

MEMBERS INTERESTS 2012

A Member with a disclosable pecuniary interest in any matter considered at a meeting must disclose the interest to the meeting at which they are present, except where it has been entered on the Register.

A Member with a non pecuniary or pecuniary interest in any business of the Council must disclose the existence and nature of that interest at commencement of consideration or when the interest becomes apparent.

Where sensitive information relating to an interest is not registered in the register, you must indicate that you have an interest, but need not disclose the sensitive information.

Please tick relevant boxes

Notes

	General		Notes
1.	I have a disclosable pecuniary interest.	<input type="checkbox"/>	<i>You cannot speak or vote and must withdraw unless you have also ticked 5 below</i>
2.	I have a non-pecuniary interest.	<input type="checkbox"/>	<i>You may speak and vote</i>
3.	I have a pecuniary interest because it affects my financial position or the financial position of a person or body described in 10.1(1)(i) and (ii) and the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest or it relates to the determining of any approval consent, licence, permission or registration in relation to me or any person or body described in 10.1(1)(i) and (ii) and the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest	<input type="checkbox"/> <input type="checkbox"/>	<i>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</i> <i>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</i>
4.	I have a disclosable pecuniary interest (Dispensation 16/7/12) or a pecuniary interest but it relates to the functions of my Council in respect of: (i) Housing where I am a tenant of the Council, and those functions do not relate particularly to my tenancy or lease. (ii) school meals, or school transport and travelling expenses where I am a parent or guardian of a child in full time education, or are a parent governor of a school, and it does not relate particularly to the school which the child attends. (iii) Statutory sick pay where I am in receipt or entitled to receipt of such pay. (iv) An allowance, payment or indemnity given to Members (v) Any ceremonial honour given to Members (vi) Setting Council tax or a precept under the LGFA 1992	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i>
5.	A Standards Committee dispensation applies.	<input type="checkbox"/>	<i>See the terms of the dispensation</i>
6.	I have a pecuniary interest in the business but I can attend to make representations, answer questions or give evidence as the public are also allowed to attend the meeting for the same purpose	<input type="checkbox"/>	<i>You may speak but must leave the room once you have finished and cannot vote</i>

'disclosable pecuniary interest' (DPI) means an interest of a description specified below which is your interest, your spouse's or civil partner's or the interest of somebody who you are living with as a husband or wife, or as if you were civil partners and you are aware that that other person has the interest.

Interest

Employment, office, trade, profession or vocation

Sponsorship

Prescribed description

Any employment, office, trade, profession or vocation carried on for profit or gain.

Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.

	This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

"body in which the relevant person has a beneficial interest" means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest; "director" includes a member of the committee of management of an industrial and provident society;

"land" excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income; "M" means a member of a relevant authority;

"member" includes a co-opted member; "relevant authority" means the authority of which M is a member;

"relevant period" means the period of 12 months ending with the day on which M gives notice to the Monitoring Officer of a DPI; "relevant person" means M or M's spouse or civil partner, a person with whom M is living as husband or wife or a person with whom M is living as if they were civil partners;

"securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

'non pecuniary interest' means interests falling within the following descriptions:

- 10.1(1)(i) Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) Any body (a) exercising functions of a public nature; (b) directed to charitable purposes; or (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union), of which you are a member or in a position of general control or management;
- (iii) Any easement, servitude, interest or right in or over land which does not carry with it a right for you (alone or jointly with another) to occupy the land or to receive income.
- 10.2(2) A decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a connected person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision.

'a connected person' means

- (a) a member of your family or any person with whom you have a close association, or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph 10.1(1)(i) or (ii).

'body exercising functions of a public nature' means

Regional and local development agencies, other government agencies, other Councils, public health bodies, council-owned companies exercising public functions, arms length management organisations carrying out housing functions on behalf of your authority, school governing bodies.

A Member with a personal interest who has made an executive decision in relation to that matter must ensure any written statement of that decision records the existence and nature of that interest.

NB Section 21(13) of the LGA 2000 overrides any Code provisions to oblige an executive member to attend an overview and scrutiny meeting to answer questions.

EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE HELD: 27 SEPTEMBER 2012

Start: 7.30pm

Finish: 8.35pm

PRESENT: Ashcroft (Chairman)

Councillors: Blane Jones
Baldock Kay
Cheetham Moran
Cropper O'Toole
Fillis Pendleton
Gagen Pope
Gibson Savage
J Hodson

Officers: Assistant Director Housing and Regeneration (Mr R Livermore)
Deputy Borough Treasurer (Mr M Kostrzewski)
Assistant Solicitor (Mrs J Williams)
Principal Overview and Scrutiny Officer (Mrs C A Jackson)

16. APOLOGIES

Apologies for absence were submitted on behalf of Councillors Bell and Mrs R Evans.

17. MEMBERSHIP OF THE COMMITTEE

There were no changes to the membership of the Committee.

18. URGENT BUSINESS

There were no items of urgent business.

19. DECLARATIONS OF INTEREST

There were no declarations of interest.

20. DECLARATIONS OF PARTY WHIP

There were no declarations of a Party Whip.

21. MINUTES

RESOLVED: That the minutes of the meeting held on 28 June 2012 be received as a correct record and signed by the Chairman.

22. KEY DECISION FORWARD PLANS - 1 AUGUST 2012 TO 31 JANUARY 2013

There were no items under this heading.

23. RELEVANT MINUTES OF CABINET

Consideration was given to the following minutes of the meetings of Cabinet.

24. SPECIAL MEETING OF CABINET 18 JULY 2012

Consideration was given to the minutes of the Cabinet held on 18 July 2012. Questions and comments were raised in respect of the following item:

Minute 29 (Local Plan Preferred Options (LPPO) – Feedback Report and Consultation Responses – Due process.

RESOLVED: That the minutes of the special meeting of Cabinet held on 18 July 2012 be noted.

25. MEETING OF CABINET 11 SEPTEMBER 2012

Consideration was given to the minutes of the Cabinet meeting held on 11 September 2012. Questions and comments were raised in respect of the following items:

Minute 36 (Item referred from Executive Overview and Scrutiny Committee – CCTV New Locations) - Response by Cabinet; installation undertaken by developers in new premises in Ormskirk / Council's CCTV camera locations.

Minute 39 (Burscough Community Woodlands) – concerns in relation to contamination of land; results of analysis by LCC of the effects of organic growth medium (OGM).

Minute 40 (Pilot Scheme for Compensation for Missed Repair Appointments) – availability of background papers.

Minute 48 (Firbeck Revival) – Timetable of schedule of works – potential slippage; financial matters associated with Firbeck Field.

Minute 58 (Strategic Asset Management Project) – Definition of an “opportunity” site.

RESOLVED: That the minutes of the meeting of Cabinet held on 11 September 2012 be noted.

26. CALL IN ITEMS

There were no called-in items.

27. REVENUE BUDGET POSITION

Consideration was given to the report of the Borough Treasurer as contained on pages 1631 to 1638 of the Book of Reports which set out the key features on revenue budget performance for both the General Revenue Account (GRA) and Housing Revenue Account (HRA).

In discussion comments and questions were raised in respect of the following:

- issues associated with the tenancy of Delf House
- use of agency staff / other related staffing issues
- extensions to Pay/Display car parking in the Borough
- corrective action related to the operation of the Investment Centre.

EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE HELD: 27 SEPTEMBER 2012

Members referred to the recently held Business Breakfast event held at the Investment Centre, the opportunities as a result of the initiative and plans to hold similar events in the future.

RESOLVED: That the financial position of the Revenue Accounts be noted.

28. CAPITAL PROGRAMME OUTTURN 2011-12

Consideration was given to the report of the Borough Treasurer, as contained on pages 1639 to 1654 of the Book of Reports, which provided a summary of the capital outturn position for the 2011/2012 financial year.

RESOLVED: That the final position on the Capital Programme for the 2011/2012 financial year be noted.

29. CAPITAL PROGRAMME MONITORING 2012-13

Consideration was given to the report of the Borough Treasurer, as contained on pages 1655 to 1659 of the Book of Reports which provided an overview of the current progress on the Capital Programme.

RESOLVED: That current progress in respect of the 2012/2013 Capital Programme be noted.

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Chairman

CABINET**HELD: 13 NOVEMBER 2012**

Start: 7.30pm

Finish: 8.25pm

Councillor I Grant (Leader of the Council, in the Chair)

Councillors	M Forshaw	<u>Portfolio</u>
	A Owens	Planning and Development
	D Westley	Deputy Leader & Housing (Finance), Regeneration and Estates Resources and Transformation

In attendance
Councillors: Cropper
Dereli
PendletonOfficers
Managing Director (People and Places) (Mrs G Rowe)
Managing Director (Transformation) (Ms K Webber)
Assistant Director Community Services (Mr D Tilleray)
Assistant Director Housing and Regeneration (Mr B Livermore)
Assistant Director Street Scene (Mr G Concannon)
Borough Treasurer (Mr M Taylor)
Borough Solicitor (Mr T Broderick)
Transformation Manager (Mr S Walsh)
Principal Member Services Officer (Mrs S Griffiths)**59. APOLOGIES**

Apologies for absence were submitted on behalf of Councillors Mrs. Hopley and Sudworth.

60. SPECIAL URGENCY (RULE 16 ACCESS TO INFORMATION PROCEDURE RULES)/URGENT BUSINESS

There were no items of special urgency.

61. DECLARATIONS OF INTEREST

1. Councillors Grant, Forshaw and Westley declared non-pecuniary interests in Agenda Item 6(d) 'Revised Capital Programme and Mid Year Review' in respect of Parish Council matters, as Members of a Parish Council.
2. Councillor Forshaw declared a pecuniary interest in agenda item 6(b) 'Landlord Accreditation Scheme Review' as a landlord of private rented property, and left the Chamber during consideration of this item.

62. MINUTES

RESOLVED: That the minutes of the meeting of Cabinet held on 11 September 2012 be approved as a correct record and signed by the Leader.

63. ITEM REFERRED FROM THE CORPORATE OVERVIEW AND SCRUTINY COMMITTEE - WEST LANCASHIRE LEISURE/SERCO ANNUAL REPORT

Councillor Westley introduced the report of the Borough Solicitor which set out comments referred from the Corporate Overview and Scrutiny Committee at its meeting held on 25 October 2012, when scrutinising the above-mentioned item.

In responding to the comments of the Corporate Overview and Scrutiny Committee Councillor Westley outlined the difficult financial situation facing the Council now and in future years and indicated that there would be significant revenue costs associated with the development of a centre of sports excellence. Councillor Westley circulated a motion which was seconded.

In reaching the decision below, Cabinet considered the comments from Councillor Westley, the motion circulated, and the details set out in the report before it and accepted the reasons contained therein.

- RESOLVED: A. That due to funding restrictions now and in the foreseeable future it is inappropriate to consider the development of a centre of sports excellence for Skelmersdale.
- B. That it be noted that the Council will continue to work with the Leisure Trust and Serco to provide good leisure services in the Borough.

64. MATTERS REQUIRING DECISIONS

Consideration was given to the reports relating to the following matters requiring decisions as contained on pages 2099 – 2243 of the Book of Reports.

65. RISK MANAGEMENT REVIEW

Councillor Westley introduced the report of the Borough Treasurer which set out details on the key risks facing the Council and how they are managed.

In reaching the decision below, Cabinet considered the details set out in the report before it and accepted the reasons contained in it.

- RESOLVED: That the progress made in relation to the management of the risks shown in the Key Risks Register (Appendix A) be noted and endorsed.

66. LANDLORD ACCREDITATION SCHEME REVIEW

Councillor Grant introduced the report of the Assistant Director Community Services which provided an update on progress of the above-mentioned scheme and sought approval to the continuation of years 2 and 3 of the contract with the Residential Landlords Association.

In reaching the decision below, Cabinet considered the details set out in the report before it and accepted the reasons contained in it.

- RESOLVED: A. That the provision of a Landlord Accreditation Scheme in West Lancashire continues into years 2 and 3 of the contract with the Residential Landlords Association (RLA).
- B. That the Assistant Director Community Services be given delegated authority to review and update the scheme as required in consultation with the relevant Portfolio Holder.

67. REVENUE BUDGET MID YEAR REVIEW

Councillor Westley introduced the report of the Borough Treasurer which provided a projection on the General and Housing Revenue Accounts to the end of the financial year.

In reaching the decision below, Cabinet considered the details set out in the report before it and accepted the reasons contained in it.

- RESOLVED: A. That the financial position of the Revenue Accounts be noted including the position on reserves and balances.
- B. That call-in is not appropriate for this item as the report is being submitted to the next meeting of the Executive Overview and Scrutiny Committee on 29 November 2012.

68. REVISED CAPITAL PROGRAMME AND MID YEAR REVIEW 2012/2013

Councillor Westley introduced the report of the Borough Treasurer which detailed the revised Capital Programme 2012/2013 and provided an overview on the progress against it at the mid-year point.

In reaching the decision below, Cabinet considered the details set out in the report before it and accepted the reasons contained in it.

- RESOLVED: A. That the Revised Capital Programme, including the virements and budget adjustments contained within it, be approved for consideration by Council.
- B. That the progress against the Revised Capital Programme at the mid-year point be noted.
- C. That call-in is not appropriate for this item as the report is being submitted to the next meeting of the Executive Overview and Scrutiny Committee on 29 November 2012 and Council on 19 December 2012.

69. ORGANISATIONAL RE-ENGINEERING UPDATE

Councillor Westley introduced the report of the Transformation Manager which provided an update on the Council's Organisational Re-engineering (OR) programme to date.

In reaching the decision below, Cabinet considered the details set out in the report before it and accepted the reasons contained in it.

RESOLVED: A. That it be noted that the OR reviews taking place are Planning commenced September 2012 and Landlord Services due to commence April 2013.

B. That the positive results together with the financial savings/efficiencies that OR has delivered to date, be noted.

70. EMPTY HOMES LEASE AND REPAIR SCHEME

Councillor Grant introduced the report of the Assistant Director Community Services which sought approval to the introduction of an empty homes lease and repair scheme in conjunction with Helena Partnerships.

In reaching the decision below, Cabinet considered the details set out in the report before it and accepted the reasons contained in it.

RESOLVED: A. That the Assistant Director Community Services be authorised to work with Helena Partnerships to develop and implement an empty homes lease and repair scheme.

B. That the Assistant Director Community Services be given delegated authority, in consultation with the relevant Portfolio Holder, to review and update the scheme as required

71. PUBLIC SECTOR HOUSING CAPITAL INVESTMENT - PROCUREMENT OF KITCHEN AND BATHROOM REFURBISHMENT CONTRACTS

Councillor Owens introduced the report of the Assistant Director Housing and Regeneration which sought approval to invest in kitchens and bathrooms for some of the Council's public housing stock, commencing the programme of investment over the next five years.

In referring to bathroom refurbishments, Councillor Owens raised the concerns of the Landlord Services Committee over the replacement of baths with showers in ground floor accommodation as some of these properties had been allocated to young families. He submitted a motion in this regard proposing flexibility within the policy.

A copy of minute no. 27 of the Landlord Services Committee held on 7 November 2012 was circulated. A copy of a revised Appendix A was also circulated at the meeting.

In reaching the decision below, Cabinet considered Councillor Owens' comments, the minutes of the Landlord Services Committee, the motion circulated, the revised Appendix A and details set out in the report before it and accepted the reasons contained therein.

- RESOLVED: A. That the Assistant Director Housing and Regeneration be authorised to accept the successful tenders for the provision of both kitchen and bathroom refurbishments (2 separate tenders) for a term of 5 years, based on the tender evaluation methodology detailed in the revised Appendix A.
- B. That, in order to allow the prompt commencement of the extensive kitchen and bathroom contracts, Council be recommended to approve a budget allocation totalling £5.8m to allow for commencement in January 2013 (plus an additional £600K for void property kitchens) including any increase in temporary staffing resource. (This will be included in a further report to Council on 27 February 2013 along with the remainder of the public sector capital investment plans for 2013/14, and as part of the normal budget setting process).
- C. That Council be recommended to approve the policies in respect of kitchen and bathroom replacement as detailed in paragraphs 6.6 and 7.3 with the exception that bathrooms in flats or bungalows with 3 bedrooms or more are excluded from the policy of having baths replaced with showers.

72. COMPLAINTS MONITORING

Councillor Grant introduced the report of the Transformation Manager which presented data on complaints received by the Council from April 2011 to March 2012.

In reaching the decision below, Cabinet considered the details set out in the report before it and accepted the reasons contained in it.

- RESOLVED: A. That the complaints data for 2011/2012 be noted.
- B. That the call-in procedure is not appropriate for this item as the report is being submitted to the next meeting of the Corporate Overview and Scrutiny Committee on 13 December 2012.

73. COMMUNITY RIGHT TO BID: ASSETS OF COMMUNITY VALUE

Councillor Owens introduced the report of the Assistant Director Housing and Regeneration which advised on the Community Right to Bid contained within the Localism Act 2011 and sought authority to administer the Community Right to Bid process.

In reaching the decision below, Cabinet considered the details set out in the report before it and accepted the reasons contained in it.

- RESOLVED: A. That the contents of the report and summaries attached as Appendices A and B be noted.

- B. That the Assistant Director Housing and Regeneration be authorised to administer the Community Right to Bid process, to include, in consultation with the relevant Portfolio Holder, the consideration and determination of the listing of assets and compensation.
- C. That the Managing Director (Transformation) in consultation with the Leader be authorised to undertake reviews of the determination of the listing of assets and compensation.

74. FORWARD PLAN - SPECIAL URGENCY DECISIONS & REVISED ARRANGEMENTS FOR NOTICE OF MEETINGS

Councillor Grant introduced the report of the Borough Solicitor which advised that no decision had been made during the last quarter in respect of Special Urgency Procedure Rule 16 for the period 1 July – 30 September 2012, and further advised of changes required as a result of new legislation.

In reaching the decision below, Cabinet considered the details set out in the report before it and accepted the reasons contained in it.

- RESOLVED:
- A. That it be noted that Access to Information Rule 16 (Special Urgency) was not exercised during the quarter ending 30 September 2012.
 - B. That at least 5 clear days before a meeting, the Leader be authorised to determine whether a matter should be considered in private and notification of that decision be published in the agenda for the meeting and contain further notice of the intention to hold the meeting or part of it in private and the reasons for it and details of any representations received in respect of why an item should be considered in public, and any response thereto, be published on the Council's website and notice board.
 - C. That the Managing Director (People and Places) be authorised to produce the relevant notices for meetings of the Cabinet to be held in private as set out in paragraphs 4.3 (28 clear days notice), 4.4 (5 clear days notice) and 4.5 (urgency) below.
 - D. That it be noted that future reports in relation to urgent decisions will be submitted to Council annually.

77. STRATEGIC ASSET MANAGEMENT PROJECT

This item was deferred.

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LEADER



AGENDA ITEM: 8(a)

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
29 November 2012**

Report of: Borough Solicitor

Relevant Managing Director: Managing Directors

**Contact for further information: Mrs S Griffiths (Extn 5097)
(E-mail: susan.griffiths@westlancs.gov.uk)**

SUBJECT: CALL IN ITEM – RISK MANAGEMENT REVIEW

Wards affected: Borough wide.

1.0 PURPOSE OF THE REPORT

1.1 To advise the Executive Overview & Scrutiny Committee of the reason for the call in of the decision on the above item, as set out in Minute No. 65 of the meeting of Cabinet held on 13 November 2012.

2.0 RECOMMENDATIONS

2.1 That the Committee determines whether it wishes to ask for a different decision.

2.2 That if the Committee does wish to ask for a different decision, the Committee indicates which of the options set out at paragraph 5.1 below, it wishes to pursue.

3.0 DETAILS RELATING TO THE CALL IN

3.1 The report attached as an Appendix to this report was considered at a meeting of Cabinet on 13 November 2012.

3.2 The decision of Cabinet reads as follows:

“65. RISK MANAGEMENT REVIEW

Councillor Westley introduced the report of the Borough Treasurer which set out details on the key risks facing the Council and how they are managed.

In reaching the decision below, Cabinet considered the details set out in the report before it and accepted the reasons contained in it.

RESOLVED: That the progress made in relation to the management of the risks shown in the Key Risks Register (Appendix A) be noted and endorsed."

3.3 The following reason for call in was given in the requisition:

"We are concerned that 10 of the 12 items listed have moved from a positive position to a negative position and do not feel that there is sufficient detail provided to explain these changes."

3.4 The requisition also provided a different decision which was:

"That the Key Risks Register detailing the key risks facing the Council be noted and the Borough Treasurer be asked to provide a further report setting out in detail the reasons for the change in position from positive to negative."

3.5 The following Members of the Executive Overview & Scrutiny Committee signed the requisition for call-in in accordance with the provisions of Overview & Scrutiny Committee Procedure Rule 15:

Councillor Fillis
Councillor Gagen
Councillor J Hodson
Councillor Pendleton
Councillor Savage

4.0 COMMENTS OF THE BOROUGH TREASURER

4.1 The previous risk management report to Cabinet in March 2012 identified 14 key risks, and the scores on these risks have changed as follows:

- The risk score on 6 items have reduced with 4 of these risks being removed entirely from the key risk register
- The risk score on 5 items have remained unchanged
- The risk score on 3 items have increased

4.2 Consequently the latest risk register actually shows a positive improvement compared to the position earlier this year.

4.3 Where risks are included on the risk register they will typically be the subject of Committee reports. I have included examples of this below for the first 3 risks shown on the risk register:

- Risk 1 - Treasury Management Investments are riskier given current market conditions - 3 reports are made to Council each year on treasury management issues to set the strategy for the year, to report on the mid year position, and to report on the outturn position. The next report is due to be presented to Council in December

- Risk 2 - Managing the implementation of the Major Service Reviews. There have been 2 Major Service Review reports to Council in this year in July and October
- Risk 3 - Failure to manage the impact of the Government's Benefit Reforms - A report on the Localisation of Council Tax Support was presented to Council in July and a further report will be made to December Council

4.4 There is a risk management policy and strategy in place that governs the way in which risk management information is reported to Members. The operation of the risk management framework is considered annually by the Audit and Government Committee, with any changes being approved by Cabinet. Consequently I would suggest that if Members wish to change the existing reporting arrangements then it should be considered through the established process.

5.0 CONCLUSION

5.1 Following consideration of the decision of Cabinet, the requisition for call in and the comments of the Borough Treasurer, the Executive Overview & Scrutiny Committee can decide if it wishes to ask for a different decision. If the Committee does not wish to ask for a different decision then the decision of Cabinet takes immediate effect. If the Committee does wish to ask for a different decision, it may:

- a. refer the decision back to Cabinet (as the decision making body) for reconsideration, setting out the different decision; or
- b. refer the matter to Council. If the matter is referred to Council and Council does not object, then the decision of Cabinet will take effect immediately from that Council meeting date. If the Council does object, then the decision and the objection will be referred back to Cabinet (as the decision making body) for reconsideration.

5.2 The Secretary of State in his Guidance recommends that Overview & Scrutiny Committees should only use the power to refer matters to the full Council if they consider that the decision is contrary to the policy framework or contrary to or not wholly in accordance with the budget.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and/or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Report of the Borough Treasurer.



AGENDA ITEM: 6 (a)

CABINET: 13 November 2012

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

Relevant Portfolio Holder: Councillor D Westley

**Contact for further information: Mrs Natasha Bryan (Extn. 5098)
(E-mail: natasha.bryan@westlancs.gov.uk)**

SUBJECT: RISK MANAGEMENT REVIEW

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To set out details on the Key Risks facing the Council and how they are being managed.

2.0 RECOMMENDATIONS

2.1 That the progress made in relation to the management of the risks shown in the Key Risks Register (Appendix A) be noted and endorsed.

3.0 BACKGROUND

3.1 Risk management is not about being 'risk averse' – it is about being 'risk aware'. Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives. Risk Management is about effectively managing risks that could affect the Council and / or the community. It is also about making the most of opportunities and achieving objectives. By being 'risk aware' the Council is in a better position to avoid threats and take advantage of opportunities.

3.2 It is a best practice requirement that the Risk Management Policy and Strategy and the Key Risks Register are reviewed and reported to Members on a regular

basis. Risk Management reports have been submitted to Cabinet bi-annually in recent years to comply with this requirement.

- 3.3 Key Risks are defined as the highest priority risks that may prevent the Council from achieving its priorities and objectives or may result in the failure of a service, or the failure to comply with legislation. The Key Risks Register gives a summary of these risks and the work that is being undertaken to mitigate them, although many of these risks will have already been the subject of separate committee reports. In addition each Service maintains its own service risk register of the specific risks that they face.

4.0 THE KEY RISKS REGISTER

- 4.1 The latest Risk Register is attached at Appendix A and shows the current Key Risks and the measures in place to manage those risks. The regular reporting of the Register provides Members with an opportunity to scrutinize the key risks and provides assurance that these risks are being effectively controlled.

- 4.2 Risks continue to change over time and some of the main developments since the last risk management report to Cabinet include:

- Managing the Implementation of the Major Service Reviews (MSRs) – a new set of MSR proposals was formally agreed at Council in October following consultation with stakeholders and residents. The majority of these measures should be in place by April 2013 and should be broadly sufficient to balance up the budget for 2013/14. Consequently implementing these measures provides the means and the opportunity to ensure that the Council remains in a stable financial position but will need to be carefully managed to ensure that they are delivered on time and on budget with a minimal impact on services
- The shared services arrangement with Lancashire County Council and One Connect Limited for Revenue, Benefits and IT Services has been in operation for just over a year. This new contract has successfully delivered financial savings of £500,000 per year in line with the budget target
- HRA Self Financing – the Council has now successfully implemented the new HRA Self Financing system that came into effect in April 2012. This included making a one off payment of £88.212m to the Government funded by fixed interest low cost loans. A long term business plan has also been developed to ensure that the investment needs of the housing stock can be met through a carefully considered asset management process. Consequently this risk has now been removed from the Key Risk Register.
- Managing the impact of the Government’s Benefit Reforms – the Council considered a report on the Localisation of Council Tax Support at its meeting in July and consultation is currently taking place on the scheme to be adopted. A further report will be made to Council in December to enable a final set of proposals to be agreed.

- 4.3 There are no risks that have been assessed in the “very concerned” category that would require urgent action at the highest level to reduce the risk to an acceptable position. There are a number of risks in the “concerned” category but this is largely due to external factors that are not within the direct control of the Council.

5.0 OTHER ISSUES

- 5.1 The Risk Management Framework continues to operate effectively. Training and development for officers is considered on a regular basis, and the Risk Management Officer Working Group continues to meet twice a year.
- 5.2 A detailed review of the operation of the Risk Management framework will be reported to Audit and Governance Committee in January. This report will also consider whether any changes are necessary to the Risk Management Policy and Strategy.

6.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 6.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

7.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 7.1 The successful management of the key risks facing the Council will ensure that resources are used effectively and efficiently.

8.0 RISK ASSESSMENT

- 8.1 The continued identification and review of key risks is essential to ensure the management and mitigation of those risks. This will in turn contribute to the successful achievement of the Council’s objectives and making the most out of the opportunities that are available.
- 8.2 By regularly monitoring and reviewing the Risk Management Framework we will ensure that it continues to improve, develop and meet best practice requirements.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Appendices

Appendix A – Key Risks Register

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendix A Key Risk Register - Cabinet November 2012



Service Area	Title	Potential Effect	Internal Controls	Responsible Officer	Latest Note	Current Risk Matrix	Risk Assessment and Score
Corporate Services: Borough Treasurer	Treasury Management Investments are riskier given current market conditions	The volatility in financial markets has meant that investments are now less secure than previously. There is the potential that significant sums of money could be lost.	There is a treasury management policy and strategy in place. Well trained staff make investments with the guidance of brokers and Sector. Investments can only be made in top rated UK based institutions or other local Authorities.	Borough Treasurer	Operational arrangements continue to be reviewed and monitored in the light of current market conditions. There continues to be a very limited number of secure investment options and this is depressing the level of income being generated.		10 Concerned
Council wide	Managing the implementation of the Major Service Reviews	<p><u>Threat</u> There is a potential effect on staff, workloads and service delivery.</p> <p><u>Opportunity</u> There are opportunities for significant budget savings, streamlining tasks and efficiency savings.</p>	Managers and unions are working together to achieve the agreed timescales and to implement the proposals quickly and effectively.	Managing Directors and Heads of Service	Council approved a set of MSR proposals in October following consultation with stakeholders and residents. The majority of these proposals should be implemented by April 2013.		5 Content
Corporate Services: Transformation / OCL	Failure to manage the impact of the Government's Benefit Reforms	The Government is reducing its financial support for Council Tax Benefit by 10% from April 2013, which creates a financial risk for both the Council and local benefit claimants. There could also be further financial risks from the proposed changes on Universal Credits.	Details on emerging Benefits issues are reported to Members on a regular basis and policies to deal with reductions in Benefit funding will be developed as this position becomes clearer.	Exchequer Services Manager	Members considered a report on a new system for Council Tax Support at the Council meeting in July. A further report will be produced for December Council following a consultation exercise which is currently being conducted.		8 Uneasy
Community Services	Business Continuity - Potential for disruption	Lack of Business Continuity planning could have a severe impact on service provision across critical services.	Key Service areas have been identified and individual plans put in place. These plans are tested on a regular basis and updated accordingly.	Emergency Planning Officer	The plan is regularly tested and this has shown that the Council has adequate plans in place.		4 Content

Service Area	Title	Potential Effect	Internal Controls	Responsible Officer	Latest Note	Current Risk Matrix	Risk Assessment and Score
Council wide	Failure to deliver Value for Money Programme	This programme can contribute to the Council's lean philosophy of stripping out unnecessary processes, reviewing whether services continue to be affordable and desirable, and ensuring that goods and services are procured effectively.	This programme is a key work stream in the business plan and progress will be driven forward and monitored by the Cabinet Business Plan Working Group	Managing Directors and Heads of Service	a) OR exercises are currently underway in Planning Services and within Sheltered Housing. b) The MSR proposals agreed by Council in October included significant savings from "budget tightening" that will not cause a reduction in service levels.		8 Uneasy
Council wide	Failure to Manage Resources in line with the Business Plan	Effective Human Resources Management and Development, Strategic Asset Management, and generation of income from Fees and Charges can play a key role in ensuring that the Council has sufficient resources to deliver its priorities and that these resources are used well.	This programme is a key work stream in the business plan and progress will be driven forward and monitored by the Cabinet Business Plan Working Group	Managing Directors and Heads of Service	The Strategic Asset Management Project is ongoing and regular reports are being made to Cabinet. Fees and charges will be reviewed as part of the budget setting process for 2013/14.		4 Content
Housing and Regeneration	Managing the delivery of the Housing Service Action Plan	This Plan provides an opportunity to deliver significant improvements in services in the context of the new HRA self financing arrangements.	There is regular monitoring of the action plan by the Assistant Director Housing and Regeneration, with progress on key projects reported to relevant portfolio holders.	Assistant Director Housing and Regeneration	The Service Action Plan sets out actions which will ensure we continue to make advances in service delivery and maximise investment opportunities.		8 Uneasy
Housing and Regeneration	Failure to deliver Affordable Housing Strategy	The Affordable Housing Strategy will deliver a series of plans that will outline our future affordable housing interventions programme, will establish Housing Needs data that will help in negotiation for affordable housing provision on mixed development sites, and will identify plots of land that may be suitable for affordable housing development.	The established Affordable Housing Panel will shape appropriate policy responses. A Borough wide Housing Needs survey, Framework Formulation and an Affordable Housing Viability Study will need to be considered by the Affordable Housing Panel.	Assistant Director Housing and Regeneration	a) The projected outturn for affordable housing in 2012/13 is on target and expected to be 142 units. b) The Transfer Incentive Scheme, introduced to make better use of our housing stock, is operating successfully. c) The affordable housing scheme at Furnival/Pickles Drive Burscough is progressing		6 Uneasy

Service Area	Title	Potential Effect	Internal Controls	Responsible Officer	Latest Note	Current Risk Matrix	Risk Assessment and Score
					d) Work continues to identify sites and funding opportunities to ensure affordable housing developments are in the pipeline for future years.		
Council wide	Failure to properly implement and accommodate requirements imposed by the Localism Act 2011	<p>Significant and wide ranging effects of legislation on a variety of council services, with new interfaces with outside agency/bodies at a time of reducing resources.</p> <p>There is a need to translate the requirements of the legislation into working practices and communicate the appropriate messages to members and officers. Additional powers are granted to assist the council in its delivery of services with more local liaison and accountability. The prospect of greater community engagement and opportunities for residents for involvement in services and other matters.</p>	An implementation plan with allocation of roles agreed by Heads of Service, including legal support and regular reviews is in place. Training is to be undertaken within service areas (on existing resources). Legislation tracking in place. Budget/resources considerations to be kept under review.	Managing Directors and Heads of Service	Significant work undertaken to accommodate requirements, including: predetermination; new standards regime; pay accountability; petitions scheme; community right to challenge; Housing finance changes; assets of community value; community infrastructure levy. Others changes either awaited or being brought into force include: NNDR; various Planning and Housing initiatives. Resources to react to initiatives to be kept under review.		12 Concerned
Planning Services	Failure to deliver a new Local Plan	The future housing, economic and infrastructure needs of the Borough would not be fully met. Also a greater risk of development occurring in unsustainable locations.	A Local Development Scheme (LDS) has been produced setting key targets and milestones relating to delivery of the LDF. These are replicated in the Council's Business Plan and in the Service Action Plan	LDF Team Leader	The Council approved the Local Plan for submission to the Secretary of State in October.		8 Uneasy

Service Area	Title	Potential Effect	Internal Controls	Responsible Officer	Latest Note	Current Risk Matrix	Risk Assessment and Score
Planning Services	Failure to deliver Skelmersdale Town Centre Regeneration	<p>Opportunity - The project will provide a mix of residential, commercial, leisure and education accommodation opportunities.</p> <p>Threat - We could fail to address the economic issues, not address residents' requirements and have a negative impact on the Council's reputation.</p>	<p>1. Continue to consult with public where relevant.</p> <p>2. Collaboration agreement in place.</p> <p>3. Continue to engage with the "other" landowners to encourage their participation in the scheme.</p> <p>4. Maintaining regular contact with developer and potential retail, commercial and leisure occupiers.</p>	Borough Planner	<p>The Developer has submitted a new planning application.</p> <p>The Developer is continuing to market opportunities with retailers, leisure providers and house builders.</p>		12 Concerned
Transformation	Delivery of new shared service payroll functions	<p>Opportunity - These new initiatives provide an opportunity to exploit economies of scale through partnership working.</p> <p>Threat - The short time scale for implementation means there may be initial teething problems with service delivery</p>	<p>There is an action plan and risk log in place for this project. Regular meetings of key staff are taking place to ensure that progress is driven forward.</p>	Transformation Manager	<p>Implementation of the new arrangements is scheduled for November 2012</p>		6 Uneasy

Level of Concern	Action Required
Very concerned	Urgent attention required at highest level to ensure risk is reduced to an acceptable level. Action planning should start without delay. Progress on actions should be reported to Joint Managing Directors and / or Leader.
Concerned	Requires mitigation, contingency plan and identification of early warning indicators. Progress reported to DSH
Uneasy	Acceptable. Requires mitigation. Reviewed at Head of Service Level.
Content	Acceptable. Keep under review but no action required unless changes occur.



AGENDA ITEM: 8(b)

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
29 November 2012**

Report of: Borough Solicitor

Relevant Managing Director: Managing Directors

**Contact for further information: Mrs S Griffiths (Extn 5097)
(E-mail: susan.griffiths@westlancs.gov.uk)**

**SUBJECT: CALL IN ITEM – PUBLIC SECTOR HOUSING CAPITAL INVESTMENT
– PROCUREMENT OF KITCHEN AND BATHROOM REFURBISHMENT
CONTRACTS**

Wards affected: Borough wide.

1.0 PURPOSE OF THE REPORT

1.1 To advise the Executive Overview & Scrutiny Committee of the reason for the call in of the decision on the above item, as set out in Minute No. 71 of the meeting of Cabinet held on 13 November 2012.

2.0 RECOMMENDATIONS

2.1 That the Committee determines whether it wishes to ask for a different decision.

2.2 That if the Committee does wish to ask for a different decision, the Committee indicates which of the options set out at paragraph 5.1 below, it wishes to pursue.

3.0 DETAILS RELATING TO THE CALL IN

3.1 The report attached as an Appendix to this report was considered at a meeting of Cabinet on 13 November 2012.

3.2 The decision of Cabinet reads as follows:

**“71. PUBLIC SECTOR HOUSING CAPITAL INVESTMENT - PROCUREMENT OF
KITCHEN AND BATHROOM REFURBISHMENT CONTRACTS**

Councillor Owens introduced the report of the Assistant Director Housing and Regeneration which sought approval to invest in kitchens and bathrooms for some of the Council's public housing stock, commencing the programme of investment over the next five years.

In referring to bathroom refurbishments, Councillor Owens raised the concerns of the Landlord Services Committee over the replacement of baths with showers in ground floor accommodation as some of these properties had been allocated to young families. He submitted a motion in this regard proposing flexibility within the policy.

A copy of minute no. 27 of the Landlord Services Committee held on 7 November 2012 was circulated. A copy of a revised Appendix A was also circulated at the meeting.

In reaching the decision below, Cabinet considered Councillor Owens' comments, the minutes of the Landlord Services Committee, the motion circulated, the revised Appendix A and details set out in the report before it and accepted the reasons contained therein.

- RESOLVED:
- A. That the Assistant Director Housing and Regeneration be authorised to accept the successful tenders for the provision of both kitchen and bathroom refurbishments (2 separate tenders) for a term of 5 years, based on the tender evaluation methodology detailed in the revised Appendix A.
 - B. That, in order to allow the prompt commencement of the extensive kitchen and bathroom contracts, Council be recommended to approve a budget allocation totalling £5.8m to allow for commencement in January 2013 (plus an additional £600K for void property kitchens) including any increase in temporary staffing resource. (This will be included in a further report to Council on 27 February 2013 along with the remainder of the public sector capital investment plans for 2013/14, and as part of the normal budget setting process).
 - C. That Council be recommended to approve the policies in respect of kitchen and bathroom replacement as detailed in paragraphs 6.6 and 7.3 with the exception that bathrooms in flats or bungalows with 3 bedrooms or more are excluded from the policy of having baths replaced with showers."

3.3 The following reason for call in was given in the requisition:

"This matter should be referred to Executive Overview & Scrutiny Committee as the report refers to policy and budget matters."

3.4 The requisition also provided a different decision which was:

"That the views of the Executive Overview and Scrutiny Committee be expressed on this matter before it is discussed at Council."

- 3.5 The following Members of the Executive Overview & Scrutiny Committee signed the requisition for call-in in accordance with the provisions of Overview & Scrutiny Committee Procedure Rule 15:

Councillor Fillis
Councillor Gagen
Councillor J Hodson
Councillor Pendleton
Councillor Savage

4.0 COMMENTS OF THE ASSISTANT DIRECTOR HOUSING AND REGENERATION

- 4.1 The proposal on the Public Sector Housing Capital Investment – Procurement of kitchen and bathroom refurbishment contracts is due to be considered by Council on the 19th December 2012.
- 4.2 Details of the properties that will benefit from their work cannot be finalised until the tender prices are known on 12th December 2012.
- 4.3 Council will consider the matter in view of the value of the works involved and comments from the Executive Overview and Scrutiny Committee can be received or Members could elect to make comments at the Council meeting on 19th December 2012.

5.0 CONCLUSION

- 5.1 Following consideration of the decision of Cabinet, the requisition for call in and the comments of Assistant Director Housing and Regeneration, the Executive Overview & Scrutiny Committee can decide if it wishes to ask for a different decision. If the Committee does not wish to ask for a different decision then the decision of Cabinet takes immediate effect. If the Committee does wish to ask for a different decision, it may:
- a. refer the decision back to Cabinet (as the decision making body) for reconsideration, setting out the different decision; or
 - b. refer the matter to Council. If the matter is referred to Council and Council does not object, then the decision of Cabinet will take effect immediately from that Council meeting date. If the Council does object, then the decision and the objection will be referred back to Cabinet (as the decision making body) for reconsideration.
- 5.2 The Secretary of State in his Guidance recommends that Overview & Scrutiny Committees should only use the power to refer matters to the full Council if they consider that the decision is contrary to the policy framework or contrary to or not wholly in accordance with the budget.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and/or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Assistant Director Housing and Regeneration



AGENDA ITEM: 6 (g)

CABINET: 13th NOVEMBER 2012

COUNCIL: 19TH DECEMBER 2012

Report of: Assistant Director Housing and Regeneration

Relevant Managing Director: Managing Director (Transformation)

Relevant Portfolio Holders: Councillor V Hopley and Councillor A Owens

**Contact for further information: Mr W. Berkley (Extn. 5259)
(E-mail: William.berkley@westlancs.gov.uk)**

**SUBJECT: PUBLIC SECTOR HOUSING CAPITAL INVESTMENT –
PROCUREMENT OF KITCHEN AND BATHROOM REFURBISHMENT CONTRACTS**

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of the report is to seek approval to invest in kitchens and bathrooms of some of the Council's public housing stock and starts the programme of investment over the next 5 years.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the Assistant Director Housing and Regeneration be authorised to accept the successful tenders for the provision of both kitchen and bathroom refurbishments (2 separate tenders) for a term of 5 years, based on the tender evaluation methodology detailed in appendix A.

2.2 That to allow the prompt commencement of the extensive kitchen and bathroom contracts, Council be recommended to approve a budget allocation totalling £5.8M to allow for commencement in January 2013 (plus an additional £600k for void property kitchens, should recommendation in paragraph 2.3 be endorsed) including any increase in temporary staffing resource. This will be reflected in a further report to Council on the 27th February 2013 along with the remainder of the public sector capital investment plans for 2013/14, and as part of the normal budget setting process.

2.3 That Council be recommended to approve the policies in respect of Kitchen and Bathroom replacement as detailed in paragraphs 6.6 and 7.3.

3.0 RECOMMENDATIONS TO COUNCIL

- 3.1 That the decision of Cabinet dated 13th November 2012 as detailed in Appendix C to the report be approved.
-
-

4.0 BACKGROUND

- 4.1 Savills (stock condition surveyors) completed a 25% stock condition survey of the Council housing stock in 2011. This survey identified a capital investment need of approx £55M over five years, a substantial amount of which was for the refurbishment of Kitchens and Bathrooms.
- 4.2 As Members will be aware a new system for Council Housing Finance has been introduced from 2012/13. This replaced the previous system based on a national subsidy. This new system will allow the Council to significantly increase the investment in the housing stock, and a further report will be presented to Council in February outlining a rent strategy to address the investment need identified by the stock condition survey referred to in paragraph 4.1.
- 4.3 A further detailed 5 year investment plan is currently being produced alongside the rent strategy and an overall business plan which will be presented to Council in February.

5.0 KITCHEN AND BATHROOM PROCUREMENT

- 5.1 In order to allow for commencement of the Kitchen and Bathroom contracts early in 2013, due the volume of work, officers placed a Contract OJEU notice (Official Journal of the European Union) in June 2012 seeking expressions of interest. Following prequalification assessments, tender documents were sent out early in October, these are due to be returned in November.
- 5.2 As part of the tendering process, officers will benchmark the submitted tenders against established frameworks to ensure value for money. This will be achieved by asking tenderers to submit, along with their supply and fit price, a price to fit only. This will be reviewed alongside material costs the council could achieve utilising existing tendered frameworks.
- 5.3 Officers have worked closely with portfolio holders and tenants as part of a working group in the drafting of contract documents; once the tenders have been received it is proposed that this working group will also be involved in the tender appraisal process following the established criteria.

5.4 Once tenders have been received officers will be able to produce address lists detailing the areas we propose to carry out the works. This will be presented to Council as an update.

6.0 KITCHEN VOID WORKS

6.1 The Council's re-let standard for kitchens in empty properties is currently a basic one, which essentially maintains kitchens at their current level.

6.2 When properties are included in a kitchen replacement programme a full refurbishment is carried out including flooring, wall tiling, upgrading consumer units where necessary and fitting additional sockets to meet modern standards.

6.3 I am considering adopting the kitchen refurbishment standard detailed above in paragraph 6.2 for void properties where they are in need of considerable expenditure to meet the basic void standard.

6.4 The advantages of adopting the refurbishment standard for void properties are as follows:

6.4.1 there would be no disruption to sitting tenants

6.4.2 we would avoid the duplication of works and potentially save money in the long term

6.4.3 reduced demands on voids budget

6.4.4 properties potentially more desirable

6.4.5 potential to charge additional/target rent based on investment levels (Should this approach be agreed as part of the rent strategy / business plan).

6.5 The disadvantages of adopting the refurbishment standard for void properties are as follows:

6.5.1 reduced tenant choice

6.5.2 increased re-let times

6.5.3 existing tenants potentially having a lower standard kitchen than new tenants.

6.5.4 the renewal programme becoming increasingly fragmented and unplanned

6.5.5 significantly increased demand on the capital budget

6.6 I therefore recommend that a minimum amount of work is carried out in the kitchens of void properties in order to meet our void standard. However, should kitchens in void properties need repairs costing in excess of £500 to meet the void standard, these kitchens be upgraded to meet our latest standard as part of the kitchen capital programme.

7.0 BATHROOM REFURBISHMENTS

- 7.1 Each year a considerable number of disabled adaptations are carried out, at the request of occupational therapists to assist tenants with their bathing needs. In the 2011/12 financial year 83 Occupational Therapist requests of this nature were made. These requests can cost in excess of £3,000 each.
- 7.2 In order to reduce the number of these adaptation requests, officers are considering a change of policy in relation to bathroom refurbishments.
- 7.3 I feel it would be appropriate, when bathrooms are due for refurbishment, to remove existing baths and fit shower cubicles and showers in ground floor flats, bungalows and in sheltered accommodation.
- 7.4 In addition to reducing the number of adaptation requests, officers feel this change of policy would make properties more suitable for their potential occupants.
- 7.5 Consultation with the kitchen and bathrooms working group has been carried out and they are in agreement that alternative bathing provision for the type of properties outlined in paragraph 7.3 would be appropriate.

8.0 SUSTAINABILITY IMPLICATIONS / COMMUNITY STRATEGY

- 8.1 Sustainability analysis of the Council's public sector housing stock has been carried out as part of our Asset Management Plan and no significant investment will be carried out where properties could have a negative effect on the business plan, pending a full option appraisal.

9.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 9.1 This report seeks funding approvals of £3.6m for kitchens, £2.2m for bathrooms, and £0.6m for void property kitchens, which comes to £6.4m in total. If Members approve these schemes then it will commit a significant proportion of the capital resources available for the 2013/14 financial year (the total HRA capital programme approved for the current year is £8.531m). These approvals will then be taken into account in the HRA budget setting report to Council in February 2013. However, it is anticipated that no more than £300k for kitchens and £200k for bathrooms will be expended during the course of the current financial year.
- 9.2 Council will receive a report which identifies the properties that will benefit from these works as more accurate tender prices will be available at this stage.
- 9.3 Members are asked to note the kitchen and bathroom contracts will contain a break clause that will allow the Council to terminate the contract, subject to 13

weeks' notice, at any point after the first six months of commencement. This is to ensure that the Council does not commit any expenditure beyond annual budget approvals which will be met by the HRA capital reserve. (These figures are in addition to those identified for the Firbeck and Findon revival which has a separate budget allocation)

- 9.4 Should Council endorse the approach detailed in paragraph 6.6 it is estimated this would require in the region of £600k per annum to be allocated for void kitchen works as part of the capital plan. However, this would result in saving to the void budget of no less than £93k per annum.
(This is based on the review of 62 recent voids properties 15 of which had over £500 spent on kitchens, this equates to 25% of voids).
- 9.5 Should Council endorse the approach in paragraph 7.3, the costs associated with replacing baths with showers will be addressed within the draft business plan. It is envisaged that replacing baths with showers may cost marginally more however; the costs included within the business plan should be able to address this additional cost, with the added benefit that the adaptation costs will reduce.
- 9.6 Should any additional staffing resources be required to ensure the delivery of the kitchen and bathroom projects, this will be met from the established project budgets.

10.0 RISK ASSESSMENT

- 10.1 Failure to adequately invest in the Council's public sector housing stock may result in lowering demand for Council housing, poor conditions for tenants and statutory standards not being met.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

There is a significant direct impact on members of the public, employees, elected members and / or stakeholders in relation to the proposed policy of changing baths to showers. Therefore an Equality Impact Assessment is required. A formal equality impact assessment is attached as Appendix B to this report, the results of which have been taken into account when undertaking the actions detailed within this article.

Appendices

Appendix A - Tender Evaluation Methodology
Appendix B - Equality Impact Assessment

Kitchen and Bathroom Renewals

Appendix A

Tender Evaluation Methodology

Tenderers will enclose the Pricing Document and the Method Statement in the envelope provided that will be sealed prior to delivery to the Council.

Upon receipt, the Council will open and record receipt of the Pricing Document and the Method Statement. If either document is not enclosed in the sealed envelope then the submission will be rejected.

Tenders will be evaluated in three stages as follows: -

Stage 1. The question regarding the Council's Terms and Conditions, valued at 5%, will be evaluated.
Any tenderer who does not achieve 50% of this score will be eliminated.

Stage 2. The Method Statements, valued at 35% will be evaluated.
Any tenderer who does not achieve 50% of this score will be eliminated

Stage 3. Price will be evaluated as follows: -

The figure used in this respect will be the "Tender Amount" contained in the Form of Tender.

The mathematical calculations (as submitted with each tender) will be checked for mathematical correctness to ensure that the figure entered on the Form of Tender is the figure produced by the relevant maths.

Any error such that the amount of any tender is not substantiated by the relevant maths will mean that the tender in question will be rejected.

The lowest figure (which has passed the mathematical check) will score 100 points and all other figures (which has passed the mathematical check) will have a score which is 100 reduced by the percentage that the 'other figure' is greater than the lowest. The score for each figure will then be multiplied by 60% to produce a 'total price' score for each respective tender.

e.g. *If the lowest figure is £1000 it would score 100, then any other figure of £1100 that is 10% more than the lowest will score 100 points less 10% = 90 points.*

The price elements of these two tenders would then score as follows:

100 points x 60% = 60 total price score

90 points x 60% = 54 total price score.

The final evaluation will be the sum of:

(a) the score from the question on the Council's Terms and Conditions.

(b) the score from the Method Statement.

(c) the score from the total price.

The highest score will win.

The Council will not be bound to accept the winning, or any tender.

<p>Duties are to:- Eliminate discrimination, harassment and victimisation; Advance equality of opportunity (removing or minimising disadvantage, meeting the needs of people); Foster good relations between people who share a protected characteristic and those who do not share it.</p>	
<p>5. What actions will you take to address any issues raised in your answers above</p>	<p>The policy will have a positive effect on equality and will be limited to ground floor flats, bungalows and sheltered accommodation.</p>

Agenda Item: 6(g) – Revised Appendix A

Appendix A

Tender Evaluation Methodology

Tenders for this contract will be evaluated in accordance with the following methodology: -

Price / Quality

The Price / Quality split will be 60 : 40

Pre-Qualification Questionnaire

Tenderers will be required to list, as part of their tender submission, any changes to their circumstances since completing the Pre-Qualification Questionnaire (PQQ). Should any of those changes be such that had they been included in the PQQ, the organisation would not have been included in the tender list, then the tender will be rejected.

Price

The figure to be used in this respect is the 'Tender Total' contained in the Form of Offer.

Prices for Supply and Fit Kitchens/Bathrooms and Fit only kitchens/Bathrooms will be extracted from the 'Tender Total' and the following methodology applied to both prices. For the purpose of evaluation the Supply and Fit price and the Fit Only price will be dealt with separately.

The mathematical calculations (as submitted with each tender) will be checked for mathematical correctness to ensure that the figure entered on the Form of Offer is the figure produced by the relevant maths. Any error, such that the amount of any tender is not substantiated by the relevant maths, will mean that the tender in question will be rejected.

The lowest figure (which passed the mathematical check) will score 100 points and all other figures (which have similarly passed the mathematical check) will have a score of 100 reduced by the percentage that the 'other figure' is greater than the lowest. The score for each figure will then be multiplied by 60% to produce a 'total price' score for each respective tender.

e.g. *If the lowest figure is £1000 it would score 100. Then a figure of £1100, which is 10% more than the lowest, would score 100 points less 10% = 90 points.*

*The price elements of these two tenders would then score as follows: -
100 points x 60% = 60 total price score
90 points x 60% = 54 total price score*

Quality

The quality element of the Tender will be scored in accordance with the regime set out in Method Statement contained at Section 3 of the Contract Documents.

The total possible score is 40 representing the 40% element of the tender evaluation.

The Method Statement is in two sections and the scores achieved will be common to both Supply and Fit and the Fit only prices:-

Contract Conditions
Quality

Contract Conditions

Council Officers will evaluate this section and the score awarded will be based on the tenderers comments made in relation to any changes they have proposed to the Council's Terms and Conditions.

Tenderers who fail to achieve 50% of the required score of 5 in this section will be eliminated.

Quality

A panel comprising Council Officers; Elected Members and Tenant Representatives will evaluate this section. Scores will be awarded for each question as set out in the regime contained within the Method Statement.

Tenderers who fail to achieve 50% of the score for any section will be eliminated.

Final Selection and Interview

From the rates submitted by the tenderer in the Form of Offer the Council will calculate a price for Supply and Fit (Option 1) and Fit only, including Class 2 materials (Option 2). The tenderer will also have submitted a Method Statement.

Tenders will be finally evaluated on the following basis: -

Option 1

The total score for price and quality will be added together to give a total evaluated score.

Option 2

The total score for price and quality will be added together to give a total evaluated score.

Average

Option 1 and Option 2 will be added together and an average evaluated score will be calculated for each tenderer. The 4 highest scoring tenderers will be short listed for interview.

The Council are looking to appoint 2 contractors to undertake the Works. Following the above, the Council will advise the tenderers not short-listed for interview that, at this stage, they are not likely to be considered further. A summary detailing the average scores from highest to lowest, and listing all tenderers alphabetical order will be sent to these tenderers.

A panel comprising Council Officers, Elected Memembrs and Tenant Representatives will undertake the interviews to clarify and amplify the information submitted in the Method Statements. The Quality scores may be adjusted accordingly.

Interviews will take place during week commencing 3rd January 2013

The Council will identify the 2 highest scoring tenderers following any adjustments and the 2 lowest scoring tenderers will be eliminated.

Letters advising them that they have been unsuccessful and detailing the average scoring ranking from highest to lowest and listing all tenderers in alphabetical order will sent.

The Council will award a Contract to the remaining tenderers on the basis of which of the two Options is the cheapest price for the Council.

LANDLORD SERVICES COMMITTEE (CABINET WORKING GROUP) 7 NOVEMBER 2012

26. CONSULTATION ON RELEVANT DRAFT CABINET REPORT -

Consideration was given to the report of the Assistant Director Housing and Regeneration on the following report, as contained on pages 171 to 182 of the Book of Reports, due to receive formal consideration by Cabinet on 13 November 2012, and, where necessary, provide comments for Cabinet's consideration.

27. PUBLIC SECTOR HOUSING CAPITAL INVESTMENT – PROCUREMENT OF KITCHEN AND BATHROOM REFURBISHMENT CONTRACTS

Members considered the report of the Assistant Director (Housing and Regeneration) the purpose of which was to seek approval to invest in kitchens and bathrooms of some of the Council's public housing stock and start the programme of investment over the next 5 years.

In discussion comments and questions were raised in respect of the following:-

- Kitchen re let standard
- Advantages/disadvantages of adopting the kitchen refurbishment standards on void properties
- Kitchens in void properties costing in excess of £500 to meet void standard to be upgraded to meet latest standard as part of kitchen capital programme
- £600k per annum allocation for void kitchen works as part of the capital plan
- Savings of no less than £93k per annum to void budget as a result of the £600k per annum allocation for void kitchen works
- A trailer will go to estates to display the chosen top five types of kitchen doors, drawers, handles, worktops and tiles for tenants to look at
- Quality of kitchens
- Post inspections of kitchens and bathrooms
- Provision of shower cubicles and showers in place of baths to ground floor flats, bungalows and sheltered accommodation in order to make these properties more suitable for their potential occupants
- A potential reduction in disabled adaptation costs

Members raised concerns regarding families who live in certain ground floor accommodation that would require a bath rather than a shower. It was mentioned that tenants could have the option to choose to keep a bath in the property if they so wish. This would mean that any future tenants to that property would have to wait until the next schedule of programmed works or disabled adaptation request before a shower could be fitted in the property.

The Chairman advised that the concern raised would be considered at Cabinet.

The Members and Tenant Representatives thanked officers for their work on the Task and Finish Group.

As a consequence of the discussion on this item it was:

RESOLVED: That the following recommendations to Cabinet be endorsed:

- A. That the Assistant Director Housing and Regeneration be authorised to accept the successful tenders for the provision of both kitchen and bathroom refurbishments (2 separate tenders) for a term of 5 years, based on the tender evaluation methodology detailed in Appendix A.
- B. To allow the prompt commencement of the extensive kitchen and bathroom contracts, Council be recommended to approve a budget allocation totalling £5.8M to allow for commencement in January 2013 (plus an additional £600k for void property kitchens, should recommendation in paragraph 2.3 be endorsed) including any increase in temporary staffing resource. This will be reflected in a further report to Council on the 27th February 2013 along with the remainder of the public sector capital investment plans for 2013/14, and as part of the normal budget setting process.
- C. That Council be recommended to approve the policies in respect of Kitchen and Bathroom replacement as detailed in paragraphs 6.6 and 7.3 of the report.



AGENDA ITEM: 9

CABINET: 13 November 2012

**EXECUTIVE OVERVIEW AND
SCRUTINY COMMITTEE: 29
November 2012**

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

Relevant Portfolio Holders: Councillors D Westley and A Owens

**Contact for further information: Mr M Taylor (Extn. 5092)
(E-mail: marc.taylor@westlancs.gov.uk)**

SUBJECT: REVENUE BUDGET MID YEAR REVIEW

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To provide a projection of the financial position on the General and Housing Revenue Accounts to the end of the financial year.

2.0 RECOMMENDATIONS TO CABINET

- 2.1 That the financial position of the Revenue Accounts be noted including the position on reserves and balances.
- 2.2 That call in is not appropriate for this item as the report is being submitted to the next meeting of the Executive Overview and Scrutiny Committee on 29th November 2012.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW & SCRUTINY COMMITTEE

- 3.1 That the financial position of the Revenue Accounts be noted.
-
-

4.0 BACKGROUND

- 4.1 In February 2012 the Council approved budgets for the Housing and General Revenue Accounts for the 2012-2013 financial year. It is good practice that monitoring reports are produced on a regular basis to ensure that Members are kept informed of the financial position of these accounts. This is the second monitoring report for the year and is based on information available in October 2012.

5.0 GENERAL REVENUE ACCOUNT

- 5.1 The Council has set a revenue budget of £13.588m for the financial year. In total, current projections forecast that net expenditure will be around £540,000 below this target, which represents a favourable variance of 4.0% against budget. The Appendix to this report provides further details on the performance of individual service areas.
- 5.2 The projections have been calculated on a prudent basis, and experience from past years suggests that the overall position may improve over the remainder of the year. Consequently it can be confidently expected that the Council will achieve a surplus by the year end. This will continue our strong track record of managing our financial performance to ensure that the outturn position is in line with the budget.
- 5.3 The Council's Business Plan sets out a four-year process to save money and protect frontline services within a very challenging financial environment. As part of this process, the Budget that was agreed for this year included a target to save £1.9m through Major Service Reviews and Shared Service Initiatives. Good progress has been made in delivering these schemes and as a consequence this budget target will be achieved. This includes achieving a £500,000 saving on Revenues, Benefits and IT Services through a shared service arrangement with Lancashire County Council and One Connect Ltd.
- 5.4 Employee costs form a significant proportion of the Council's total budget and consequently are very important from a budget management perspective. The budget contains a corporate target for staff efficiency savings of £280,000, and the active management of staffing levels will mean that this target should be achieved by the year end.
- 5.5 The external income that the Council generates can be one of the most volatile areas of the budget, with income going up and down due to factors outside our direct control. This area is particularly at risk at the moment given the state of the economy. However at the current time income levels, while under pressure, are performing close to budget in most areas.
- 5.6 There are a number of services where income is currently performing below the budget target including Building Control, Car Parks, and Treasury Management. However these variances are not significant in the context of the Council's

overall financial position, and consequently external income levels are currently satisfactory.

- 5.7 The Major Service Review report agreed by Council in October 2012 contained just under £300,000 of budget streamlining or tightening savings that will be incorporated into the budget for 2013-14. These proposals are based on budgets that will under spend in the current year and can be removed next year with minimal service implications. Consequently the majority of the current year's favourable budget variance has already been taken into account in setting next year's budget. Where other financial issues have been identified through the mid-year review process, and are expected to persist, they will be given further consideration through the budget setting process for 2013-14.

6.0 HOUSING REVENUE ACCOUNT (HRA)

- 6.1 The introduction of the new HRA self financing system this year has led to a significant increase in activity and a restructuring of budgets, including the delivery of a capital programme that is almost double its previous size. As a consequence there is scope for greater variation from budget and the financial position is being closely monitored to control this situation. Given these challenges, the mid year review is positive as it identifies that the overall budget target should be achieved. Within this overall position there are a number of spending pressures, however these are being offset by savings in other areas.
- 6.2 There will be an overspend on interest costs this year as a result of interest rates rising between when the draft budgets were drawn up (in November/December of last year) and when the borrowing for self financing took place at the end of March. This increase will need to be included in the budgets for 2013-14, however it should be remembered that taking out long term borrowing at a fixed average interest rate of 3.47% still represents a very good deal for the Council.
- 6.3 It is anticipated that there will be an overspend on response repairs and void repairs, which are areas that were overspent last year as well. Spending in these areas can be demand led which can make it difficult to control expenditure. Spending on disabled adaptations, which is also demand led, is though expected to be significantly below budget. The high level of spending on void repairs has led to reductions in the length of time that properties have remained empty, and this improvement in re-let times has had a positive impact on rental income.
- 6.4 The HRA budget sets a target to generate £23.932m of income from rents, fees and charges. Income performance in the year to date has been positive and it is expected that this target will be exceeded at the year end.
- 6.5 The active management of staffing levels should ensure that there is a significant favourable budget variance on employee costs this year. Similarly the management of supplies and services and premises costs should also deliver a considerable saving against budget.

- 6.6 When all of these factors are put together, current projections show that the HRA should achieve its bottom line budget target. This position will continue to be closely monitored over the remainder of the year.

7.0 RESERVES AND BALANCES

- 7.1 The Council is facing a difficult medium term financial position as are all other local authorities. However the GRA has an adequate level of reserves which will enable it to deal with these challenges effectively, and the District Auditor has recently concluded that these reserves are at a prudent level.
- 7.2 Further consideration will be given to this area as part of the process for drawing up the reserves policy, which will be included in the Budget report to Council next February.

8.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 8.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

9.0 RISK ASSESSMENT

- 9.1 The formal reporting of performance on the General and Housing Revenue Accounts is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council.
- 9.2 The projected variances contained in this report reflect current estimates of the likely difference between spending / income and budget for the full financial year. These estimates are based on current data and are subject to change during the remainder of the year as new information becomes available. In particular external income levels are at risk from any down turn in the economy.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix 1 – General Revenue Account Projected Outturn Position

**APPENDIX 1
GENERAL REVENUE ACCOUNT PROJECTED OUTTURN POSITION**

Budget area	Net Budget £000	Variance from Budget £000	Variance %
Community Services	4,691	-140	-3.0%
Corporate Services			
- Borough Solicitor	1,255	-45	-3.6%
- Borough Treasurer	1,210	-90	-7.4%
- Transformation Manager	1,535	-60	-3.9%
Housing and Regeneration	346	-105	See note
Planning Services	1,677	-115	-6.9%
Street Scene	5,145	-140	-2.7%
Service Total	15,859	-695	-4.4%
Central Budget Items	-960	125	See note
Non Service Items	-1,311	30	2.3%
TOTAL BUDGET REQUIREMENT	13,588	-540	-4.0%

Table Notes

The budget figures for each Service have been updated to include capital accounting adjustments and the allocation of central budget items to services. These are technical accounting adjustments that do not affect the bottom line budget requirement, which has remained unchanged during the year at £13.588m.

Housing and Regeneration has a relatively small net budget requirement because it contains Property Services which is a support service that recharges most of its costs to other services, and also the Community Related Assets portfolio, which generates a significant amount of external income.

General

It should be recognised that some areas of the budget are within the Council's control, for example the filling of vacant posts to achieve salary savings. However other areas such as external income can be volatile where we are exposed to market forces. In addition some service areas are demand led where it can be difficult to directly control expenditure.

Community Services – Favourable variance £140,000

There is projected to be a significant favourable variance with the largest single contributory factor being managed savings on staffing.

Whilst licensing income is currently in excess of the budget, no variance is anticipated at this stage as the full year effect of the change to annual taxi licensing is difficult to predict. Car park income is currently below target with an anticipated adverse variance at the year end. The shortfall is mainly as a result of less income being generated at the Derby Street site than was originally anticipated. Income from fines is anticipated to be in excess of budget and should help to compensate for some of the shortfall from car park charges. Income from regular stallholders on Ormskirk Market is currently below budget. The possibility of inclement weather during the winter months could also lead to an increase in this adverse variance.

Skelmersdale Sports Centre closed with effect from 30th September 2012 and it is anticipated that a part year saving will be made as a result of this in the remainder of the year.

There are a number of areas of uncertainty in the projected outturn figures. The new management arrangements for the Beacon Golf Centre are still being negotiated and as such the impact on the outturn is unclear at this stage. The business plan in relation to Home Care Link is also being developed and the financial position has yet to be finalised.

Borough Solicitor – Favourable variance £45,000

Income from Local Searches is currently performing in line with the budget target. There has been a substantial amount of Legal Costs recovered mainly in respect of an ex-gratia payment from the Planning Inspectorate. There are also a number of more minor savings that are being made on other budget headings, which when combined should ensure that the service has an overall favourable variance.

Borough Treasurer – Favourable variance £90,000

A significant saving on external audit fees is anticipated this year as a result of the new contract with Grant Thornton, and there will also be a large saving on historic pension costs. Elsewhere staffing and other budgets are being effectively controlled which should result in an overall favourable variance being delivered over the course of the year.

Transformation Manager – Favourable variance £60,000

The new shared service arrangement with the County Council and One Connect Limited for Revenues, Benefits and IT Services is performing on budget, which means that the anticipated savings of £500,000 per annum are being delivered. The new shared service arrangement with Wigan Council for payroll services is also on course to deliver an additional saving this year.

There is a favourable budget variance on salary costs across the Service resulting from the active management of staffing levels. There are also a range of minor savings on other budget headings that have contributed to the overall positive financial performance.

The level of Benefits payments will be kept under review as this is a demand led area that is not under the direct control of the Council.

Housing and Regeneration – Favourable variance £105,000

The external income being generated on the Commercial Assets Portfolio is still being maintained at budgeted levels, even though the economic environment remains challenging. Empty rates liability charges have increased over recent years however there are plans to demolish some units, and possibly transfer others, which should help mitigate these costs.

Within the Investment centre ring fenced account, a range of initiatives have been implemented to try and address the financial deficit. These have included: a marketing plan, review of operations by external consultants, cost reduction by reviewing contracts such as catering, cleaning etc, and a post has also been held vacant for the first half of the financial year. This combination should ensure an improved outturn financial position, but the Centre is still expected to produce a loss for the year.

Property costs continue to be closely monitored and dialogue is undertaken with service managers to ensure the close management of building service requirements and associated costs. Overall Property Services is projected to deliver a favourable budget variance as a result of a combination of factors including utilities, and repairs and maintenance costs.

When all of these factors are put together the overall position is that a favourable variance should be achieved by the financial year end.

Planning Services – Favourable variance £115,000

There is currently a significant projected adverse variance on Building Control income as a result of the state of the economy and due to factors that are outside the Council's control. However, this position is mitigated by survey works carried out for a Housing contract and pre-application income running above the budget target. Development Control income is also currently running ahead of its budget target.

The projected adverse variance on income is being more than offset by managed savings on staffing and supplies and services that should enable the Service to achieve an overall favourable variance.

Street Scene – Favourable variance £140,000

The Service has been closely monitoring the large scale MSR savings of around £800,000 that have been implemented this year, and this target is being successfully achieved.

Due to the delayed implementation of the transport contract there are some resource pressures on agency and overtime, but funding for these items was agreed by Council in July. The costs of fuel have been increasing and this budget line is being closely monitored. Trade refuse waste disposal costs have risen and tonnages have also increased. This will result in an adverse variance on this account, which will look to be addressed via the pricing structure of this service.

Overall it is prudently anticipated that the service will outturn with an under spend of some £140,000. The largest single reason for this favourable variance is budget streamlining savings that will be incorporated into next year's budget.

Central Budget and Non Service Items

This heading covers a range of corporate budgets including savings targets, treasury management, and capital charges. Central savings targets for staff and other efficiency improvements are all held in this area. The actual savings that are made in relation to these items are contained within Services. Consequently savings made elsewhere will help to offset the adverse variances on these budget items.



AGENDA ITEM: 10

CABINET: 13 November 2012

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
29 November 2012**

COUNCIL: 19 December 2012

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

Relevant Portfolio Holders: Councillors D Westley and A Owens

**Contact for further information: Mrs K Samosa (Ext. 5038)
(E-mail: karen.samosa@westlancs.gov.uk)**

SUBJECT: REVISED CAPITAL PROGRAMME AND MID YEAR REVIEW 2012/2013

Wards Affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To agree a Revised Capital Programme for 2012/2013 and provide Members with an overview on the progress against it at the mid-year point.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the Revised Capital Programme, including the virements and budget adjustments contained within it, be approved for consideration by Council.

2.2 That the progress against the Revised Capital Programme at the mid-year point be noted.

2.3 That Call In is not appropriate for this item as the report is being submitted to the next meeting of the Executive Overview and Scrutiny Committee on 29th November and Council on 19th December.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That the Revised Capital Programme and progress against it at the mid-year point be noted.

4.0 RECOMMENDATIONS TO COUNCIL

- 4.1 That the Revised Capital Programme, including the virements and budget adjustments contained within it, be approved.
 - 4.2 That progress against the Revised Capital Programme at the mid-year point be noted.
-

5.0 BACKGROUND

- 5.1 The Capital Programme is set on a three-year rolling basis and the Programmes for 2012/2013, 2013/2014 and 2014/2015 were approved by Council in February, 2012.
- 5.2 In accordance with best practice, the Capital Programme is subject to revision at the mid-year point to ensure that it is based on the latest available information and to make monitoring of the Programme more meaningful. It enables Managers to review their schemes with the most up to date information and to review the resources available. It also provides a base upon which to build future Capital Programmes.
- 5.3 Members are kept informed of the financial position of the Capital Programme through regular monitoring reports. The last such report was presented to Cabinet and Executive Overview and Scrutiny in September 2012 and reported on a Capital Programme of £13.414m for 2012/2013.

6.0 REVISED CAPITAL PROGRAMME

- 6.1 Heads of Service have reviewed their respective schemes and are now proposing that changes are made as a result of more up to date information that has become available. This review process has incorporated a number of considerations including:
 - re-profiling of schemes
 - changes to external funding availability
 - levels of anticipated funding required
 - anticipated levels of demand
- 6.2 All of the proposed changes to the 2012/2013 Programme are analysed in Appendix A and show an overall reduction of £0.052m. This comprises:
 - a reduction of £1.102m from approvals reprofiled into future years
 - an increase of £0.603m in external funding from Environment Agency Grants and Disabled Facilities Grants
 - a reduction of £0.103m from transferring expenditure to the GRA to reflect the nature of expenditure
 - transferred additional funding of £0.525m from the HRA for a number of Housing Public Sector schemes
 - £0.139m of Capital receipt funding no longer required being transferred to the Capital Pot for consideration in the budget process
 - An additional £0.164m section 106 funding recently approved at Cabinet for parks and recreation areas.

6.3 The Revised Capital Programme totals £13.362m for 2012/2013. This is analysed by Service in Appendix B along with a summary of the revised capital resources available. These Programme figures may need to be amended depending on decisions taken by Members in relation to the Procurement of Kitchen and Bathroom Refurbishment Contracts Report which is a separate item elsewhere on the Cabinet Agenda.

7.0 CAPITAL EXPENDITURE

7.1 Generally, capital schemes are profiled with relatively low spending compared to budget in the early part of the financial year with increased spending as the year progresses. This reflects the fact that many new schemes have considerable lead in times, for example, because of the need to undertake the tendering process and award contracts at the start of the scheme. Other schemes are dependant on external partner funding and schemes can only begin once their funding details have been finalised. Other schemes include contract retentions or contingencies that will only be spent some time after completion of the contract. Most schemes then progress and spend in line with their approval by the year-end.

7.2 This pattern has been repeated in the current year with £4.034m (30%) of expenditure having been incurred by the mid-year. This is an improvement on previous years' performance: £3.14m (25%) at the same point in 2011/2012, £2.673m (24%) in 2010/2011, and £2.398m (19%) in 2009/2010.

7.3 There is also currently around £0.559m of committed expenditure due to take place over the coming months. Taking this into account would show an increase in the percentage spend against the Revised Programme to 34% which is a slight improvement on the performance of 33% at the mid year point in 2011/2012.

7.4 Appendix C provides the Heads of Services' comments on the progress of schemes against the Revised Programme. Housing Public Sector schemes represent 68% of the overall programme. Consequently, progress in this area will largely determine the overall spending position at the year end.

8.0 CAPITAL RESOURCES

8.1 There are sufficient resources identified to fund the 2012/2013 Revised Capital Programme as shown in Appendix A.

8.2 The main area of the capital resources budget that is subject to variation is in relation to capital receipts. These are the useable proceeds from the sale of Council assets (mainly houses under Right to Buy legislation) that are available to fund capital expenditure. These receipts can vary significantly depending on the number and value of assets sold.

8.3 Members are aware that, in recent years, receipts from this source have fallen dramatically. The budget for usable capital receipts to be generated from Council House sales in the year is £0.175m from 16 sales. At the beginning of October, 7 sales have been completed generating £0.075m. Consequently, it looks likely that this budget target will be not be met if the current pattern continues.

- 8.4 The Government have recently changed the rules relating to Right to Buy sales by increasing the discount cap to £75,000 (from £26,000). This has meant that the average receipt from each sale has reduced. However, this has not led to an increase in sales as it appears that potential buyers are still experiencing difficulties in obtaining mortgages, even at the reduced sales price.
- 8.5 In addition to receipts from council house sales, the Council budget includes £0.05m for receipts from land sales in line with the Asset Management Strategy. Following the success of the Strategic Asset Management Plan, which is discussed elsewhere on this agenda, to date one land sale has generated £0.015m and there are a further 4 potential sales due by the end of the financial year which could generate a total of £0.25m in receipts.
- 8.6 A full review of expenditure plans and funding availability for future years is progressing. This will be considered as part of the Budget process with a view to ensuring a balanced Programme that will be managed over a medium term timescale.

9.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 9.1 The Capital Programme includes schemes that the Council plans to implement to enhance service delivery and assets. Individual project plans address sustainability and Community Strategy issues and links to Corporate Priorities. The Capital Programme also achieves the objectives of the Prudential Code for Capital Finance in Local Authorities by ensuring capital investment plans are affordable, prudent, and sustainable. This report provides an updated position on project plans and shows progress against them.

10.0 RISK ASSESSMENT

- 10.1 Capital assets shape the way services are delivered for the long term and, as a result, create financial commitments. The formal reporting of performance against the Capital Programme is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council. Schemes within the Programme that are reliant on external contributions and/or decisions are not started until funding is secured. Other resources that are subject to fluctuation are monitored closely to ensure availability. The capital receipts position is scrutinized on a regular basis and managed over the medium term to mitigate the risk of unfunded capital expenditure.

Background Documents:

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and/or stakeholders. Therefore, no Equality impact assessment is required.

Appendices:

- A Summary of Changes to 2012/2013 Capital Programme
- B 2012/2013 Revised Capital Programme Expenditure and Resource Budgets and Mid Year Performance
- C Directorate Service Heads' Comments at Mid-Year

SUMMARY OF CHANGES

		2012/2013	2013/2014	2014/2015
SCHEME	REASON FOR AMENDMENT	£'000	£'000	£'000
<u>Reprofiled Expenditure</u>				
Contaminated Land	Progress on hold pending Government guidance.	-18	18	
CCTV	Tender exercise due to commence November meaning expenditure will not take place until 2013.	-310	310	
Clearance Programme	Dependent on delays beyond the Council's control on the Lime Court scheme.	-45	45	
Affordable Housing (Private Sector)	Delay due to lead in time for Development Programme and problematic mortgage arrangements for Cash to Leave Incentive.	-544	544	
Affordable Housing (Public Sector)	Plans for this funding will be considered in the next financial year.	-105	105	
Parish Council Schemes	Project delivery dependent on Parish requirements.	-30	30	
Estates ICT System	New systems being reviewed.	-10	10	
Conservation Area Enhancement Grants	Reprofiled to reflect demand.	-40	20	20
		-1,102	1,082	20
<u>Budget Virements</u>				
Electronic Document Management	Completion of OR exercises in Housing and Environmental Services	27		
ICT Development Programme	Allocation of part of the budget held for small projects.	-27		
Environmental Improvements	Budget Realignment	103		
Windows and Doors	Additional works included at tender stage.	148		
Energy Efficiency Works	Pilots schemes unlikely to be considered this year.	-276		
Communal Areas	Budget Realignment	54		
Fixtures and Fittings	Reduction in demand for adaptations	-184		
General Contingency	Additional works required to relet void properties.	155		
		0		

SUMMARY OF CHANGES

		2012/2013	2013/2014	2014/2015
SCHEME	REASON FOR AMENDMENT	£'000	£'000	£'000
<u>Other Adjustments</u>				
Flood Alleviation Works at Calico Brook and Dock Brook	Additional funding from the Environment Agency to enable scheme completion.	261		
Disabled Facilities Grants	Additional Grant received from Central Government.	342		
Tarleton Carr Lane Recreation Area Refurbishment/Drainage	New scheme funded by section 106 monies approved at Cabinet September 2012.	44		
Ormskirk Parks	New scheme funded by section 106 monies approved at Cabinet September 2012.	50		
Aughton Parks	New scheme funded by section 106 monies approved at Cabinet September 2012.	70		
Housing Renewal Grants	Demand led scheme with demand being less than anticipated.	-129		
Parish Council Schemes	Project Delivery at lower cost and scheme termination.	-10		
Skelmersdale Vision	Transfer approval to revenue to reflect nature of expenditure.	-70		
Skelmersdale Town Centre	Transfer approval to revenue to reflect nature of expenditure.	-33		
Windows and Doors	Additional works included at tender stage.	525		
		1,050		
<u>Total Expenditure Adjustments</u>		-52	1,082	20
<u>Funded By:</u>				
Reprofiling		-1,102	1,082	20
Increase in Grant Funding		603		
Transfers to Revenue		-103		
Additional S106 Funding		164		
Capital Receipts no longer required		-139		
Funding transferred from Revenue Reserves in relation to pre-paying works no longer required		525		
		-52	1,082	20
<u>Previous Monitoring Report to Cabinet September 2012</u>		13,414	2,015	855
<u>Revised Capital Programme</u>		13,362	3,097	875

SUMMARY OF CHANGES

		2012/2013	2013/2014	2014/2015
SCHEME	REASON FOR AMENDMENT	£'000	£'000	£'000

The following schemes have transferred Services due to changes in management responsibility:

		£'000
Wigan Road Site Works	Transferred from Corporate Property to Community Services	123
Contribution to Capital Reserve	Transferred from Corporate Property to Financial Services	25
Skelmersdale Vision	Transfer scheme from Corporate Services to Planning to reflect updated management responsibility	108

2012/2013 CAPITAL PROGRAMME
EXPENDITURE AND RESOURCES BUDGET
as at MID YEAR REVIEW

Service	Budget Approval	Actual		Variance	
	£'000	£'000	%	£'000	%
EXPENDITURE					
Housing and Regeneration					
Public Sector Housing	9,058	2,168	24%	6,890	76%
Housing Strategy	150	0	0%	150	100%
Property Management	392	98	25%	294	75%
Community Services					
Private Sector Housing	882	319	36%	563	64%
Other Community Services	2,548	1,409	55%	1,139	45%
Planning	60	1	2%	58	98%
Corporate Services	273	39	14%	234	86%
	13,362	4,034	30%	9,328	70%
RESOURCES					
Capital Grants	2,051				
HRA Financing	9,059				
GRA	307				
Capital Receipts	1,945				
	13,362				

CAPITAL PROGRAMME 2012/2013
HEADS OF SERVICE COMMENTS
AT MID-YEAR POINT

Public Sector Housing

The Windows and Doors Programme, which is on target for completion this year, has been revised to include a projected overspend against the original budget which is being funded by projected underspends on other schemes and other funding adjustments as detailed in Appendix A.

Current levels of Occupational Therapy referrals are lower than expected meaning Disabled Adaptations are expected to outturn less than the original budget. This has facilitated part of the funding for the windows mentioned above. It is anticipated that the remaining budget will be fully committed this year.

There has been a significant reduction in the Energy Efficiency budget due to the pilot Green Energy Scheme not coming to fruition together with funding from the Energy Efficiency Contingency being utilised.

Tenders have been received for the Binstores and consultation is progressing. The Kitchen and Bathroom contract is discussed elsewhere on this agenda and has not been included in this report.

Heating contracts are scheduled for completion within the financial year and external funding grants which may be attributable to some of the heating schemes are being investigated. However, these grants are subject to certain conditions being met so will only be added to the Programme if they are secured.

The revised Capital Repairs Contingency will be used for enhancement works to voids and response enhancements. The Environmental Improvement budget is expected to be fully committed within the year along with General Sheltered Upgrades, Structural Works, Professional Fees, and Communal Area Improvements.

Housing Strategy

The Affordable Housing Development Project will support the development of up to 32 affordable homes in the borough. An appropriation exercise to secure the land has taken longer than anticipated so some of the approvals have been reprofiled in to 2013/2014.

The Cash to Leave Scheme has also been reprofiled as mortgages are proving difficult to secure and the scheme can no longer operate as originally intended. Prioritisation of this budget will be reviewed by the Affordable Housing Cabinet Panel along with next year's approval.

CAPITAL PROGRAMME 2012/2013
HEADS OF SERVICE COMMENTS
AT MID-YEAR POINT

Property Management
Corporate Property has a number of larger schemes, such as Home Care Link Relocation, to implement. At this time it is anticipated that the Capital Programme, including schemes slipped from last year, will all be completed by the financial year end.
Regeneration
The approval for the Estates ICT System will be used to acquire a new asset register to support the Strategic Asset Management Plan. Whilst new systems are being reviewed, it is likely that expenditure will not be incurred this financial year. The budget has, therefore, been reprofiled into next year.
Planning
<p>The Skelmersdale Town Centre/Skelmersdale Vision Project has been transferred to Planning Services. Approvals for the development phase have been transferred to revenue due the nature of the expenditure planned and there are commitments against the remaining capital scheme relating to the recent acquisition of land at the college.</p> <p>The remaining Planning schemes are demand led. The Free Tree Scheme has been advertised and expenditure should be incurred over the coming months. The Conservation Area Enhancement approvals have been reprofiled in anticipation of future demand.</p>

CAPITAL PROGRAMME 2012/2013
HEADS OF SERVICE COMMENTS
AT MID-YEAR POINT

Corporate Services

Progress made on delivering Parish Capital Schemes rests with individual Parishes which has led to the re-profiling of some budgets to 2013/2014. A saving of £10,000 has been recognised in the mid year review from the delivery of projects at a lower cost than the original estimates and from terminating schemes that have been unable to progress within the required timescale.

It is anticipated that the ICT Infrastructure budget will be utilised to fund the costs associated with the transfer of ICT related equipment etc. due to the demolition of Westec House along with the affordability model of the JVC.

The ongoing OR exercises in Housing and Environmental Health will mean that all related funding on the EDM will be spent by the end of the Financial Year.

The Capital Development Programme is set up to fund various projects, including, Web Improvements, Wireless Network, and set up costs for the Managed Payroll System, which are progressing.

Community Services - Private Sector Housing

Expenditure on the Renovation Grant budget is a demand led area. It is considered that all of the original budget is not required this financial year and an element has, therefore, been given back to the Capital Pot.

The majority of the approval for the Clearance Programme has been re-profiled due to delays beyond the Council's control on the Lime Court scheme.

The Disabled Facilities Grant received was higher than anticipated and has meant a larger programme than originally expected. It is, however, anticipated that the all of the funding will be either spent or committed by 31st March 2013.

A report identifying the use of the Empty Homes Initiative funding involving a Lease and Repair Scheme is included elsewhere on this agenda.

CAPITAL PROGRAMME 2012/2013
HEADS OF SERVICE COMMENTS
AT MID-YEAR POINT

Other Community Services

The Leisure Trust funding is part of an on-going agreement and will be spent as planned. Funding on the Environmental Health Computer system is due to be spent in the near future.

Building works have commenced for the CCTV Suite Relocation and camera replacements and upgrades are due to be completed by February 2013. The introduction of cameras into new areas will now take longer than originally expected and spending approvals have been re-profiled to reflect this development.

The Play Area Improvements Budget is an ongoing Capital Programme with new schemes planned for completion within 2012/2013. New schemes using section 106 monies have recently been approved by Cabinet and will progress in line with their new approvals.

Flood Alleviation schemes at Calico Brook and Dock Brook are complete apart from final account negotiations with the contractor. Environment Agency funding has been revised to take account of the final accounts.

Works on the Wigan Road Site are expected to be completed by the end of the financial year.