth the following process and procedures used in both the General Fund and HRA:

- Identifying and reporting on capital project slippages.
- Identifying and approving substitute capital items where significant slippages have taken place
- Identifying and selecting capital expenditure items to be included in the capital programme; including the bidding process and justification forms.
- Managing and monitoring the capital items.

Research questions

- What are the root causes of capital slippage in both the General Fund and the HRA?
- What is the current process for monitoring CAPEX items in the capital programme? And what is the current protocol for CAPEX items that have a significant amount of slippage?
- Why do services not report slippages sooner?
- Does the current CAPEX bidding process lend itself to producing capital slippages? And if so, why?
- How imbedded are project plans in the bidding process?
- How does the current bidding process measure relevance, timeliness and deliverability of proposed CAPEX items?
- Does the current justification process explicitly describe the resources needed to deliver the project?

8.	<p>Policy Development and Service Improvement How will this review add value to policy development and/or service improvement?</p> <p>Policy Development:</p> <p>This review has policy development implications for ensuring processes and procedures do give value for money by:¹</p> <ul style="list-style-type: none"> • Delivering projects in a timely fashion. • Allowing for more effective treasury management. • Reviewing the bidding process for CAPEX items to find out whether this inherently promotes unwanted slippage. • Setting out a clear procedure / protocol for submitting a capital proposal. • Introducing project planning in the bidding process to ensure better management of projects to avoid significant slippage in the future.
9.	<p>Corporate priorities: How does the review link with the corporate priorities? http://www.waverley.gov.uk/info/200009/council_performance/524/waverley_corporate_plan_2016_-_2019#</p> <p>There is scope for this review to potentially impact on all corporate priorities depending on the projects, but particularly value for money. The careful use and planning of budgets allows for better financial management and treasury management to maximise interest income.</p>
10.	<p>Scope: What is and what isn't included in the scope? E.g. which services does the scope cover?</p> <p>This scope includes: Capital expenditure projects for:</p> <ul style="list-style-type: none"> • The General Fund Account (GF) • The Housing Revenue Account (HRA). <p>This scope does not include:</p> <ul style="list-style-type: none"> • All other finance accounts (e.g. the revenue budget) and monies from Central Government Grants, Council tax, business rate retention income and the Revenue Support Grant. • Section 106 funded projects. • The exchequer service. <p>NB: This scrutiny task and finish group will not encroach on work of the audit committee.</p>
11.	<p>Methodology and methods: Your methodology underpins how you will undertake the review. For example what evidence will need to be</p>

¹ NB: these are initial suggestions which may or may not inform the recommendations from this scrutiny review.

	<p>gathered in-house and from external stakeholders / partners? Your research methods are the techniques used to gather knowledge and information. These include but are not limited to desk based research, interviews, site visits, engagement exercises, surveys, focus groups etc. How do these methods help you to answer your research questions in section 7?</p> <p>Methodology:</p> <ul style="list-style-type: none"> Review past capital slippages and the reasons why projects couldn't be delivered. <p>Preliminary / core documentation that will need to be collected to inform this review is as follows:</p> <ol style="list-style-type: none"> Council Budget The Capital Programme (General Fund & HRA) CAPEX justification forms <p>Methods:</p> <p>A series of Members task group meetings will be held to hear evidence from officers. Members will hear information and statements from witnesses and then ask questions to probe additional information to answer the key research questions set out in this scope.</p>
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Council services expected to contribute		
	Council Service	Reason / Intention for evidence
12.	Finance: Accountancy	Understanding of process.
13.	Communities	Experience of process.
14.	Environmental Services	Experience of process.

External Witnesses to be invited / submit evidence		
	Organisation	Reason / Intention for evidence
15.	Portfolio holder (Ged Hall)	Experience of process.
16.		
17.		
19.		

20.	<p>Project plan: What is the proposed start and finish date? How many task and finish group meetings are there likely to be? Are the task and finish group meetings going to be thematic in approach? If so, what themes / policy issues will the task group consider in each respective task and finish group?</p>
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Timescale	
Proposed start date:	November 2017
Proposed finish date:	January 2018
Task and finish group plan	
How many task and finish group meetings are anticipated to support this review? Fill in and strike through as appropriate.	2
<p>Task group theme (1): Process and monitoring.</p> <p>Aim: Understand the process and why slippage occurs.</p> <p>Witnesses: Kelvin Mills/Matt Lank, Richard Homewood, Cllr Ged Hall.</p>	
<p>Task group theme (2): Recommendations.</p> <p>Aim: Form any necessary recommendations to the Executive.</p> <p>Witnesses: N/A</p>	
21.	<p>Scrutiny resources: In-depth scrutiny reviews are facilitated and supported by the Scrutiny Policy Officer.</p> <p>Yasmine Makin, Graduate Management Trainee (research and policy support to task group with the responsibility to compile information and write the final report).</p> <p>Amy McNulty, Democratic Services Officer (organisation of task group meetings and recording key points and actions in task groups)</p>

For completion by Corporate Policy Manager	
22.	<p>Corporate Policy Manager comments: Will the proposed scrutiny timescale impact negatively on the scrutiny policy officer's time? Or conflict with other work commitments I am confident that the timescale and scope for this review will be manageable within the context of the overall Overview and Scrutiny programme.</p>
Name:	Louise Norie
Date:	25 August 2017

For completion by Lead Director

23.		<p>Lead Director comments: Scrutiny's role is to influence others to take action and it is important for the task and finish group to seek and understand the views of the Lead Director.</p> <p>Are there any potential risks involved that may limit or cause barriers that scrutiny needs to be made aware of?</p> <p>None.</p>
		<p>Are you able to assist with the proposed review? If not please explain why? (Are you or Senior Officers able to provide supporting documentation to this task group via the coordination of the Scrutiny Policy Officer?)</p> <p>Yes - I feel that the O&S involvement in this important area is welcome and will add constructive challenge to the process.</p>
	Name and position:	Graeme Clark, Strategic Director – Finance and Resources
	Date:	31/8/17

For completion by Executive Portfolio Holder

24.		<p>Executive Portfolio Holder comments As the executive lead for this portfolio area it is important for the task group to seek and understand your views so that recommendations can be taken on board where appropriate.</p> <p>Verbal agreement of scope – comments to follow.</p>
	Name and position:	Cllr Ged Hall, Portfolio holder for Finance
	Date:	31/8/17

Appendix 2

2016/17 Outturn report

Cost Code	Project Title	Opening Budget	Approved Slippage 15-16 (June 16)	Approved Slippage 15-16	Other Movements in year	Rescheduled to 17/18				Approved Budget	Outturn	Actual Savings/ (Overspend)
						01/11/2016	10/01/2017	07/03/2017	Outturn - 11/7/17			
	Exec meeting											
Customer & Corporate Services												
Central Offices												
K1024	Vending Machines/burys chamber lobby ceiling	3,000							0	3,000	5,197	-2,197
K1001	Central Offices Maintenance Programme 2016/2017	90,000	13,396		3,400					106,796	112,629	-5,833
Properties												
K1510	Miscellaneous Properties								0	0	400	-400
K1260	Ramsnest Flood Alleviation	18,000							-9,000	9,000	1,555	7,445
K1391	Farnham Museum works	92,000					-92,000		0	0	0	0
K1263	Inspection of culverted land								0	0	130	-130
	Manfield Park industrial Units, Cranleigh				917,340		-900,000			17,340	0	17,340
	Holloway Hill				8,000				0	8,000	7,740	260
IT												
K0269	Orchard Development	40,000							-22,091	17,909	17,909	0
K0286	Replacement of Property Terrier Database System	40,000							-40,000	0	0	0
K0003	Desktop and Server upgrade	20,000							0	20,000	17,749	2,251
K0216	Mobile working solutions	35,000	14,748						-18,576	31,172	31,172	-0
K0254	Network upgrade and flexible working	10,000							-3,776	6,224	6,224	0
K0285	Mobile Phone Procurement	30,000							0	30,000	19,550	10,450
K0260	Agresso Experience Packs	20,000	17,858						0	37,858	41,232	-3,374
K1287	Pump House Business Continuity Arrangements	40,000						-40,000	0	0		0
K0102	Car Park ECN Software/Hardware	0							0	0	4,500	-4,500
K0001	Forward programme and legislative change	10,000			26,411				0	36,411	36,711	-300
K0283	Keystone	16,000	8,207						-11,615	12,592	12,593	-1
K0244	Document Management	60,000							0	60,000		60,000

Cost Code	Project Title	Opening Budget	Approved Slippage 15-16 (June 16)	Approved Slippage 15-16	Other Movements in year	Rescheduled to 17/18				Approved Budget	Outturn	Actual Savings/ (Overspend)
K0238	Call Management - contact centre technology		20,000					-20,000	0	0		0
K0244	Records Scanning		32,299						0	32,299	28,537	3,762
K0248	Employee Services Scanning project		25,000						0	25,000	0	25,000
K0274	Sheltered Housing Wi-Fi		4,880						0	4,880	0	4,880
K0282	Orchard/Agresso Interface		15,000				-12,300		-1,460	1,240	1,240	0
K1020	Sound Insulation		17,820			-17,820			0	0		0
K1025	Health & Safety					17,820			0	17,820	7,592	10,228
K0225	Aerial Photography refresh			8,000					0	8,000	2,137	5,863
K0007	Shared Services Infrastructure		5,282						0	5,282	3,010	2,272
K0009	Replace Core Switch		9,468						0	9,468	6,133	3,335
K0273	Iken		8,750						0	8,750	14,144	-5,394
K0280	PSN								0	0	3,696	-3,696
K0247	Scanning planning files								0	0	-3,091	3,091
K0206	e-receipts								0	0	-168	168
K0278	E-tendering								0	0	1,814	-1,814
K1378	Frensham Pond Dam Resilience	25,000	3,235						-5,000	23,235	11,636	11,599
K1266	Lammas Lands flood relief channel	5,000								5,000	500	4,500
K1358	Carry out external decorating repairs to the new Ashgate Gallery	20,000							0	20,000	26,491	-6,491
K1360	Gostrey Meadow Pavilion	80,000					-80,000		0	0		0
K1115	Farncombe Day Centre	12,800							-12,480	320	320	-0
K1270	Bus Shelter Replacement Programme					10,000			0	10,000	10,957	-957
	Waverley Training Services - IT upgrade								0	0	0	0
	Web Recording Equipment					75,000			-75,000	0	0	0
	Total Customer and Office Services	£666,800	£195,943	£8,000	£1,040,151	-£1,072,000	-£52,300	-£60,000	-£158,998	£567,596	£430,236	£137,360

Cost Code	Project Title	Opening Budget	Approved Slippage 15-16 (June 16)	Approved Slippage 15-16	Other Movements in year	Rescheduled to 17/18			Approved Budget	Outturn	Actual Savings/ (Overspend)
Community Services											
K1110	Careline and Telecare equipment - 2016/17	30,000						0	30,000	0	30,000
K1111	Day Centres				20,000			-11,287	8,713	8,713	0
K1514	Development Consultancy	40,000			70,200				110,200	120,187	-9,987
	Leisure Centres								0		0
K1310	Farnham Leisure Centre re-roofing		100,850					0	100,850	104,754	-3,904
K1301	Client Rolling Programme - Cranleigh, Farnham, Godalming and The Edge leisure centres	100,000							100,000	14,166	85,834
K1319	Client Rolling Programme - Contingency	25,000							25,000	10,063	14,937
K1320	Haslemere Leisure Centre	60,000							60,000	32,588	27,412
K1311	Godalming Leisure Centre Improvements			50,000				-38,077	11,923	11,923	0
K1460	Godalming LC equipment		1,708		-1,708			0	0		0
K1460	Farnham LC equipment		3,917		-3,917			0	0		0
K1460	Cranleigh Leisure Centre Equipment		3,761		-3,761			0	0		0
K1460	Haslemere Leisure Centre		3,450					-3,450	0		0
K1460	Farnham LC - Changing Village upgrade (PIC)				18,500			0	18,500	18,225	275
K1460	Cranleigh LC - Virtual indoor cycling (PIC)				14,500			0	14,500	14,500	0
	Countryside							0	0		0
K1379	Frensham Common - Site Facilities Re - development project	800,000	48,562			-780,000		-58,585	9,977	9,977	0
K1346	Pro Active Woodland Management Works	35,000			20,000			0	55,000	29,606	25,394
K1264	Ditch Renovation Programme	70,000						-17,405	52,595	52,595	0
K1383	Pond Restorations	14,000			8,000			0	22,000	20,113	1,887
K1209	Weydon Lane landfill site	8,000						-8,000	0	0	0
K1377	HLS/Capital Works 2016/17	139,200	27,901					-22,488	144,613	144,613	-0
	Recreation							0	0		0

Cost Code	Project Title	Opening Budget	Approved Slippage 15-16 (June 16)	Approved Slippage 15-16	Other Movements in year	Rescheduled to 17/18			Approved Budget	Outturn	Actual Savings/ (Overspend)	
K1406	Broadwater Park Improvement Project	130,000			-76,000			0	54,000	53,385	615	
K1355	Greenspace Infrastructure & DDA Improvements	53,170						-18,705	34,465	34,465	0	
K1354	Phillips Memorial Park Improvement Project	11,150	152,141					0	163,291	100,592	62,699	
K1345	Playground Refurbishments	75,230			25,000			0	100,230	98,031	2,199	
K1343	Pavilions - Improving energy efficiency and condition	20,000						0	20,000	23,487	-3,487	
K1349	Parks Signage	20,000	3,600						23,600	14,335	9,265	
K1520	Gostrey /Memorial Hall Day Centre		176,519	2,000,000	700,000			-2,168,609	707,910	707,910	-0	
K1357	Badshot Lea Football Club		75,000	50,000				-105,000	20,000	20,000	0	
K1120	Waverley Training			40,000	11,000			-40,000	0	11,000	9,028	1,972
K1458	S106 Grants to External Organisations				7,907			0	7,907	7,907	0	
K1265	Alderbrook Stream remedial works							0	0	-4,582	4,582	
K1450	Farnham Park SPA (S106 funded)				4,820			0	4,820	4,820	0	
K1511	Riverside		7,356					-6,198	1,158	1,158	0	
K1223	Public Toilet refurb							0	0	29	-29	
K1359	Hérons Skate park							0	0	-1,000	1,000	
K1459	Improvement of Sports Facilities at Rodborough School (PIC)				8,003			0	8,003	8,003	0	
K1459	Car Park re-surfacing scheme at Hollowdene Rec Ground, Farnham				1,960			0	1,960	1,960	0	
K1459	Haslemere Rugby Club - Pitch Drainage (PIC)				24,000			0	24,000	24,250	-250	
K1397	Cultural Strategy							0	0	490	-490	
K1395	Cranleigh Arts Centre				9,950			0	9,950	9,950	0	
K1236	CCTV at Weyhill bring-bank				7,500			0	7,500	7,228	272	
K1458	Bramley Village Hall Kitchen Improvements (PIC)				1,080			0	1,080	1,080	1	
K1384	Farnham Town FC Infrastructure Improvements				15,000			0	15,000	15,000	0	

Cost Code	Project Title	Opening Budget	Approved Slippage 15-16 (June 16)	Approved Slippage 15-16	Other Movements in year	Rescheduled to 17/18			Approved Budget	Outturn	Actual Savings/ (Overspend)	
K1322	Leisure Strategy				25,000			-11,860	13,140	13,140	0	
K1458	Peper Harow cricket pavilion				4,250			0	4,250	4,250	0	
K1458	Alfold Pavilion				12,949			0	12,949	12,949	0	
K1458	Thursley Rec Ground				8,000			0	8,000	8,000	0	
K1458	Boundary Road Residents Assocation - Access at Grayshott Surgery				5,000			0	5,000	5,000	0	
K1458	Farncombe Day Centre - Kitchen				20,000			0	20,000	20,000	0	
K1458	Woolmer Hill Running Track				3,300			0	3,300	3,300	0	
K1521	Brightwells Judicial Review				42,164			0	42,164	42,164	0	
K1522	Purchase of Enterprise Centre				2,500,000			0	2,500,000	2,567,217	-67,217	
K1518	Purchase of Marlborough Head				1,080,000			0	1,080,000	1,080,000	0	
K1457	Shamley Green Parking Scheme				15,000			0	15,000	8,450	6,550	
K1458	Burford Lodge				3,530			0	3,530	3,530	0	
K1460	Godalming Leisure Centre Bike Shelter				2,522			0	2,522	2,522	0	
K1458	Thursley Road pitch improvements				695			0	695	695	0	
K1458	Milford Clockhouse lighting project				500			0	500	500	0	
K1458	Bench at Shepherds Way, Tilford				358			0	358	358	0	
	Total Community Services	£1,630,750	£604,765	£2,140,000	£4,605,302	-780,000	-40,000	0	-2,469,664	£5,691,153	£5,501,624	£189,529
	Environmental Services											
K1201	Contaminated Land	30,000							30,000	0	30,000	
K1254	High Street Car Park	118,000	8,189	70,000	-70,000				126,189	122,923	3,266	
K1206	Air Quality	2,500							2,500	0	2,500	
K1204	Noise Recording Equipment	5,000							5,000	600	4,400	
K1230	Green Recycling Containers	25,000			68,505				93,505	65,134	28,371	

Cost Code	Project Title	Opening Budget	Approved Slippage 15-16 (June 16)	Approved Slippage 15-16	Other Movements in year	Rescheduled to 17/18				Approved Budget	Outturn	Actual Savings/ (Overspend)
K1240	Car Parks - Rolling Programme	102,500			120,000					222,500	162,621	59,879
K1314	Cranleigh LC CHP unit		111,000		67,000			-25,000		153,000		153,000
K1220	Installation of a electricity meter		5,000		-5,000					0		0
K1021	Office Lighting Replacement - LED at central office		62,000		-62,000					0		0
K1209	Weydon Lane Landfill feasibility				50,000					50,000	4,000	46,000
	Total Environmental Services	£283,000	£186,189	£70,000	£168,505	0	0	0	-25,000	£682,694	£355,278	£327,416
	Other Services											
K1205	Warm Home Project (Safe and Warm Grants)	20,000			12,225					32,225	32,225	-0
K1101	Disabled Facilities Grant (DFG)	350,000						-119,504		230,496	230,496	0
K0284	Media Monitoring		2,340							2,340		2,340
	The Marlborough Head				14,000					14,000	12,715	1,285
	The Redgrave Theatre				5,000					5,000	8,977	-3,977
K1457	Robert Dyas Yard				4,500					4,500	5,000	-500
K1457	Uplighting of Tree and planters @ Haslemere				7,000					7,000	7,009	-9
K1457	New bollards and public bench at church street				2,973					2,973	2,973	0
	Provision for Urgent Schemes	150,000			-139,500				-10,500	0		0
	Total Other Services	£520,000	£2,340	£0	-£93,802	0	0	0	-130,004	£298,534	£299,395	-£861
	Use of savings for other capital schemes											-£70,172
	Total	3,100,550	989,237	2,218,000	5,720,156	1,852,000	-92,300	-60,000	-2,783,666	7,239,977	6,586,532	583,272
	Revenue	500,000	16,996	0	262,105	0	0	0	0	779,101	532,322	246,779
	Capital	2,600,550	972,241	2,218,000	5,458,051	1,852,000	-92,300	-60,000	-2,783,666	6,460,876	6,054,210	406,665
	TOTAL	3,100,550	989,237	2,218,000	5,720,156	1,852,000	-92,300	-60,000	-2,783,666	7,239,977	6,586,532	653,444

Cost Code	Project	Opening Budget 2016/17	Total Spend	Reschedule	Saving / (Overspend)
New Affordable Homes Projects					
K5412	Pre-development costs for 2016/17	83,500	31,625		51,875
K5422/3	Starter Homes - grant funded		20,570	79,849	
COMMITTED DEVELOPMENT SCHEMES					
K5407	Ockford Ridge - sundry			1,418,275	
K5407	Ockford Ridge - Show homes	1,912,000	607,058		
K5425	Ockford Ridge - Site A				
K5428	Ockford Ridge - Site D				
K5411	Wey Court, Godalming	1,573,330	19,498	734,707	
K5418	Weyhill, Haslemere	700,000	0		
K5420	Binhams Lea, Dunsfold	345,000	0		356,089
K5414	Middlefield, Farnham	862,500	383,819	262,698	
K5416	Bridge Road, Haslemere	535,900	269,514	222,386	
K5415	Nursery Hill, Shamley Green	1,113,100	88,650	27,597	
K5405	Station Road		381,475	44,744	
K5406/8/9	Farncombe Sites		5,996		162,784
K5410/3	Ladymead & Hullmead		25,379	46,812	
K5417	Land adj 75 Sherrydon		7,535	65,845	
TOTAL		7,041,830	1,788,924	2,823,064	518,873
OTHER SCHEMES IDENTIFIED BUT NOT APPROVED*					
	Chilton Close, Alfold	345,000	0		
	Shepherds Way, Tilford	0	0		
K5426	Ockford Ridge - Site B		37,602	60,398	
K5427	Ockford Ridge - Site C		17,496	80,504	
TOTAL		345,000	55,098	140,902	0
LAND AND ASSET PURCHASE					
K5000	Buy Backs	600,000	595,565	406,500	(91,378)
K5000	Ockford Ridge Buy Backs		271,253		
Total		600,000	866,818	406,500	-91,378
Total New Affordable Homes Projects		15,857,160	4,849,994	6,414,281	1,155,306

Stock Remodelling					
COMMITTED DEVELOPMENT SCHEMES					
K5007	Rolston House		43,436		(11,168)
	Conversion of Blundon Court Guest Room		0		5,000

Cost Code	Project	Opening Budget 2016/17	Total Spend	Reschedule	Saving / (Overspend)
K5009/10	Conversion of former staff accommodation		5,498	14,502	
K5015	Former Police Houses		258,719	6,881	
	Ockford Ridge Refurbishment - pilot	448,200	292,832	155,368	
K5016	Ockford Ridge Refurbishment - Phase 1	785,220	34,381	750,839	
K5017	Ockford Ridge Refurbishment - Phase 2 - external works	884,070	11,142	72,928	
	Ockford Ridge Refurbishment - Phase 3				
	Ockford Ridge Refurbishment - Future phases	508,510		682,569	
TOTAL		2,626,000	646,008	1,683,087	-6,168
OTHER SCHEMES IDENTIFIED BUT NOT APPROVED*					
K5011	Community Rooms, Borough Wide	590,000	25,346	613,034	
K5012	Cranleigh Day Centre	312,000	2,934		259,066
K5013	8 Elmbridge Cottages *	318,500	-500		319,000
	Refurbishment of Pre-War properties		0		100,000
TOTAL		1,220,500	27,780	613,034	678,066
Total Stock Remodelling		6,472,500	1,319,795	3,979,208	665,730

HRA Core capital programme

Cost Code	Project	Opening Budget	Approved Budget	Outturn 2016/17	Reported Savings/ (overspend)	Actual Savings / (Overspend)
	1. Kitchen and Bathrooms					
K6110	Bathroom Installations 2016	827,587	827,587	850,916	390,000	-23,329
K6110	Kitchen Installations 2016	1,621,303	1,368,303	1,699,988		-331,685
K6111	Void Bathroom Installation 2016	200,974	200,974	59,937		141,037
K6111	Void Kitchen Installations 2016	429,371	429,371	147,977		281,394
K6110	Office Overheads and Profit Bathrooms	130,013	130,013	132,458		-2,445
K6111	Office Overheads and Profit Void Bathrooms	65,026	65,026	20,865		44,161
K6110	Office Overheads and Profit Kitchens	203,697	203,697	248,360		-44,663
K6111	Office Overheads and Profit Void Kitchens	101,879	101,879	24,908		76,972
	2. Windows and Doors					
K6100	Hillcroft, Haslemere, replacement window and associated works	130,000	60,000	339	59,661	59,661
K6110	Windows and Door installations	492,000	222,000	19,119		202,881
	3. Roofing and Associated Work					
K6100	Porches Canopies and Window Head Refurbishment	200,000	100,000	0	100,000	100,000

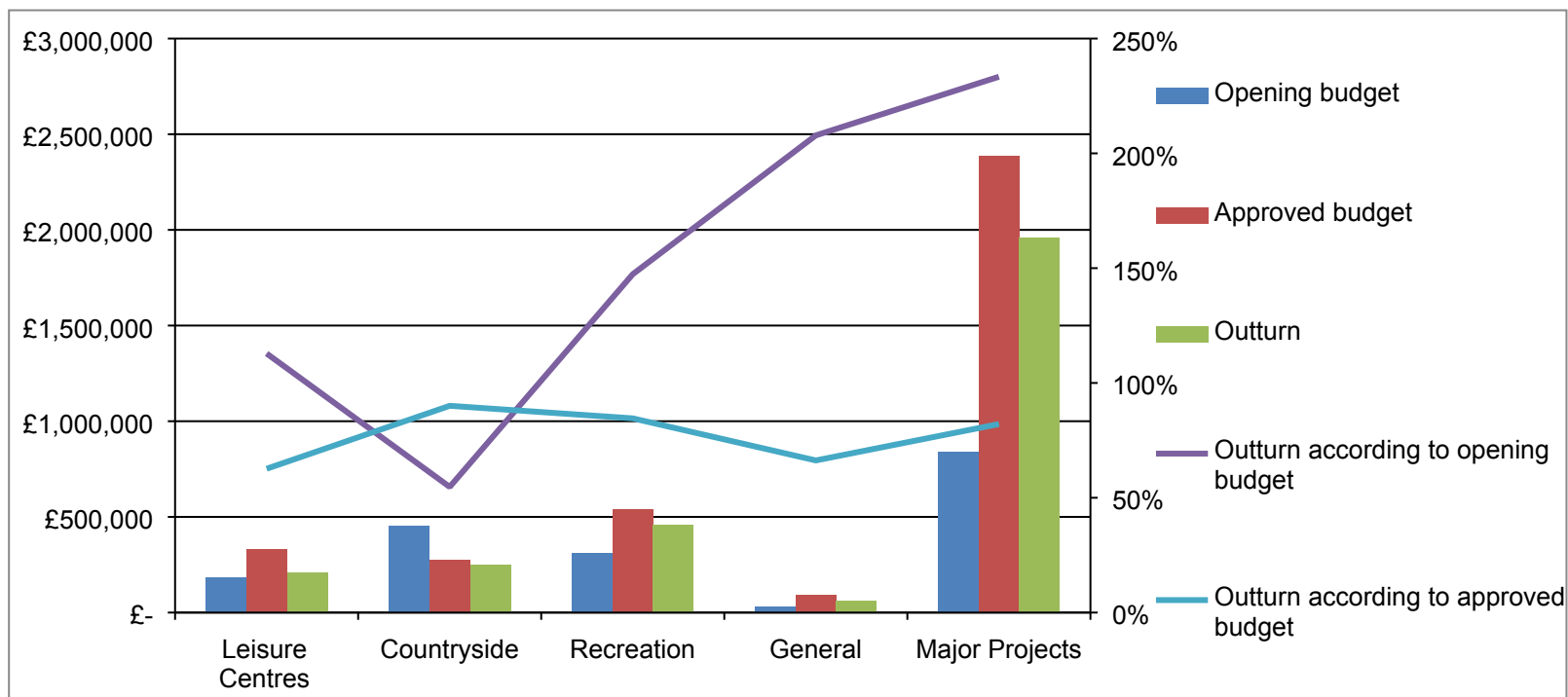
K6100	Renovation of drainage Wey Court 2016	47,000	47,000	27,719		19,281
K6110	Roof Covering 2016	600,000	526,880	439,911	70,000	86,969
K6100	Roofline and Surface Water Renovation 2016	400,000	350,000	37,277	250,000	312,723
	4. Aids and Adaptations					
K6310	Aids and Adaptions 2016	200,000	200,000	204,268	-4,268	-4,268
	5. Structural and Damp work					
K6100	Energy Initiatives 2016	50,000	50,000	38,745		11,255
K6110	External Wall finish, Chimney rebuilding and finish 2016	150,000	150,000	78,421	50,000	71,579
K6100	Garage Repairs Programme 2016	50,000	80,000	67,616		12,384
K6100	Sewerage Plant - Rodborough Hill Cottages and 5 and 6 Woodland Cottages		0	0		0
K6100	Sound Insulation 2016	25,000	25,000	3,638	21,362	21,362
K6100	Structural Works 2016	350,000	304,000	447,523		-143,523
K6100	Timber Cladding Replacement - Badgers Close, Redwing Avenue, Farncombe	80,000	10,000	7,000		3,000
	6. Health and Safety					
K6100	Asbestos Removal 2016	240,000	200,000	220,108		-20,108
K6100	Fire Risk Assessment Remedials Work Phase II	35,500	145,500	276,737		-131,237
K6100	Fire Walls		0	0		0
	7. Building Services					
K6100	Communal Gas Heating Replacement 2016	281,000	220,000	365,612		-145,612
K6110	Domestic Heating Upgrades 2016	953,060	708,860	526,449		182,411
K6110	Electrical Upgrade 2016	443,700	499,483	529,615		-30,132
K6110	Rewiring		1	0		1
K6100	Lift Refurbishment 2016	178,200	198,200	197,891		309
	8. Communal and Estate Work					
K6100	Car Parking - scheme improvements	70,000	32,600	31,648		952
K6100	Estate Works 2016	20,000	20,000	0	20,000	20,000
K6100	Flat Block Communal Area upgrade 2016	100,000	50,000	25,197		24,803
K6100	Community Rooms upgrade	64,000	62,500	28,445	34,140	34,055

K6100	Trees	20,000	20,000	21,710	-1,779	-1,710
	9. Professional Fees					
K6100	Hindhead House, Haslemere - Refurbishment	5,000	5,000	0		5,000
K6100	Professional Fees	50,000	30,000	30,583	-583	-583
K6100	Renovation of Pre 1945 Council Dwellings		105,000	58,375	46,625	46,625
K6100	St James Court - survey	5,000	5,000	0		5,000
K6310	Other professional fees		0	5,785	-5,785	-5,785
						0
	Target Savings	-200,000	-200,000	0	-200,000	-200,000
	Staffing Allocations			596,566	-596,566	-596,566
	Total Expenditure	8,619,310	7,553,874	7,471,707	232,807	82,167
K6*	Accruals		0	-120,981		120,981
	Total	8,619,310	7,553,874	7,350,726	232,807	203,148

Appendix 3

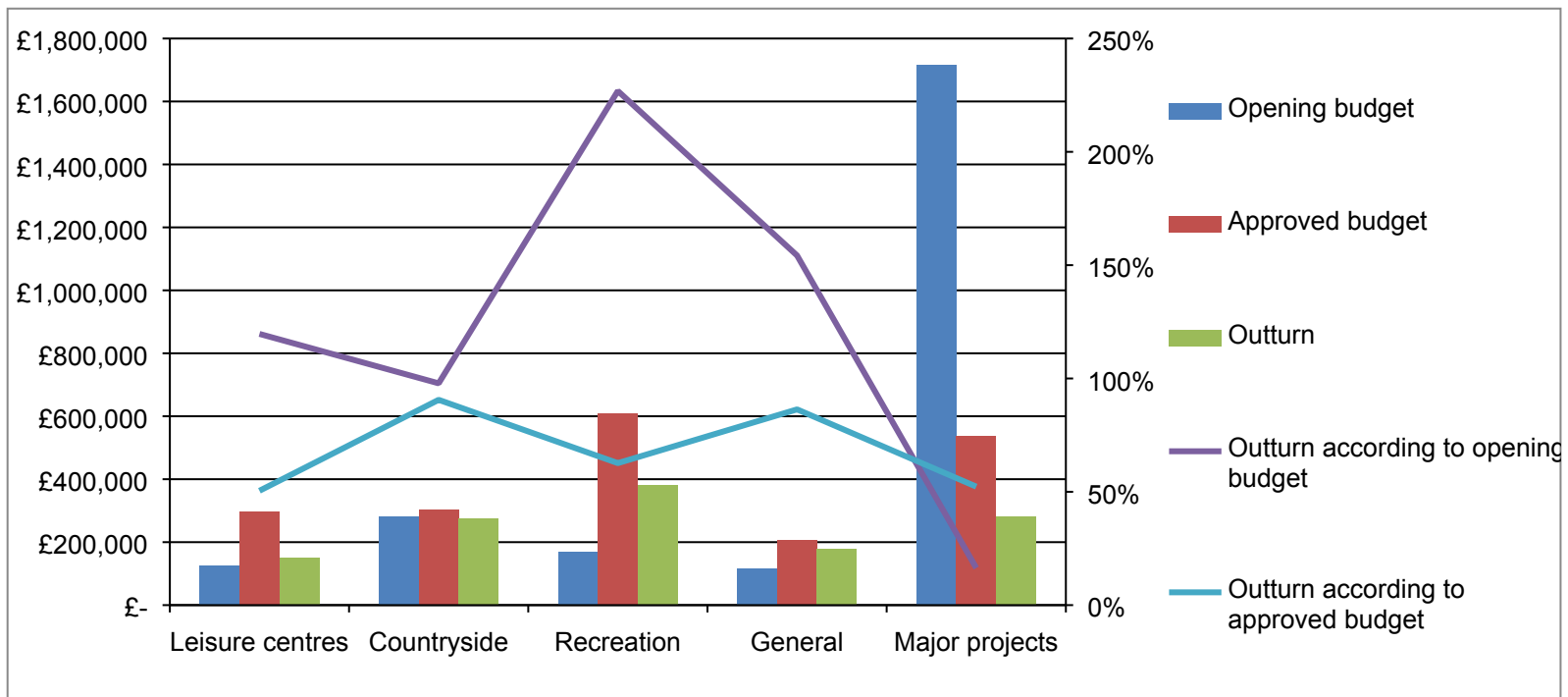
Communities Capital Expenditure Outturn 2016-17

	Opening budget		Approved budget		Outturn		Outturn according to opening budget	Outturn according to approved budget
Leisure Centres	£	185,000	£	333,295	£	208,741	113%	63%
Countryside	£	451,200	£	274,208	£	246,927	55%	90%
Recreation	£	309,550	£	539,298	£	456,154	147%	85%
General	£	30,000	£	94,101	£	62,346	208%	66%
Major Projects	£	840,000	£	2,387,703	£	1,960,238	233%	82%



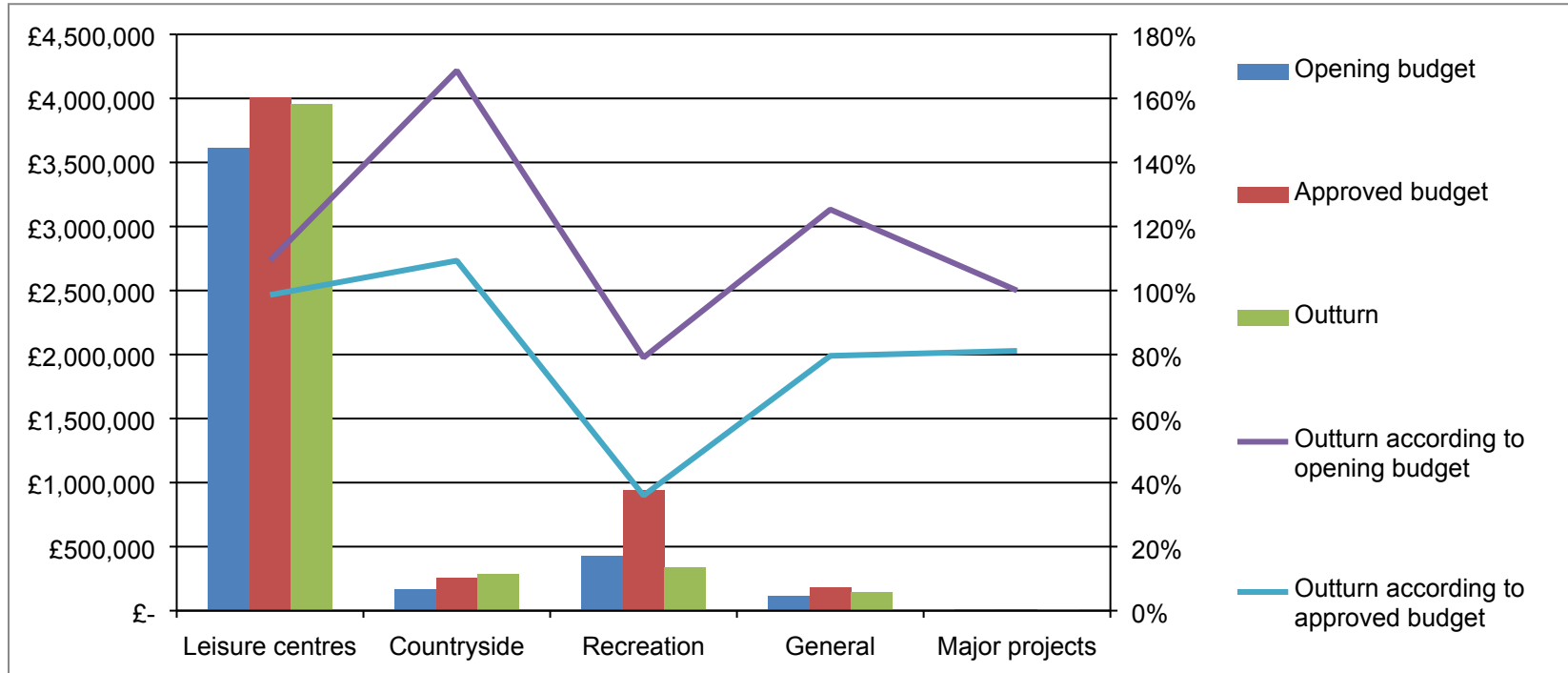
Communities Capital Expenditure Outturn 2015-16

	Opening budget		Approved budget		Outturn		Outturn according to opening budget	Outturn according to approved budget
Leisure centres	£	125,000	£	296,466	£	149,577	120%	50%
Countryside	£	282,060	£	304,712	£	276,018	98%	91%
Recreation	£	167,860	£	607,805	£	380,789	227%	63%
General	£	116,075	£	207,341	£	179,061	154%	86%
Major projects	£	1,715,000	£	536,823	£	280,689	16%	52%



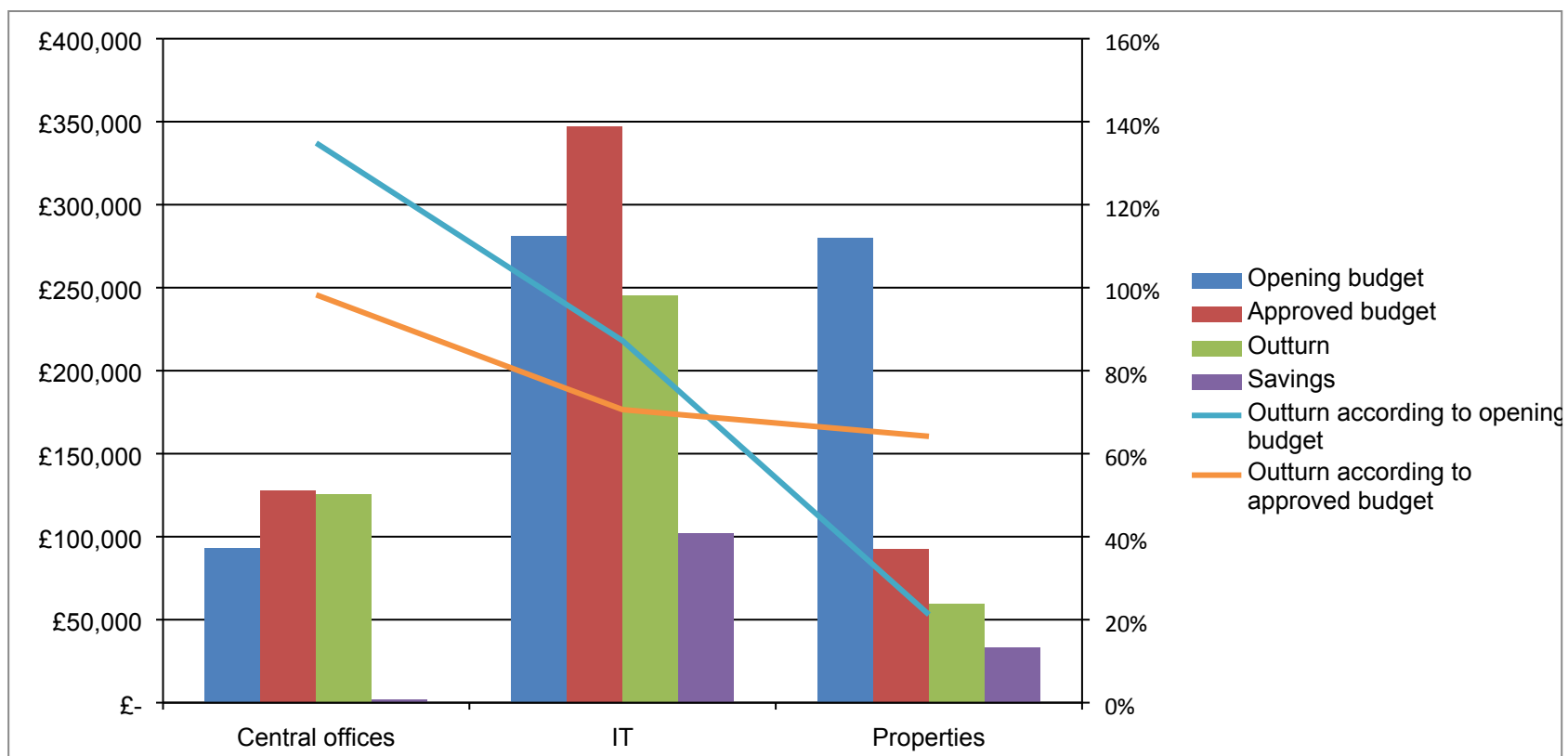
Communities Capital Expenditure Outturn 2014-15

	Opening budget		Approved budget		Outturn		Outturn according to opening budget	Outturn according to approved budget
Leisure centres	£	3,615,000	£	4,009,040	£	3,953,920	109%	99%
Countryside	£	168,152	£	259,473	£	283,667	169%	109%
Recreation	£	428,255	£	941,657	£	338,570	79%	36%
General	£	116,500	£	183,400	£	145,975	125%	80%
Major projects	£	10,000	£	12,323	£	10,000	100%	81%

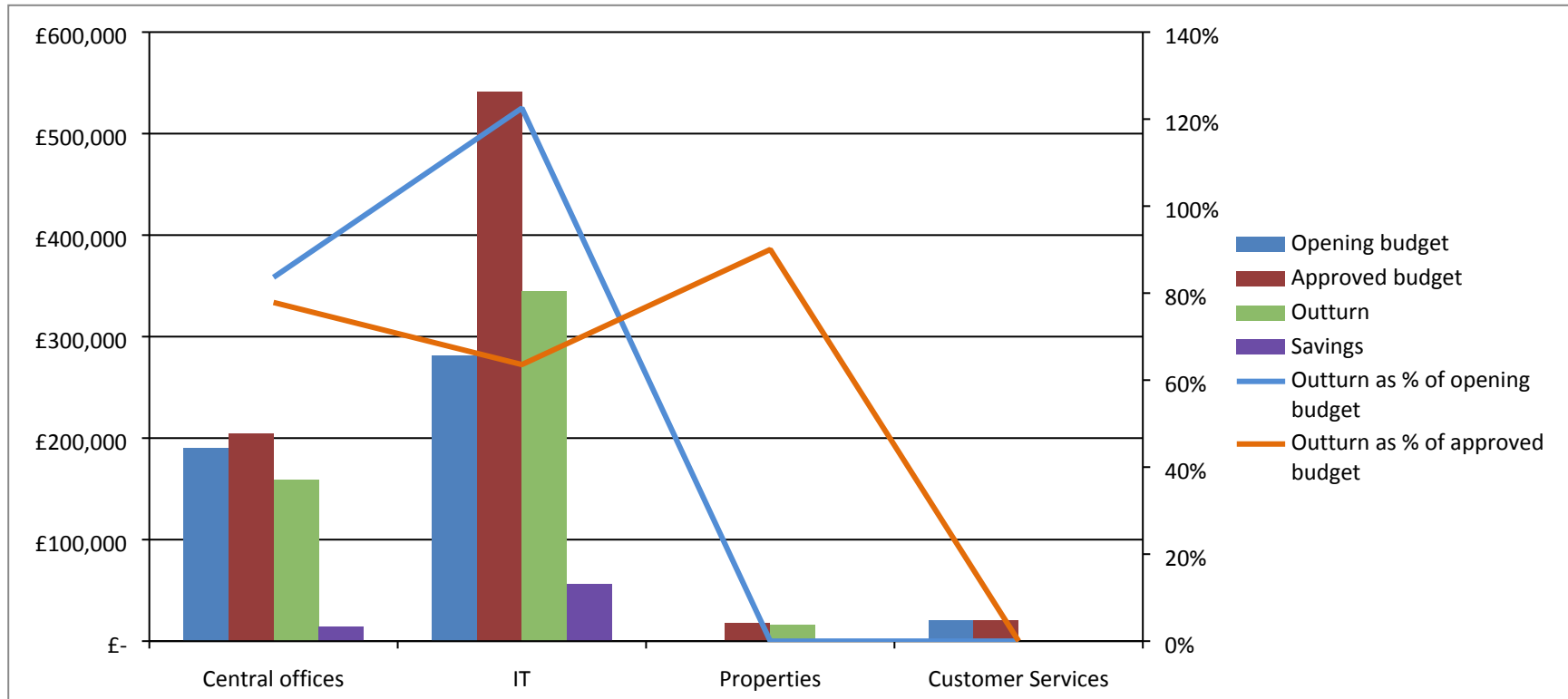


Customer and Corporate Services Capital Expenditure 2016-17

	Opening budget	Approved budget	Outturn	Savings	Outturn as % of opening budget	Outturn as % of approved budget
Central offices	£ 93,000	£ 127,616	£ 125,417	£ 2,199	135%	98%
IT	£ 281,000	£ 347,085	£ 245,090	£ 101,995	87%	71%
Properties	£ 280,000	£ 92,575	£ 59,409	£ 33,166	21%	64%

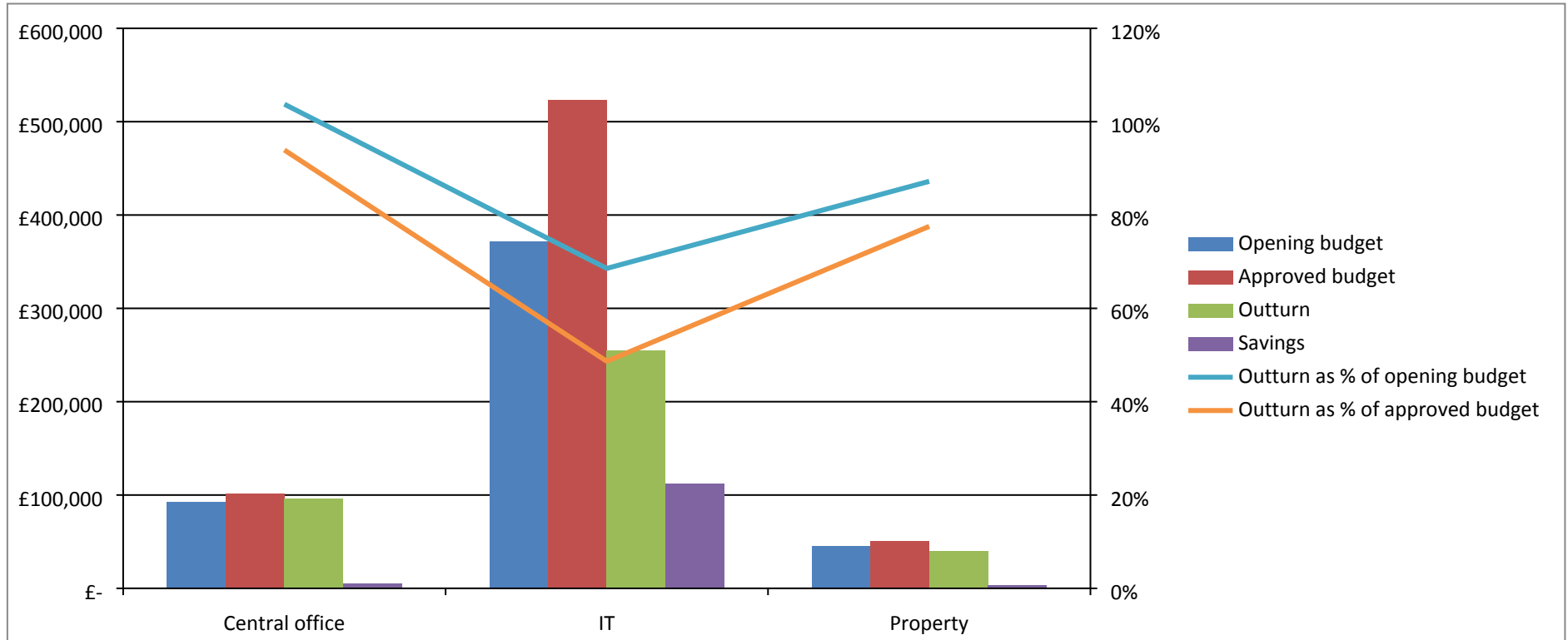


Customer and Corporate Services Capital Expenditure 2015-16						
	Opening budget	Approved budget	Outturn	Savings	Outturn as % of opening budget	Outturn as % of approved budget
Central offices	£ 190,000	£ 204,085	£ 58,892	£ 13,977	84%	78%
IT	£ 281,000	£ 541,553	£ 344,306	£ 55,755	123%	64%
Properties	£ -	£ 17,982	£ 16,189	£ 1,793	N/A	90%
Customer Services	£ 20,000	£ 20,000	£ 0	£ 0	0%	0%



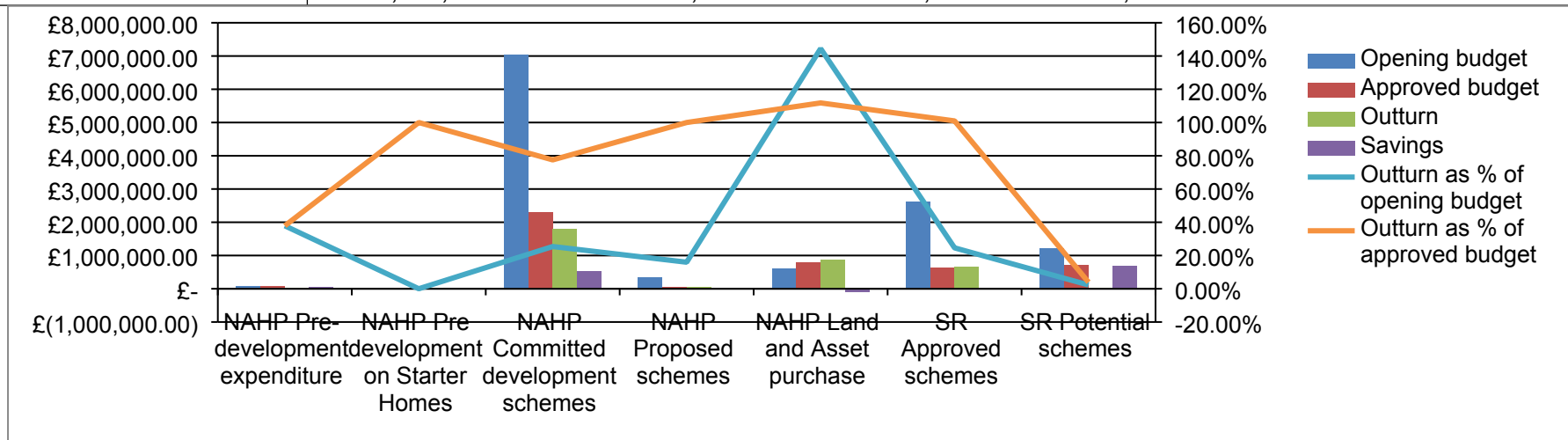
Customer and Corporate Services Capital Expenditure 2014-15

	Opening budget	Approved budget	Outturn	Savings	Outturn as % of opening budget	Outturn as % of approved budget
Central office	£ 92,000	£ 101,616	£ 95,446	£ 5,312	104%	94%
IT	£ 371,000	£ 522,752	£ 254,366	£ 111,751	69%	49%
Property	£ 45,000	£ 50,600	£ 39,247	£ 2,732	87%	78%



Housing Development Board Outturn 2016/17

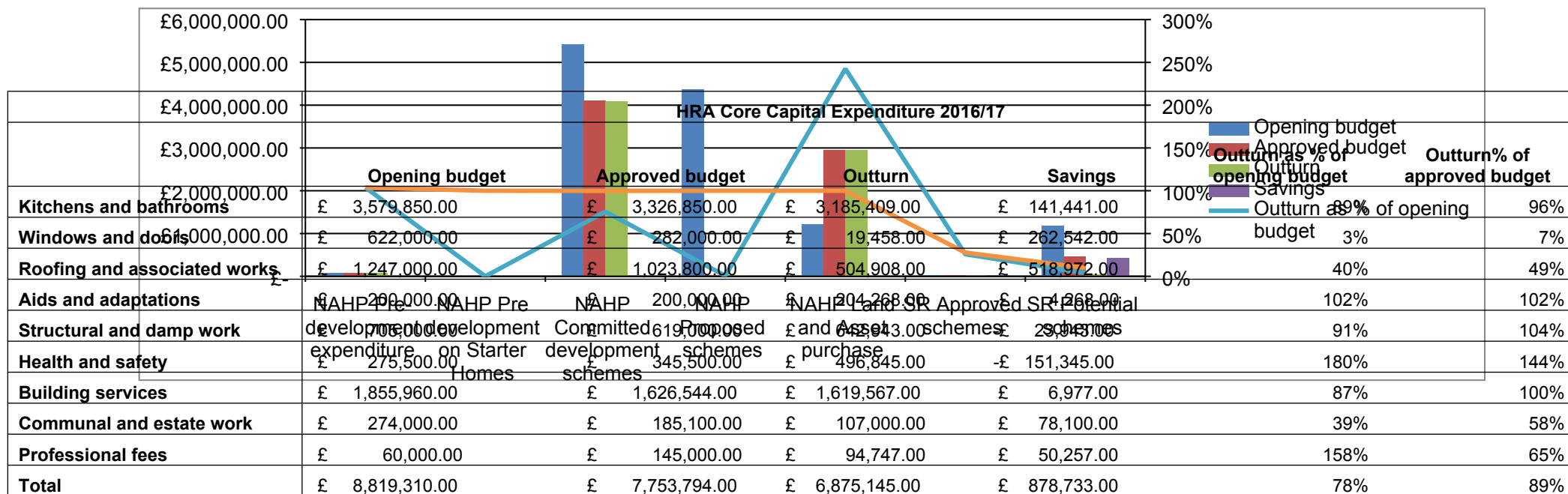
	Opening budget	Approved budget	Outturn	Savings	Outturn as % of opening budget	Outturn as % of approved budget
NAHP Pre-development expenditure	£83,500.00	£83,500.00	£31,625.00	£51,875.00	37.87%	37.87%
NAHP Pre development on Starter Homes		£20,570.00	£20,570.00			100.00%
NAHP Committed development schemes	£7,041,830.00	£2,307,797.00	£1,788,924.00	£518,873.00	25.40%	77.52%
NAHP Proposed schemes	£345,000.00	£55,098.00	£55,098.00		15.97%	100.00%
NAHP Land and Asset purchase	£600,000.00	£775,440.00	£866,818.00	-£91,378.00	144.47%	111.78%
SR committed development schemes	£2,626,000.00	£639,840.00	£646,008.00	-£6,168.00	24.60%	100.96%
SR Potential schemes	£1,220,500.00	£705,846.00	£27,780.00	£678,066.00	2.28%	3.94%

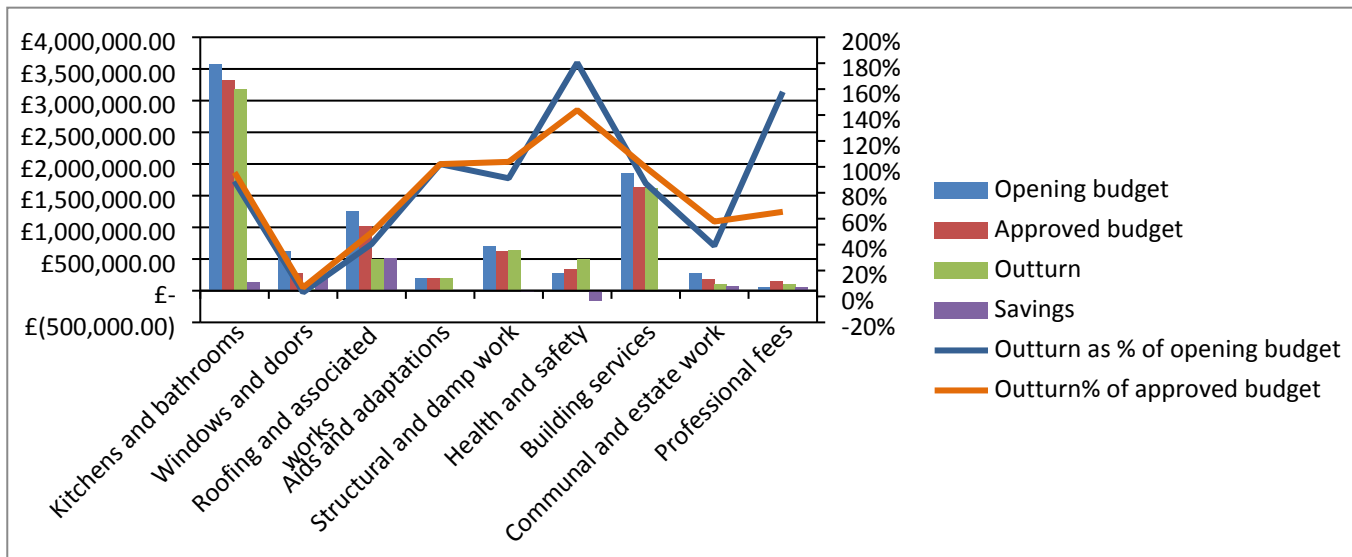


Housing Development Board Outturn 2015/16

	Opening budget	Approved budget	Outturn	Savings	Outturn as % of opening budget	Outturn as % of approved budget
NAHP Pre-development expenditure	£83,500.00	£83,500.00	£86,633.00	£3,133.00	104%	104%
NAHP Pre development on Starter Homes		£13,493.00	£13,493.00	£0.00		100%
NAHP Committed development schemes	£5,427,109.00	£4,101,293.00	£4,096,293.00	£5,000.00	75%	100%
NAHP Proposed schemes	£4,375,400.00	£27,071.00	£27,071.00	£0.00	1%	100%
NAHP Land and Asset purchase	£1,220,000.00	£2,958,269.00	£2,958,269.00	£0.00	242%	100%
SR Approved schemes	£33,500.00	£31,232.00	£8,647.00	£22,584.00	26%	28%
SR Potential schemes	£1,180,000.00	£467,561.00	£45,778.00	£421,783.00	4%	10%

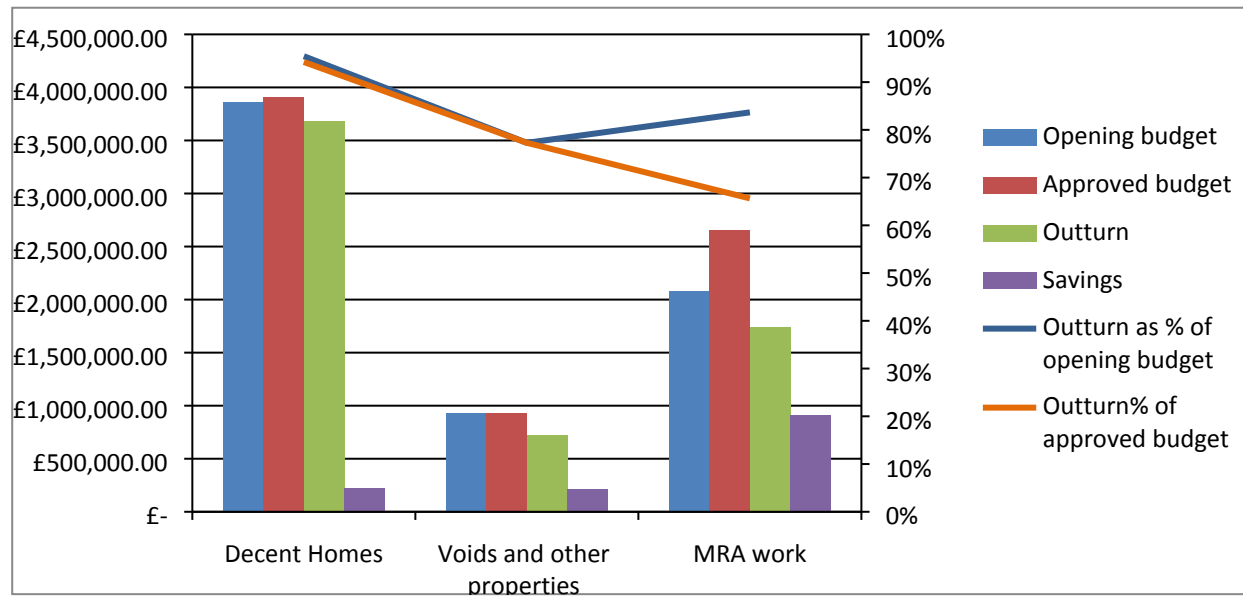
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HRA Core Capital Expenditure 2015/16

	Opening budget	Approved budget	Outturn	Savings	Outturn as % of opening budget	Outturn% of approved budget
Decent Homes	£ 3,860,200	£ 3,909,841	£ 3,683,659	£ 226,182	95%	94%
Voids and other properties	£ 928,700	£ 928,700	£ 717,710	£ 210,990	77%	77%
MRA work	£ 2,081,100	£ 2,652,500	£ 1,741,133	£ 911,367	84%	66%
Total	£ 6,870,000	£ 7,491,041	£ 6,142,502	£ 1,348,539	89%	82%



Appendix 4

Initial stages of Capital Expenditure Process

The group learnt about the process of the capital expenditure programme in the first meeting. Below is the order of events described by the Accountancy Manager.

- a) Heads of Service (HoS) receive notification that the process of setting the annual capital expenditure programme is starting and project justification forms are distributed.
- b) Once completed by HoS, the project justification forms are considered by Management Board.
- c) The successful bids are discussed at budget challenge meetings with the relevant Portfolio Holder, HoS, the Strategic Director of Finance and Resources, the Head of Finance and an accountancy representative.
- d) The revised programme of projects is presented at Executive Briefing and eventually formally agreed along with the whole budget at February council.

Once the budget has been agreed and projects started they are subject to monthly budget monitoring review meetings.

2018/19 Project justification form

Project Title	
Service	

Project owner:	
-----------------------	--

Approved budget 2017/18	
Total slippage from 2016/17	
Total budget	-

Cost centre	
--------------------	--

Project Outline	
Project Justification	
How will the project meet corporate objectives and your service plan?	

Start Date	
Completion Date	

Timeline:	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Please outline stages month by month (include feasibility, consultation, post project communication etc)												

Estimated Spend by type of spend	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
Land/Building purchase												
Construction costs												
Contracted Services												
Consultancy												
Planning Fees												
Legal Fees												
Equipment												
Total	0	0	0	0	0	0	0	0	0	0	0	0

Annual Total

0

What external funding is available?

Will there be any ongoing costs or savings?

Procurement Process to be taken
Please also detail timing, lead in times etc.

Risks & Dependencies

Resources required
Please include what staffing resource you require, please name officers involved in the delivery of the project.

Have you agreed the involvement with the required officers and given notice of when they are required?

What is the environmental impact?

Has an Equality Impact Assessment been carried out?

How will the project be publicised?

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Waverley Borough Council Scrutiny Review

Budget Strategy Working Group

March 2018

SCOPING A SCRUTINY REVIEW

Background

Overview and Scrutiny by definition of the Local Government Act 2000 has the power to investigate and review an issue or concern by conducting an in-depth scrutiny review. Choosing the right topic for an in-depth scrutiny review is the first step in guaranteeing that the work of scrutiny adds value to the corporate priorities and benefits the Borough's residents. The Overview and Scrutiny Committee may wish to appoint a members task and finish group to undertake a majority of the research and to evaluate the evidence.

What makes an effective scrutiny review?

An effective scrutiny review must be properly project managed. The review must clearly state the aims & objectives, rationale and how the review will contribute to policy development / improve service delivery. To ensure the review goes well it is vital that the scope is robust and thorough and is treated as a project plan. The review should be SMART (Specific, Measurable, Achievable, Realistic & Time-bound) in its scope in order to have the most impact. The scoping template is designed to ensure that the review from the outset is focused exactly on what the members hope to achieve.

The scoping document should be treated as the primary source of information that helps others understand what the review inquiry is about, who is involved and how it will be undertaken. Once the scoping document is complete it should be circulated to relevant officers and key members of the Executive for comment before being agreed by the relevant Overview & Scrutiny Committee. The scrutiny review will be supported by the Scrutiny Policy Officer.

What happens after the review is complete?

It is important that the relevant Overview & Scrutiny Committee considers whether an on-going monitoring role is appropriate in relation to the review topic and how frequently progress is reported back to the Overview & Scrutiny Committee after completion. Overview & Scrutiny should be monitoring the progress and reviewing the changes that have been made as a result of a scrutiny review to ensure the work undertaken has been effective in achieving its objectives.

FOR COMPLETION BY MEMBERS PROPOSING THE REVIEW

Topic		
1.	Title of proposed review:	Budget Strategy Working Group
2.	Proposed by:	Cllr Mike Band

Who is involved?		
3.	Chair of the working group:	
4.	Members on the working group:	
5.	Scrutiny Policy Officer:	Yasmine Makin

Research programme	
6.	<p>Rationale / background to the review:</p> <p>At the September 2017 meeting the Value for Money and Customer Services Overview & Scrutiny Committee expressed the view that a radical re-think of how services, front line and support, are delivered was needed to meet the anticipated long term financial challenges facing the Council. It was proposed that a Budget Strategy Working Group be established to drive forward the Medium Term Financial Plan (MTFP) initiatives designed to resolve the projected budget shortfall. The Finance Portfolio Holder has been briefed on the proposal and endorses this approach.</p>

7. **Terms of reference:**

- Examine and provide input into the development of projects to deliver the MTFP initiatives
- Develop a strategy which shifts the emphasis away from a pure 'financial savings targets' towards a wider 'business change' agenda
- Ensure future service reviews and decisions are taken within the widest context of the Council's vision, corporate objectives and MTFP
- Monitor the development and delivery of an action list against objectives relating to income, savings and efficiencies and report progress to the Executive
- Review the process used to translate the implementation of initiatives into the budget.

Desired outcomes

To identify how services, front line and support, can be delivered differently in order to meet the budget shortfall described in the MTFP.

To contribute to the development of the longer term business change effort of the Council to address the financial challenges anticipated.

Research questions

Work Stream 1: Assessment of Council Services

- 1) Which services that the Council currently provides are mandatory and which are discretionary?
- 2) What is the minimum level of provision required?
- 3) What is the expenditure and income from these services?
- 4) For which services can costs be recovered?
- 5) Do we recover the costs?
- 6) Should the costs be recovered?
- 7) What would the impact be, particularly on vulnerable residents, if the Council removed, reduced or charged for these services?
- 8) Would there be any legal implications if the Council removed, reduced or charged for these services?
- 9) Are we monopoly providers of the service?

Work Stream 2: Demand management – community engagement exercise to determine public priority for services, followed by a review of:

- 1) What are the levels of need/demand for services?
- 2) What are our customers' expectations of services?
- 3) Which needs/demands can be met elsewhere?

	<p>Work Stream 3: Service delivery (opportunities for ‘channel shift’ and improved service efficiency)</p> <ol style="list-style-type: none"> 1) What opportunities are there for the Council to improve service delivery in front line and support services? 2) Can services be delivered in a more efficient way, for example by partnership working, joint commissioning or self-service via new technologies? <p>Work Stream 4: Procurement and project management</p> <ol style="list-style-type: none"> 1) How does the Council procure goods and services? 2) What proportion of expenditure is planned and what proportion is reactive? 3) Does the way goods and services are procured deliver value for money? 4) Does the Council’s approach to project management ensure the value of projects is not compromised in delivery? <p>Work Stream 5: Resource and asset utilisation</p> <ol style="list-style-type: none"> 1) How can the Council use its people resource and assets to achieve greater efficiency?
8.	<p>Policy Development and Service Improvement How will this review add value to policy development and/or service improvement?</p> <p>By contributing to the longer term business change effort of the Council, this review will contribute to the delivery of the MTFP strategy and the Council’s corporate strategy. In addition to this, the outcomes of the review will have implications on how the Council delivers its services in a sustainable and cost effective way.</p> <p>The review will improve services by maximising value for money across the Council.</p>
9.	<p>Corporate priorities:</p> <p>Careful and considered financial planning enables the Council to maintain and enhance service delivery – contributing to all of the Corporate priorities.</p>
10.	<p>Scope:</p> <p>In order to carry out a holistic and corporate review exercise, all services will be subject to this review including front line and support services. As a policy development and scrutiny exercise, this review will remain within the parameters of its legal scrutiny function.</p>

11.	<p>Methodology and methods:</p> <p>Methodology: The review will take place during a series of meetings of the Working Group supported by officers. The Working Group will comprise members drawn from all four O&S committees. The Working Group will report to the VFM & Customer Service Committee.</p> <p>Information will be sought from Heads of Service or other relevant officers. Officers may be asked to attend the working group meetings when appropriate.</p> <p>All members of the working group will participate in work-stream 1 with the group then dividing to complete work-streams 2 and 3. It is anticipated that the full group will regroup for work-streams 4 and 5.</p> <p>The second work-stream relies on a community engagement exercise and will be informed by the results (see page 4, work-stream 2).</p> <p>Preliminary / core evidence that will need to be collected to inform this review is as follows:</p> <ol style="list-style-type: none"> 1) Breakdown of mandatory and discretionary services with cost recovery (if applicable) included. 2) Community prioritisation of services.
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Council services expected to contribute		
	Council Service	Reason / Intention for evidence
12.	All	This is a holistic review of all Council services and so all services are expected to provide the review with necessary data and information.
13.		
14.		

External Witnesses to be invited / submit evidence		
	Organisation	Reason / Intention for evidence
15.		
16.		
17.		

19.		
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20.	Project plan:	
Timescale		
Proposed start date:	March / April 2018	
Proposed finish date:	Work-streams 1 and 2 are expected to be completed by September 2018 in time to contribute to the development of the 2019/20 budget. The timeline for work-streams 3 – 5 are yet to be confirmed.	
Working group plan		
How many working group meetings are anticipated to support this review?	The programme of work fits into 5 work-streams. The number of working group meetings for each work-stream will vary depending on content with a range of 1 – 4 expected for each work-stream.	
<p>Working group theme (1): Assessment of Council services, front line and support</p> <p>Aim: To gain an understanding of what services do and why (whether they are mandatory or discretionary), identifying whether or not costs can be/ are being recovered.</p> <p>Witnesses: Heads of Service are expected to complete the worksheets developed by the Head of Finance describing the services they provide as either mandatory or discretionary and providing information on whether these costs are being recovered or not.</p>		
<p>Working group theme (2): Demand management</p> <p>Aim: Identify customer need and demand for Council services through a community engagement exercise. Assess whether or not service capacity and need for services is matched and consider areas where the relationship of expectation and provision needs redefining.</p> <p>Witnesses: The community engagement exercise budgeted for in the 2018/19 budget is expected to inform this work-stream.</p>		
<p>Working group theme (3): Service delivery (opportunities for ‘channel shift’ and improved service efficiency)</p> <p>Aim: To study how services are delivered, consider opportunities for alternative ways of working and recommend areas for efficiency reviews.</p> <p>Witnesses:</p>		
<p>Working group theme (4): Procurement, and project management.</p> <p>Aim: Identify opportunities to improve the value for money of current procurement. Ensure the Council’s project management methodology is effective.</p>		

21.	Scrutiny resources: In-depth scrutiny reviews are facilitated and supported by the Scrutiny Policy Officers.
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For completion by Corporate Policy Manager
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22.	Corporate Policy Manager comments: The scope of work for this review is far ranging and will need to include officers' time from a range of services in addition to the Scrutiny Policy Officer's time if it is to be successfully completed on time.
	Name: Louise Norie
	Date: 9 March 2018

For completion by Lead Director

23.	Lead Director comments: I support this review. It is a much improved way of encouraging Members in scrutinising the Council's budget and harnessing their ideas and knowledge. Are there any potential risks involved that may limit or cause barriers that scrutiny needs to be made aware of? Capacity of officers to undertake service/budget reviews. Are you able to assist with the proposed review? If not please explain why: Yes, I can assist the review but I expect Peter Vickers (Head of Finance) to lead, supported by the accountancy team and all Heads of Service.
	Name and position: Graeme Clark, Strategic Director
	Date: 9 March 2018

For completion by Executive Portfolio Holder
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24.	<p>Executive Portfolio Holder comments As the executive lead for this portfolio area it is important for the task group to seek and understand your views so that recommendations can be taken on board where appropriate.</p> <p>To follow.</p>	
	Name and position:	Cllr Ged Hall, Deputy Leader and Portfolio Holder for Finance and Communications
	Date:	9 March 2018

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WAVERLEY BOROUGH COUNCIL

VALUE FOR MONEY AND CUSTOMER SERVICE OVERVIEW AND SCRUTINY COMMITTEE – 26 MARCH 2018

COMMUNITY INFRASTRUCTURE LEVY (CIL) – UPDATE PAPER

Background

1. The Community Infrastructure Levy (CIL) is a tariff system that enables contributions to be collected from development towards infrastructure projects. The Council has to prepare a CIL Charging Schedule, which goes through two stages of consultation, before being considered at an independent examination.

Four work-streams

2. In order to progress CIL in an effective manner, four related work streams have been identified:
 1. Adoption and implementation of the CIL charging schedule
 2. Recruitment of one or more CIL officers,
 3. The purchasing of an IT system to manage the collection of CIL and
 4. The development of governance arrangements, including decision-making processes to agree and oversee how CIL funds are spent.

Adoption and Implementation of the CIL Charging Schedule

3. A report will be taken to the Executive on 10 April and Council on 24 April seeking approval to submit the CIL charging schedule for examination. It is anticipated that the CIL charging schedule will then be submitted at the end of April, or in early May, with hearings held in June/July 2018. Whilst the timetable after submission is out of the direct control of the Council, it is expected that the charging schedule will be adopted in September or October, with implementation in December 2018.
4. The Environment Overview and Scrutiny Committee has been the Committee charged with being involved throughout the whole process up to this point, and this will continue to be the case, as necessary, leading up to the adoption and implementation of the charging schedule.

Governance and other Arrangements

5. As the other workstreams have emerged, officers are now progressing arrangements with regard to putting in place appropriate resources and IT support ready for the implementation of CIL.
6. Governance arrangements and decision-making processes need to be put in place to prioritise and agree the spending of CIL funds. This will include mechanisms for engaging relevant parties, including Waverley Members,

Surrey County Council and the Town and Parish Councils. It should be noted that 15% of CIL revenue is paid directly to Parish Councils where the development takes place, rising to 25% where there is a made (adopted) neighbourhood plan in place. Some nearby local authorities, such as Havant Borough Council, have CIL Funding Decision Protocols in place and it would be sensible for Waverley to do the same.

7. With regard to this particular workstream, the Value for Money and Customer Service Overview and Scrutiny Committee has been identified as most appropriate to lead on this piece of work, helping to shape and inform the process for how to prioritise schemes and how the monies should be spent and allocated. Because CIL income is a corporate resource, it is proposed that the report on the governance arrangements will be considered by this Committee.
8. In terms of timescales, approval is sought from the Committee to receive a report at its June meeting, enabling the Committee to contribute views and suggestions about how the governance arrangements should be shaped. The report will then be considered by the Executive and Council in due course. It is preferable for the arrangements to be adopted in good time to be operational as soon as the CIL scheme is implemented by the end of the year.

Recommendation

It is recommended that the update report be noted and the Committee agree to add CIL Governance Arrangements to its work programme with a view to receiving a report to its June meeting.

Contact Officer

Name: Graeme Clark **Telephone:** 01483 523099
E-mail: graeme.clark@waverley.gov.uk

WAVERLEY BOROUGH COUNCIL

VALUE FOR MONEY & CUSTOMER SERVICE OVERVIEW & SCRUTINY COMMITTEE

26 MARCH 2018

Title:

**PERFORMANCE MANAGEMENT REPORT
QUARTER 3, 2017/18
(OCTOBER – DECEMBER 2017)**

**[Portfolio Holder: Cllr Tom Martin, Cllr Ged Hall]
[Wards Affected: All]**

Summary and purpose:

This report provides an analysis of the Council's performance in the third quarter of 2017/18 in the service areas of Finance, Strategic HR and Complaints. Annexe 1 to the report details performance against key indicators.

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.

Background

1. As agreed by the Committee at the 26 June 2017 meeting, performance indicators are reported on an exception basis only. Therefore this report will only focus on those PIs where performance is above or below target by more than 5% or where those PIs without a target are notable. The graphic trend analysis report is set out at Annexe 1.

Performance in Quarter 3

2. Out of the 8 performance indicators with associated targets, 5 are within target, 1 is outside by up to 5% and 2 are off target by more than 5%.

Finance

3. In the third quarter 5 out of 28 total invoices from small/local businesses took longer than 10 days to be paid. Although the indicator has now fallen into 'red', this isn't unusual for a small pool of data, where 1 invoice constitutes 3.57% of the overall total, and therefore disproportionately affects the overall percentage. The team has advised that the payments are run twice a week and each invoice requires departmental approval, which is sometimes delayed due to staff external engagements and annual leave. It is worth noting that all remaining invoices were paid in under 20 days.

Complaints

4. The *total number of complaints received* [M2] in the third quarter has further decreased from 111 in Q2 to 93 Q3, which is the lowest level since Q2 2015/16. The service areas with the largest number of complaints were Housing Operations (40), Planning (30) and Environment (11). The third quarter has seen only 12 complaints being escalated to the *Level 3 (Executive Director and Ombudsman complaints)* [M1].
5. The quantity of complaints dealt with within the target timescale, although still off target, has improved by 3% from the preceding quarter. A handful of more complex level 3 cases have affected the figures. For comparison there were 93% of Level1, 80% of Level 2 and 60% of Level 3 complaints dealt with within their target response time.

Future Performance Management Reporting

Complaints Handling Policy Changes

6. The changes to the Corporate Complaints Handling Policy were approved by the Executive on the 6 February 2018. A new 2 stage process will be introduced and the data collection for the revised set of indicators will start from the 1 April 2018. The table below presents the changes to the complaints indicators.

Current PI ref.	New PI ref.	PI Description	Proposed Changes
M1	N/A	Number of Level 3 (CEX) and Ombudsman complaints received.	PI to be discontinued and replaced by new an indicator on Ombudsman complaints received.
	CP2	Number of Ombudsman complaints received	New - This indicator will replace M1 and will show only the number of Ombudsman complaints received
M2	CP1	Total number of complaints received.	No change.

M3	N/A	% of complaints responded to within WBC target times of Level 1 (10 days) and Level 2, 3 (15 days) (higher outturn is better).	This PI will be discontinued and replaced by 2 new indicators (CP3 & CP4) which will show separate response times for Level 1 and Level 2
	CP3	% of complaints responded to within WBC target times of Level 1 (10 days).	New - This indicator replaces M3 and will show % of complaints responded to within the target time for Level 1 complaints only.
	CP4	% of complaints responded to within WBC target times of Level 2 (15 days) (higher outturn is better).	New - This indicator replaces M3 and will show % of complaints responded to within the target time for Level 2 complaints only.
No change	New		Discontinue

Recommendation

It is recommended that the Value for Money & Customer Service Overview and Scrutiny Committee considers the performance figures for Quarter 3 and agrees any observations or recommendations about performance and progress towards targets it wishes to make to the Executive.

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:

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E-mail: nora.copping@waverley.gov.uk

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Value for Money & Customer Service

O&S Committee

Performance Management Report

Quarter 3, 2017/18

(October - December 2017)

RAG Legend		Graph Lines Legend	
On target	Green	Waverley 2017/18 (current year outturn)	
Up to 5% off target	Amber	Waverley 2016/17 (prior year outturn)	
More than 5% off target	Red	Waverley Target	- - -
Data not available	Not available		
Data only / no target / not due	No Target		

CONTACT OFFICER:

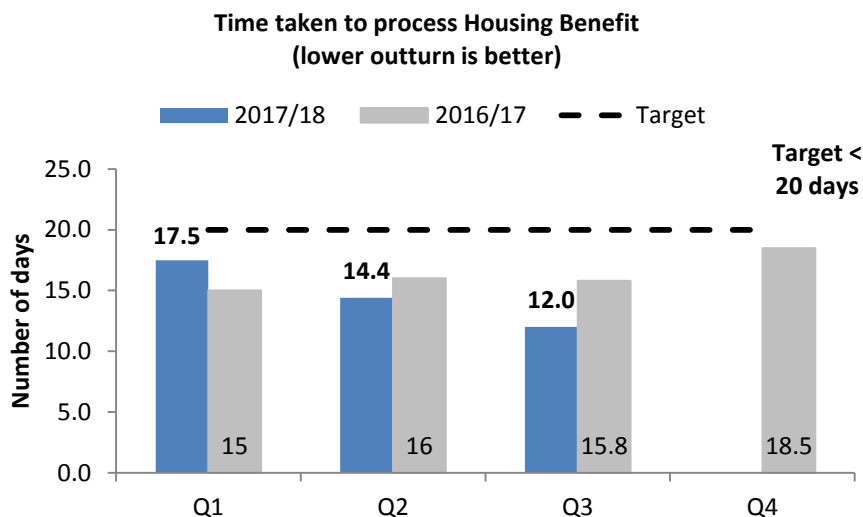
Name: Nora Copping

Telephone: 01483 523 465

Email: nora.copping@waverley.gov.uk

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

GREEN



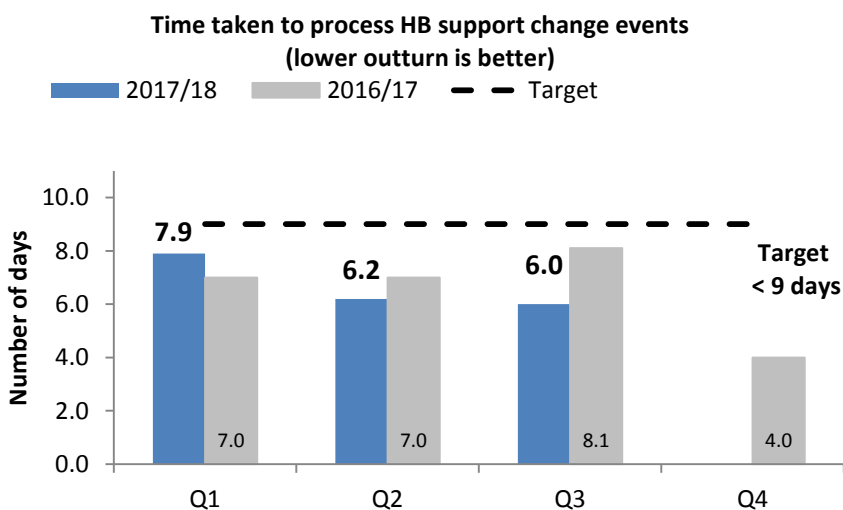
Quarter	2017/18	2016/17	Target
Q1	17.5	15	20
Q2	14.4	16	20
Q3	12.0	15.8	20
Q4		18.5	20

Comments

The time taken to process new claims has further shortened by 2.4 days in quarter 3, exceeding the target by 40%. This great improvement in performance over the preceding quarter is linked to the process changes implemented as part of the 'Systems Thinking' project.

FINANCE:
NI 181b Time taken to process Housing Benefit change events

GREEN



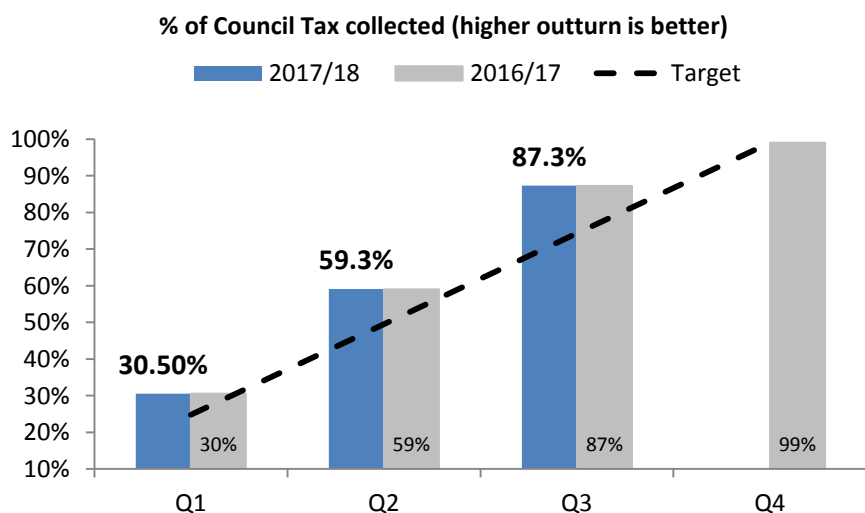
Quarter	2017/18	2016/17	Target
Q1	7.9	7.0	9
Q2	6.2	7.0	9
Q3	6.0	8.1	9
Q4		4.0	9

Comments

The time taken to process events changes has shortened by 0.2 days from the last quarter, exceeding the target by 33.33%. The continuous improvement is linked to the process changes implemented as part of the 'Systems Thinking' project.

FINANCE:
F1: Percentage of Council Tax collected

GREEN



Quarter	2017/18	2016/17	Target
Q1	30.5%	30.5%	24.8%
Q2	59.1%	59.0%	49.5%
Q3	87.3%	87.2%	74.3%
Q4		99.0%	99.0%

Comments

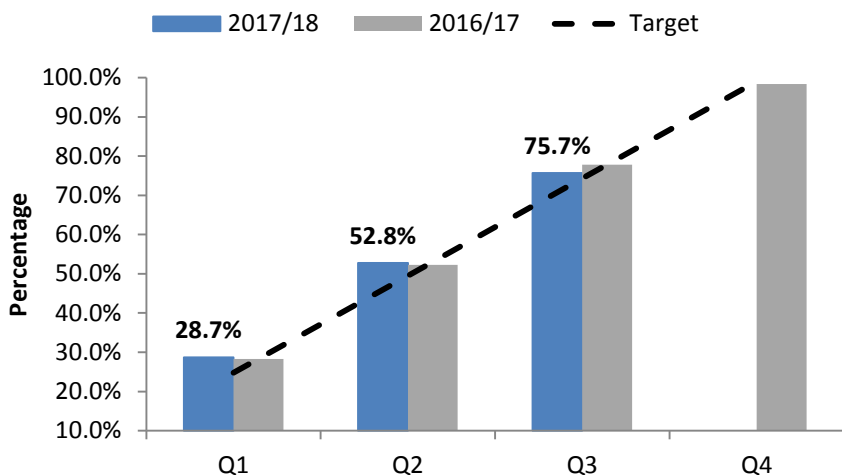
Council Tax collection for the third quarter performed well and exceeds the target by 17.5% and remained at the same level when compared to the corresponding quarter last year.

FINANCE:

F2: Percentage of non-domestic rates collected

GREEN

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



Quarter	2017/18	2016/17	Target
Q1	28.7%	28.3%	24.8%
Q2	52.8%	52.3%	49.5%
Q3	75.7%	77.8%	74.3%
Q4	-	98.4%	99.0%

Comments

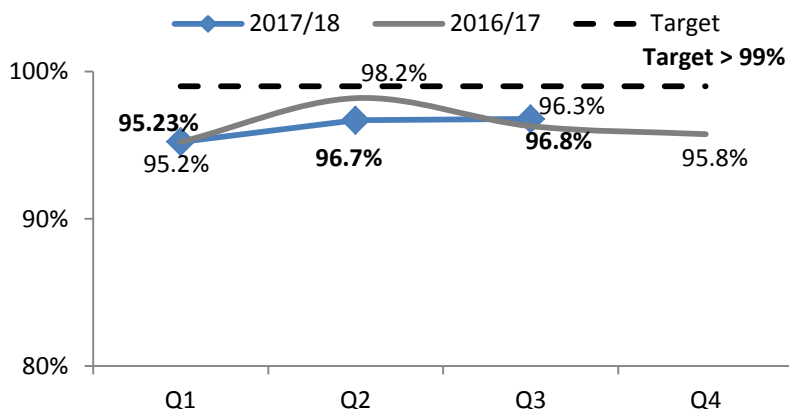
The third quarter collection rates exceeds the target by 1.88% but shows a small drop when compared with the corresponding quarter last year.

FINANCE:

F3: Percentage of invoices paid within 30 days or within supplier payment terms

AMBER

% of invoices paid within 30 days or within supplier payment terms (higher outturn is better)



Quarter	2017/18	2016/17	Target
Q1	95.2%	95.2%	99%
Q2	96.7%	98.2%	99%
Q3	96.8%	96.3%	99%
Q4	-	95.8%	99%

Comments

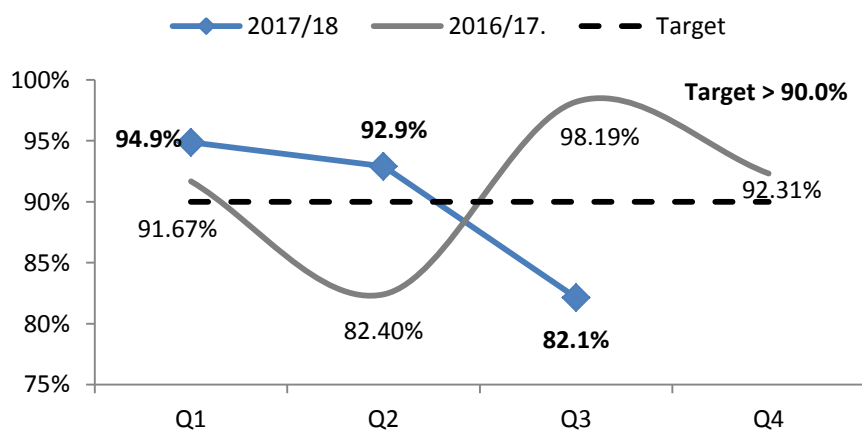
The overall performance in Q3 has improved slightly over the preceding quarter, however it is still missing the target by 2.22%. Out of a total of 963 invoices 932 were paid on time, compared with 503 out of 520 invoices paid on time in Q2.

FINANCE:

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

RED

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



Quarter	2017/18	2016/17	Target
Q1	94.9%	91.7%	90.0%
Q2	92.9%	82.4%	90.0%
Q3	82.1%	98.2%	90.0%
Q4	-	92.3%	90.0%

Comments

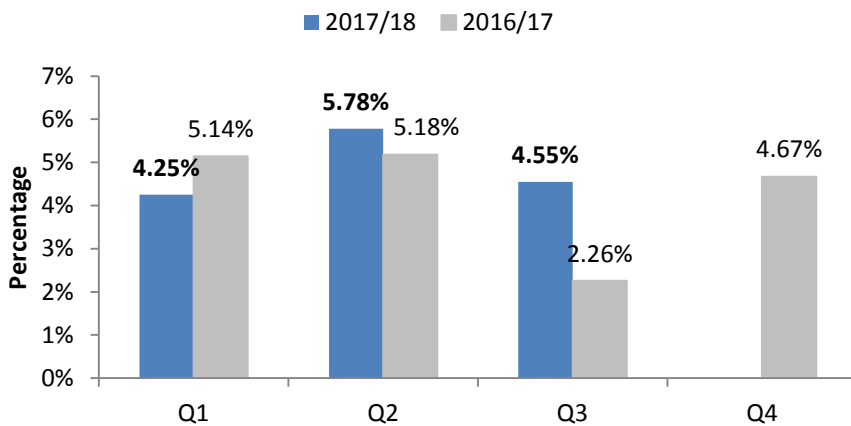
Of the 28 invoices in this category 5 missed their target compared to 2 in the previous quarter, missing the target overall by 8.78%. It is worth noting that all remaining invoices were paid within 20 days.

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	2017/18	2016/17
Q1	4.25%	5.14%
Q2	5.78%	5.18%
Q3	4.55%	2.26%
Q4		4.67%

Comments

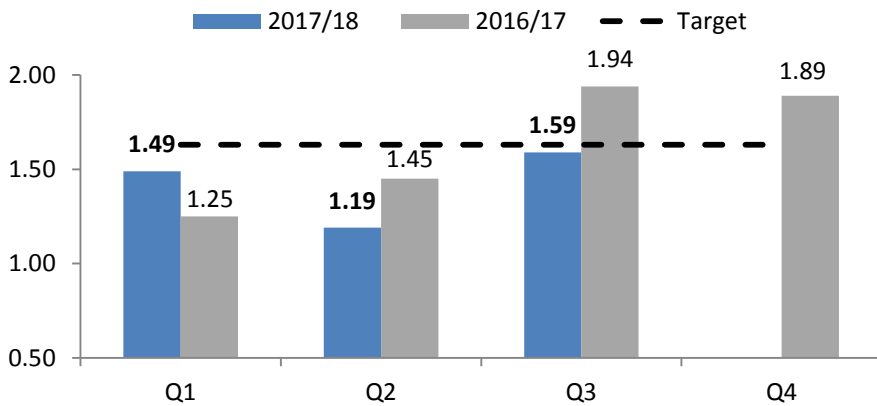
Staff turnover has improved in the third quarter by 1.23%, representing 23 members of staff leaving and 30 new starters joining the organisation.

RESOURCES:

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

GREEN

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



Quarter	2017/18	2016/17	Target
Q1	1.49	1.25	1.63
Q2	1.19	1.45	1.63
Q3	1.59	1.94	1.63
Q4		1.89	1.63

Comments

The average days lost due to sickness has slightly increased by 0.4% which is quite typical for the autumn/winter period. It is also much lower than the corresponding quarter last year.

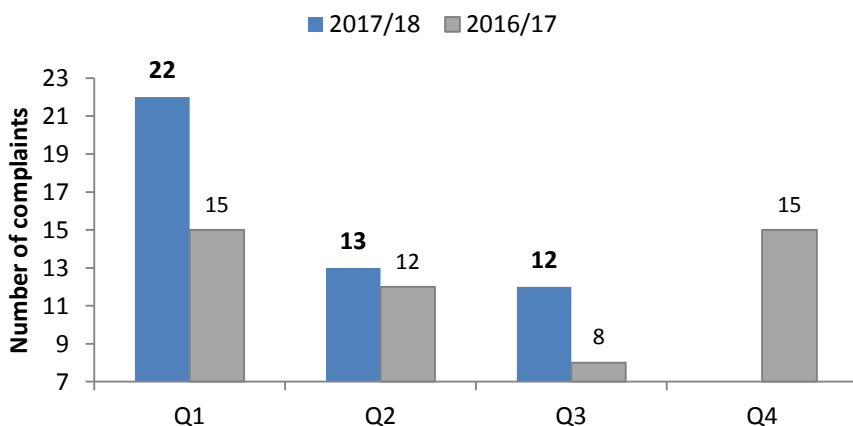
POLICY & GOVERNANCE

COMPLAINTS:

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

No target

Number of Level 3 (CEX) and Ombudsman complaints received



Quarter	2017/18	2016/17
Q1	22	15
Q2	13	12
Q3	12	8
Q4		15

Comments

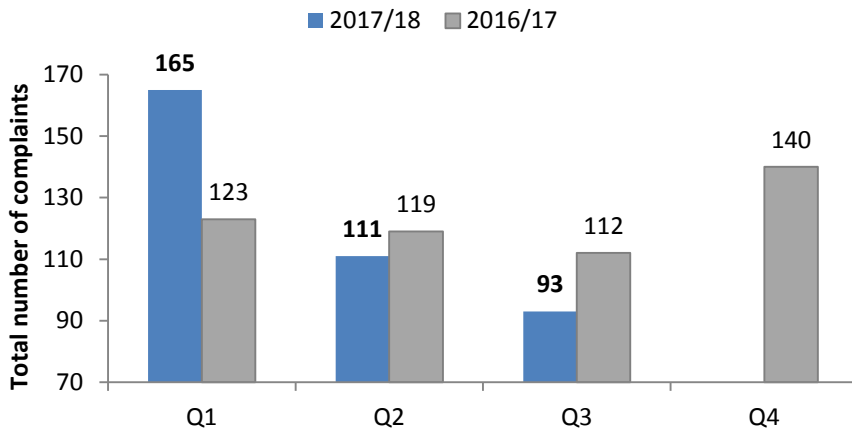
The number of complaints escalated to Level 3 in the third quarter has remained at the same level as in Q2. These complaints related to the two service areas of Planning and Housing Operations.

COMPLAINTS:

M2: Total number of complaints received

No target

Total number of complaints received



Quarter	2017/18	2016/17
Q1	165	123
Q2	111	119
Q3	93	112
Q4	-	140

Comments

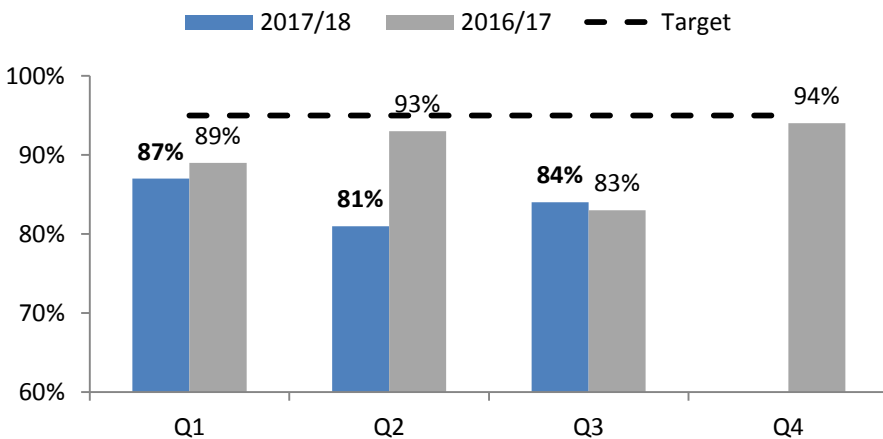
The total number of complaints has dropped by 18 in the third quarter. There were 14 fewer complaints for Environmental Services, Housing remained on the same level as Q2 and Planning received 7 more complaints in Q3 when compared to the preceding quarter.

COMPLAINTS:

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

RED

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



Quarter	2017/18	2016/17	Target
Q1	87%	89%	95%
Q2	81%	93%	95%
Q3	84%	83%	95%
Q4	-	94%	95%

Comments

The indicator although still in red shows a small 3% improvement over the preceding quarter and is now 11.58% below the target. This is due to a small number of complex level 3 cases which impacted the overall performance. At Level 1 the response rate was 93%, 80% at Level 2 and 60% response rate at Level 3.

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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 – Lists items for Overview and Scrutiny consideration. It is not expected that the Committee cover all items listed on the work programme and some items will be carried over into the following municipal year. In-depth scrutiny review topics for consideration by the respective Committee will also be listed in this section.
- Section B – Lists live in-depth scrutiny task and finish groups, including objectives, key issues and progress.
- Section C – Lists the Scrutiny tracker of recommendations for the municipal year.

Section A

Work programme 2017-18

Subject	Purpose for Scrutiny	Lead Member/ officer	Date for O&S consideration	Date for Executive decision (if applicable)	Priority
Performance reports	To receive and scrutinise the Q3 performance indicators.	Nora Copping	March 2018	April 2018	
Property Investment Strategy	To consider the strategy and make observations and recommendations to the Executive.	David Allum	March 2018	April 2018	High
Treasury Strategy	To scrutinise and review the strategy in light of government changes and make any recommendations or comments to Executive.	Peter Vickers	March 2018		High
Capital Expenditure Process and Management Review	To consider and endorse the recommendations to Executive made by the working group.	Cllr Mike Band	March 2018	April 2018	High
Budget Strategy working group update	To update the Committee on the progress made so far regarding arrangements for the working group.	Peter Vickers / Yasmine Makin	March 2018	N/A	
CIL governance arrangements – background	To understand the background to the item by receiving a verbal contribution from officers.	Peter Vickers / Emma McQuillan	March 2018		

Value for Money and Customer Service Overview and Scrutiny Committee

Subject	Purpose for Scrutiny	Lead Member/ officer	Date for O&S consideration	Date for Executive decision (if applicable)	Priority
Economic Development Strategy	To 1) 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 2) consider future investment proposals and the specific plans for each of the main settlements in the borough.	Kelvin Mills	June 2018	July 2018	High
CIL governance arrangements	To consider the CIL governance arrangements in full.	Graham Parrott	June 2018		High
Workforce Profile Update	To receive the annual workforce profile report.	Wendy Gane	June 2018		
Customer Services review	Having received an update on the progress of the customer services review in October, for officers to update the Committee on the latest developments.	David Allum	TBC		Low
Business rates Retention	Proposed pilot by Surrey Council.		TBC		High
Changes to housing benefit	Situation report to be issued to members for review when available. Consider the impact of changes to housing benefit entitlement introduced in April 2017 on tenants with two or more children.		TBC		
Welfare reform	Examine the implications of Welfare reform on the Council's finances.		TBC		High
Universal Credit	To continue to monitor the impact of Universal Credit and review mitigating		TBC		

Value for Money and Customer Service Overview and Scrutiny Committee

Subject	Purpose for Scrutiny	Lead Member/ officer	Date for O&S consideration	Date for Executive decision (if applicable)	Priority
	actions the Council is taking with reference to the below considerations.				
Building Control	To receive an update on the progress of the Business Plan, last seen by VFM CS OS Committee June 2017.	Jane Clement	June 2018		

Section B

Scrutiny reviews 2017-18

Subject	Objective	Key issues	Lead officer	Progress
1. Capital Expenditure Process & Management review task and finish group	To identify and review the reasons for the extent of slippage in the capital programme and make recommendations to ensure the process provides value for money and excellent customer service.	<ul style="list-style-type: none"> Slippage of items in the capital programme (General Fund & HRA). Value for money Budget delivery and project management. Bidding process and justification 	Yasmine Makin	The group has met a total of five times and the report is due to come Committee March 2018.
2. Property Investment Strategy working group	To contribute to the formulation of a Property Investment Strategy.	<ul style="list-style-type: none"> In order to scrutinise the development of the property company, firstly contributing to the formulation of the strategy. 	Graeme Clark	A final meeting has been scheduled. Due to come to Committee March 2018.
3. Budget Strategy working group	Exercising joint working with fellow O&S Committees to consider income generation and savings possibilities, bearing in mind changes to new homes bonus and business rates retention.	<ul style="list-style-type: none"> Income generation and opportunities for savings. 	Peter Vickers	VFM CS OS Committee to be the coordinating committee for the working group. Membership to be confirmed at March committees.

Section C

Scrutiny tracker 2017-18

Value for Money and Customer Service Scrutiny recommendations tracker

Meeting date	Agenda item	Outcomes / Recommendations	Officer / Executive response	Timescale
26 June 2017	1. Medium Term Financial Plan	OUTCOME: a further investigation is carried out to identify the root causes of slippages within the capital programme.	The Capital Expenditure Review task and finish group has been set up, see section B for details.	See section B.
		RECOMMENDATION: for Executive members to contact local MPs to lobby the negative grant of £800k.	The Leader of the Council has made representations to the government regarding the negative grant and Waverley will be taking part in the spring consultation.	Spring 2018
	2. Creation of a Property Company	OUTCOME: The Committee requested to have sight of the precise details of the delegation regarding company structure and governance as well as periodic monitoring reports.	This report came to September Committee and resulted in the property investment strategy working group.	Item came to the Committee in September 2017.
	3. Performance Management Report	OUTCOME: To receive suggestions from officers for establishing customer satisfaction baseline data.	Update from September Committee: work on establishing a customer satisfaction baseline to be postponed until the Council's ongoing review of customer service has been completed.	An update on customer services review is due to come to Committee in March 2018.
	5. Building Control Business Plan	OUTCOME: For further options of service delivery to be explored and for a review of the Business Plan to be brought back to the Committee in the future.	Added to work programme for March 2018.	

Value for Money and Customer Service Overview and Scrutiny Committee

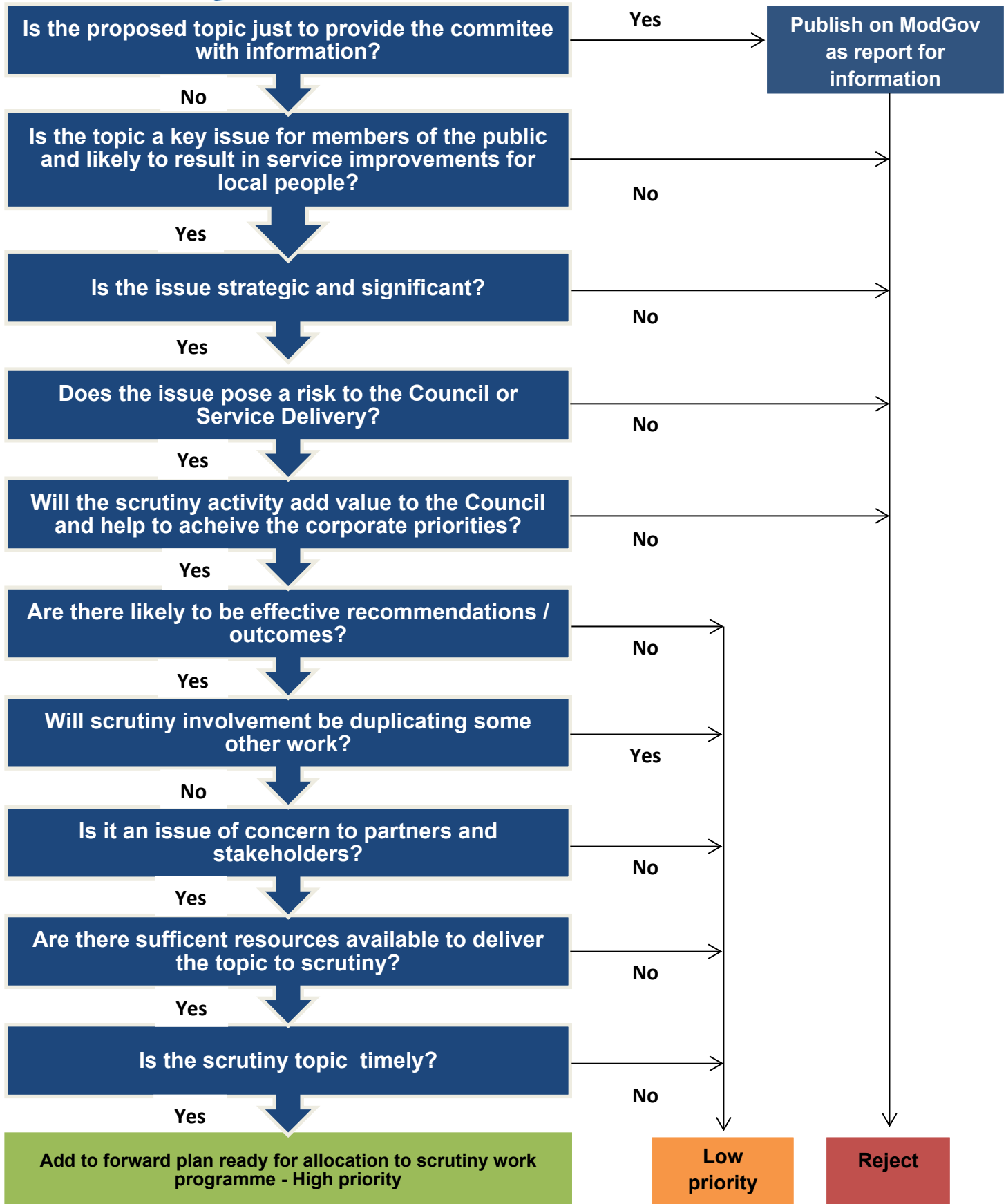
Meeting date	Agenda item	Outcome / Recommendations	Officer / Executive response	Timescale
11 September 2017	1. Creation of a Property Company	OUTCOME: To appoint a working group to work with officers to assess the risks and to ensure checks and balances are in place.	A property working group has been appointed. See section B.	See section B.
	2. In-depth Review – Capital Expenditure	OUTCOME: Review scope agreed and the Committee appointed a task group to facilitate the review.	A capital expenditure review task and finish group has been appointed. See section B.	See section B.
	3. General Fund Budget 2017/18 Overview	OUTCOME: For officers to undertake business-planning for discretionary services in order to maximise income generation opportunities.	This work-stream is being incorporated into the budget strategy working group. See section B.	See section B.

Value for Money and Customer Service Overview and Scrutiny Committee

Meeting date	Agenda item	Outcome / Recommendations	Officer / Executive response	Timescale
30 October 2017	1. Strategic review update	RECOMMENDATION: Executive be asked to clearly develop and publicise the strategic direction of the Council and include clear timeframes for when the strategic vision will be in place.	Workshops were held in November with the aim of gaining member input on the new corporate strategy. The Corporate Strategy is going to Executive post April 2018.	Post April 2018 Executive.
	2. Universal Credit update	OUTCOME: for officers to monitor the roll out of Universal Credit across all services for adverse implications on residents of the borough and Council resources.	An update on actions set out in the October report was brought to the January Committee meeting. Monitoring of impact of Universal Credit will be added to work programme.	Update went to January 2018. Committee.
	3. Budget Strategy working group	OUTCOME: the Committee agreed to form the working group in principal, informed by the corporate strategy once published.	Appointment to the group is due to come to January 2018 meeting. See section B.	See section B.

Value for Money and Customer Service Overview and Scrutiny Committee

Meeting date	Agenda item	Outcome / Recommendations	Officer / Executive response	Timescale
22 January 2018	1. Medium term financial plan and budget 2018/19	RECOMMENDATION: for Executive to continue to make representations to the government regarding the negative grant.	Waverley will be taking part in the consultation opening in spring 2018.	Spring 2018
		RECOMMENDATION: for Executive to be aware of the Committee's concern regarding the Homelessness Act 2017 and to be aware of the potential need to make provision.	An observation to this effect went to Executive Tuesday 6 February.	6 February Executive
		RECOMMENDATION: for a reporting mechanism to be used when Building Control fees are changed, so members of the Committee are aware.	An observation to this effect went to Executive Tuesday 6 February. Officers will ensure members of the Committee are notified when a decision has been made to change the fees.	6 February Executive
	2. Budget Strategy working group	OUTCOME: for the membership and priorities of the working group to be agreed at February coordinating board.	Coordinating board met on February 8, membership to be confirmed at individual March OS Committees.	March 2018
	3. Complaints handling policy	OUTCOME: for the policy to be amended to better reflect the role of the Directors in the complaints process.	The document has been amended and will go to Executive Tuesday 6 February 2018.	6 February Executive



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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 1 March 2018 onwards

TOPIC	DECISION	DECISION TAKER	KEY	ANTICIPATED EARLIEST (OR NEXT) DATE FOR DECISION	CONTACT OFFICER	O & S
POLICY AND GOVERNANCE, HUMAN RESOURCES, BRIGHTWELLS AND LEP - CLLR JULIA POTTS (LEADER)						
Brightwells [E3]	To bring forward matters when necessary	Executive	No	Potentially each meeting	Kelvin Mills, Head of Communities and Major Projects	VFM and CS/Environ
Performance Management	Quarterly combined performance report	Executive	No	April 2018	Louise Norie, Corporate Policy Manager	All
Corporate Strategy	For adoption	Executive	Yes	April 2018	Louise Norie, Corporate Policy Manager	ALL
FINANCE - CLLR GED HALL (DEPUTY LEADER)						
Property Investment Strategy	For adoption	Executive, Council	Yes	April 2018	Graeme Clark, Strategic Director - Finance & Resources	VFM AND CS
Property Acquisitions	To bring forward opportunities for approval as they arise	Executive	No	Potentially each meeting	David Allum, Head of Customer and Corporate Services	VFM and CS

TOPIC	DECISION	DECISION TAKER	KEY	ANTICIPATED EARLIEST (OR NEXT) DATE FOR DECISION	CONTACT OFFICER	O & S
COMMUNITY SERVICES AND COMMUNITY SAFETY - CLLR KEVIN DEANUS						
Joint Enforcement Team (JET) Initiative	To agree next steps	Executive	No	April 2018	Richard Homewood, Head of Environmental Services	Environment
CUSTOMER AND CORPORATE SERVICES - CLLR TOM MARTIN						
ECONOMIC DEVELOPMENT - CLLR JIM EDWARDS						
Economic Development Strategy	For approval	Executive, Council	No	April 2018	Katie Webb	VFM and CS
ENVIRONMENT - CLLR ANDREW BOLTON						
HEALTH, WELLBEING AND CULTURE - CLLR JENNY ELSE						
Leisure Feasibility Study	For approval	Executive	No	April 2018	Fotini Vickers	Community Wellbeing
Leisure Centre Management - O&S Review	To receive a progress update after 6 months	Executive	No	April 2018	Kelvin Mills, Head of Communities and Major Projects	Community Wellbeing
Budget Management [E3]	Potential for seeking approval for budget variations	Executive	Yes	Potentially each meeting	Peter Vickers, Head of Finance	VFM and CS
HOUSING - CLLR CAROLE KING						
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	Yes	Potentially each meeting	Andrew Smith, Head of Strategic Housing Delivery	Housing

TOPIC	DECISION	DECISION TAKER	KEY	ANTICIPATED EARLIEST (OR NEXT) DATE FOR DECISION	CONTACT OFFICER	O & S
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	No	Potentially each meeting	Andrew Smith, Head of Strategic Housing Delivery	Housing
Homelessness Reduction Bill	To agree a response and budget/grant allocations	Executive	No	April 2018	Andrew Smith, Head of Strategic Housing Delivery	Housing
Homelessness Strategy	To review and adopt the strategy.	Executive	Yes	April 2018	Andrew Smith, Head of Strategic Housing Delivery	HOUSING
Review Tenancy Agreements	To receive an update report	Executive	No	April 2018	Hugh Wagstaff, Head of Housing Operations	Housing
Housing Strategy	To adopt the strategy	Executive, Council	No	April 2018	Andrew Smith, Head of Strategic Housing Delivery	Housing
Asset Management Strategy [E3]	To adopt the strategy	Council, Executive	No	April 2018	Hugh Wagstaff, Head of Housing Operations	Housing
PLANNING - CLLR CHRIS STOREY						
Local Plan Part II - Preferred options Consultation	For approval	Executive, Council	Yes	April 2018	Graham Parrott, Planning Policy Manager	Environment
Development Management - Progress on Improvement Plan	For review	Executive	Yes	April 2018	Elizabeth Sims, Head of Planning	Environment

TOPIC	DECISION	DECISION TAKER	KEY	ANTICIPATED EARLIEST (OR NEXT) DATE FOR DECISION	CONTACT OFFICER	O & S
Community Infrastructure Levy (CIL)	Approval to submit for examination	Executive	Yes	April 2018	Graham Parrott, Planning Policy Manager	Environment
Community Infrastructure Levy (CIL)	For adoption	Executive	Yes	September 2018	Graham Parrott, Planning Policy Manager	Environment
Community Infrastructure Levy (CIL)	To agree governance arrangements	Executive	Yes	July 2018	Emma McQuillan/ Graeme Clark	VFM AND CS
Local Plan Part II - Approval to Publish	Approval for publication	Executive	Yes	October 2018	Graham Parrott, Planning Policy Manager	Environment
Local Plan Part II - Approval to submit	Approval to submit	Executive	Yes	Feb 2019	Graham Parrott, Planning Policy Manager	Environment

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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