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Iain Phillips Chief Executive

19th September 2006

Dear Councillor,

I hereby give you Notice that a Meeting of the **CENTRAL RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, CIVIC CENTRE, CROOK** on **WEDNESDAY 27TH SEPTEMBER 2006** at **6.00 P.M.**

AGENDA

	Page No.
1. Apologies for absence.	
2. To consider the Minutes of the last Meeting of the Committee held on 26 th July 2006 as a true record.	Copies previously circulated
3. To consider a request to purchase land at Thistleflat Road, Crook from Mr D Richardson.	1 - 4
4. To consider a request to purchase land at Thistleflat Road, Crook from RFP Land and Property Ltd.	5 - 8
5. To consider a request to purchase land adjacent to no. 28 West End Villas, Crook.	9 - 11
6. To consider a request to purchase land adjacent to no. 100 West End Villas, Crook.	12 - 14
7. To consider a request to purchase land lying to the front of 32 Quarry Farm Road, Hunwick.	15 - 17
8. To consider the updated capital strategy.	18 - 33
9. To consider the Council's draft Medium Term Financial Strategy.	34 -114
10. To consider the Audited Annual Accounts 2005/2006.	115
11. To consider an ICT Strategy for the Authority.	116 -135

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| 12. | To consider an update to the Risk Management Strategy. | 136 - 152 |
| 13. | To consider the results of the self-assessment carried out using the CIPFA Financial Management Model and agree an Action Plan. | 153 - 157 |
| 14. | To consider progress in implementing the benefit take-up strategy. | 158 - 162 |
| 15. | To consider the progress in managing the risks of the Resource Management Department. | 163 - 167 |
| 16. | To consider the Council's asset management performance for 2005/06. | 168 - 172 |
| 17. | To consider a revised corporate asset management plan. | 173 - 217 |
| 18. | To consider a request for a regrading within the department.* | 218 - 219 |
| 19. | To consider Former Tenant arrears being written off.* | 220 - 226 |
| 20. | To consider such other items of business which, by reason of special circumstances so specified, the Chairman of the meeting is of the opinion should be considered as a matter of urgency. | |

* It is likely that item no. 18 and 19 will be taken in the closed part of the meeting in accordance with paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

Yours faithfully



Chief Executive

Members of this Committee: Councillors Mrs Brown, Mrs Burn, Grogan, Harrison, Hayton, Mrs Jones*, Kay, Kingston, Laurie, McKellar, Mews, Mowbray, Murphy*, Mrs Pinkney, Stonehouse, Taylor and Mrs Todd.

*Ex-officio, non-voting capacity

Chair: Councillor Hayton

Deputy Chair: Councillor Mrs Pinkney

TO: All other Members of the Council for information
Management Team

CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Asset Management Group
LAND AT THISTLEFLAT ROAD, CROOK (1)

purpose of the report

1. To seek Members' consideration of a request to purchase an area of land owned by the Council at the above location. Members attention is drawn to the following item regarding a similar request in the adjoining locality.

background

2. Mr. D. Richardson, the owner of the land shown edged black on the plan at Annex A, has through his Architect, requested to purchase that land shown hatched on the plan from the Council for the purposes of providing vehicular access to his land. He has submitted a planning application to develop 5 detached dwellings on his land. The Council does not own that part of the proposed access outside of the areas shown hatched.
3. In 2004 the Council agreed to dispose of the land to Mr Richardson for access, however, the matter did not proceed. It is considered that given the intervening time it is appropriate to reconsider Mr Richardson's most recent request.
4. This request and the following item were received at similar times. Officers have enquired if the applicants were able to agree on a combined access. To date the applicants have not been able to achieve such a position so the requests are reported separately.

consultations

5. As this land is open space the usual open space advertisement, in accordance with Sections 122/123 of the Local Government Act 1972, has been undertaken. 18 letters of objection were received, one of which has been signed by 15 children who regularly play on the land. The letters of objection will be tabled at the meeting for Members consideration. A summary of the objections are:
 - a) Loss of privacy/views;
 - b) Detrimental impact on property value;
 - c) Loss of open space/green areas/amenity (which was designed as part of the original Thistleflat development);
 - d) Loss/reduction in children's play area;
 - e) Increased traffic/junctions resulting in highway safety issues;
 - f) Over development in this locality;
 - g) Loss of mature trees and habitat for wildlife;
 - h) Increased noise/air pollution;

- i) Alternative access should be taken to the east of Lindale House;
- 6. The Strategic Director for the Environment and Regeneration does not have a policy objection per se to the creation of a new access point, however, he could not support the creation of two new access points in this location. Whilst he is unable to commit to one access over another the access proposed by Mr. Richardson does encroach slightly into open space protected by Local Plan policy BE14 (open spaces within built up areas) and therefore the access point as proposed would need to be revised. Any access would also need to be sufficiently far enough away from the existing road junction to Hamsterley Drive and not compromise the level of amenity currently enjoyed by residents.
- 7. The Acting Head of Community and Cultural Services offers no objections of a technical nature to the sale of the land. He considers this area of land is not particularly suitable as a play area for ball games given its proximity to the estate road. With regard the highway safety issues, he is aware that elsewhere on the estate there are a greater number of junctions within a similar distance of each other. However, the issue of highway safety etc. is one upon which the Council would obtain professional advice from the highway authority, Durham County Council, as part of the planning application process.

author's comments

- 8. Some of the grounds of objection are matters which are more relevant to the planning process rather than to the potential loss of the open space. Copies of the objections have therefore been forwarded to the Strategic Director for the Environment and Regeneration for consideration as part of the planning process. There are no trees affected by the proposed access route.
- 9. It is clear that there is a strong feeling amongst many residents that the open space should be retained, the reasons for this being several and varied.
- 10. Several objectors mention the applicant has alternative access routes available. This report does not seek to deal with either the viability or suitability of such options. An adopted road does run to the east of the site and that has been identified on the plan for information purposes.

financial implications

- 11. The sale of the land for access would produce a capital receipt.

legal implications

- 12. s.122/123 Local Government Act 1972 requires the Council to give notice and consider any objections before any decision is made to appropriate/dispose of open space. Except with the consent of the Secretary of State any disposal must be for the best consideration that can reasonably be obtained.

conclusion

- 13. Whilst Officers do not, in principle, object to the request, the access in its current position will probably require Mr Richardson to satisfy those concerns expressed

by the Strategic Director for the Environment and Regeneration. Such issues must be left for consideration as part of the planning process so Members are asked to restrict their considerations to whether they are prepared to dispose of the open space in this location.

14. Members views are therefore requested on whether the land should be sold. The options available are:
 - a. To refuse the request;
 - b. To approve the principle of an access in this locality subject to:
 - i. The applicant obtaining the necessary planning approval;
 - ii. The land be sold at a price to be given or approved by the District Valuer;
 - iii. The applicant to meet the Council's legal and valuation costs.
 - c. To agree the principle of one access in this location which would accommodate this and the following request, subject to those conditions detailed at b (i), (ii) and (iii) above.
15. In line with the Council's policy of public speaking at this Committee both the applicant, his Architect and the objectors have been invited to attend this meeting to afford them the opportunity to present their views to you.

RECOMMENDED that the views of Members are sought.

background papers

File Number 81073

Officer responsible for the report	Author of the report
Gary Ridley	Andrew Coates
Strategic Director for Resource Management	Legal Executive
Ext 227	Ext 418



CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Asset Management Group **LAND AT THISTLEFLAT ROAD, CROOK (2)**

purpose of the report

1. To seek Members' consideration of a request to purchase an area of land owned by the Council at the above location. Members attention is drawn to the previous item regarding a similar request in the adjoining locality.

background

2. RFP Land and Property Limited are seeking to develop Lindale House and have made a planning application for its demolition and the erection of 14 no. dwellings. The Company has requested to purchase that land shown hatched on the plan at Annex B from the Council for the purposes of providing vehicular access to the Lindale House site.
3. This request and the previous item were received at similar times. Officers have enquired if the applicants were able to agree on a combined access. To date the applicants have not been able to achieve such a position so the requests are reported separately.

consultations

4. As this land is open space the usual open space advertisement, in accordance with Sections 122/123 of the Local Government Act 1972, has been undertaken. 18 letters of objection were received, one of which has been signed by 15 children who regularly play on the land. The letters of objection will be tabled at the meeting for Members consideration. A summary of the objections are:
 - a) Loss of privacy/views;
 - b) Detrimental impact on property value;
 - c) Loss of open space/green areas/amenity (which was designed as part of the original Thistleflat development);
 - d) Loss/reduction in children's play area;
 - e) Increased traffic/junctions resulting in highway safety issues;
 - f) Over development in this locality;
 - g) Loss of mature trees and habitat for wildlife;
 - h) Increased noise/air pollution;
 - i) Alternative access should be taken to the east of Lindale House;

5. The Strategic Director for the Environment and Regeneration does not have a policy objection per se to the creation of a new access point, however, he could not support the creation of two new access points in this location. Whilst he is unable to commit to one access over another an access in this location would need to be sufficiently far enough away from the existing road junction to Hamsterley Drive and not compromise the level of amenity currently enjoyed by residents in Burnhope Close.
6. The Acting Head of Community and Cultural Services has no objections of a technical nature to the sale of the land. He considers the area required for access is not particularly suitable as a play area for ball games given its proximity to the estate road. With regard the highway safety issues, he is aware that elsewhere on the estate there are a greater number of junctions within a similar distance of each other. However, the issue of highway safety etc. is one upon which the Council would obtain professional advice from the highway authority, Durham County Council, as part of the planning application process.

author's comments

7. Some of the grounds of objection are matters which are more relevant to the planning process rather than to the potential loss of open space. Copies of the objections have therefore been forwarded to the Strategic Director for the Environment and Regeneration for consideration as part of the planning process. Some trees may be affected by the proposed access road. None of the trees so affected are protected by tree preservation orders.
8. It is clear that there is a strong feeling amongst many residents that the open space should be retained, the reasons for this being several and varied.
9. Several objectors mention there may be an alternative access available to this development. This report does not seek to deal with either the viability or suitability of such options. An adopted road does run to the east of the site and that has been identified on the plan for information purposes.

financial implications

10. The sale of the land for access would produce a capital receipt.

legal implications

11. S.122/123 Local Government Act 1972 requires the Council to give notice and consider any objections before any decision is made to appropriate/dispose of open space. Except with the consent of the Secretary of State any disposal must be for the best consideration that can reasonably be obtained.

conclusion

12. Whilst Officers do not, in principle, object to the request, there are concerns expressed by the Strategic Director for the Environment and Regeneration and these would need to be addressed as part of the planning application process. Members are asked to restrict their considerations to whether they are prepared to dispose of the open space in this location.

13. Members views are therefore requested on whether the land should be sold. The options are:
- a) To refuse the request;
 - b) To approve the principle of an access in this locality subject to:
 - (i) The applicant obtaining the necessary planning approval;
 - (ii) The land be sold at a price to be given or approved by the District Valuer;
 - (iii) The applicant to meet the Council's legal and valuation costs.
 - c. To agree the principle of one access in this location which would accommodate this and the previous request, subject to those conditions detailed at b (i), (ii) and (iii) above.
14. In line with the Council's policy of public speaking at this Committee both the applicant and the objectors have been invited to attend this meeting to afford them the opportunity to present their views to you.

RECOMMENDED that the views of Members are sought.

background papers

File Number 81478

Officer responsible for the report
Gary Ridley
Strategic Director for Resource
Management
Ext 227

Author of the report
Andrew Coates
Legal Executive
Ext 418



CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Asset Management Group

LAND ADJACENT TO NO. 28 WEST END VILLAS CROOK

purpose of the report

1. To seek Members' approval to refuse a request to purchase land at the above location.

background

2. A request has been received from Mr. P. Kirton of 28 West End Villas, Crook to purchase the land shown hatched black on the plan at Annex C for the purpose of constructing a driveway and extending his garden. The land was formerly the site of council dwellings which were demolished several years ago.

consultations

3. The Strategic Director for the Environment and Regeneration has no objection to the sale though the applicant would need to make a planning application for change of use and for any boundary treatment around the land.
4. The Acting Head of Community and Cultural Services considers the land should not be sold as it would have considerable value on the open market if sold for residential development.
5. The Strategic Director for the Community considers the land should not be sold given its potential for residential development.

financial implications

6. The sale of this land would produce a capital receipt.

conclusion

7. The land is the site of former council dwellings which were demolished several years ago. Since then it has been maintained as open space, however, this and other similar areas at West End Villas have potential for future residential development. Therefore, it is recommended that the request from Mr. Kirton be refused and that a planning brief be prepared for future consideration.
8. However, in line with the Council's policy of public speaking at this Committee, Mr Kirton has been invited to attend to afford him the opportunity to present his case to you.

RECOMMENDED that Mr. Kirton's application to purchase the land adjoining 28 West End Villas be refused and that a planning brief for this and other areas at West End Villas be prepared for future consideration.

background papers

File no. 81507

Officer responsible for the report

Gary Ridley
Strategic Director for Resource
Management
Ext 227

Author of the report

Diane Hathaway
Legal Executive
Ext 319

CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Asset Management Group

LAND ADJACENT TO NO. 100 WEST END VILLAS, CROOK

purpose of the report

1. To seek Members' approval to refuse a request to purchase land at the above location.

background

2. A request has been received from Mr. A. Dakers of 100 West End Villas, Crook to purchase the land shown hatched black on the plan at Annex D for the purpose of extending his garden and for the future erection of a garage. The land was formerly the site of council dwellings which were demolished several years ago.

consultations

3. The Strategic Director for the Environment and Regeneration would not support the sale as the enclosure of such a large area of land would have a detrimental impact on the surrounding area.
4. The Acting Head of Community and Cultural Services agrees that the land should not be sold as the land would have considerable value on the open market if sold for residential development.
5. The Strategic Director for the Community also confirms that the area of land is too large to sell. He states that the area appears to be considerably larger than the current curtilage of No. 100 West End Villas.

financial implications

6. The sale of this land would produce a capital receipt.

conclusion

7. The land is the site of former council dwellings which were demolished several years ago. Since then the it has been maintained as open space, however, this and other similar areas at West End Villas have potential for future residential development. Therefore it is recommended that the request from Mr. Dakers be refused and that a planning brief be prepared for future consideration.
8. However, in line with the Council's policy of public speaking at this Committee, Mr Dakers has been invited to attend to afford him the opportunity to present his case to you.

RECOMMENDED that Mr. Dakers application to purchase the land adjoining 100 West End Villas be refused and that a planning brief for this and other areas at West End Villas be prepared for future consideration.

background papers

File no. 81506

Officer responsible for the report

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Strategic Director for Resource
Management
Ext 227

Author of the report

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Ext 319

CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Asset Management Group

LAND LYING TO THE FRONT OF 32 QUARRY FARM CLOSE, HUNWICK

purpose of the report

1. To seek Members' approval to refuse a request to purchase land at the above location.

background

2. A request to purchase the land hatched in black on the plan at Annex E has been received from Mr. A. Howard of 32 Quarry Farm Close, Hunwick. Initially Mr. Howard proposed to use the land for the parking of a 16 seater minibus, which under the rules and regulations of Operator Licensing, has to be parked on private land. He now advises that he would park the minibus on his own land and if allowed to purchase the Council's land to maintain it as a lawn.

consultations

3. The Acting Head of Community and Cultural Services offers no objection of a technical nature to the sale of the land.
4. The Strategic Director for the Environment and Regeneration advises that the land which Mr. Howard wishes to purchase is currently grassed and a planning application would be required for change of use to private residential use. It is considered that this land was incorporated within the design and layout of the original site to provide adequate open space for the estate, and that the loss of the land which Mr. Howard wishes to purchase would be detrimental to the visual appearance of the estate and the neighbouring properties.
5. He advises that the grassed area is appropriate to the setting of the street scene and that if this land is changed to residential use, it is possible in the future that the erection of a fence or the laying of hardstanding may take place on the land.
6. The Strategic Director for the Environment and Regeneration confirms that he would not be able to support an application for change of use of the land to private residential use as it would be contrary to policy GD1 of the Wear Valley District Local Plan.

conclusion

7. As the Strategic Director for the Environment and Regeneration is unable to support an application for planning permission for change of use it is recommended that the request be refused.

8. However, in line with the Council's policy of public speaking at this Committee Mr. Howard has been invited to attend this meeting to afford him the opportunity to put his case to you.

RECOMMENDED that Mr. Howard's request to purchase the land be refused in view of the fact that the Strategic Director for the Environment and Regeneration would be unable to support a planning application for change of use to private residential use.

background papers

File Number 81488

Officer responsible for the report

Gary Ridley
Strategic Director for Resource
Management
Ext 227

Author of the report

Christine Graham
Legal Executive
Ext 318

CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Strategic Director of Resource Management **UPDATED CAPITAL STRATEGY**

purpose of the report

1. To consider the Council's capital strategy in light of the recently agreed Council Plan.

background

2. Members will recall that they agreed a capital strategy in June 2006. This strategy serves a number of purposes including:
 - (i) Acting as a overarching tool for directing capital investment.
 - (ii) Setting out the basis for bidding for capital resources.
 - (iii) Acting as a monitoring mechanism.
 - (iv) Providing explicit links to the Council Plan and other documents.
 - (v) Setting out the Council's approach to both partnership working and obtaining external funding.

changes from previous strategy

3. The main changes in the strategy are:
 - (i) The table in key priorities of Annex F has been changed to reflect the updated Council Plan.
 - (ii) Annex G to the strategy contains the capital financial implications of the Council Plan for the period 2006 to 2009.

financial implications

4. There are no direct financial implications arising from this report. The budget process will be used as a tool for deciding the allocation of resources between competing capital demands and their affordability.

hr implications

5. There are no direct HR implications arising from this report. The HR implications of delivering the council's capital programme are considered as part of the budget process.

conclusion

6. It is important that the Council not only has a current capital strategy but also that it is linked to the Council Plan to demonstrate joined up thinking.

RECOMMENDED that Members agree the attached strategy.

Officer responsible for the report	Author of the report
Gary Ridley	Gary Ridley
Strategic Director of Resource	Strategic Director of Resource
Management	Management
Ext 227	Ext 227

CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Strategic Director for Resource Management **MEDIUM TERM FINANCIAL STRATEGY**

purpose of the report

1. To consider the Council's draft Medium Term Financial Strategy (MTFS).

background

2. The Audit Commission's Use of Resources assessment places significant emphasis upon linking the Council's Medium Term Financial Strategy to the Council Plan. In layman's language this is about the Council ensuring it has and will continue to have the necessary resources to carry out the required action to meet its priorities and objectives set out in the Council plan.
3. The Audit Commission (AC) judged that the Council did not satisfy a number of criteria on both level 2 "adequate" and level 3 "good" in its Use of Resources assessment due to the absence of linkages with the Council Plan. Corporate Management Team agreed an action plan in April outlining the tasks required to bring the Council's score up to 3 "good".

mtfs

4. The revised MTFS is shown at Annex H. This has been prepared with the assistance of all Departments. The MTFS demonstrates linkages to:
 - The Council's key strategic objectives set out in the Council Plan taking into account local improvement and national priorities.
 - The Council's budget setting process by establishing a financial framework through which resources are realigned.
 - The business and service planning process.
 - Other key Council strategies e.g. human resources and I.T.

conclusion

5. The MTFS is a key document demonstrating how the inputs necessary to meet the aims and objectives of the Council Plan can be funded. It will be reviewed following future changes to the Council Plan.

RECOMMENDED that Members approve the revised MTFS detailed at Annex H.

Officer responsible for the report

Gary Ridley
Strategic Director for Resource Management
Ext 227

Author of the report

Stuart Reid
Head of Finance
Ext 258



CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Strategic Director for Resource Management **AUDITED ANNUAL ACCOUNTS 2005/06**

purpose of the report

1. To seek Member approval of the audited annual accounts for 2005/06.

background

2. Members approved the draft un-audited accounts for 2005/06 on the 28 June. Subsequently, they have subject to review by our external auditors as part of the normal annual audit process.

audited accounts

3. Our external auditors have identified an error whereby capital expenditure for 2005/06 was overstated. This has now been rectified in the revised statement of accounts as per Annex O, attached as a separate document.
4. The external auditors have certified the 2005/06 statement of accounts indicating that they present fairly the financial position of the Authority as at 31st March 2006. Following approval by members the audited accounts will be published as required by statute.

- RECOMMENDED**
1. The audited accounts for 2005/06 be approved as per Annex O.
 2. The Chairman of the Committee signs the accounts.

Officer responsible for the report
Gary Ridley
Strategic Director for Resource Management
Ext 227

Author of the report
Stuart Reid
Head of Finance
Ext 258

CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of Strategic Director for Resource Management **ICT STRATEGY**

purpose of report

1. To seek Member approval of an ICT Strategy for the Authority.

background

2. The Authority's current ICT strategy is a number of years old and does not reflect either the Council's aims and objectives or current hardware/software usage. An up to date strategy is therefore considered important in order to:
 - Highlight how ICT can support the Council's aim.
 - Identify current and future hardware and software usage.
 - Act as a platform for continuous improvement.
 - Give members of staff clarity and direction in relation to ICT.
 - Act as a tool to inform the capital bidding process within the budget.
 - Act as a monitoring tool.

strategy

3. The strategy is attached at Annex P. It has been written around the Council's core themes and corporate baselines. It includes an outline of current and future hardware/software upgrade needs along with indicative costs.

human resource implications

4. The actions in the plan will be used to develop work plans for ICT staff. Other human resource implications relate to training requirements arising from the introduction of new systems. These will be considered and scheduled into staff workloads as and when new systems are introduced.

financial implications

5. The financial implications of achieving the planned upgrades/introduction of new systems are included at the end of the strategy. The resources needed for this will be considered as part of the budget setting process. Specifically, capital bids will be made and will be funded from a combination of internal capital resources, IT reserve and any external grants received for ICT.

conclusion

- 6. The adoption of an up to date strategy demonstrates an acceptance by the organisation of the importance of ICT. It also provides a framework for all members of staff. Finally, it will also be used as a monitoring/management tool and progress reports will be forthcoming to Members.

RECOMMENDED that colleagues agree the attached strategy.

Officer responsible for the report	Author of the report
Gary Ridley	Gary Ridley
Strategic Director for Resource Management	Strategic Director for Resource Management
Ext 227	Ext 227



CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Strategic Director for Resource Management **RISK MANAGEMENT STRATEGY**

purpose of the report

1. To seek member approval for an update to the Risk Management Strategy.

background

2. Members will recall that the Management Strategy was last updated in November 2005. The Audit Commission's Use of Resource assessment requires the Authority to revise annually its Risk Management Strategy. This ensures that the Authority's approval to Risk Management remains current. The revised strategy is at Annex Q.

proposed changes

3. The proposed changes are relatively minor and are as follows :
 - Partnerships - the strategy now contains a requirement for partnerships to be reviewed annually and the results shared with partners
 - Council plan – the strategy now contains a requirement to monitor the risks inherent in delivery/achieving the council plan
 - Responsibility – risks should be allocated to an individual officer whose responsibility it will be to manage that risk.
 - Members – the role of members will be to assess the effective discharge of the risk management strategy.

hr implications

4. The HR implications of adapting the revised strategy can be met from within existing resources. The monitoring of risks and partnerships will require reports to be periodically submitted to Corporate Management Team and Committee. In recent months staff from all departments have undergone training in relation to risk management.

RECOMMENDED that members agree the revised risk management strategy at Annex Q.

Officer responsible for the report

Gary Ridley
Strategic Director for Resource
Management
Ext 227

Author of the report

Gary Ridley
Strategic Director for Resource
Management
Ext 227

CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Strategic Director for Resource Management **FINANCIAL MANAGEMENT MODEL**

purpose of report

1. To inform members of the results of the self-assessment carried out using the CIPFA Financial Management Model and agree an Action Plan.

background

2. The Chartered Institute of Public Finance and Accountancy (CIPFA) have designed a self-assessment model that allows an authority to evaluate its financial management arrangements. Using the model to assess our performance and preparing an action plan meets one of the criteria in the Use of Resources assessment regarding reviewing financial management arrangements.
3. The model consists of a number of statements regarding financial management in the Authority structured around 3 styles of financial management :
 - Securing stewardship
 - Supporting performance
 - Enabling transformation

and 5 management dimensions:

- Leadership
 - People
 - Processes
 - Stakeholders
 - Results
4. The model for good practice is presented as a series of statements for public service bodies that perform well in financial management. The model invites organisations to test themselves on the effectiveness of their own financial management in supporting their business objectives and to consider whether the style and contribution of financial management supports or conflicts with their organisation's strategic direction.

results

5. A series of questions linked to statements in the model are scored to give an overall picture of financial management in the Authority. The judgement is

expressed as a score from 0 to 4 based on the extent to which the Authority can satisfy each criteria. The categories are shown below:

0 – 1	Hardly
1.5 – 2	Somewhat
2.5 – 3	Mostly
3.5 – 4	Strongly

6. In order to obtain a holistic view of our assessment, the majority of the scores were obtained from an internal focus group consisting of 12 managers within the Authority, who manage or support the management of budgets. Senior financial officers assessed compliance with some of the more technical statements.
7. The individual scores were aggregated to give an overall profile of the positioning and contribution of financial management in the organisation. The summary of the self-assessment is shown in Annex R. Most of our scores fell within the range of 2.5 to 3, i.e. within the category of mostly complying with good financial management practice.
8. Whilst the survey was not comprehensive, it has revealed common themes and areas where action can be undertaken in the medium term to improve our performance in financial management. These are presented in Annex S. Other areas for improvement arising from the assessment will be reviewed annually.
9. We will conduct the self-assessment annually.

RECOMMENDED that Members agree the implementation of the Action Plan presented in Annex S.

Officer responsible for the report	Author of the report
Gary Ridley	Stuart Reid
Strategic Director for Resource Management	Head of Finance
Ext 227	Ext 258

CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Strategic Director for Resource Management **BENEFIT TAKE-UP**

purpose of the report

1. To consider progress in implementing the benefit take-up strategy.

background

2. Members will recall that a strategy was approved in March 2005 to increase the take-up of welfare benefits over a three-year period. The strategy supports one of the priorities set out in the current Council Plan.
3. It was also agreed that a periodic report on progress would be submitted for members' consideration.

progress

4. A number of benefits staff participated in a number of events and initiatives since the last report in September 2005. There have been a number of achievements in line with the aims and objectives set out in the strategy. The remainder of the report details progress to date against the agreed aims and objectives.

Objective 1 To ensure that the Benefit Service remains accessible to all residents of the area and is operated in an efficient and cost effective manner.

- Production of landlord newsletter which has been well received by the Landlords Association.
- Delivered fortnightly surgeries at Coundon in conjunction with the Coundon and Leeholme Partnership.
- Attended roadshows organised by Durham Dales Carer's.
- Attended the Wealth for Warm launch organised by Durham Welfare Rights.
- Attended the sessions at Willington and Bishop Auckland for the annual issue of bus tokens.
- Continue to provide a home visiting service to elderly and housebound customers.

- The benefits computer system now has the facility to produce notification letters in large print.
- Leaflets on various Housing and Council Tax benefit topics are now available.
- Leaflets issued and guidance given to staff working for major employers in the District e.g. ASDA.

Objective 2 To work closely with service partners (both within the council and external organisations) in proactively encouraging joint working to ensure all resources are utilised within the area to maximise the take-up of benefits efficiently and effectively.

- Attended doctors surgeries when flu jab vaccinations are scheduled for the over 60's.
- Participate in fora such as the County Durham Partnership against Poverty (CDPAP). This brings together all County Durham Authorities, DWP, etc.

Objective 3 To ensure that staff are given effective training, so that customers receive advice and assistance appropriate to their circumstances to ensure that every opportunity is taken to maximise take up of available benefits and discounts.

- Personal Development Plans completed for all benefit staff.
- On-going training is taking place for all staff on technical issues so that the advice to customers is accurate and beneficial.
- Quality control checks carried out by supervisors on 1 in every 10 claims.
- New benefits staff subject to rigorous induction training and work monitoring over minimum three month period.
- Visiting Officers advise customers on take-up of other benefits e.g. child tax credits.

Objective 4 To maintain effective and secure gateways to ensure that all benefit claims and enquiries are dealt with accurately, efficiently and promptly.

- Processing times were amongst the best 10% in the country.
- Business Plan includes target of achievement of all Government Performance Standards.
- Non benefits staff e.g. based at cash offices or housing officers trained to required standard to allow receipt of documents from customer to support their claim.

Objective 5 To maintain high levels of customer service to customers to ensure that they are not deterred from approaching the service and claiming benefits by providing a pro-active, caring and friendly service.

- Records have been maintained of the complaints received and monitoring action taken to identify training issues.
- A survey of customers visiting the benefit counter has been undertaken.
- Operation of benefit enquiry counter currently being reviewed and staff workshops held.
- Best Value survey of customers recently issued.
- Liaison with Money Advice Worker employed by Dale and Valley Homes.

Objective 6 To deal effectively with all benefit enquiries and appeals to ensure that requests for further information and explanations are provided to ensure that the customer is satisfied about the validity of their benefit claim.

- Dedicated training officer delivered training courses for new and current members of staff.
- Section and Performance Standard targets met for correspondence and appeals.
- Appeal rights promoted through correspondence and customer leaflets.

Objective 7 To monitor and evaluate customer needs to ensure that the service reflects those needs and to identify areas and reasons for low take-up of benefits to ensure that these issues can be addressed by targeted campaigns and promotions to potential customers.

- Best Value survey of customers recently issued.
- DWP Best Practice Guide on Council Tax Benefit Take Up adopted.
- Continued working through CDPAP.

results

5. Since last September, the additional benefit awarded has been £21,013.11. This is significantly less than achieved prior to that period. However, previous figures were bolstered significantly as a result of the Pension Service providing a scan showing claimants in receipt of Pension Credit who were not in receipt of Housing and Council Tax Benefit. There are indications that the Pension Service

will repeat this exercise, although the number of potential claimants identified is likely to be a lot less.

future action

6. Benefits staff will continue to work to increase take up in the next twelve months. Initiatives include:
- Launch of Council Tax Benefit Campaign on 18th September in conjunction with Welfare Rights and DWP.
 - Possible expansion of regular surgeries to other locations.
 - Enclosing a benefits flyer when issuing an advance letter prior to issuing a notice seeking possession if the tenant is not already in receipt of housing benefit.
 - Publicising and use of video conferencing facilities to allow access to Benefits and Welfare Rights staff.
 - Placing of customer leaflets at local libraries.
 - Through the customer panel holding meetings with the residents associations.
 - Development of web site facilities by upgrading the benefits calculator and allowing claim form to be completed electronically.
 - Review of benefit application form to ensure it is as customer friendly as possible whilst adhering to statutory regulations.
 - Liaison with Carelink service who provide tenancy support to elderly residents in Wear Valley.
 - Enhancing the range and appearance of customer leaflets through colour and targeting specific ones at landlords.
 - Issue of flyers to Council employees with wage slips.
 - Further liaison with War Veterans Association.

conclusion

7. Increasing the income of those reliant on state benefits is a priority outcome within the latest Council Plan. Consequently resources will continue to be applied in this area and a further progress report made to members.

RECOMMENDED

1. Members approve progress to date on take-up.
2. Members approve planned future action as listed in paragraph 6 of the report.

Officer responsible for the report

Gary Ridley
Strategic Director for Resource
Management
Ext 227

Author of the report

Ann Baker
Revenues & Benefits Manager
Ext 253

CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Strategic Director for Resource Management
RISK REGISTER UPDATE

purpose of the report

1. To inform Members of the progress in managing the risks of the Resource Management Department.

background

2. Members will recall that the Service Plan for the Department includes an analysis of the main risks facing the department. This report seeks to give assurance to Members of the management of those risks.
3. A key line of enquiry within the Use of Resources assessment relates to the extent to which risks are managed and Members are kept informed of said management. The table below shows the risks as agreed within the Service Plan and progress in managing them. This report will be presented to Members at every other committee cycle to demonstrate ongoing improvement in the area of risk management.

risk analysis

The following table shows the main departmental risks to be managed.

Financial – S Reid	Impact	Likelihood	Impact x Likelihood	Response	Actions	Progress
1 Asset Management and Capital Investment Failure to effectively manage/maintain assets leading to reduced efficiency and increased costs	2	2	4	Develop Asset Management Plan and Capital Strategy	Action Plan established	Capital strategy and Asset Management Plan scheduled for Committee approval 27 September 2006

Financial – S Reid	Impact	Likelihood	Impact x Likelihood	Response	Actions	Progress
<p>2 Budgetary Control and Financial Management</p> <p>Lack of effective budgetary control leading to poor allocation and control of resources</p>	2	2	4	Develop a financial control framework and effective budget process	Report agreed at Man. Team. New financial management system (Agresso) introduced	Regular budget monitoring reports now produced for budget holders, Corporate Management Team and Members. System to be reviewed as part of Use of Resources assessment
<p>3 Treasury Management</p> <p>Risk of losing investment leading to monetary loss and loss of reputation</p>	3	1	3	Adopt CIPFA treasury management practices	Agreed at committee	Annual reports to Members of treasury management strategy and previous years actual activity

Revenues and Benefits – A Baker	Impact	Likelihood	Impact x Likelihood	Response	Actions	Progress
<p>1 Staff Security</p> <p>Possibility of staff assault/ accident whilst working alone</p>	3	1	3	Review lone worker policy	Done by Health and Safety Officer	Responsibility of Health and Safety Officer
<p>2 Benefit Payment</p> <p>Failure to process benefit on time</p>	2	1	2	Additional resources received via budget process	Improved performance management arrangements put in place	Performance now in top quartile. Propose to delete from departmental risk register
<p>3 Collection Rates</p> <p>Failure to collect NNDR and Council Tax leading to</p>	2	1	2	Effective recovery procedures necessary/staff training		Performance now in top quartile. Debt management framework in place. Propose to delete from

financial loss						departmental risk register
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Administration – A Foster	Impact	Likelihood	Impact x Likelihood	Response	Actions	Progress
1 Sickness/Absence Monitoring Failure to manage sickness leading to impact on service delivery and reduced efficiency	2	2	4	Review of relevant policies and procedures	Improvement plan produced	Sickness figure reduced in 2005/06 to 8.3 days per employee. Ongoing monitoring required to ensure continuous improvement.

I.T. – A Maxwell	Impact	Likelihood	Impact x Likelihood	Response	Actions	Progress
1 Physical Damage to Computer Room Equipment Flood, fire, sabotage etc. resulting in loss of service	2	1	2	<ul style="list-style-type: none"> • Reduce effect of disaster • Control access to computer room • Disaster Rec. Plan 	<ul style="list-style-type: none"> • Fire detection system with Inert gas extinguisher system • Access control devices on computer room doors • Devise and test a plan which provides alternative hardware solutions • Off-site storage of backup tapes 	Disaster Recovery arrangements with Sedgefield being put in place. Proposed to delete from departmental risk register
2 Security Corruption of	2	1	2	<ul style="list-style-type: none"> • Security Policy 	<ul style="list-style-type: none"> • Access to the network(s) is 	Revised security arrangements in place.

data and/or programs via malicious or accidental means				<ul style="list-style-type: none"> • Security Handbook for Users 	<p>controlled by passwords which are required to be changed regularly (by the user)</p> <ul style="list-style-type: none"> • Access to system functions is controlled by passwords set up by system administrators • IT Section are informed immediately when staff leave Council employment – user ids and passwords deleted 	<p>Security training given to staff during 2005 and is ongoing.</p> <p>Internet and e-mail access policies in place and awaiting Committee approval.</p>
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I.T. – A Maxwell	Impact	Likelihood	Impact x Likelihood	Response	Actions	Progress
<p>3 Systems Implementation Failure</p> <p>Systems not installed on time/budget and/or not producing required functionality</p>	2	2	4	<ul style="list-style-type: none"> • Requirements • Specification • Project Planning • Acceptance Testing • Post Implementation review(s) 		<p>Project management methodology being piloted for Document Image Processing project. Lessons learnt report to be produced</p>

Work is on-going to manage the risks identified above.

conclusion

4. From the above table it can be seen that progress is being made on managing the main risks facing the department.

RECOMMENDED that Members note the report.

Officer responsible for the report
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Author of the report
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CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Asset Management Group
ASSET MANAGEMENT PERFORMANCE – 2005/06

purpose of the report

1. The purpose of this report is to present to members the Council's asset management performance for 2005/06 compared with previous years.

background

2. In 2002 the Council developed a cross-departmental asset management group to review our strategies and performance on a regular basis. In 2006 the group revised and updated the Council's Asset Management Plan.

performance indicators

3. The Government has established a number of national performance indicators that cover various aspects of asset management. Performance for 2005/06 compared with the previous year is presented in the tables below. This covers all properties owned by the Council excluding Council dwellings.

PI1A – Property Condition

4. This indicators measures the number of assets as well as the proportion of total floor area of all assets owned by the Council (excluding council housing) which fall into the following categories/conditions:

<u>Category</u>	<u>Condition</u>
A	Good
B	Satisfactory
C	Poor
D	Bad

5. A number of assets have been included in the analysis for the first time. Some have also been reclassified into two separate as the condition categories were different for each part.

Category	2005/06		2004/05		2003/04	
	% Floor Area	Number of Assets	% Floor Area	Number of Assets	% Floor Area	Number of Assets
Category A:						
Operational	3	5	1	2	1	2
Non-Operational	2	1	-	-	-	-
Surplus	-	-	-	-	-	-
Sub Total Category A	5	6	1	2	1	2
Category B:						
Operational	48	33	57	32	55	30
Non-Operational	12	19	9	11	7	8
Surplus	1	1	1	2	6	7
Sub Total Category B	61	53	67	45	68	45
Category C:						
Operational	20	3	26	5	24	4
Non-Operational	9	5	3	2	3	2
Surplus	3	3	1	2	-	-
Sub Total Category C	32	11	30	9	27	6
Category D:						
Operational	1	1	-	-	2	2
Non-Operational	-	-	-	-	1	1
Surplus	1	3	2	4	1	2
Sub Total Category D	2	4	2	4	4	5
GRAND TOTAL	100	74	100	60	100	58

6. This table shows that:

- The majority of the council's assets are in satisfactory condition (59 fall within categories A and B)
- The number of surplus building assets has reduced from 8 in 2004/05 to 7 in 2005/06
- The number of assets within the worst category (D) has remained constant

PI1B – Backlog maintenance by priority

Priority	Description	Backlog Maintenance 2005/06 (£'s)	Backlog Maintenance 2004/05 (£'s)	Backlog Maintenance 2003/04 (£'s)
1	Urgent works that will prevent immediate closure of premises and /or address an immediate high risk to	59,700	75,000	72,000

Priority	Description	Backlog Maintenance 2005/06 (£'s)	Backlog Maintenance 2004/05 (£'s)	Backlog Maintenance 2003/04 (£'s)
	the health and safety of the occupants and/or remedy a serious breach of legislation			
2	Essential work required within 2 years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation	648,925	214,000	273,000
3	Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or a minor breach of legislation	1,278,450	234,330	111,250
4	Long term work required beyond a period of 5 years that will prevent deterioration of the fabric or services	1,004,980	97,110	89,660
Total		2,992,055	620,400	545,910

7. This table shows that backlog maintenance on council assets has increased substantially over the last 12 months. This is due to a change in the method of calculation. Backlog maintenance now includes all work required to bring the property up to a good standard (category A) and maintain it at that standard over the next five years. In previous years the figure represented planned work only for the forthcoming five years which had yet to be carried out.

PI2 – Internal Rate of Return

Category	2005/06 Rate of Return %	2004/05 Rate of Return %	2003/04 Rate of Return %
Industrial	8.7	8.6	14.4
Retail	3.6	11.1	10.4
Agricultural	8.2	8.2	8.2

8. This shows the Council rate of return has decreased substantially for retail properties due to the identified backlog maintenance for Royal Corner. The other categories have generally remained constant.

PI3 – Management Costs Per Square Metre

Property Type	2005/06 Actual (£'s)	2004/05 Actual (£'s)	2003/04 Actual (£'s)
Operational	5.74	N/A	N/A
Non Operational	5.32	N/A	N/A
All	5.67	2.78	2.55

9. This shows that the management costs have more than doubled. This can be attributed to a more accurate calculation reflecting the work undertaken by the legal section in respect on non-operational properties. This work includes arranging valuations, rent reviews and marketing properties for let.

PI4 - Running Costs

Repairs and maintenance per Sq.m.

Category	2005/06 Actual (£'s)	2004/05 Actual (£'s)	2003/04 Actual (£'s)
Office Buildings	8.5	12.5	8.4
Leisure Facilities	4.5	7.6	2.3
Community Centres	0.7	1.4	0.3
Depot	1.5	3.0	1.8
Public Conveniences	8.7	17.3	47.8
Other	4.1	3.7	4.9

10. This shows that spend on repairing and maintaining our assets has decreased for all building types. One off expenditure was incurred in 2004/05 in constructing partitioned offices at Royal Corner. Revenue repairs to the leisure facilities reduced in 2005/06 due to capital works. Similarly, repairs have decreased on public conveniences in 2005/06 due to their ongoing refurbishment / replacement.

Energy Costs per Sq.m.

Category	2005/06 Actual (£'s)	2004/05 Actual (£'s)	2003/04 Actual (£'s)
Office Buildings	9.2	9.0	4.5
Leisure Facilities	17.5	20.8	14.9
Community Centres	4.7	8.7	3.9
Depot	6.0	13.6	3.0
Public Conveniences	4.6	3.6	2.6
Other	5.4	2.6	3.1

11. The figures for community centres and depots are distorted by rebates for overpayments based upon estimated readings in 2004/05. Action is now being taken to ensure that initial bills received reflect actual consumption. It is anticipated that due to significant increases in the wholesale prices of energy, the costs for 2006/07 will be higher than the previous year. The management of energy consumption is being tackled as part of the Asset Management Plan.

Water Costs Per Sq.m.

Category	2005/06 Actual (£'s)	2004/05 Actual (£'s)	2003/04 Actual (£'s)
Office Buildings	1.6	1.7	0.6
Leisure Facilities	3.3	5.7	1.5
Community Centres	1.5	1.7	0.3
Depot	1.0	2.0	1.5
Public Conveniences	28.8	19.3	6.8
Other	1.0	0.9	0.2

12. Water costs have increased substantially at public conveniences, however this represents less than 5% of the total water bill costs of the Council.

PI5 – Cost and Time Predictability

	2005/06 Actual	2004/05 Actual	2003/04 Actual
Cost predictability	92%	79%	92%
Time predictability	69%	79%	84%

13. From 2003/04 to 2004/05 performance for the management of capital projects fell. The cost predictability increased during 2005/06 but the percentage of projects being completed on time decreased. Slippage within the capital programme impacts negatively upon financial planning.

conclusion

14. There has been little change in the condition and running costs of the council's property portfolio. Resource made available in the 2006/07 capital programme will be targeted towards combating the rise in energy prices through modification of plant and equipment as well as increasing the awareness of building users of the need to minimise consumption.

RECOMMENDED that Members agree the report.

Officer responsible for the report
Gary Ridley
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Ext 227

Author of the report
Stuart Reid
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Ext: 258

CENTRAL RESOURCES COMMITTEE

27 SEPTEMBER 2006

Report of the Asset Management Group **ASSET MANAGEMENT PLAN 2006**

purpose of the report

1. To consider a revised corporate asset management plan.

background

2. The current Asset Management Plan (AMP) dates from 2002. At that time it was a requirement to submit an AMP annually for evaluation by Government Regional Office. The submission in 2002 resulted in a “good” assessment for the Authority that gave us additional capital resources and removed the need to formally submit an up to date plan in each subsequent year.
3. The Audit Commission’s Use of Resources assessment includes consideration of the Council’s management of its asset base. One of its criteria is that the Council
“has an up to date Asset Management Plan that details existing asset management arrangements and outcomes and planned action to improve corporate asset use.”
4. The 2005 audit assessment was that the Council failed to meet this criterion despite submitting an up to date action plan although the text of the plan was unchanged. The production of an updated asset management plan forms part of the action plan approved by Management Team to attain a score of 3 “good” under the Use of Resources assessment.

asset management plan

5. The updated Asset Management Plan is attached as Annex T. The core of the document is largely unchanged from the previous version. However, key changes are:
 - Satisfying the use of resources criteria.
 - Linking local asset performance measures to corporate objectives.
 - Including the management of energy contracts within the remit of the Asset Management Group.
 - Ensuring the action plan is achievable and realistic.

financial implications

6. The capital programme includes budgets to deal with backlog maintenance and compliance with the Disability Discrimination Act.

RECOMMENDED that Members approve the 2006 Asset Management Plan detailed at Annex T.

Officer responsible for the report

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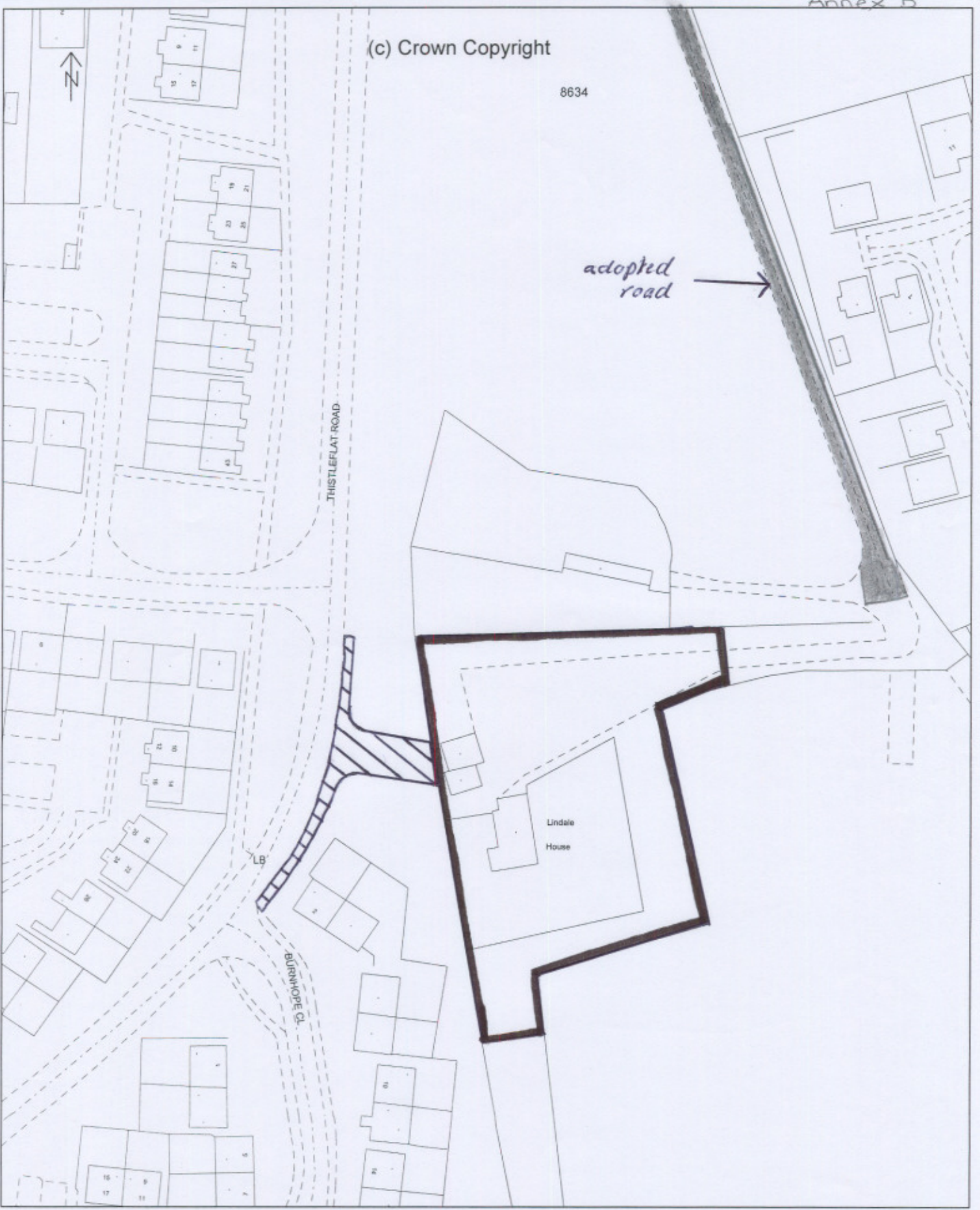
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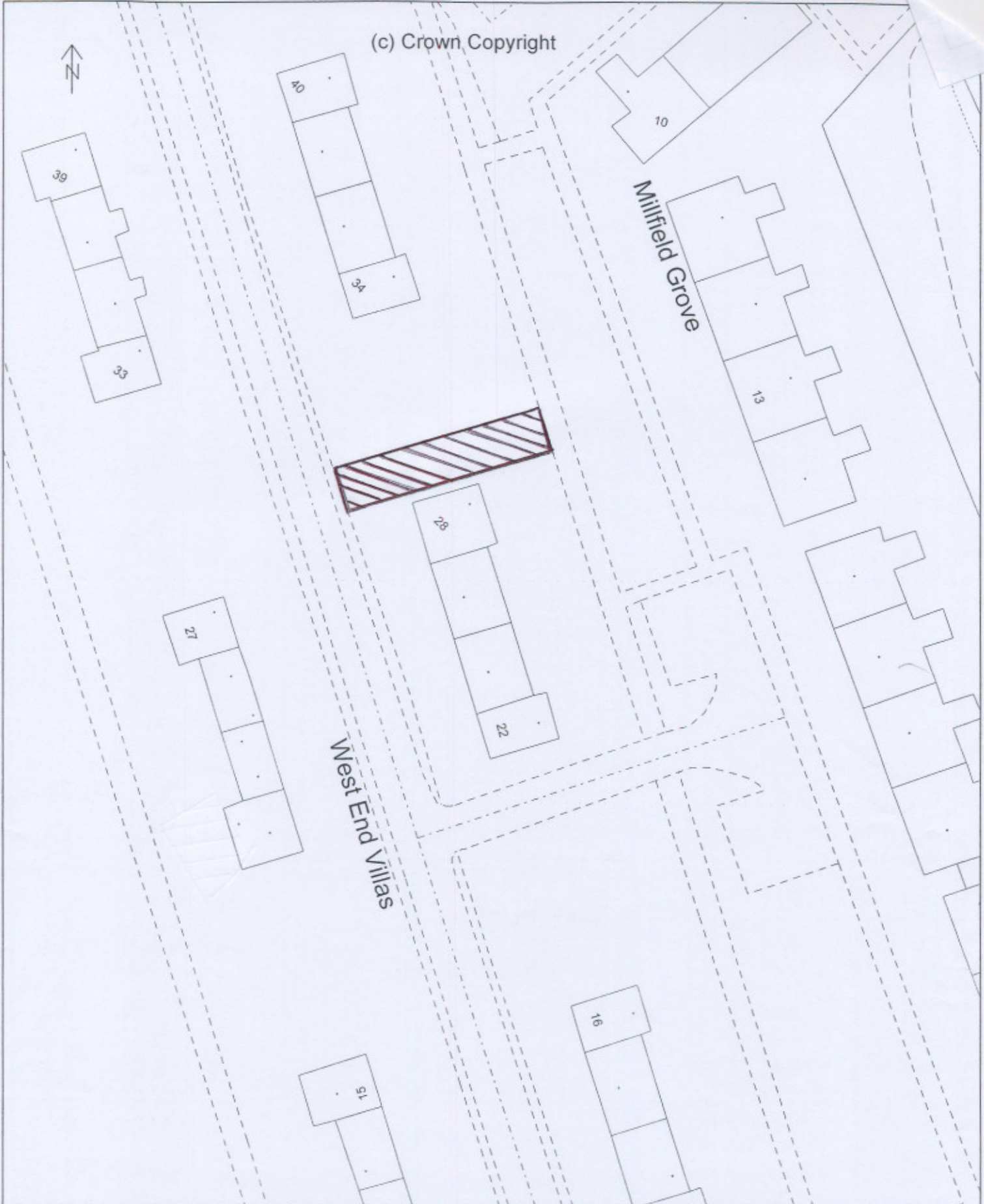


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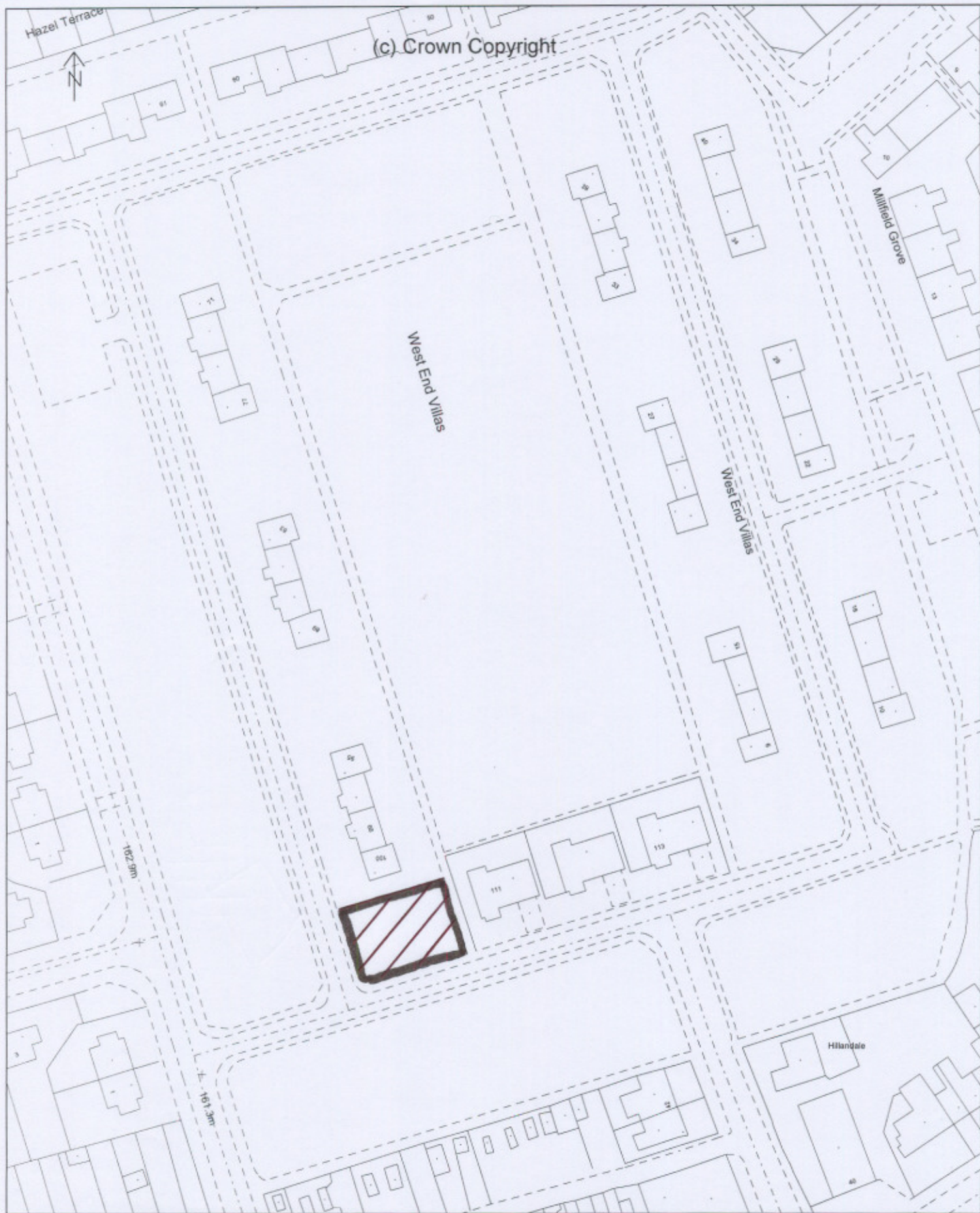
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LAND LYING TO THE FRONT OF 32 QUARRY FARM CLOSE HUNWICK

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WEAR VALLEY DISTRICT COUNCIL**CAPITAL STRATEGY****1. INTRODUCTION AND OVERVIEW**

- 1.1. Wear Valley is an area of severe, multiple economic and social deprivation and is one of the most deprived rural districts in England. To effectively tackle the wide range of social and economic issues facing the District, the Council must use its resources as effectively as possible to improve conditions and opportunities for everyone in Wear Valley. The Capital Strategy is a key element of the drive to use resources effectively to focus on our priorities.
- 1.2. Wear Valley's Capital Strategy will:
- Provide a framework for directing capital resources in the pursuit of its corporate objectives.
 - Act as a control mechanism in the development of the capital programme.
 - Establish a process for managing and monitoring the use of capital resources.
 - Identify how consultation will take place on capital investment.
 - Provide a framework for tackling cross cutting issues.
- 1.3. With finite capital resources, the Capital Strategy ensures that they are deployed to maximum effect so that the budgeted capital programme is fully aligned with corporate priorities and integrated into the PM framework. This is achieved by linking capital expenditure to output targets and outcomes as well as providing a framework in which competing requirements for funds can be evaluated. The Strategy also encompasses the strategic capital requirements emerging from service strategies and places emphasis upon cross-cutting, joined up investment through internal co-operation and, wherever possible with external partners.
- 1.4. The Wear Valley Local Strategic Partnership (LSP) drives the Community Strategy and thereby the Council's corporate priorities through development of its Council Plan.
- 1.5. The Council Plan specifies a number of broad objectives and sub objectives covering the next three years. There are six, cross-cutting key priorities in the Plan that have been recently approved. These mirror and support the long-term community priorities developed by the LSP.
- 1.6. The Council has developed a method of service and financial planning to ensure that capital investment requirements associated with service needs are explicitly stated. Capital budget bids arising from service plans must support the key objectives of the community and the Council. This is reflected in the scoring system through which capital bids are ranked.

1.7. In effect the Community Strategy informs the Council's investment priorities over the next few years and has links to annual service plans that each Department in the Council compiles. The Capital Strategy will play a key role in reinforcing the Council's corporate objectives by its use of capital resources.

2. **KEY PRIORITIES**

2.1. The key priorities of the Council flow from the LSP's long term objectives, and more widely the Government's shared objectives for local government. Corporate objective links to Capital Strategy objectives are as below. The table also shows current significant capital schemes and their links to the Council Plan.

NATIONAL OBJECTIVE	CORPORATE OBJECTIVE	CAPITAL STRATEGY OBJECTIVE	MAJOR CAPITAL PLANS	COUNCIL PLAN REFERENCE
Improving the quality of life	Working for a slowly growing and balanced population	To provide an appropriate infrastructure thereby creating and maintaining vibrant and energetic communities.	Crook urban renaissance Dene Valley renewal area Replacement of play areas Signage in council building	Ec2 Ec2 Ec2
Promoting healthier communities and narrowing health inequalities	Working to reduce health inequalities and to improve the quality of life for residents in Wear Valley	To provide quality leisure facilities, where possible, in conjunction with other organisations such as key health agencies and to achieve the decent homes standard	Decent Homes Standard and Re-provision of leisure facilities DDA improvements and Asset Management backlog issues	En3 H1 P3
Promoting the economic vitality of localities	Working for a significant increase in employment and business activity	To establish an adequate supply of industrial land and property to meet the needs of new and established	<ul style="list-style-type: none"> • Eastgate Project/ Weardale Strategy • Wolsingham Business Park 	Ec2 Ec2

NATIONAL OBJECTIVE	CORPORATE OBJECTIVE	CAPITAL STRATEGY OBJECTIVE	MAJOR CAPITAL PLANS	COUNCIL PLAN REFERENCE
		businesses including working with other agencies to maximise external investment in projects in the District.	<ul style="list-style-type: none"> • Bracks Farm • Innovation House • Low Willington Business Units • South West Crook Industrial Development 	<p>Ec2</p> <p>Ec4</p> <p>Ec2</p> <p>Ec2</p>
Creating safer and stronger communities	Working towards a safe community with a reduced level of fear	To provide accessible facilities with appropriate lighting and external security through private sector renewal, area regeneration and capital investment to design out crime	<p>Building conversion to co-locate tenancy enforcement with other community safety partners</p> <p>Twin bin refuse collection</p> <p>Street cleansing fleet</p>	<p>C2</p> <p>P3</p> <p>P3</p>
Transforming our local environment	Working towards significant improvements in the built environment	To ensure all new developments are of a high quality and sympathetic to their setting and that the character and appearance of towns and villages is both protected and enhanced	<ul style="list-style-type: none"> • Environmental and infrastructure of West Auckland • Bishop Auckland Town Centre Renaissance • Develop proposals for implementation in the Durham Coalfields Regeneration 	<p>Ec2</p> <p>Ec2</p> <p>Ec2</p>

NATIONAL OBJECTIVE	CORPORATE OBJECTIVE	CAPITAL STRATEGY OBJECTIVE	MAJOR CAPITAL PLANS	COUNCIL PLAN REFERENCE
			programme <ul style="list-style-type: none"> Develop capital schemes in the Weardale strategy Energy efficiency	Ec2 En4
Raising standards across our schools	Support life long learning	To provide facilities and grants which support life long learning objectives within the Authority	Compliance with DDA to enhance access to public buildings which are used by community groups	L2

- 2.2. Pursuit of these objectives dictates our Housing Strategy and Asset Management Plan. Our corporate objectives are reflected in this strategy, which sets priority investment, needs and feeds these into the budget setting process. In order to meet corporate objectives, investment will be directed into priority schemes, which clearly contribute both to specific Council Plan actions and broader corporate objectives.
- 2.3. The Council's policy on procurement is being revised to mirror the National strategy for Local Government Procurement, in conjunction with NECE. Procurement practice is already developing along the lines of Egan principles through the long-term partnership with a grounds maintenance service provider which replaces the previous formal contractual relationship.
- 2.4 Council housing is the major asset of the Council and a significant proportion of the Capital programme is devoted to housing issues. In accordance with Government direction, the Council has set an objective of meeting the decent homes standard by 2009/10 and has achieved ALMO status which is expected to lever in £27m of investment over 5 years.
- 2.5 An independent stock condition survey has been undertaken to determine the level of investment need and a housing needs survey carried out to assess supply and demand. This is a fundamental part of the option appraisal exercise detailed within the Council's Housing Strategy and Business Plan.

3. LOCAL STRATEGIC PARTNERSHIP

- 3.1 The Council is using a variety of partners to assist in the delivery of schemes financed from its own capital resources as well as accessing additional funding.

The major area of partnership working is through its membership of the LSP which brings together public, private voluntary and community bodies.

- 3.2 The LSP has a key strategic role in cross cutting activities such as regeneration, social exclusion and sustainable development with the objective of developing a single co-ordinated approach. It is a multi-agency partnership involving the Council, Police, Primary Care Trust, Durham County Council, Durham Rural Community Council, employment agencies, education and training providers, the Regional Development Agency and Government Office, business, voluntary and community sectors.
- 3.3 The Community Network for the district also supports the LSP, and this organisation provides a strong voice for many community and voluntary groups and organisations.
- 3.4. The LSP has adopted a vision and a set of strategic objectives, which will guide future development and service provision in the district to the year 2020. The Council has formally adopted the LSP's vision and objectives and invited all other partner organisations to do the same.
- 3.5. The success of the LSP will be gauged by its contribution towards meeting a variety of targets aimed at tackling deprivation.
- 3.6. The Regional Economic Strategy and the County Durham strategy Single Programme Investment Plan also provides a reference point for the identification of economic development capital schemes. The work of the LSP and the Council's role within it is reflected in the Capital Strategy as delivery programmes arising from the work of the LSP will be translated into a series of capital schemes. These will then be considered as part of the Council's own capital programme. Our "scoring" for capital budget proposals includes strong reference to supporting corporate objectives and hence LSP priorities so that funding is directed to specific policy areas that will effectively support progress towards our Council objectives.

4. LINKS TO OTHER PARTNERS AND THE COMMUNITY

- 4.1. In addition to its work through the LSP, the Council is working closely together with a range of organisations to maximise investment and benefit from the knowledge of others. It seeks to use its capital resources to influence external partners and take a pro-active role in obtaining financing for capital projects.
- 4.2. We have facilitated a number of other partnerships to help regenerate parts of the District and we have been successful in obtaining funding through Single Regeneration Budget rounds 3, 5 and 6 that has formed Community-based partnerships to help develop and implement programmes of regeneration.
- 4.3. Industrial development at Willington, retail and commercial business building grants, and major town centre environmental improvement schemes have been implemented through such partnership arrangements. Many of the schemes implemented through this mechanism have involved partnership arrangements

with Durham County Council, Bishop Auckland College and Groundwork West Durham.

- 4.4. Other examples of partnership working include the provision of a grant scheme to assist business in renovation of shop fronts, the enhancement of important buildings within the conservation area of Bishop Auckland town centre and pedestrianisation around the main shopping area. The latter scheme is an integral part of the town centre strategy that is aimed at regenerating the area for business and residents to facilitate increased private sector investment. The scheme has been supported financially by the Heritage Lottery Fund as well as SRB resources and carried out in partnership with Durham County Council, English Heritage and the Town Centre Forum.
- 4.5. Consequently, every effort is made to harness wider organizational interests and sympathies and exploit the opportunity for joined-up investment. Capital investment on this scheme assists the Council to make progress towards achieving its corporate objectives such as improving community safety and maximising external investment.
- 4.6. Further examples of effective partnership working includes the conversion of work space to office units and the creation of a reception area within a local business centre that seeks to develop the growth of small businesses within the locale and improve business start up and survival rates. This clearly links to economic objectives.
- 4.7. Enhancements to commercial property within the town of Crook and Stanhope are also being undertaken through the Market Towns initiative and the community partnership. The current year's capital programme also provides for environmental enhancements with the support of Durham County Council and the English Heritage.
- 4.8. It also includes the development of the Bracks Farm Business Park in conjunction with Church Commissioners and Priority Sites and Easter Developments with the intention of establishing high quality office accommodation, identified as a priority.
- 4.9. The Council is also driving ahead with partnership working with neighbouring District Councils. Examples include a successful joint bid for external funding to acquire a Customer Relationship Management computer system to facilitate the "one stop shop" entrepreneurial/business contacts in deprived communities through the LEGI initiative which could lead to the development of community business incubator space.

5. LINKS TO OTHER PLANS

- 5.1. A number of links are made to other partners via corporate plans such as the Council Plan and the MTFs. The Council Plan details the Council's vision and priorities and demonstrates how these relate to other plans and strategies. Capital linkages are shown in section 2.

- 5.2. Recommendations arising from Best Value reviews will be incorporated into capital schemes for potential inclusion within the capital programme. The Council's Capital Strategy has already been influenced by the outcome of previous Best Value reviews. For example, a review into housing services for the elderly concluded that many of the community centres located within sheltered housing developments were greatly under used and did not provide value for money. Consequently, a number of facilities have been earmarked for closure or alternative use.
- 5.3. Progress in implementation is monitored through the Asset Management Plan which in turn links to Departmental Service Plans. These service plans consider capital issues for their services and are the basis for identifying capital programme bids.

6. IDENTIFICATION OF RESOURCES

- 6.1. The Council has officers who submit bids for funding to a number of sources. These include the Heritage Lottery Fund, European Regional Assistance, One North-East Single Programme and English Heritage Conservation Grants and NRF. The framework for prioritising capital programmes encourages scheme sponsors to explore all means of funding so that capital resources are maximized as weighting is given to the degree of external funding received and the involvement of other organisations.
- 6.2. The Council acknowledges that desired outcomes cannot be met solely from the resources of the Authority. Therefore, it seeks to draw funds from alternative channels where possible. In this regard the Council has been highly successful in attracting external capital funding in recent years. Departmental service plans such as the Regeneration Department establish targets for resource bidding and outcome targets linked to that expenditure.
- 6.3. Due to the scale of the projects with which the Council is involved, the option of funding through the Private Finance Initiative (PFI) is not appropriate. This is acknowledged by external consultants in evaluating housing management options.
- 6.4. The Council has relatively few assets with which to generate capital receipts. The main on-going source of capital receipts is sale of Council houses to sitting tenants. These are used to fund the capital programme as a whole and are earmarked for particular services. However, the Council holds surplus assets that have been prioritised into a disposal programme. These are identified through the asset management planning process. During 2005/06 to 2007/08 the Council expects to receive approximately £10m from the sale of assets. This reflects the prudent management of assets in terms of identifying options for underused/surplus assets.
- 6.5. In relation to the disposal of assets the Authority has a structured programme for rationalising its number of council houses as a means of balancing supply and demand. With regard to non-council housing, the Local Development framework has a priority within it to identify potential sites for development.

- 6.6. Non housing assets are reviewed on an ongoing basis to ensure their best possible use in supporting the delivery of services. This is carried out by the Asset Management Group. The value of surplus assets that are planned for sale in the next financial year is assessed as part of the capital resources available to the Authority.

7. BIDDING FOR CAPITAL RESOURCES

- 7.1. An integral part of the Capital Strategy is establishing a framework for prioritising capital resources to support corporate objectives. Each capital scheme will have to demonstrate how it contributes towards the achievement of specified service outcomes that will be linked to the attainment of corporate objectives. A methodology to rank competing schemes and replace the present informal arrangements has been agreed by the Authority.
- 7.2. Each scheme for the forthcoming financial year will be submitted, as part of the budget process, with costings covering the period of the scheme and sufficient explanation through a completed pro-forma to permit assessment against a number of criteria. Schemes that demonstrate linkages with corporate objectives, customer demand, smart targets, partnership working and the application of external funding will be prioritised.
- 7.3. The lowest scored schemes will not be included in the approved programme where the level of resources available is less than required to fund the proposed schemes in totality. The revenue implications of each capital scheme will be reflected in the Medium Term Financial Strategy. As part of the ongoing budget monitoring process, the revenue costs of capital schemes are carefully scrutinised and anticipated revenue savings compared with those achieved.

8. MEDIUM TERM FINANCIAL STRATEGY

- 8.1 The Council has developed a Medium Term Financial Strategy which links together the priorities of the Council (as set out in the Council Plan) and available capital and revenue resources. At a strategic level, the Council does not expect to make any revenue contributions to capital in the short term or take on any unsupported borrowing as permitted by the prudential code.
- 8.2 Section 6 of the strategy outlines the Council's approach to the identification of capital resources. Given the Council's ambitions it is clear a rigorous approach to capital investment is necessary to ensure that objectives are met with finite resources.
- 8.3 The assessment of future revenue implications of capital schemes includes option appraisals on proposed schemes. For example, the costs of demolishing difficult to let housing properties are weighed against the reduced costs of screening to deter vandalism. Similarly, a proposal to construct industrial units with the associated management costs and income stream could be compared with leasing land to a developer to provide similar facilities. Consequently, the revenue implications assessed include consideration of opportunity costs associated with a course of action.

9. PROCUREMENT

- 9.1 The Council has developed a procurement strategy and appointed a procurement officer to drive forward this agenda. To increase procurement capacity the Authority is working with the North East Centre of Excellence. Priorities include the introduction of purchasing cards and review of goods and services suppliers, both of which are designed to increase efficiency.
- 9.2 External assessors have identified procurement as an area of action and the Council is currently developing its procurement approach to ensure that:
- Procurement is used effectively to deliver the Council's vision and strategic priorities.
 - Procurement underpins the Council's service objectives while achieving Best Value.
 - The approach is communicated to all stakeholders.
 - A corporate framework is followed by the Council and its partners.

10. PROJECT APPRAISAL, MANAGEMENT & DELIVERY

- 10.1 The delivery of management arrangements is detailed in the Council's Asset Management Plan. All externally funded projects are subject to rigorous external appraisal and evaluation. The key elements of internally funded schemes are set out below.
- 10.2 An inter-departmental group evaluates all proposed capital schemes to ensure their "fit" with corporate objectives and other criteria set out in the Council's Asset Management Plan.
- 10.3 The progress of the capital programme is evaluated quarterly by the production of monitoring reports to the CMT and Elected Members.
- 10.4 The contents include expenditure against budget, expected outturn, anticipated funding from borrowing, capital receipts and government grants, outputs to date against key milestones, and estimated date of scheme completion. A composite report submitted to the Council's Central Resources Committee.
- 10.5 A post evaluation process is to be undertaken on schemes above £100,000 as part of the 2006/07 budget process. Performance measures such as cost and time predictability as outlined in the Asset Management Plan are used to assist in the evaluation and targets set for improvement. Householders awarded home improvement grants or disabled facilities grants are surveyed to determine whether work has been carried out to the requisite standard and on time so that the Council can improve its services in the future.
- 10.6 The post evaluation process will also consider the delivery mechanism for the capital scheme, its programming, tendering processes and the adoption of Egan

principles. A report will be submitted to the CMT and the relevant spending committee indicating:

- (i) Budget versus actual outturn.
- (ii) Anticipated start date against actual start date.
- (iii) Anticipated end date against actual end date.
- (iv) Assessment of actual benefits against anticipated benefits.

10.7 The process and timetable for formulating, monitoring and appraising the capital programme has been agreed with Members and is shown below:

- | | |
|--------------------|--|
| August – September | (i) Following year potential schemes identified for appraisal against pre-set criteria . |
| | (ii) Review of previous year schemes against pre-set objectives carried out |
| October – December | (i) Capital Allocations Received |
| | (ii) Draft capital programme prepared for members and CMT and options prioritised for consultation |
| February | (i) Capital programme approved by members and set by Council |

10.8 As the Council operates a revised committee system model, all members are able to contribute fully to the development and monitoring of the capital programme. The capital programme will cover a three-year period and be updated annually on a rolling basis when the annual programme is approved in February.

10.9 Capital schemes are monitored monthly by each department from information contained in the financial information system and supported by advice from the accountancy function of the Council. The Council's draft three year capital programme is shown as per Annex G and links to corporate objectives specified for each scheme.

10.10 Departmental service plans also include performance on capital projects in areas of cost and time predictability and post evaluation reviews of schemes to determine whether corporate objectives have been met.

10.11 As part of asset management the generation and reporting of performance indicators such as Internal Rates of Return, running costs and backlog maintenance will challenge asset holdings that may subsequently be declared surplus (see Section 5 of AMP for more detail).

10.12 Capital schemes often straddle more than one financial year and the council is moving towards a more structured approach to developing its capital programme based around the three separate stages of:

- Commissioning of the scheme including option appraisal.
- Designing of the scheme including funding package.
- Acceptance of the scheme into the Authorities capital programme.

This specially relates to externally funded economic development schemes which rely on funding packages being co-ordinated before contractual commitments are entered into.

11. CONSULTATION

11.1 The Council uses a variety of consultation processes to harness the views of stakeholders. The SIMALTO element of the budget process seeks to identify the public's views in relation to Council expenditure where appropriate and their attitude towards changes to local tax levels.

11.2 In relation to NRF, resources are allocated through the LSP on which a variety of organisations are represented. The LSP is outlined in section 3.

12. CONCLUSION

12.1. The Capital Strategy provides a set of policies, systems and procedures for management of the Council's capital resources in order to attain its corporate objectives. It is an integral part of a comprehensive performance management framework that is designed to inform and drive continuous improvement across all council departments.

12.2. It details the process for targeting capital resources and utilising these to maximum effect. The Strategy is under continuous review by senior management and it will be further developed and updated upon completion of the Community Strategy and Corporate Plan.

12.3. The strengthening of these links will also be achieved by the introduction of the new performance management framework. The Strategy will be reviewed periodically to ensure its continuing relevance and role in determining the Council's approach to capital investment.

12.4. These measures will ensure that the Capital Strategy makes a significant contribution towards the achievement of the Council's objectives, the long term vision of the LSP and ultimately, towards improving the well being of the citizens of Wear Valley.

<u>Name</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>CORP OBJ.</u>	<u>COUNCIL PLAN</u>
	<u>Value (£)</u>	<u>Value (£)</u>	<u>Value (£)</u>	<u>SUPPORTED</u>	<u>REFERENCE</u>
IBS migration	21,250	-	-	Capacity	OD3
Civic Centre - Carpet Replacement	7,500	7,500	7,500	Capacity	OD3
Council Chamber - New Chairs	4,000	-	-	Capacity	OD3
Replacement of audio/video equipment to Council Chamber	11,500	-	-	Capacity	OD3
PC Replacement Programme	90,000	90,000	90,000	Capacity to Deliver	OD3
I.T. server replacement	14,000	14,000	14,000	Capacity to Deliver	OD3
Council Chamber - Sound System Microphones	24,000	-	-	Capacity to Deliver	OD3
Human Resources & Payroll System	67,000	-	-	Capacity to Deliver	OD3
Neighbour noise monitoring system	6,590	-	-	Crime	C1
Security Improvements	150,000	150,000	-	Crime	C1
Re Roofing Woodhouse Close Area Office	29,000	-	-	Crime	C1
Conversion of 83 Proudfoot Drive - Tenancy Enforcement Team	14,000	-	-	Crime	C1
Royal Corner - New Front Entrance Door	5,000	-	-	Crime	C1
CCTV Coverage of Mall	27,000	-	-	Crime	C1
Civic Centre - Door Access System	32,000	-	-	Crime	C1
Bishop Auckland Tourism Renaissance	12,000	-	-	Economy	EC2
Renewing Weardale Strategy - Eastgate	48,000	48,000	48,000	Economy	EC2
Fieldon bridge development - phase 1	20,000	19,000	19,000	Economy	EC2
Renewing Weardale Strategy - Wolsingham Business Park	50,000	48,000	48,000	Economy	EC2
Wear Valley Building Enhancement Scheme	48,000	48,000	-	Economy	EC2
Economic Development Fund	30,000	-	-	Economy	EC2
BA Town Centre Management	100,000	450,000	425,000	Economy	EC2

<u>Name</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>CORP OBJ.</u>	<u>COUNCIL PLAN</u>
	<u>Value (£)</u>	<u>Value (£)</u>	<u>Value (£)</u>	<u>SUPPORTED</u>	<u>REFERENCE</u>
Asset Management Backlog (Category C Properties)	245,600	151,450	142,800	Environment	OD3
Street Cleansing Fleet Replacements	200,000	150,000	200,000	Environment	EN1
Play Area Replacement	48,000	48,000	48,000	Environment	H1
Bishop Auckland Town Recreation Ground Fence	7,000	-	-	Environment	H1
Lease of vehicle for the pest control/dog warden service	4,000	4,000	4,000	Environment	C1
Refuse Collection - Office Accommodation	13,000	-	-	Environment	EN1
Crook Car Park Start Up Costs	29,000	-	-	Environment	EN1
Replacement Ride On Grass Cutting Mowers	13,500	13,500	-	Environment	EN1
Energy Efficiency Measures	60,000	60,000	-	Environment	EN4
Estate Remodelling Project	500,000	500,000	-	Environment	EN1
Structural Repairs - Council Houses	77,000	77,000	77,000	Environment	EN1
Civic Centre - Zoning of Heating	11,000	-	-	Environment	OD3
External/internal repainting - civic centre	8,500	-	-	Environment	OD3
IT Interface IBS/DHS	5,000	-	-	Environment	EN3
MRA 2005/06 replacement bathrooms	250,000	250,000	250,000	Environment	EN3
MRA 2005/06 replacement of central heating	675,000	675,000	675,000	Environment	EN3
MRA 2005/06 replacement kitchens	350,000	350,000	350,000	Environment	EN3
MRA 2005/06 replacement of windows & doors	1,300,000	1,300,000	1,300,000	Environment	EN3
MRA 2005/06 re-roofing	100,000	100,000	100,000	Environment	EN3
Crook Urban Renaissance	50,000	50,000	20,000	Environment	EN1
Car Parking Improvement Programme	92,000	96,000	50,000	Environment	EN1
West Auckland Improvement Scheme	40,000	10,000	10,000	Environment	EN1
Major and Minor Repair Grants	200,000	200,000	200,000	Environment	EN3
Dene Valley Renewal Area	200,000	200,000	200,000	Environment	EN3

<u>Name</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>CORP OBJ.</u>	<u>COUNCIL PLAN</u>
	<u>Value (£)</u>	<u>Value (£)</u>	<u>Value (£)</u>	<u>SUPPORTED</u>	<u>REFERENCE</u>
Contaminated Land	96,000	96,000	96,000	Environment	EN1
Positional Accuracy Tool	20,000	-	-	Environment	EN1
Twin Bin Refuse and Recycling Service	280,000	280,000	-	Health	EN1
Computer Replacement - leisure complexes	8,000	8,000	8,000	Health	H1
Asbestos Survey	85,000	-	-	Health	EN3
Electrical upgrades to domestic properties	284,560	288,000	288,000	Health	EN3
Public Sector Disabled Adaptations 2006/07	174,000	174,000	174,000	Health	EN3
Disability Discrimination Act	140,000	-	-	Health	OD3
Disabled Facilities Grant (Private)	204,000	204,000	-	Health	EN1
Demolition of Surplus Housing Stock	250,000	200,000	-	Population	EN3
Signage	-	30,000	-	Population	OD
Leisure assets repovision	-	-	5,000,000	Health	H1
IT Strategy Costings	-	325,000	285,000	All	OD

Total **6,831,000** **6,714,450** **10,129,300**

WEAR VALLEY DISTRICT COUNCIL

MEDIUM TERM FINANCIAL STRATEGY 2005/06 to 2007/08

INTRODUCTION

This is Wear Valley District Council's second Medium Term Financial Strategy. It supports the Council's corporate plan that sets out our key objectives and priorities for the period over the next three years to improve the services to residents.

Wear Valley District Council has clear and bold ambitions for the district and its residents. These are documented in our Council Plan. These objectives and priorities are in line with those listed in the Community Plan. The Community Plan was produced by the Wear Valley Local Strategic Partnership (LSP). The LSP brings together a variety of organisations such as the police, the community and voluntary sector and local health services and uses finance provided by the Neighbourhood Renewal Fund to impact positively on indices of deprivation and meet our objectives.

Underpinning the Council Plan is our aim to be "the best District Council in England". This is an ambitious objective but one that is necessary to make a difference to the quality of life to residents in our communities, some of which are amongst the most deprived in the country. To assist us in achieving our long-term aims and meet the day to day expectations of our residents, we identified four values that we consider are important in delivering the necessary changes. They are:

Excellence in Management and Organisation

Being an innovative Council and a centre of management excellence, empowering and communicating with our staff. Focusing our finances on our priorities and managing them prudently.

Community Led

Recognising the right of the local community in all its different forms and interests to come together to manage its own affairs. We also recognise that we must work together with other public and private organisations working within Wear Valley.

Customer Centred

Consulting our customers about the design and delivery of services, and asking them for their views of the quality of our services and success of our initiatives so that we can respond accordingly.

Citizen Focussed

Understanding and responding to the individual rights, needs and responsibilities of the local population.

To meet these challenges, we must use our limited resources carefully and target them for maximum effect. The Medium Term Financial Strategy (MTFS) sets out a framework through which the Council ensures it's using its resources to meet strategic objectives laid down in the Council Plan. It also allows us to take a longer-term view in managing our finances that is consistent with the timeframe for the planning and delivery of services. The MTFS Strategy is integrated with our planning and policy development processes and links to other documents such as our Value for Money Strategy, Asset Management Plan, Capital Strategy and Human Resources Strategy that are based around a similar timeframe.

This MTFS will support the Council's established service-planning process in which targets and action plans are agreed for the next three years. Where resources are added to a service, the service plan will describe how the increased resource will be applied to improve performance beyond current levels and meet priorities set out in the Council Plan. Where resources are withdrawn from a service there is a clear plan how this is to be achieved and its likely effect on performance and customers.

The need for a MTFS has become more important due to recent changes in the Local Government Finance Regime. These now provide increased certainty on future funding for individual local authorities and allow more accurate financial forecasts to be produced. The Council has used reserves in recent years to support its general fund budget and minimise levels of local taxation. Consequently, as financial constraints become more stringent, the importance of longer term financial planning grows so that we can provide excellent services to our residents not just now or next year but in years to come.

Due to the limitations on the resources available, the Council requires a robust approach to reducing expenditure in areas that are not a priority and directing them towards delivery of our corporate objectives. This is particularly crucial in tackling the Government's efficiency agenda for the public sector and emphasises the need for more effective procurement and joint working between authorities to enhance value for money.

Other developments increase this trend towards newer ways of working. The introduction of Local Public Services Agreements and more recently Local Area Agreements also require the Authority to work in partnership more with our neighbours which represents a new set of challenges as well as opportunities, particularly if we are to halt population drift away from the area. This requires a longer-term perspective of service delivery that will need to be backed up by adequate resources.

The Council must also tackle the problem of long term and deep-rooted deprivation in the District to improve job opportunities and the quality of life for residents. The Council has identified through its capital strategy its plans for using its capital resources available. The establishment of an Arms Length Management Organisation, Dale and Valley Homes (D&VH) to manage and maintain our housing stock should significantly increase these resources. Following external inspection in January 2007, it is expected that D&VH will receive an additional £27m worth of Government investment to allow it to improve all our domestic properties up to the Decent Homes Standard. We have also set out in our Capital Strategy plans to regenerate the District and deal with the issue of ageing leisure facilities.

Whilst we have been very successful in generating funding from external organisations, which has assisted particularly in developing the economic infrastructure of the District, the future of such funding is always uncertain. Consequently, we will plan to use resources prudently and are mindful of the need that external funding must be used in a sustainable manner that does not lead to long term costs for the Council upon the funding ceasing.

Whilst a degree of certainty has been provided through changes to mainstream Government funding, the issue of local Government reorganisation remains pertinent with the planned publication of a Government white paper. Regardless of these developments, the Council will continue to plan for the long term in the interests of its residents and target resources towards agreed corporate priorities. This Medium Term Financial Strategy is an important step in achieving that aim.

Cllr N.Stonehouse
Leader of the Council

I. Phillips
Chief Executive

G. Ridley
Strategic Director for Resource
Management

1. **CONTEXT STATEMENT**

1.1 In compiling the MTFs we have adopted the following principles:

- Budgets set will be affordable and not jeopardise the financial stability of the Council in either the short or long term.
- Council tax levels will be kept to a minimum consistent with the provision of effective and efficient services.
- All spending plans will need to demonstrate that they can achieve value for money and support best value principles.
- Spending will be agreed only when the necessary funding is identified and approved
- The Council will not borrow money unless its financing is supported by Government funding.
- External funding will be sought wherever it can be used in a sustainable manner that does not lead to unforeseen costs to the Council.
- The Council's finances will be publicised to stakeholders in an open and transparent manner.
- Customers and citizens will be involved in setting spending decisions

1.2 In our Council Plan following consultation with all stakeholders, we have set the following strategic objectives:

Strategic Objectives	Description
Population	The Council will use its statutory powers, resources and influence to help create a balanced, vibrant and growing population, across the whole of Wear Valley District.
Economy	The Council will enable the development of a continuously improving economic infrastructure and environment in Wear Valley.
Health	The Council will use its services to help improve the health and well being of Wear Valley residents and promote healthy lifestyles.
Crime	The Council will design its services to increase community safety and crime prevention and work closely with key partners to improve crime reduction.
Environment	The Council will aim to secure new public and private investment to improve the built and natural environment.
Learning	The Council will support life long learning

- 1.3 The political, economic and social environment in which we are operating is continually changing. This represents a particular set of challenges that must be met if we are to meet our objectives.
- 1.4 This dynamic environment is evident in a number of ways such as changes to local authority funding mechanisms and a renewed emphasis upon demonstrable efficiency in the public sector. The Government is also maintaining a strong emphasis upon external inspection through the Comprehensive Performance Assessment. We must measure and demonstrate continuous improvement through national and local performance indicators. The promotion of technology as a means of enhancing customer access and service delivery for local services remains a national priority as well as the introduction of new initiatives such as Local Area Agreements.
- 1.5 Another critical external factor is the external pressure upon our population level as a result of Government policy on planning and the associated impact upon resources provided. Whilst all these factors impact either positively or negatively upon our ability to meet our priorities, they must be taken into account in our medium term financial plans.

Local Government Funding

- 1.6 There have been significant recent changes to the funding regime for local authorities. For the first time, Government decided to announce forward allocations for most grants for 2006/07 and 2007/08. It is anticipated that the 2007/08 final settlement will provide indication for the following two years. As from 2008/09, the Government will announce settlements for three years at a time. This shift to multi-year settlements is intended to align their timing with Government's Comprehensive Spending Reviews. This shift will assist the Council in effective medium term financial planning.
- 1.7 The Government also moved in its 2006/07 settlement from a system of grant that sought to gauge notional measures of spend (Formula Spending Share) to one that distributes resources according to a determination of relative needs whilst providing an element of funding based solely on population. The formula for each specific service area is built on a basic amount per client plus additional top ups to reflect local circumstances.
- 1.8 The Council currently has the second highest Council tax level (Band D) in County Durham and one that is higher than the national average for districts. However, to minimise the tax burden, we have increased Council Tax by an average of 2.2% per annum over the last four years. This is below the prevailing rate of increases in the Retail Price Index. The 2006/07 charge for a Band D property is £197.07.
- 1.9 However, the majority of Wear Valley resident pay significantly less than the Band D charge as approximately 60 % of our households live in Band A properties. The Council also rebates approximately 21% of the Council tax collected through Council Tax benefit further reducing the charge on residents. Whilst the Council is responsible for the issue of council tax bills, we receive only

15% of the total to fund our own services, the remainder being paid over to major precepting bodies such as Durham County Council.

- 1.10 The Government insisted that it did not expect council tax increases to be set above 5% for 2006/07 and threatened to use its reserve powers to force Councils to re-bill if they were to set an increase greater than that amount. This form of “capping” effectively restricts the Council’s tax raising powers. The net General Fund budget is financed approximately two- thirds from Government grant and one-third through Council Tax. This means that a 1% increase in expenditure would lead to a 3% increase in Council Tax. This so called “gearing” effect acts as a disincentive to raise local taxes.
- 1.11 The future of local government finance remains uncertain and further changes are likely. The Government established the Lyons review in July 2004 to analyse options for local government funding. The remit of the review has since been extended to cover the form and functions of local government and is expected to report at the end of 2006. The final report could have major implications for the funding of local authorities and in particular the future of council tax as a means of raising revenue locally.

Efficiency

- 1.12 As a result of the 2004 Gershon review, Government has planned for significant efficiencies to be achieved by the public sector including local authorities in the next few years. The efficiencies to be achieved can be either cashable i.e. representing actual money or non-cashable which represent notional savings. Notional savings arise from increasing levels of performance for the same cash inputs or maintaining levels of performance from reduced cash inputs.
- 1.13 Government have set the following efficiency targets for the Authority:

	<u>£</u>
2005/06	306,000
2006/07	306,000
2007/08	306,000

- 1.14 These figures represent a cumulative 2.5% efficiency gain year on year calculated from Government estimates. Efficiency savings of £713,000 were achieved in 2005/06 exceeding the target set. The planned saving for 2006/07 is £422,000 which also exceeds the Government target.
- 1.15 Through increasing efficiency in line with these targets, we will be better able to fund our priorities set out in the Council Plan. This will be managed through the implementation of a Value for Money Strategy. The redirection of resources amounts to significant sums with which to re-invest in front line services.
- 1.16 Priority areas to identify savings and efficiencies in 2006/07 are:
- (i) Procurement
 - (ii) Use of electronic service delivery
 - (iii) Shared Services/Partnership Working.

- 1.17 A copy of the Council's forward looking efficiency statement for 2006/07 is shown at Annex I. The planned savings are in excess of the Government's 2.5% target.

External Inspection

- 1.18 The Comprehensive Performance Assessment (CPA) represents an overall judgement on Council performance by the Audit Commission. In its last assessment in 2003, the Council was assessed as a "fair" performing Council. In a follow up inspection in 2004 which assessed the Council's "direction of travel", the Council was judged to be making good progress.
- 1.19 The Audit Commission's 2004/05 Audit letter stated that overall the Council had made some progress on improving corporate arrangements. It also evaluated the Council as performing adequately in its Use of Resources assessment.
- 1.20 Whilst changes to the CPA process remain to be decided for district councils, the requirement to demonstrate best value remains. We are also subject to an annual evaluation on our financial management performance through the Use of Resources assessment.

Wider Economy

- 1.21 The Council's financial position is impacted by global economic conditions. For example inflation (both pay and non-pay) affects the Council's cost base. The Council's finances are sensitive to changes in inflation and therefore it has modelled the impact of changes in its three-year forecasts.
- 1.22 Public sector pay and future pay awards are particularly significant given the high proportion of the Council's costs that are pay related. The Government announced in their recent budget that they expect future public sector pay inflation to be at or below 2%. The Council's medium term revenue forecasts have taken a more prudent approach by forecasting pay inflation in line with recent year's salary settlements and taking account of the potential financial implications from the current job evaluation exercise.
- 1.23 The Council's finances are also affected by changes in interest rates. The Council has an active treasury management operation that invests surplus cash holdings and borrows from the Public Works Loan Board as required to cover cash flow shortfalls.
- 1.24 The Council also receives over £800,000 per annum for planning and property related services. Demand for these services is sensitive to economic changes and would impact upon the Council's revenue stream.

Local Area Agreements

- 1.25 The Government recently introduced the concept of Local Area Agreements (LAA's). The intention is to bring together a variety of public sector agencies including local authorities from all tiers to deliver and co-ordinate services. To

facilitate this objective the Government will integrate a number of disparate funding streams, reduce bureaucracy and enhance efficiency.

1.26 LAA's provide an opportunity to consider, negotiate, agree and deliver local and national outcomes. The agreements are based upon mature discussions between local and central government leading to more relevant outcomes for local areas with devolved responsibility to respond and deliver.

1.27 Through consultation with a variety of stakeholders, the Council established a number of corporate objectives specific to Wear Valley. Whilst these are relevant to the needs of Wear Valley, they also link with priorities established by the County Durham Local Area Agreement as below and are complimentary to wider national priorities:

National Priorities	Local Area Agreement Priorities	Council Objective	Local Priority for Improvement
Raising standards across our schools	Children and Young People	The Council will support life long learning	<ul style="list-style-type: none"> • Increasing proportion of population attaining basic skill standards • Reduction of number of working age people with no qualifications in key geographical areas • More Council employees with accredited qualifications • Increased number of modern apprentices
Improving the quality of life	Children and Young People	The Council will work for a slowly growing and demographically balanced population	<ul style="list-style-type: none"> • Balanced and increasing total population • Improved community engagement and capacity • People satisfied with Wear Valley as a place to live • Reduction in the proportion of the population living in areas identified as being in the top 10% for deprivation
Promoting healthier	Health and Older People	The Council will use its services to	<ul style="list-style-type: none"> • Improved life expectancy and

National Priorities	Local Area Agreement Priorities	Council Objective	Local Priority for Improvement
communities and narrowing health inequalities		help improve the health and well being of Wear Valley residents and promote healthy lifestyles	<p>reducing premature mortality rates</p> <ul style="list-style-type: none"> • Improved well-being of citizens
Creating Safer and Stronger communities	Safer and Stronger communities	The Council will design its services to increase community safety and crime prevention and work closely with key partners to improve crime reduction	<ul style="list-style-type: none"> • Reduced crime and anti-social behaviour • Reduced fear of crime • Work with partners to develop and implement a Crime Reassurance Strategy
Transforming our local environment	Safer and Stronger communities	The Council will aim to secure new public and private investment to improve the built and natural environment	<ul style="list-style-type: none"> • An improved built and natural environment • Implement regeneration programmes targeted at former coalfield settlements • More homes in Wear Valley meeting the Decent Homes Standard • Improve energy efficiency and reduce fuel poverty
Promoting the economic vitality of localities	Economic Development	The Council will enable the development of a continuously improving economic infrastructure and environment in Wear Valley	<ul style="list-style-type: none"> • Increase in employment rates in key target groups • Increased number of businesses including social enterprises and tourism • Increased number of people on Incapacity Benefit moving into employment • A more diverse

National Priorities	Local Area Agreement Priorities	Council Objective	Local Priority for Improvement
			economy in Wear Valley with higher % in growth industry sectors and knowledge intensive businesses

Electronic Government

1.28 Work is ongoing to deliver Priority Service Outcomes as a first step to enhancing customer access to services using new technology. The further achievement of e-government will be dependent upon:

- Replacing outdated legacy systems
- Developing 24/7 service delivery
- Giving staff and Members the skills and tools needed to deliver efficient and effective services
- Changing attitudes and organisational culture to meet customer expectations
- Improving access channels whereby customers and citizens can access services to a consistent standard regardless of the means of access

1.29 The e-government programme has been funded from Government grant, an earmarked reserve, other capital resources and ongoing revenue expenditure. There is a need to link the e-government agenda to the efficiency agenda in terms of e-procurement, customer relationship management and process re-engineering etc. This will be developed over the period cover by the plan. The efficiencies generated from e-government are assumed to cover additional revenue costs that may arise in the long term.

1.30 The Council's ICT (Information Communications and Technology) strategy outlines the steps that will be taken to achieve corporate objectives through the use of ICT. The strategy details replacement plans for all main ICT systems over the period covered by the Medium Term Financial Strategy. The three-year estimates within the Medium Term Financial Strategy assume that in relation to ICT:

- No direct revenue funding of ICT capital expenditure.
- No lease payments to fund ICT capital expenditure.
- Ongoing revenue costs of new/upgraded systems are assumed to be the same as existing systems.

Demographics

1.31 The Council aims to stem the recent decline in its population and has had some success in this area. Population loss has an impact upon the level of external

funding received from Government and upon the planning and delivery of services.

- 1.32 The Council is addressing this issue by improving the local housing, the quality of social housing in the district and working with partners to create sustainable communities that people will want to live in and around for the future.

Current Financial Position

- 1.33 The Council’s general fund financial position in 2006/07 is relatively stable. However, it continues to use reserves to maintain its current spending levels. This is not sustainable in the longer term and it has sought to use external funding streams where possible to deliver key services such as reducing crime and supporting the local economy.
- 1.34 The 2006/07 settlement provided the Council with a significant increase in funding, although a sizeable proportion was intended to compensate the Council for changes to concessionary travel rules for persons over 60. In addition, the Government continued their recent policy of minimising changes on a year by year basis for each council by the use of floors and ceilings adjustments.
- 1.35 Our Housing Revenue Account that is used to manage and maintain our housing stock is on a firm financial footing. Changes to the national subsidy system and effective financial control have allowed us to replenish reserves that had been eradicated in previous years due to financial pressure.
- 1.36 In relation to capital, we have accumulated significant receipts from land sales in recent years. The proposed use of this resource is set out in the Council’s Capital Strategy taking into account any revenue implications from such schemes.
- 1.37 The bedrock of the MTFs is the three-year forecasts for both revenue and capital. These indicate any potential funding gap between the aspirations of the Council Plan and the funding available. Any significant changes in the annual budgets will be reflected in an updated three-year forecast. The three-year forecasts will also be amended in accordance with experience from prior years following the closure of prior year accounts.
- 1.38 The MTFs is one of a set of interrelated plans that form the broad policy framework of the Authority. The MTFs is linked to a variety of other documents as below:

Policy/Document	MTFS Link
Community Plan	Council’s financial contribution towards LSP objectives
Council Plan	Council’s financial contribution towards achievement of its corporate objectives
Value for Money Strategy	To identify efficiencies so that resources are re-allocated to front line services
IT Strategy/IEG	Use of external funding to promote e-government and cognisance of ongoing revenue implications

Policy/Document	MTFS Link
Human Resources Strategy	Financing of training programme
Capital Strategy	Recognition of the capital resources required to deliver the Council's medium term capital programme
Asset Management Plan	Identifying the capital resource to improve the Council's property portfolio and ensure its buildings are fit for purpose
Waste Management Strategy	To provide the necessary revenue and capital resource to enhance liveability
Procurement Strategy	To promote value for money and efficiency in how the Council spends its resources

2. COUNCIL PRIORITIES

- 2.1 The Council has six corporate objectives set out in the Council Plan. It also sets out priorities to enable their achievement by developing our “capacity to deliver”. The Council Plan brings together key priorities and actions from other Council documents and strategies and ensures that everything the Council does is focused on our six strategic objectives. The process by which revenue and capital funding is allocated is driven by the Council Plan such that changes in allocations are determined in accordance with policies and priorities. Within the Council's corporate plan, each objective has a set of priority actions.
- 2.2 The Council Plan acts as a controlling mechanism whereby the overall achievement of Corporate objectives is broken down into discrete work areas which is then included in departmental service plans. The cost of carrying out the work to deliver our priorities and objectives set out in the Council Plan has been assessed. These costs are contained within the three year forecasts which are detailed further in sections three and four of this document. The resources estimated to carry out the key actions set out in the Council Plan are shown in Annex J. This annex provides the link between inputs (human and financial) and outputs / outcomes as well as a risk assessment on the achievement of these outcomes. The table at paragraph 1.27 further shows the link between the Council Plan outputs/outcomes through to national priorities. The majority of costs relate to officer time that has been included within the relevant salary budgets.
- 2.3 Where specific tasks are identified, funding has been made available from a combination of both internal and external resources. Past action and future proposals to deliver these objectives are summarised below:
- i) The Council will use its statutory powers, resources and influence to help create a balanced, vibrant and growing population, across the whole of Wear Valley District.***
- 2.4 In order to maintain and bolster strong and healthy communities, we have undertaken a study into the causes of outward migration from the District. The main determinants appear to be economic and environmental, particularly poor housing.

- 2.5 Through the establishment of an ALMO, the Council will upon receipt of a satisfactory inspection be granted an additional £27m to renovate its housing stock to bring it up to the Decent Homes Standard (DHS). It is planned for all our housing stock to meet the DHS by the end of 2010 and the resources included within this strategy's capital forecasts. We have also budgeted to spend £450,000 over the next two years in selective demolition of Council dwellings where there is low demand.
- 2.6 The Council is tackling the low rates of employment and enterprise in the area, which is a factor in outward migration. This includes investment of over £5.7m in the economic infrastructure during the lifetime of this plan largely funded from external sources supplemented by a continuing campaign to market and promote Wear Valley as a desirable business location. We will also use funding received through the Local Enterprise Growth Initiative to raise entrepreneurial aspirations, generate employment sustainability and increase enterprise and business activity within the most deprived communities. An initial sum of £10.2m to be shared with neighbouring authorities has been allocated for the period to 2008/09.
- ii) The Council will enable the development of a continuously improving economic infrastructure and environment in Wear Valley.**
- 2.7 Wear Valley has suffered from a decline in traditional industries and the withdrawal of major employers particularly in Weardale. This has resulted in the loss of significant number of jobs in the last five years.
- 2.8 As mentioned in paragraph 2.5, the Council has budgeted to invest significant sums into the economic infrastructure of the District. This includes development of the site at Bracks Farm and a site on the edge of Crook. This is primarily funded from Neighbourhood Renewal Funding, and resources from the regional development agency, One North-East. This will build on the success of new workspace development at Innovation House on the outskirts of Bishop Auckland. The Council's contribution has been built into its three-year revenue and capital forecasts.
- iii) The Council will use its services to help improve the health and well-being of Wear Valley residents and promote healthy lifestyles.**
- 2.9 Wear Valley has an unenviable record of poor health and low mortality as measured by the indices of deprivation. This is as a result of poor diet, high rates of smoking and low levels of disposable income. Many of the factors impacting upon poor health are interrelated and the Council is working with many of its partners including pooling resources to deal with these issues. This includes community physical activity programmes such as the "Wellness on Wheels" scheme which promotes exercise through the provision of mobile facilities and the establishment of a legacy programme.
- 2.10 We will continue to try and increase the disposable income of the poorest households through benefit take up campaigns and the money advice service. Working with the Primary Care Trust, we are continuing with our cardiac rehabilitation programme for those with heart conditions. We are also promoting

one off events such as the Great North Walk and through external funding promoting the work of Community Physical Activities Co-ordinators. The revenue costs of these services are built into the three-year forecasts

2.11 The Council has shifted spending away from low to high priority areas. For example, it has reduced expenditure on fixed leisure facilities. However, we are currently in discussion with other parties to provide joint facilities with the intent of achieving lower running costs and targeting service provision more specifically. Potential revenue savings from the joint operation of leisure facilities have not been taken into account in the medium term forecasts as this is not considered to be prudent. The estimated Council's share of the capital investment required to provide joint leisure facilities has been included within the Council's three year capital programme as set out in its Capital Strategy.

2.12 The Council will also invest increasing sums in its concessionary travel scheme. We have extended the remit of the scheme beyond free travel wholly within the district to free travel throughout County Durham. The estimated costs of this are included within the three-year revenue estimates. As well as supporting the Council's own objective, it also addresses the national priority of meeting transport needs more effectively.

iv) The Council will design its services to increase community safety and crime prevention and work closely with key partners to improve crime reduction.

2.13 Levels of crime have fallen in recent years. The Council will invest £450,000 over the next three years in security improvements to its housing estates. We will also invest £500,000 a year in demolishing and clearing stock where there is very low demand as long term empty properties attract vandalism and anti social behaviour.

2.14 We will continue to fund a street warden service covering the whole of the District. We will also through the Wear Valley / Teesdale Community Safety Partnership promote awareness of crime and the means of reducing it. External funding from a variety of sources in particular the Home Office will be used to fund these initiatives supplemented by Council resources. This is built into the council's three-year revenue and capital plans

2.15 The drift of young people away from the District is a cause for concern. This will be addressed by increased engagement with young people through the Community Physical Activity Co-ordinators and development of a youth forum. These are largely externally funded, however the Council's contribution has been built into its three-year forecasts

v) The Council will aim to secure new public and private investment to improve the built and natural environment.

2.16 Wear Valley has almost half of its area designated as an area of natural beauty. However, many areas suffer from incidence of litter, dog fouling and fly tipping which detract from the value of the environment. We will invest significant sums in public realm enhancement in all our towns and villages. This includes

development of the tourism potential of Bishop Auckland and improvements to our open spaces. The Council through its Arms Length Management Organisation will be investing £27m over the next three years to meet the decent homes standard for our tenanted dwellings.

- 2.17 We will also invest in establishing a twin-bin recycling scheme to further enhance recycling rates and protect the natural environment as well as demolishing empty properties. Sizeable investment has also been earmarked for the street cleansing service. We are also investing significant sums in the regeneration of the Dene Valley area by selective demolition and environmental enhancement. The capital and revenue costs of the plans are built into the Council's three-year revenue and capital forecasts

vi) *The Council will support life long learning*

- 2.18 Residents of Wear Valley have lower than average academic qualifications. This has a natural impact upon employment prospects. Working with partners such as Bishop Auckland College, we will continue employing apprentices within the Council and establish basic skills programmes in our most deprived areas. We will also continue to engage with local groups to develop learning within the community. For example, the Council training budget has funded an initiative to improve the computer skills of employees and their family members. The capital and revenue costs of the plans are built into the Council's three- year revenue and capital forecasts.

Capacity to Deliver

- 2.19 In order to deliver these corporate objectives, we must also invest in our capacity to deliver. Through the pursuit of management and organisational excellence, we will continuously improve our services and our means of delivering upon strategic objectives. Our priority actions are aligned with the corporate values. These include developing and sustaining an effective performance management framework, a human resources strategy, developing the organisation to deal with the opportunities provided by Local Area Agreements and using resources in a cost effective manner that ensures value for money by focussed management of assets.
- 2.20 National priorities are included within the Council's focus. For example £500,000 has been spent to the end of March 2006 on promoting electronic government and enhancing customer access. Through a county wide partnership, the Council has invested in a joint Customer Relationship Management System as well as developing its website to facilitate the provision of customer services on line. A further £245,000 will be invested in the next two years using funding provided by Government to use technology to increase the efficiency and effectiveness of services. The initial capital investment and on-going revenue costs are built into the Council's revenue and capital plans.
- 2.21 Through the development of a human resource strategy, the Council recognises that it must invest in both member and officer capacity in order to improve the effectiveness of the Council in delivering its objectives. This investment is financed by a member and management development fund of £180,000 that has

been included within the three-year financial forecasts. This is supplemented by training budgets for specific service areas held by each Department. In addition, there is a training reserve of £82,000 which will be utilised to develop skills and capacity within staff.

- 2.22 Any significant changes in funding given to a service will relate back to the Human Resources Strategy in terms of workforce planning, redeployment and training. The MTFS should enable a more considered approach to workforce planning by identifying staff requirements over a three- year timeframe.
- 2.23 The Authority has recently purchased a performance management system from monies set aside in the capital programme as a means of driving forward performance improvement. External funding has also been secured to jointly employ, with Teesdale District Council, a procurement officer.

Consultation

- 2.24 The Council has consulted with all its stakeholders in formulating its priorities as set out in its Council Plan and service delivery mechanisms. For example, it undertakes an exercise annually on identifying public preferences for resource allocation and opinions on changes to local taxation levels. The results are used to feed into the budget decision making process. We also consult through feedback to elected members and via our membership of the Local Strategic Partnership.
- 2.25 There are also a variety of consultation methods used at individual service levels such as questionnaires, focus groups and attendance at local fora involving residents and local interest groups. Housing tenants are consulted after interaction with our repairs and maintenance service. They were also consulted extensively on the decision to form an Arms Length Management Organisation to manage the housing stock. We also consult on the customer experience of major services such as street cleansing, refuse collection and housing benefits.

Service Planning

- 2.26 Departmental service plans are the building blocks of service delivery. Each element of service delivery with a Departments Service Plan is accurately costed. This will ensure that any changes to service delivery are reflected in the relevant Service Plan in terms of resource changes. Changes in resource levels should be consistent with the resource allocations within the MTFS.
- 2.27 Performance targets and policy must be reflected in service plans. Therefore officers need clear direction in terms of policy direction when formulating service plans.
- 2.28 Each department service plan contains its contribution to achieving the Council Plan. This establishes the necessary links between service planning arrangements and local priorities.

Asset Management

2.29 The Council's updated Asset Management Plan (AMP) has identified the following areas where progress is planned:

- (i) Backlog Maintenance - The AMP identified a total five-year backlog of £4.6m on its corporate property portfolio. Each property was categorised according to its condition and £640,000 allocated over three years to deal with those properties in the worst condition. The backlog relating to our two leisure centres is being tackled by consideration of a replacement facility shared by other partners. The capital cost of such a replacement has been included within the three-year capital forecasts.
- (ii) Disability Discrimination Act - Work is on-going to make the Authority's assets compliant with relevant legislation.
- (iii) Surplus assets - We have identified surplus assets within the Authority. Consideration is being given to the establishment of a regeneration company to develop a disposal and renovation programme.
- (iv) Energy Efficiency – We will be tackling rising energy costs through a programme of measures to reduce consumption across the Council's portfolio.

Partnerships & External Funding

2.30 We recognise that much of what the Council wishes to achieve cannot be attained by working in isolation. Consequently, the Council adopts partnership working where there are clear financial benefits. These include:

- Pooling resources to facilitate attainment of corporate objectives
- Using resources more efficiently and effectively
- Ability to lever external resources
- Pooling resources to manage financial risk
- Pooling resources to maximise efficiency of service delivery

2.31 Partnership arrangements must adhere to the corporate protocol for partnership working prior to their establishment. Partnership arrangements must include:

- Effective systems for managing and monitoring income and expenditure
- Appropriate risk appraisal
- Maintenance of registers that document assets owned by the partnership
- Preparation of financial accounts in accordance with statutory requirements
- Audit of accounts by an independent auditor in accordance with statutory requirements.
- A robust exit strategy

2.32 In addition, the Council has signed up to use the North-East Centre of Excellence's Partnership Evaluation software. This tool will be used to undertake

a rolling programme of assessment that will test all of the Council's partnerships for value added and their contribution to the Council's agreed objectives. All new partnerships will be tested using the software prior to them being endorsed by the Council.

2.33 The Council has an integral role in the Local Strategic Partnership (LSP) that is responsible for the allocation of £8.4m funds over the period 2006/07 – 2008/09. This resource has come from the Government programmes of Neighbourhood Renewal, Liveability and Safer, Stronger Communities Funding. Some of these funds have been used to replace or increase Council resources in areas such as economic development and street cleansing. The role of the LSP and the County Durham Local Area Agreement may impact upon the subsequent distribution of resources. The three-year revenue and capital forecasts in the plan take account of prospective allocations from these funding sources.

2.34 The Authority has been successful in attracting external funding to aid service delivery. However, once the funding ceases the ongoing revenue support needed to continue the service can represent a strain on finite resources. The table below sets out the projected fall out of external revenue funding from the 2006/07 base budget over the period covered by this plan:

Funding Source	Loss (£000)	
	2007/08	2008/09
Local Public Service Agreements	50	-
Arts Council	11	20
Lottery Fund (Mobile Wellness)	-	164
North East Centre of Excellence	12	6
Building Safer Communities (Home Office & Teesdale DC)	-	50
Durham Police Authority – CCTV	16	-
Domestic Violence – NRF	6	-
Financial Incentives Scheme – NRF	-	100
Durham Dales PCT (Good for the Soul)	15	-
Waste Performance Grant	-	60
Total	110	400

2.35 The above shows a potentially serious fall out of grant aided expenditure in the coming years. This needs to be managed in terms of either:

- Identifying alternative funding streams
- Ceasing service delivery
- Including the expenditure in the revenue budget.

2.36 The three-year forecasts assume that service delivery ends upon cessation of the external funds.

3. REVENUE PLANS / FORECASTS 2006/07 – 2008/09

3.1 The MTFS is a financial forecast that ensures that our spending plans are aligned with the priorities set out in the Council Plan and corporate objectives. It

also demonstrates that budgeting is policy led and not finance led. Whilst forecasts are subject to change, we can use all the available information to ensure that projections are as accurate as possible. This includes taking account of all known commitments, inflation increases, and Government funding changes as well as the mainstreaming of commitments that are currently externally funded.

- 3.2 The annual budgets are drawn up with reference to the MTFs and service plans. However, the forecasts will be updated on an annual basis at the conclusion of each annual budget round. They will also be revised upon a change in Council policy or service development commitment which is likely to result in a significant financial commitment. Consequently, the forecasts within the MTFs will reflect the Council's up to date financial position.
- 3.3 As the actual income and expenditure records of the Council are a significant influence on the forecasts produced, all employees involved in financial processes are committed to maintaining the highest level of data quality. This is supported by training, clear communication of responsibilities and arrangements for effective control.

Resources

- 3.4 The Government published a two-year settlement for 2006/07 and 2007/08. As from 2007/08, the settlement will be on a three-year basis in line with the timing of the Comprehensive Spending Review.
- 3.5 The Government committed itself in the 2004 spending review to increases of 5.5% in real terms per annum. However, the increases relating to District Councils are likely to be much lower. It is assumed that the indicative increase of 4% for 2007/08 is repeated for 2008/09.

Reserves and Balances

- 3.6 The MTFs takes account of the need to provide contingencies against unforeseen costs. Consequently, the Authority has agreed a protocol on the Authority's use of reserves and balances. This has taken account of the CIPFA policy on local authority reserves and balances in determining their appropriate level. We have also taken a prudent view in compiling these forecasts in line with the principle of affordability. Desired levels of reserves and balances will be reviewed in the light of any substantive changes to the risks that the Council faces.
- 3.7 As at the end of March 2007, the Council is estimated to have £800,000 in unallocated general fund reserves which is judged to be the minimum figure necessary to cushion the Authority against unforeseen events. The comparative figure for the Housing Revenue Account (HRA) is £1,250,000. These are considered adequate for the Authority given the net levels of expenditure within the General Fund and HRA and their historic spending patterns. The minimum level of balances deemed essential is reviewed each year as part of the budget setting process.

3.8 The Council's unallocated reserves along with its earmarked reserves enhance the Council's financial security. The value as at 31st March 2006 and purpose of these earmarked reserves are listed below:

Reserve	£000	Planned Use/Rationale	Risks	Mitigation
Asset Management Reserve	146	To assist in meeting backlog maintenance requirements	<ul style="list-style-type: none"> • Failure to identify backlog • Failure to tackle backlog 	<ul style="list-style-type: none"> • Annual review and reported to Committee • Capital bids submitted
DSO Relocation	50	To support the cost of transferring the housing building maintenance service from its present location	<ul style="list-style-type: none"> • Inadequate level of reserve 	<ul style="list-style-type: none"> • Reserve reviewed annually
Insurance Fund	196	To support the cost of self-insurance as a cushion against unforeseen increases in premia	<ul style="list-style-type: none"> • Provision inadequate due to number of claims 	<ul style="list-style-type: none"> • Risk management awareness to reduce number of claims
E-Government/IT	390	This is to assist in the implementation of e-government. Detailed expenditure plans are included in the Authority's Implementing Electronic Government statement.	<ul style="list-style-type: none"> • Lack of clear I.T. strategy with milestones 	<ul style="list-style-type: none"> • I.T. strategy drafted
Disability Discrimination Act (DDA)	150	This will assist in meeting the requirements of the DDA 2005.	<ul style="list-style-type: none"> • Failure to tackle backlog of repairs 	<ul style="list-style-type: none"> • BVPI used as a performance management tool to ensure buildings improved. • Capital bid used to supplement reserve
In-house Training	82	To support staff and member development as new ways of working and the Government agenda require a cultural shift	<ul style="list-style-type: none"> • Failure to identify training needs 	<ul style="list-style-type: none"> • 'PDPs' produced for all staff

Reserve	£000	Planned Use/Rationale	Risks	Mitigation
Risk Management	40	To promote the risk management agenda through training and awareness raising	<ul style="list-style-type: none"> • Failure to embed a risk management culture 	<ul style="list-style-type: none"> • Training given to staff and Members on risk management and included in induction process
Economic Development Fund	154	To support measures to reinvigorate the local economy	<ul style="list-style-type: none"> • Lack of clear economic development strategy 	<ul style="list-style-type: none"> • Development based around Council Plan objectives and Regional Economic Strategy
Youth Fund	47	To engage with young people so that services are designed in accordance with their wishes and needs	<ul style="list-style-type: none"> • Lack of clear 'young persons' strategy 	<ul style="list-style-type: none"> • Revenue budget available to meet initial demands
Service Improvement Fund	83	To support innovation in service delivery	<ul style="list-style-type: none"> • Inadequate level of reserve 	<ul style="list-style-type: none"> • Reserve reviewed annually
Community Fund	25	To provide grant support to individuals and voluntary organisations	<ul style="list-style-type: none"> • Insufficient funds to meet demand 	<ul style="list-style-type: none"> • Ongoing budget monitoring of fund
Lifelong Learning	20	To support the Council's corporate objective of promoting lifelong learning	<ul style="list-style-type: none"> • Insufficient funds to meet demand 	<ul style="list-style-type: none"> • Revenue training budget available to develop staff internally
Health Initiatives	27	To support the Council's corporate objective of improving health and well-being	<ul style="list-style-type: none"> • Insufficient funds to meet demand 	<ul style="list-style-type: none"> • Revenue budget available to meet initial demands
SHIP Monies	100	To cover the revenue costs associated with the Single Housing Improvement Programme	<ul style="list-style-type: none"> • Inadequate level of reserve 	<ul style="list-style-type: none"> • Reserve reviewed annually
Best Value	10	To facilitate a rigorous and well managed best	<ul style="list-style-type: none"> • Failure to agree Best Value review 	<ul style="list-style-type: none"> • Review programme included within

Reserve	£000	Planned Use/Rationale	Risks	Mitigation
		value review programme	programme	Council Plan
Budget Support Fund	400	To assist in meeting future budget requirements in the face of increasing cost pressures	<ul style="list-style-type: none"> • Cost pressures exceed reserve 	<ul style="list-style-type: none"> • Ongoing budget monitoring to identify efficiencies • Value for Money actions achieved in order to generate efficiencies
Local Development Framework (LDF)	70	To assist in meeting the costs of the LDF such as publication and inspection	<ul style="list-style-type: none"> • Cost of developing framework exceeds reserve 	<ul style="list-style-type: none"> • Ongoing review of reserve to ensure adequacy

3.9 The levels of reserves and balances have links to the Authority's treasury management strategy. These are set out below:

(i) Investment Return

The Authority's reserves and balances are invested which produces an income stream for the General Fund. Any use of the reserves/balances will reduce investment income to the General Fund. This is taken into account in the three-year forecasts.

(ii) Debt Management

The management of the Authority's debt in terms of housing subsidy entitlement, premiums paid and discounts repaid are kept under regular review with assistance from the Authority's treasury management advisers. This enables the Authority to take advantage of changes in borrowing/lending rates and changes to regulations regarding capital finance.

(iii) Options for capital finance

Certain reserves e.g. I.T. reserve, Asset Management Reserve, Disability Discrimination Act reserve enable the Authority to consider alternative forms of capital financing e.g. use of reserve, lease of asset with lease payments met from reserve etc. This gives the Authority added flexibility when setting its capital programme.

(iv) Cash Flow

The Authority can benefit from the existence of its reserves to assist with day to day cash flow forecasting to take account of short-term changes in interest rates.

3.10 The adequacy and nature of each reserve is considered at budget setting time. This includes:

- The extent to which any reserve will be used.
- The opportunity cost of holding the reserve i.e. the interest guaranteed from the reserve compared to the benefit derived from spending the reserve in the coming year.
- The need for any additional reserve to be established.

3.11 This exercise is repeated as part of the production of the Council's annual Accounts.

3.12 The Council's reserves and balances are monitored during the year as part of the budget monitoring process. Reports to Committee include a consideration of the extent to which spending impacts upon reserves and balances in terms of affordability.

Risks

3.13 The Council acknowledges that it must take account of risk in planning its services. Many of the Council's risks are covered by insurance. However, there are many risks that are not insurable. Our policy on reserves takes account of the sensitivity in assessing the financial impact of the potential risks that are listed in the table below. We have ensured that there are sufficient reserves to maintain financial stability in the medium term.

3.14 The anticipated cost of these risks where quantifiable has been built into the three year revenue estimates as indicated in the table below. The exception is the additional resource of £27m available to meet the Decent Homes Standard in the event of achieving a two star rating upon inspection of the housing service. This sum has not been included within the three-year capital programme. The level of risk has also been assessed with regard to both likelihood and impact leading to a combined score. Costs arising from the other risks listed would in the first instance be funded by un-earmarked reserves.

RISK	LIKELIHOOD (1-3)	IMPACT (1-3)	SCORE (1-9)	RESPONSE	£000
Failure to achieve 2 star rating for Dale and Valley Homes (D & VH)	2	3	6	Work towards meeting key lines of enquiry for housing inspection	27,000
Implications of establishment of Dale and Valley Homes (D&VH) upon support	2	3	6	Support services to demonstrate value for money to D & VH	-

RISK	LIKELIHOOD (1-3)	IMPACT (1-3)	SCORE (1-9)	RESPONSE	£000
service costs					
Failure to achieve income targets, especially in relation to housing related areas e.g. planning and building control and land charges due to wider economic changes	2	2	4	Close monitoring through volatile budget reports	50
Future cost escalation e.g. new legislation, insurance costs, pension contributions etc.	2	2	4	To be included in three year estimates	-
A desire to continue service levels when external funding stops	3	2	6	Early identification of issue with CMT and include in growth and savings exercise	-
Job evaluation. Any increases in the salary/wage bill will need to be funded.	3	2	6	Calculate precise cost of scheme upon completion of the evaluation and include within three year estimates	300
Interest rates. Falling interest rates will affect General Fund income.	1	2	2	Close monitoring of investment budget	-
Gershon efficiency review. This requires the Authority to make annual efficiencies of £306,000	3	2	6	Compile corporate value for money strategy and raise awareness of efficiency agenda	-
Capital receipts. The option of investing capital receipts and spending them needs to be considered	2	3	6	To be considered as part of budget process for both revenue and capital	-
Partnership working	2	1	2	Need to work with partners to engender true partnership working	-
Refuse Collection/Recycling – Demand led changes	2	2	4	Include in three year estimates	50
Grounds Maintenance – Contract renewal	3	2	6	Early resolution of contract position	-
Concessionary Travel	2	2	4	Include in three	200

RISK	LIKELIHOOD (1-3)	IMPACT (1-3)	SCORE (1-9)	RESPONSE	£000
Demand Uncertain				year estimates	
HRA Changes in Housing Subsidy regime	2	3	6	Assess impact upon receipt of subsidy information	-
HRA Rents – unsustainable estates	2	2	4	Improve estate management through estate caretaker, selective demolition and lettings process	20
Rising Energy Costs	3	2	6	Improved energy management	-

Sensitivity Analysis

3.15 We have taken into account the potential volatility of major budgets in compiling the forecasts. This includes conducting a sensitivity analysis on the following factors:

- Government funding
- Council Tax levels
- Pay inflation

3.16 The impact of a 1% change to these factors has been modelled and the results detailed in paragraph 3.22.

3.17 In compiling these forecasts, a number of assumptions have been made as below:

- i) **Government Grant** – Due to the introduction of a two-year settlement, the indicative grant receivable for 2007/08 is known. The figure represents an increase of 4% from 2006/07 to 2007/08. A further 4% increase from 2007/08 to 2008/09 is anticipated.
- ii) **Council Tax** – Increases of 2.2% per annum in the Band D charge. This is consistent with the average increase over the previous four years. In line with recent trends, the council tax base is expected to increase by 1% per annum
- iii) **Pay inflation** – It is assumed that pay inflation is 3% per annum over the course of this plan in line with recent pay settlements.
- iv) **Pension Costs** – The latest actuarial review has set employer rates at 19.2% and 20.4% of employee salary for 2006/07 and 2007/08 respectively. It is assumed that the rate remains at 20.4% for 2008/09.

- v) **ALMO** - The Council's housing management service was formally delegated to an Arms Length Management Organisation (Dale and Valley Homes) from 3rd April 2006. It is assumed that there is no impact upon the General Fund over the period of this plan.
- vi) **Interest rates** – It is assumed that base rates remain at their present level of 4.5% for the duration of this plan.
- vii) **Treasury Management** – It is assumed that average debt levels are kept at a level consistent with the Council's capital financing requirement for the duration of this plan and that no rescheduling occurs resulting in discounts or premia.
- viii) **Insurance** – It is assumed that insurance costs increase by 3% per annum for the duration of this plan.
- ix) **Non-pay inflation** – It is assumed that non-pay inflation is 0% in line with the Council's policies on efficiencies and value for money
- x) **Growth/savings** – It is assumed that any growth in the base budget is matched by equivalent value in savings
- xi) **Single Status** - It is assumed that following the completion of job evaluation scheduled for 2007/08 , the pay bill will rise by an additional 4%.
- xii) **Charges** – It is assumed that the value of charges will increase by 5% per annum where the Council has discretion over their level. This is consistent with the principles of the Price is Right. It is assumed that no new charges are levied for services that are currently provided free although the Council will seek to explore opportunities given by the Local Government Act 2003 in this regard.
- xii) **Other funding** – It is assumed that the Council does not receive any funding through Government schemes such as the Local Authority Business Grant Incentive (LABGI)
- xiii) **Concessionary Travel** - It is assumed that subsequent changes to national policy for the over 65's will be fully funded following the recent introduction of free travel during off peak hours.
- xiv) **External Funding** - The spending figures assume that where external funding ceases, then the associated expenditure also ceases. No mainstreaming of expenditure is assumed nor the costs of any exit strategies.
- xv) **Collection Fund** – The collection fund represents the fund into which is paid income from Council Tax and Non-Domestic Rates and from which are met the demands or precepts of both billing and non-billing authorities. By adopting a prudent approach, the Council anticipate its surplus from the fund to be £40,000 per annum.

3.18 The summary budget figures for 2006/07 – 2008/09 is shown in Annex K. Members have approved the figures for 2006/07.

Investment Income

3.19 Over the life of this plan, the Council expects to receive £6.2m in usable capital receipts from the sale of land and right to buy properties. It is assumed that this is used to fund the Council's capital programme in the year of receipt and therefore investment gains are minimal. As at the end of March 2006, the Council anticipates to have £13m in usable capital receipts. It is planned that this resource will not be applied during the lifetime of this plan but used to generate investment returns. These returns will be placed in a dedicated reserve that will be used in subsequent years to cover anticipated deficits and targeted growth to meet corporate objectives.

3.20 Interest rates are notoriously difficult to predict although there has been a relative degree of stability in recent times. It is assumed that investment returns will be 4.5% over the life of this strategy.

General Fund Summary

3.21 Based upon a working balance of £850,000, deficits of £422,000 are predicted for 2007/08 and £828,000 for 2008/09. These represent 3.6% and 7.1% of net expenditure in each respective year. The management of these deficits will represent a significant task for the Authority.

3.22 The impact of the sensitivity analysis over the life of the plan is:

- 1% change in Government funding = £151,000
- 1% change in council tax levels = £81,000
- 1% change in pay inflation = £229,000

3.23 In the event that there is a 1% change in all three factors which increase costs / decrease resource, the deficits would then increase to £652,000 and £1,289,000 for 2007/08 and 2008/09 respectively.

3.24 In the event that there is a 1% change in all three factors which decrease costs / increase resource, the deficits would then decrease to £192,000 and £367,000 for 2007/08 and 2008/09 respectively.

Housing Revenue Account

3.25 Where applicable, the forecasts for the Housing Revenue Account are based upon the assumptions listed in paragraph 3.12. The following assumptions also apply:

- i) Rent levels increase by 5% per annum
- ii) Net payments of housing subsidy by the Council increase by 2% per annum
- iii) Stock numbers fall by 5% per annum

- 3.26 The Authority has increased rents in line with Government guideline for a number of years. The Authority considers that to do otherwise would either lose it rental income or cost it additional benefit payments thereby penalising those not on benefit. It therefore expects to continue this in future.
- 3.27 Based upon a working balance of £1,250,000, a surplus of £149,000 is predicted for 2007/08 and a deficit of £35,000 for 2008/09. These represent 1.4% and 0.3% of gross expenditure in each respective year. The summary Housing Revenue Account is shown in Annex L.
- 3.28 The impact of the sensitivity analysis over the life of the plan is:
- 1% change in rent levels = £214,000
 - 1% change in housing subsidy (man & maint.) = £126,000
 - 1% change in pay inflation = £70,000
- 3.29 In the event that there is a 1% change in all three factors which increase costs/decrease resource, deficits of £56,000 and £445,000 would arise for 2007/08 and 2008/09.
- 3.30 In the event that there is a 1% change in all three factors which decrease costs / increase resource, this would result in surpluses of £354,000 and £375,000 for 2007/08 and 2008/09 respectively.

4. CAPITAL PLANS/FORECASTS 2006/07 – 2008/09

- 4.1 The Council has approved an indicative three-year capital plan as part of its annual budget setting process. This is updated on an annual basis. Planned expenditure for 2007/08 and 2008/09 relate to multi-year schemes which have commenced in 2006/07 or prior years. It also includes schemes that do not have a distinct start or end date but where some resource is allocated on a year by year basis such as private sector housing grants.
- 4.2 The three-year capital forecast shown at Annex M incorporates the approved capital plan as well as other schemes that are designed to meet priorities set out in the Council Plan. The three-year forecast is consistent with the Council's approved Capital Strategy. The forecast is updated annually after each budget round.

Resources

- 4.3 Following the introduction of the Prudential Code in the Local Government Act 2003, the Council's policy has been not to undertake any unsupported borrowing due to the impact upon council tax levels or tenant rents. The Council borrows to fund capital expenditure only in line with Government funding received to meet the associated financing costs.
- 4.4 The establishment of Dale and Valley Homes on the 3rd April 2006 may result in an increase of £11.8m being available in supported borrowing over the next two years. This will result in additional capital resources matched by expenditure to

meet the decent homes standard. It is anticipated that further borrowing approval will be made available in subsequent years. Expenditure will not be committed until borrowing approval is in place.

- 4.5 The rules governing capital receipts allow local authorities to use the full value of receipts to reinvest. However, each Council is only permitted to use 25% of the value of receipts gained from Right to Buy sales. The three-year capital forecasts assume that the Government policy will not alter.
- 4.6 Spending plans and forecasts are based around realistic assumptions regarding the timing and level of capital receipts to ensure affordability. The capital programme assumes right to buy receipts will continue at a similar rate to previous years and that there are no significant windfall to buy receipts.

Reserves

- 4.7 As at 31st March 2006, the Council retained £13m in usable capital receipts. In accordance with the Council's Capital Strategy, a portion of that funding has been provisionally earmarked for the renovation or replacement of leisure facilities. This is included within the three-year forecasts.
- 4.8 The Council has not made any decision regarding the use of the remaining capital receipts and it is assumed that these will be retained for the duration of this plan for investment purposes.
- 4.9 The Council has received significant levels of external funding. During 2006/07, it will receive over £2.8m in neighbourhood Renewal Funding, £800,000 from the Safer Stronger Communities Fund and £800,000 from the Liveability fund. These funds will be targeted towards supporting the local economy, increasing employment, reducing crime and a variety of environmental and public realm schemes.

Setting the Capital Programme

- 4.10 Capital proposals are evaluated against a variety of criteria before they are approved. The criteria are shown in Annex N. Schemes are placed in priority order with those receiving the highest scores included within the programme.
- 4.11 All capital schemes are subject to an option appraisal through the budget process before inclusion within the Council's capital programme. The option appraisal includes consideration of the following issues:
- Outsourcing
 - Joint working
 - Lease/buy
 - Do nothing
 - Exit strategies
 - Risk.

Linkages to Other Plans

- 4.12 Revenue implications of capital schemes are reflected in the three-year revenue estimates in section three demonstrating synergy between revenue and capital planning. In evaluating capital proposals, cognisance is taken of any revenue implications. An example is the introduction of the Twin Bin Refuse and Recycling Service that will result in additional revenue costs. Capital proposals are only approved if the revenue implications are affordable. This is then fed into the revenue forecasts.
- 4.13 The MTFS links to the Capital Strategy. The Capital Strategy sets out the Council's capital programme plans in the longer terms to meet its corporate objectives. This includes awareness of the resources available to finance these plans.
- 4.14. The MTFS links to the Asset Management Plan. The Asset Management Plan establishes a framework for managing the Council's property portfolio. This includes investment and disposal decisions that impact upon the Council's resources and hence its medium-term financial planning. It also includes local performance indicators linked to improving the return on assets held e.g. lower void rates, thereby improving the Council's financial position.

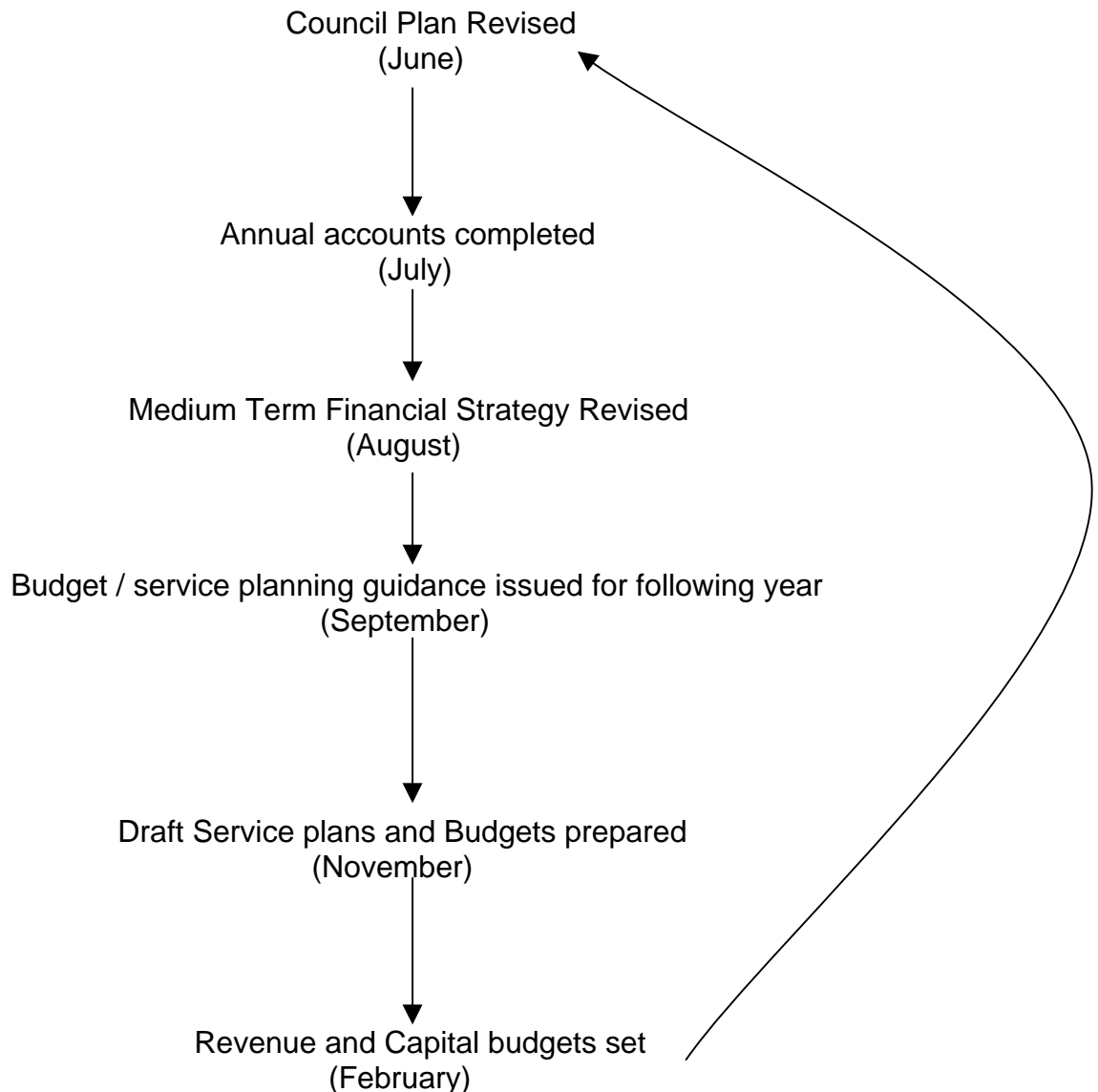
Sensitivity Analysis

- 4.15 The forecasts are modelled around potential capital receipts. It is estimated that there are un-applied capital receipts of £11.2m in 2007/08 falling to £6.6m by the end of 2008/09. The impact of a 10% change in capital receipts equates to £200,000 per annum.
- 4.16 The surplus receipts available will decrease to £11.0m in 2007/08 and £6.2m in 2008/09 if capital receipts are 10% below forecast each year. If they are 10% greater than forecast, the receipts available increases to £11.4m and £7.0m for 2007/08 and 2008/09 respectively.

5. MONITORING AND REVIEW MECHANISMS

- 5.1 The monitoring of the MTFS forms part of the Council's corporate reporting and review processes. The MTFS will be reviewed annually following the annual update to the council plan and subsequent budget process. This will ensure that the three-year forecasts remain accurate and provide an indication of the affordability of future spending plans. The forecasts will then feed back into corporate planning process providing a continuous loop. This is shown below:

Annual Planning Cycle



- 5.2 At the core of the Council's monitoring and review systems is its Performance Management Framework. This allows the Council to systematically allocate resources to its priorities. It also establishes a system where there is a clear thread from corporate objectives to service plans to performance plans at the individual employee level.
- 5.3 The production of service plans on an annual basis form part of that framework. These are produced departmentally and link aims, objectives and actions with the resources necessary to achieve them. The service plans provide a three-year focus and are therefore in line with the timeframe adopted for budget planning.
- 5.4 The service plans set out key actions at departmental level in order to meet council priorities and corporate objectives. Performance against these plans is reported bi-annually to members. The plans also include measures of

performance based upon Best value performance Indicators as well as local indicators.

- 5.5 The annual service plans link into annual budgets. Service plans include the impact of any growth and savings approved through the budget process and thus resources are aligned towards the Council's corporate objectives. Draft plans are prepared prior to the approval of the budget. Upon final approval the service plan is changed to reflect the budgetary decisions. However, the emphasis is upon policy determining budgets and not vice versa.
- 5.6 The MTFs will be monitored six monthly via a report to Management Team. Significant variations will be reported to Members.

Alignment with Corporate Objectives

- 5.7 To ensure that resources are suitably aligned to corporate priorities, an annual exercise is undertaken to determine the proportion of council resources that are being allocated to each objective. This exercise allows the Council to monitor the process of aligning resource to objectives.
- 5.8 The distribution of resources across corporate objectives is shown below for 2006/07. This distribution will be altered in accordance with policy decisions whereby greater emphasis is placed upon some objectives compared to others.

Corporate Objective	%age of Council spend
Population	13
Economy	9
Health	28
Environment	25
Crime	9
Lifelong Learning	3
Statutory	13
Total	100

Budget Monitoring

- 5.9 Budget holders monitor those budgets for which they are responsible. There are a variety of tools that assist in this process. These include the provision of updated and relevant financial regulations, standing orders and a procurement process that promotes value for money as well as training and guidance notes for all budget holders. This ensures that resources are used in an efficient and effective manner.
- 5.10 Electronic reports and the availability of on-line access to financial records allow budget holders to monitor budgets on a regular basis. Each department also has the support of dedicated accountancy staff to improve financial management and assist in budget monitoring and promoting value for money.

- 5.11 In order to keep members involved and accountable for financial management, they receive reports on a quarterly basis. This includes separate reports on revenue and capital. Corporate Management Team also receives reports on a monthly basis on the most volatile budgets.
- 5.12 The volatile budgets are those that have been identified based upon past experience of exhibiting the largest variations from agreed budgets or where the Council is subject to significant external factors that impact the accuracy of these budgets. This feeds into the annual budget setting process and updates to the three-year forecasts. Consequently, there is linkage between the annual budget setting process and the MTFS.

Budget Deficits

- 5.13 It is important that the Council has a process to manage any budget deficits that may arise over the lifetime of this strategy. This is important to avoid sudden and significant reductions in service delivery or high increases in council tax / rents. The management of any deficit will include the following:
- i) Three year expenditure forecasts: The ongoing review and update of these forecasts will act as an early warning system of any significant future shortfalls and also help ensure that current spending decisions are consistent with long term resource implications.
 - ii) Budget Monitoring: Regular monitoring of both revenue and capital budgets will ensure that budgets are not exceeded during the year and that future years budgets are accurate.

Consultation

- 5.14 The MTFS is communicated to all stakeholders such as residents, ratepayers, members and employees. This is achieved through meetings with appropriate groups, staff newsletters and availability through the Council's website.

6 CONCLUSION

- 6.1 This document sets out the key financial issues facing the Authority and how its resources support its goal to become the "best District Council in England". It demonstrates clear linkages with the Council Plan and how resources are allocated to meet corporate objectives.

Wear Valley District Council Annual Efficiency Statement **2006/07 – Forward Look**

STRATEGY FOR PERIOD 2007/08

Wear Valley is committed to achieving Value for Money (VFM). The Authority's VFM score for its future VFM arrangements, under the Use of Resources assessment was 2. The Authority is therefore developing a more structure and strategic approach to this priority to improve its assessment. This includes the following:

- Developing a VFM strategy
- Appointing a VFM Officer
- Working in partnership with other Authorities to improve procurement
- Introducing purchase and fuel cards
- Re-negotiating existing contracts
- Increasing staff productivity through, for example, extending homeworking, reducing sickness absence and migrating service users to more cost effective access channels.

The Authority has minimised increases in council tax to below Government guideline figures. The average increase in council tax between 2003/04 and 2006/07 is less than 2.2% which is amongst the lowest in the Northern Region. This has been achieved through the identification of efficiencies in each budget round. In particular the following strategies have been adopted:

- Partnering – working with other authorities to deliver services jointly thereby reducing costs e.g. careline services for elderly.
- Asset management – reducing the costs of assets used in delivering services through increased efficiency.
- Budget setting – service budgets for non pay items absorb the impact of inflation. Therefore increased budget allocations only reflect clear spending priorities and genuine improvements to the quality of our services.

The Authority will continue to build on these actions. It will raise its budget setting process to include an explicit consideration of alternative and cheaper ways of delivering the service. It will strive to embed VFM into ever level of decision making.

Wear Valley District Council Annual Efficiency Statement
2006/07 – Forward Look

Title	Expected Annual Efficiency Gains (£000)	... of which cashable (£000)	Strategy	Key Actions
Culture and Sport	92	92	The overall strategy adopted by the Authority has been to reduce expenditure in the area of leisure provision as this is of lower importance than other services. The Authority is also committed to developing community based and managed facilities as a means of developing responsibility and management to the lowest possible level	<p>Within the efficiencies, details are as follows:</p> <p>(a) £7,000 cash saving from improved energy efficiency at one of the Authority's leisure centres.</p> <p>(b) £30,000 cash reduction in the general non-staff running costs of the Authority's leisure facilities.</p> <p>(c) £5,000 cash saving by using in-house staff to collect leisure club membership income, instead of using an external income collection agency.</p> <p>(d) Transfer of a sports hall to a community based organisation saving £50,000 p.a.</p>

Wear Valley District Council Annual Efficiency Statement
2006/07 – Forward Look

Title	Expected Annual Efficiency Gains (£000)	... of which cashable (£000)	Strategy	Key Actions
Environmental Services	37	37	The Authority has established an Asset Management Group which identifies asset efficiencies as part of the overall management of the asset portfolio.	<p>The main efficiencies which have been achieved in this area are as follows;</p> <p>(a) Reduction of £10,000 cash p.a. in the cost of repairs for public conveniences. This resulted from an improvement programme for the Authority's public conveniences.</p> <p>(b) Reduction of £3,000 cash p.a. in the cost of repairs to Auckland Castle perimeter wall.</p> <p>(c) Re-tendering of the contract for screens to houses which has saved approximately £10,000 p.a.</p> <p>(d) Outsourced the cash collection arrangements for car park income saving approximately £12,000 p.a.</p>

Title	Expected Annual Efficiency Gains (£000)	... of which cashable (£000)	Strategy	Key Actions
Supporting People	70	70	The Authority has adopted a protocol for partnership working which provides a robust framework for joint working. The Authority considers supporting people a prime area for joint service provision	The key actions in this workstream are to work jointly with a neighbouring district to provide the Authority's supporting people service whilst at the same time reducing costs. The efficiencies will be made up of reduced management costs, reduced building costs and reduced IT costs. These will total £70,000 cash p.a.

Wear Valley District Council Annual Efficiency Statement
2006/07 – Forward Look

Title	Expected Annual Efficiency Gains (£000)	... of which cashable (£000)	Strategy	Key Actions
Homelessness	7	7	The Authority's homelessness strategy is designed to minimise the need for costly short term accommodation	The efficiency has been achieved through a general reduction in the homeless budget. The Authority expects to spend less on bed and breakfast accommodation in 2006/07 and beyond due to the low numbers of reported homeless cases with Wear Valley

Wear Valley District Council Annual Efficiency Statement
2006/07 – Forward Look

Title	Expected Annual Efficiency Gains (£000)	... of which cashable (£000)	Strategy	Key Actions
Corporate Services	102	102	The Authority is committed to reducing corporate and back office costs as a means of securing ongoing efficiencies. This workstream also covers asset management efficiencies. A key part of the strategy will be to carry out benchmarking activities during the year to identify possible areas for more detailed analysis	<p>The gains have been achieved through identifying general efficiencies across central services. The most significant efficiencies are as follows:</p> <ul style="list-style-type: none"> (a) Reduction in the cost of telephone calls made following a tendering exercise carried out during 2005. This saved approximately £10,000 cash p.a. in the cost of calls to landline and mobile telephones. (b) Reduction in lease payments on the Authority's main photocopier following the end of a lease agreement. This saved the Authority approximately £12,000 cash p.a. (c) Reduction of £7,000 cash p.a. in the costs of transporting cash from the Civic Centre to the Authority's bankers, following a re-negotiation of the existing cash collection contract. (d) Reduction of £13,500 cash p.a. in the cost of corporate subscriptions. (e) Reduction of £2,000 cash p.a. in the cost of banking contract. (f) Reductions in human resources budgets of £9,000 cash p.a. for staff advertising and interview expenses following a reduction in staff turnover within the Authority. (n) General reductions in asset

Wear Valley District Council Annual Efficiency Statement
2006/07 – Forward Look

Title	Expected Annual Efficiency Gains (£000)	... of which cashable (£000)	Strategy	Key Actions
Procurement	2	1	The Authority is in the process of developing a procurement strategy and has appointed a procurement officer to drive forward this initiative. This is being supported by the North East Centre for Excellence via funding and on-going support	<p>The key actions in this workstream are as follows:</p> <ul style="list-style-type: none"> (a) Develop and introduce a procurement strategy. (b) Identify efficiencies of £2,000. (c) Produce value/volume analysis which identifies areas for increased efficiency. (d) Introduce procurement cards. (e) Aggregate spend where possible to drive out efficiencies.

Wear Valley District Council Annual Efficiency Statement
2006/07 – Forward Look

Title	Expected Annual Efficiency Gains (£000)	... of which cashable (£000)	Strategy	Key Actions
Productive Time	79	10	The overall strategy for improving productivity is centred around reductions in sickness absence, the use of performance improvement teams which challenge working practices and methods, increased levels of homeworking, improvement in BVPIs which are efficiency related, increased levels of citizen self service via the Authority's website and reduced levels of overtime being worked. The Authority is also introducing project management skills for staff in order to improve the delivery of projects in terms of time, budget and achievement of objectives	<p>The key actions in this area are:</p> <ul style="list-style-type: none"> (a) Estimated saving of £50,000 achieved by reducing the average sickness per employee from 9 to 8 days. (b) Increasing homeworking by an extra member of staff within the benefits service hereby increasing productivity by an estimated £4,000. (c) Increasing website citizens self service e.g. through electronic service requests to save an estimated £15,000 in staff time. (d) Reducing the levels of overtime worked to save approximately £10,000 p.a. cash. (e) Train 20 staff in project management thereby increasing efficiency by £20,000. (f) Introduce fuel cards for the Council's fleet, to reduce non-product time amongst the manual workforce. (g) Identify efficiency related BVPIs and calculate expected efficiencies arising from continuous improvement within said BVPIs

Wear Valley District Council Annual Efficiency Statement
2006/07 – Forward Look

Title	Expected Annual Efficiency Gains (£000)	... of which cashable (£000)	Strategy	Key Actions
Trans- actions	23	18	The overall strategy in this workstream relates to improving the performance of rent collection, council tax collection, debt collection, housing benefit administration and the collection of business rates. This will mainly be measured through improvement in Best Value Performance Indicators	<p>The key actions in this workstream are as follows:</p> <ul style="list-style-type: none"> (a) Increase the % of rent collection in relation to council house rents which will achieve a saving of £10,000. (b) Increase the % of council tax collected which will achieve a cash flow and reduced bad debt provision saving of £5,000. (c) Increase the % of business rates collected which will achieve a cash flow and reduced bad debt provision saving of £2,000. (d) Increase the level of miscellaneous debts recovered by the Council which will achieve a saving of £1,000. (e) Reduce the amount of time taken to process benefit claims and change of circumstances claims which will achieve a saving of £5,000
Miscellan eous Efficien- cies	10	10	The figures are general efficiencies which are not specifically included within other workstreams	The key actions within this workstream is a reduction in the subsidy given to a tourist information centre/business unit. This will be offset by higher levels of rent and sales income

**WEAR VALLEY DISTRICT COUNCIL
COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

Score Risk likelihood and impact as High = 3 medium = 2 and Low =1. Score Overall as 1,2 or 3

Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
P.1. Balanced and increasing total population Key Actions a. Facilitating building of the right number and right type of homes through planning permissions (determined through Housing Market Assessment). b. Improved Social Housing. Work towards decent homes standard 2010.	1	a) Risk - lack of take-up of housing permissions (an adequate supply is available to meet current building rate for short/medium term). - reduction in providing for longer term housebuilding. - Lack of information regarding type of housing required and location. Mitigation – - challenge to RSS housing figures. - development of LDF - progress Housing Market assessment research.	1	3	3
		b) Risk - failing to achieve 2 starts. Mitigation - support for ALMO.	2	3	6

**WEAR VALLEY DISTRICT COUNCIL
COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

Score Risk likelihood and impact as High = 3 medium = 2 and Low =1. Score Overall as 1,2 or 3

Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
<p>P.2. Improved Community engagement and capacity</p> <p>Key Actions</p> <p>a. Develop and implement arrangements to enable communities to engage with the Local Authority and other Agencies</p> <p>b. Improve arrangements within the LA to enable communities engage with it.</p>	2	<p>Included within Organisational Development Section</p> <p>Risk</p> <ul style="list-style-type: none"> - failure to agree joint area arrangements with LSP/NRF. - Work closely with LSP partners to ensure integration of arrangements. <p>Mitigation – work closely with LSP partners to ensure integration of arrangements.</p>	1	1	1
<p>P.3. People satisfied with Wear Valley as a place to live</p> <p>Key Actions</p> <p>a. Deliver the Quality of Life improvement indicators contained in the Council Plan.</p>	3	<p>Risk – O/L consultation not conducted.</p> <p>Mitigation – manage closely to ensure consultation undertaken.</p>	1	1	1

**WEAR VALLEY DISTRICT COUNCIL
COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

Score Risk likelihood and impact as High = 3 medium = 2 and Low =1. Score Overall as 1,2 or 3

Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
<p>P.4. Reduction in the proportion of the population living in SOAs identified as being in the top 10% for deprivation.</p> <p>Key Actions</p> <p>a. Work with partners to develop and implement programmes to reduce deprivation in SOAs in the top 10% of deprivation e.g. NRF programmes.</p>	4	<p>Risk – influence on economic/social factors outside Council control.</p> <ul style="list-style-type: none"> - achievement of outcomes through NRF programme activities. <p>Mitigation</p> <ul style="list-style-type: none"> - proactive monitoring/review of programme implementation - proactive partnership work and intervention. 	1	3	3

**WEAR VALLEY DISTRICT COUNCIL
COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

Score Risk likelihood and impact as High = 3 medium = 2 and Low =1. Score Overall as 1,2 or 3

Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
<p>EC.1. PSA 4 Increase in employment rates in key target groups.</p> <p>Key Actions</p> <p>a. Work with partner agencies to develop and implement programmes to support access to employment.</p>	5	<p>Risk – unable to penetrate target client group, therefore, low level of take up.</p> <p>Mitigation – develop communication model, between key stakeholders/delivery partners to be responsive to any delivery problems.</p>	1	2	2
<p>EC.2. Increased number of businesses including social enterprises and tourism.</p> <p>Key actions</p> <p>a. Work with partners to introduce LEGI implementation plan.</p> <p>b. Work with partners to develop infrastructure to support new and existing business growth.</p>	6	<p>a) Risk</p> <ul style="list-style-type: none"> - lack of take up of LEGI activity. - Inability to adopt LEGI best practise to meet WV needs. <p>Mitigation</p> <ul style="list-style-type: none"> - develop appropriate interventions to meet WV needs. - Early consultation with client groups. - Develop appropriate structures to delivery initiative. <p>b) Risk – level of capital resources not available</p>	1	3	3

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COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
		(external funding not being secured). Mitigation – scale down project or pursue private sector funding.			
EC.3. Increased number of people on IB moving into employment. Key Actions a. Work with partners to develop programmes to assist people on IB to access employment.	7	Risk – unable to penetrate target client group resulting in low level of take-up. Mitigation – develop communication model between key stakeholders/delivery partners to be responsive to any delivery problems.	1	2	2
EC.4. A more diverse economy in Wear Valley with higher % in growth industry sectors and knowledge intensive businesses. Key Actions a. Raise the profile of the District as an investment location and encourage business investment.	8	Risk - failure to adequately/effectively promote the area via marketing/promotional activity. - Inability to develop adequate land and property portfolio for new business. Mitigation - improve market intelligence to be more responsive to			

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COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
		target client needs. - Develop capital programme activity.			
EN.1. An improved built and natural environment Key Actions a. Completion of LDF and its implementation	9	Risks – failure to comply with production timetable as agreed with GONE. - maintaining levels of experienced staff. - changing legislation and notional guidance. Mitigation - monitoring of workloads/commitments. - Staff training and development. - engagement of specialist consultation kept under review.	2	3	6
EN.2. Implement regeneration programmes targeted at former coalfield settlements Key Actions a. Secure funding to implement programme of work	10	Risks - funding for implementation subject to national spending review. - public have accepted proposals identified by consultants. Means of implementation subject to further consultation.	1	3	3

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
		Mitigation <ul style="list-style-type: none"> - continued work in partnership with other Durham Districts/EP to provide convincing case for intervention. - Continued working through community partnerships to gain acceptance of means of implementation. 			
EN.3. More homes in Wear Valley meeting the Decent Homes Standard (DHS) Key Actions a. Work with Dale & Valley Homes to achieve 2 stars and the HIA in the private sector	11	Not achieving 2 stars. Transfer risk to ALMO but also support ALMO in its development. Lack of resources to meet DCLG targets. Need to put in budget bids and work with other local authorities.	2	3	6
EN.4. Improve energy efficiency and reduce fuel poverty Key Actions a. Implement strategy	12	Lack of resources to meet DCLG targets. Manage the risk by budget and external bids.	2	3	6
C.1. Reduced crime and ASB	13				

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COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
<p>Key Actions</p> <p>a. Work with partners to deliver the Community Safety Strategy</p> <p>b. Work with partners to develop and deliver an alcohol harm/consumption reduction strategy</p> <p>Work with partners to provide more support to domestic violence victims and develop perpetrators programmes to reduce domestic violence.</p>		<p>Breakdown in partnership working. Manage risk by continued investment in the partnership.</p> <p>Faliure to develop strategy. Manage by continuing to prioritise in workloads.</p> <p>Faliure to spend/ implement NRF allocation. Manage by agreeing and monitoring a delivery plan with partners.</p>	<p>1</p> <p>1</p> <p>1</p>	<p>3</p> <p>2</p> <p>3</p>	<p>3</p> <p>2</p> <p>3</p>
<p>C.2. Reduced fear of crime</p> <p>Key Actions</p> <p>a. Work with partners to develop and implement a Crime Reassurance Strategy.</p>	14	<p>Faliure to produce strategy on time. Manage by prioritising action in workloads and monitoring progress</p>	1	3	3
<p>H.1. Improved life expectancy and reducing premature mortality rates (LAA)</p> <p>Key Actions</p> <p>a. Work with partners to develop and</p>	15				

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COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
implement physical activity programmes.		Risk – failure to publicise programme leading to low take up level. Mitigation – ongoing poster campaign to be developed.	1	2	2
b. Work with partners to develop and implement smoking cessation programmes.		Risk – failure to publicise programme leading to low take up level. Lack of lasting success of programme Mitigation – ongoing poster campaign to be developed. Develop ongoing monitoring system.	1	2	2
c. Work with partners to develop and implement healthy eating programmes		Risk – failure to publicise programme leading to low take up level. Mitigation – ongoing poster campaign to be developed.	1	2	2
d. Work with partners to develop and implement a programme to reduce teenage pregnancy.		Risk – failure to publicise programme leading to low take up level. Mitigation – ongoing poster campaign to be developed.	1	2	2

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
e. Implement a programme of activity to make leisure centres more attractive and accessible		Risk – Capital resources not available. Mitigation – Seek agreement and include in capital programme.	1	3	3
f. Work with partners to develop and implement community physical activity programmes.		Risk – failure to publicise programme leading to low take up level. Mitigation – ongoing poster campaign to be developed.	1	2	2
g. All managers trained in sickness absence policy.		Risk – Failure of managers to attend training. Mitigation – training made compulsory. Directors receive attendance figures.	1	3	3
h. Healthy eating campaign amongst staff developed.		Risk – advertising not carried out. Mitigation – Scheduled into future editions of TeamTalk.	1	2	2
i. Subsidised leisure facilities advertised internally.		Risk – Advertising not carried out. Lack of lasting success Mitigation – Scheduled into future editions of TeamTalk. Ongoing monitoring.	1	3	3

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
programme.		class nos. Failure to secure funding. Mitigation – adequate publicity produced and financial contribution given to College to reduce likelihood of classes being cancelled. Also earmark Lifelong Learning Fund.			
L.2. Reduction of number of working age people with no qualifications in Key SOA's. Key Actions a. Work with course providers to develop, deliver and fund programme and associated infrastructure	18	Risk – failure to agree programme. Mitigation – ongoing dialogue with College	1	2	2
L.3. More Council employees with accredited qualifications Key Actions a. Support delivery of accredited training programmes	19	Risk - No publicity for courses. Lack of resources to deliver	1 1	2 2	2 2

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
		courses. Mitigation - Publicity of courses in advance. Earmark training reserve.			
<p>L.4. Increased number of modern apprentices</p> <p>Key Actions</p> <p>a. Identify with LSC main business needs.</p> <p>b. Sponsor modern apprentices with local employees</p>	20	<p>Risk - Failure to identify skills gap.</p> <p>Mitigation - Establish ongoing dialogue with Learning Skills Council also earmark training reserve to fund apprenticeships</p>	1	3	3

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
<p>OD.1. An improved focus on and better understanding of the Councils objectives and priorities</p> <p>Key Actions</p> <p>a. Implementation of a member development programme</p> <p>b. Implement and develop Organisational Development Strategy</p> <p>c. Put in place member-led area based arrangement that actively support a community input into the design and delivery of services in the communities affected by them</p> <p>d. Undertake an annual survey of staff satisfaction and understanding of the Council's agenda.</p>	21	<p>Risk 1: Low member and senior management engagement and understanding of strategic issues facing the Council.</p> <p>Mitigation: Develop and implement awareness raising briefings and training programmes.</p>	2	3	6
		<p>Risk 2: Low levels of support from communities for area based arrangements.</p> <p>Mitigation: Develop and implement a community awareness campaign</p>	2	3	6

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
OD.2. An improving CPA score.	22				
Key Actions					
a. Continue to develop user-focussed outcome measures.		Risk 1: Resource constraints inhibit corporate progress and improvement.	3	3	9
b. Improve community engagement and consultation capacity.		Mitigation 1: Work within available resources to manage the risk, keeping Elected Members and Senior managers informed of status.			
c. Continue to develop and review Council Partnerships database.					
d. Implement Value for Money Strategy		Risk2: Emerging initiatives overload already stretched capacity and resources.	2	2	4
e. Develop and implement a data quality management strategy.		Mitigation: Work within available resources to manage the risk, keeping Elected Members and Senior managers informed of status.			
f. Implement and embed the approved HR Strategy.					
g. Review Internal Audit arrangements to comply with CIPFA Code of Practice.					
h. Develop and implement Medium Term Financial Strategy linked to Council Plan.					

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
i. Develop capacity and systems to meet agreed targets in emerging KLOE's e.g. use of resources, corporate assessment, data quality, partnerships, etc.					
OD.3. Increased satisfaction with the Council overall Key Actions a. To develop and implement a structured Corporate Consultation and Community Engagement Strategy. b. To develop and implement a strategy to improve customer care and access to services c. Implement and embed existing protocol to improve partnership working d. Develop and implement a campaign to actively promote a positive image	23	Risk 1: Customer satisfaction levels fail to rise. Mitigation 1: Ensure that public are aware of consultation and engagement efforts and publicise positive responses to consultation feedback.	2	3	6

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Key Outcome and Actions	No	Risk & Mitigation Strategy	Likelihood	Impact	Overall
of the Council					
OD.4. Improved Value for Money	24				
Key actions					
a. Implement Value for Money Strategy		Risk 1: VFM savings not delivered Mitigation 1: Manage VFM improvement programme closely with regular updates to COMT and Elected Members.	1	3	3
b. Identify and deliver savings					
c. Build in Value for Money into Performance Management Framework (PMF)					

Key Outcome and Actions	No	Financial Estimates	HR Estimates
P.5. Balanced and increasing total population	1		
Key Actions			
a. Facilitating building of the right number and right type of homes through planning permissions (determined through Housing Market Assessment).		a) Resources available to undertake research and produce LDF (£70,000) and partnership (Countywide) to produce HMA (funded from reserve).	a) Within existing staff resources and external appointment of consultants (through Easington DC) to prepare HMA.

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
b. Improved Social Housing. Work towards decent homes standard 2010.		Potential £26m ALMO funding.	Within existing staff resources.
<p>P.6. Improved Community engagement and capacity</p> <p>Key Actions</p> <p>a. Develop and implement arrangements to enable communities to engage with the Local Authority and other Agencies</p> <p>b. Improve arrangements within the LA to enable communities engage with it.</p>	2	Included within Organisational Development Section	Included within Organisational Development Section
<p>P.7. People satisfied with Wear Valley as a place to live</p> <p>Key Actions</p> <p>a. Deliver the Quality of Life improvement indicators contained in the Council Plan.</p>	3	Met from existing resources (consultation fund)	Within existing staff resources.
P.8. Reduction in the proportion of the	4	Resources available in 2006/07	Within existing staff resources and in

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
<p>population living in SOAs identified as being in the top 10% for deprivation.</p> <p>Key Actions</p> <p>a. Work with partners to develop and implement programmes to reduce deprivation in SOAs in the top 10% of deprivation e.g. NRF programmes.</p>		<p>through NRF (£2.4m), Liveability fund (£970k) and Neighbourhood Element (£413k) to implement programme of activities agreed by LSP.</p>	<p>partnership working with LSP partners (agencies and community).</p>
<p>EC.5. PSA 4 Increase in employment rates in key target groups.</p> <p>Key Actions</p> <p>a. Work with partner agencies to develop and implement programmes to support access to employment.</p>	5	<p>6 programmes established through Revenue funding from NRF (WVDC contribution nil).</p> <ul style="list-style-type: none"> • WVAT/JCP 2006/07 = 67,375 2007/08 = 134,750 • Coundon & Leeholme Partnership 2006/07 = 20,000 • The Enterprise Agency Empowering Job Seekers 2006/07 = 30,000 	<p>a) within existing staff resources. Liaison with agencies undertaken as part of normal staff workload.</p>

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
		2007/08 = 30,000 • BizFizz 2006/07 = 106,600 2007/08 = 20,000 • Groundwork ILM 2006/07 = 259,147 2007/08 = 293,535	
<p>EC.6. Increased number of businesses including social enterprises and tourism.</p> <p>Key actions</p> <p>a. Work with partners to introduce LEGI implementation plan.</p> <p>b. Work with partners to develop infrastructure to support new and existing business growth.</p>	6	<p>A) LEGI resources of £1.47m to be deployed across four participating Districts.</p> <p>B) Capital programme funding through NRF, Private Sector & WVDC.</p> <p>Total project costs:-</p> <p style="padding-left: 40px;">2006/07 = 343,000</p> <p style="padding-left: 40px;">2007/08 = 2,197,000</p> <p style="padding-left: 40px;">WVDC</p> <p style="padding-left: 40px;">2006/07 = 58,000</p> <p style="padding-left: 40px;">2007/08 = 367,000</p>	<p>a) Executive team appointed to deliver programme supported from within existing staff resources.</p> <p>b) Within existing staff resources.</p>
<p>EC.7. Increased number of people on IB moving into employment.</p> <p>Key Actions</p>	7	As EC1 with revenue funding through NRF programme and implementation through external agencies.	Within existing staff resources in partnership with external agencies.

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
a. Work with partners to develop programmes to assist people on IB to access employment.			
<p>EC.8. A more diverse economy in Wear Valley with higher % in growth industry sectors and knowledge intensive businesses.</p> <p>Key Actions</p> <p>a. Raise the profile of the District as an investment location and encourage business investment.</p>	8	<ul style="list-style-type: none"> • 2006/07 WVDC revenue £10,000 • Council Capital programme (values shown in EC2) for new business land and property. 	
<p>EN.5. An improved built and natural environment</p> <p>Key Actions</p> <p>a. Completion of LDF and its implementation</p>	9	Revenue funding (£70k) available for plan preparation. (funded from reserve).	Within existing staff resources and external consultants to produce specific research tasks (e.g. Retail Study update, Industrial Land assessment).
<p>EN.6. Implement regeneration programmes targeted at former coalfield settlements</p> <p>Key Actions</p>	10		

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
a. Secure funding to implement programme of work		External funding being sought through partnership working with Durham Districts/EP.	Within existing staff resources. Consultancy work at programme level provided through English Partnerships.
EN.7. More homes in Wear Valley meeting the Decent Homes Standard (DHS) Key Actions a. Work with Dale & Valley Homes to achieve 2 stars and the HIA in the private sector	11	Revenue of £150,000 contained on staff salaries to monitor/ work with the ALMO. Contribution of SCG and £200,000 capital to private sector.	Employment as specified in the restructure of 4 FTE staff dedicated to ALMO liason/ housing strategy. Continued support of H/A and the ALMO bt 4 FTE staff.
EN.8. Improve energy efficiency and reduce fuel poverty Key Actions a. Implement strategy	12	Continued use of £180,000 capital to support energy efficiency measures. Continued revenue support of 2 FTE posts £38,500	Continued employment of 2 FTE posts.
C.3. Reduced crime and ASB Key Actions a. Work with partners to deliver the	13	Revenue contirbution to	Employment of 1 FTE post (£40,000) and 2 FTE Safer Communitis Staff

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
<p>Community Safety Strategy</p> <p>b. Work with partners to develop and deliver an alcohol harm/consumption reduction strategy</p> <p>c. Work with partners to provide more support to domestic violence victims and develop perpetrators programmes to reduce domestic violence.</p>		<p>partnerships, use of Safer Communities Fund £54,300 and Crime and Disorder Fund £86,000.</p> <p>Use of NRF funding</p>	<p>(£54,300).</p> <p>Administer contracts for new appointments.</p>
<p>C.4. Reduced fear of crime</p> <p>Key Actions</p> <p>a. Work with partners to develop and implement a Crime Reassurance Strategy.</p>	14	<p>Remove contributions to partnerships, see C.1. above.</p>	<p>As C.1 above</p>
<p>H.3. Improved life expectancy and reducing premature mortality rates (LAA)</p> <p>Key Actions</p> <p>a. Work with partners to develop and implement physical activity</p>	15	<ul style="list-style-type: none"> • £2,600 sessions per annum based on 26 sessions @ £100 	<ul style="list-style-type: none"> • Allow staff facility time to participate in sessions.

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
programmes.		per session (funded from Health Living Fund).	
b. Work with partners to develop and implement smoking cessation programmes.		<ul style="list-style-type: none"> • Delivered free by PCT 	<ul style="list-style-type: none"> • Allow staff facility time to participate in sessions.
c. Work with partners to develop and implement healthy eating programmes		<ul style="list-style-type: none"> • £750 p.a. to PCT to fund programme (funded from Healthy Living Fund). 	<ul style="list-style-type: none"> • Nil.
d. Work with partners to develop and implement a programme to reduce teenage pregnancy.		<ul style="list-style-type: none"> • £750 p.a. to PCT to fund programme (funded from Healthy Living Fund). 	<ul style="list-style-type: none"> • Nil.
e. Implement a programme of activity to make leisure centres more attractive and accessible		<ul style="list-style-type: none"> • Commence re-provision of fixed assets. • £5m capital by 31 March 2009. 	
f. Work with partners to develop and implement community physical activity programmes.		<ul style="list-style-type: none"> • 1 additional CPAC appointed (funded from NRF for 2006/07 and 2007/08). 	<ul style="list-style-type: none"> • 1 additional FTE appointed.
g. All managers trained in sickness absence policy.		<ul style="list-style-type: none"> • Nil. 	<ul style="list-style-type: none"> • Estimate of 2 hours per manager x 100 managers = 200 staff hours.
h. Healthy eating campaign amongst staff developed.		<ul style="list-style-type: none"> • Nil. 	<ul style="list-style-type: none"> • Staff allowed facility time to attend campaigns.

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
i. Subsidised leisure facilities advertised internally.		<ul style="list-style-type: none"> • Nil. 	<ul style="list-style-type: none"> • Nil.
H.4. Improved well being of citizens Key Actions a. Work with partners to develop and implement benefits take up and debt reduction campaigns.	16	<ul style="list-style-type: none"> • £500 p.a. for publicity (funded from benefit admin budget). 	<ul style="list-style-type: none"> • Within existing resources.

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
<p>L.5. Increasing proportion of population attaining basic skill standards (PSA 6, PSA7, PSA10)</p> <p>Key Actions</p> <p>a. Establishment of basic skills programmes and supporting infrastructure in agreed SOAs not meeting floor targets.</p> <p>b. Work with partners to develop an infrastructure that will support number of trainees completing the programme.</p>	17	<p>£2,000 p.a. contribution to Bishop Auckland College for 2006/07 and 2007/08 (funded from LifeLong Learning fund).</p>	Nil
<p>L.6. Reduction of number of working age people with no qualifications in Key SOA's.</p> <p>Key Actions</p> <p>a. Work with course providers to develop, deliver and fund programme and associated</p>	18	<p>£2,000 p.a. contribution to Bishop Auckland College for 2006/07 and 2007/08 (funded from LifeLong</p>	Nil

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
infrastructure		Learning fund).	
<p>L.7. More Council employees with accredited qualifications</p> <p>Key Actions</p> <p>b. Support delivery of accredited training programmes</p>	19	<ul style="list-style-type: none"> • £12,000 in 2006/07 funded from training reserve • £16,800 in 2007/08 funded from training reserve • £22,400 in 2008/09 funded from training reserve 	<ul style="list-style-type: none"> • 30 staff in 2006/07 = approx. xx hrs. • 42 staff in 2007/08 = approx. xx hrs. • 56 staff in 2008/09 = approx. xx hrs.
<p>L.8. Increased number of modern apprentices</p> <p>Key Actions</p> <p>a. Identify with LSC main business needs. Sponsor modern apprentices with local employees</p>	20	<ul style="list-style-type: none"> • £10,000 p.a. funded from training reserve. 	<ul style="list-style-type: none"> • Nil.
<p>OD.5. An improved focus on and better understanding of the Councils objectives and priorities</p> <p>Key Actions</p>	21		

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
a. Implementation of a member development programme		£10,000 p.a. for 5 x Elected Members to attend the I&DeA Leadership Academy p.a. from Management Development Fund	Management of programme met from existing staff resources
b. Implement and develop Organisational Development Strategy		£40, 000 to fund OD programme from Service Improvement Fund and Management Development Fund. <i>(will probably need a growth bid)</i>	Approval for 1 x HR/OD Mgr sought as a mid-year (06) growth bid. Without this post capacity to deliver is constrained.
c. Put in place member-led area based arrangement that actively support a community input into the design and delivery of services in the communities affected by them		£60,000 from Neighbourhood Fund. TBC NRF contribution in nominated SOAs £86,000 in 06/07 and £124,000 in 07/08	Not yet finalised but estimate up to 6 x FTE from existing Council staffing levels.
d. Undertake an annual survey of staff satisfaction and understanding of the Council's agenda.		£2,000 from consultation fund.	Met from existing resources
OD.6. An improving CPA score.	22		

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Key Outcome and Actions	No	Financial Estimates	HR Estimates
Key Actions			
a. Continue to develop user-focussed outcome measures.		Met from existing resources	Approval for 1 x Perf Imp't Officer sought as a mid-year (06) growth bid. Without this post capacity to deliver is constrained
b. Improve community engagement and consultation capacity.		Met from existing resources	Approval for 1 x Consultation Officer sought as a mid-year (06) growth bid. Without this post capacity to deliver is constrained
c. Continue to develop and review Council Partnerships database.		Met from existing resources	Met from existing resources
d. Implement Value for Money Strategy		Met from existing resources	Met from existing resources
e. Develop and implement a data quality management strategy.		Met from existing resources	Met from existing resources
f. Implement and embed the approved HR Strategy.		Met from existing resources	Approval for 1 x HR/OD Mgr sought as a mid-year (06) growth bid. Without this post capacity to deliver is constrained.
g. Review Internal Audit arrangements		Met from existing resources	Met from existing resources

**WEAR VALLEY DISTRICT COUNCIL
COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

Score Risk likelihood and impact as High = 3 medium = 2 and Low =1. Score Overall as 1,2 or 3

Key Outcome and Actions	No	Financial Estimates	HR Estimates
<p>to comply with CIPFA Code of Practice.</p> <p>h. Develop and implement Medium Term Financial Strategy linked to Council Plan.</p> <p>i. Develop capacity and systems to meet agreed targets in emerging KLOE's e.g. use of resources, corporate assessment, data quality, partnerships, etc.</p>		<p>Met from existing resources</p> <p>Met from existing resources</p>	<p>Met from existing resources</p> <p>Met from existing resources</p>
<p>OD.7. Increased satisfaction with the Council overall</p> <p>Key Actions</p> <p>a. To develop and implement a structured Corporate Consultation and Community Engagement Strategy.</p>	23	Met from existing resources	Met from existing resources

**WEAR VALLEY DISTRICT COUNCIL
COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

Score Risk likelihood and impact as High = 3 medium = 2 and Low =1. Score Overall as 1,2 or 3

Key Outcome and Actions	No	Financial Estimates	HR Estimates
<p>b. To develop and implement a strategy to improve customer care and access to services</p> <p>c. Implement and embed existing protocol to improve partnership working</p> <p>d. Develop and implement a campaign to actively promote a positive image of the Council</p>		<p>Met from existing resources (role for newly appointed Corporate Customer Care Officer)</p> <p>Met from existing resources</p> <p>£30,000 capital growth bid needed to refurbish signage in Council Buildings and on Council Vehicles</p>	<p>Met from existing resources</p> <p>Met from existing resources</p> <p>Met from existing resources</p>
<p>OD.8. Improved Value for Money</p> <p>Key actions</p> <p>a. Implement Value for Money Strategy</p> <p>b. Identify and deliver savings</p> <p>c. Build in Value for Money into</p>	24	<p>Met from existing resources</p> <p>Met from existing resources</p>	<p>Met from existing resources (Role for newly appointed VFM Officer)</p> <p>Met from existing resources</p>

**WEAR VALLEY DISTRICT COUNCIL
COUNCIL PLAN 06-09 RISK & FINANCIAL ASSESSMENT TABLE**

Annex J

Score Risk likelihood and impact as High = 3 medium = 2 and Low =1. Score Overall as 1,2 or 3

Key Outcome and Actions	No	Financial Estimates	HR Estimates
Performance Management Framework (PMF)		Met from existing resources	Met from existing resources

Annex K

2005/06		2006/07	2007/08	2008/09
Actual	Service	Forecast	Forecast	Forecast
£000		£000	£000	£000
5,758	Community Services	6,055	6,233	6,230
329	Housing	330	313	322
1,492	Regeneration	1,711	1,908	1,911
781	Management Support	1,020	1,044	1,089
833	Miscellaneous Services	2,171	2,573	2,750
707	Transfers to / (from) Earmarked Reserves	0	0	0
9,900	Total Expenditure	11,287	12,071	12,302
5,925	Government Grant	7,156	7,441	7,739
3,715	Council Tax	3,866	3,990	4,117
40	Collection Fund Surplus	40	40	40
220	Use of Reserves	225	600	406
9,900	Total Income	11,287	12,071	12,302
1,473	Surplus / (Deficit) Reserves Brought Forward	1,253	1,028	428
1,253	Surplus / (Deficit) Reserves Carried Forward	1,028	428	22

HOUSING REVENUE ACCOUNT FINANCIAL FORECAST 2006/07 - 2008/09

2005/06		2006/07	2007/08	2008/09
Actual	Service	Forecast	Forecast	Forecast
		£000	£000	£000
2,680	SUPERVISION & MANAGEMENT	2,938	3,013	3,087
2,930	REPAIRS AND MAINTENANCE	3,129	3,154	3,223
1,794	DEBT CHARGES	1,780	1,801	1,822
2,852	HOUSING SUBSIDY	2,812	2,842	2,872
17	BAD DEBTS	100	100	100
10,273	TOTAL EXPENDITURE	10,759.0	10,910	11,104
(10,698)	RENTAL INCOME	(10,680)	(10,680)	(10,680)
(197)	OTHER INCOME	(190)	(190)	(190)
(45)	INTEREST ON BALANCES	(50)	(50)	(50)
(10,940)	TOTAL INCOME	(10,920)	(10,920)	(10,920)
(667)	DEFICIT / (SURPLUS)	(161)	(10)	184
(561)	WORKING BALANCE B/F	(1,228)	(1,389)	(1,399)
(1,228)	WORKING BALANCE C/F	(1,389)	(1,399)	(1,215)

Capital Programme 2006/07 - 2008/09**Annex M**

	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
	<u>Value (£)</u>	<u>Value (£)</u>	<u>Value (£)</u>
Renovation of Housing Stock	3,795,560	3,714,000	3,214,000
Asset Management	573,100	248,950	150,300
Public Realm Enhancements	554,000	854,000	751,000
Safer Communities	465,590	350,000	0
Private Sector Housing	404,000	404,000	200,000
Liveability	401,000	376,000	50,000
Fleet Replacement	217,500	167,500	204,000
IT Systems	205,250	437,000	397,000
Economic Regeneration	160,000	115,000	115,000
Recreation Areas	55,000	48,000	5,048,000
Total	6,831,000	6,714,450	10,129,300
Funding:			
Supported Borrowing	800,000	800,000	800,000
Major Repairs Allowance	2,690,000	2,690,000	2,690,000
Local Public Service Agreements	50,000	0	0
Specified Capital Grants	122,000	122,000	122,000
Capital Receipts Applied	3,169,000	3,102,450	6,517,300
Total Resources	6,831,000	6,714,450	10,129,300
Surplus / (Deficit)	0	0	0
Land / Property Sales:			
Sale of Council Houses	1,000,000	1,000,000	1,000,000
General Fund Land / Property Sales	1,000,000	1,000,000	1,000,000
Application of Usable Capital Receipts:			
Usable Receipts Brought Forward	13,453,000	12,284,000	11,181,550
Receipts in Year	2,000,000	2,000,000	2,000,000
Receipts Applied in Year	3,169,000	3,102,450	6,517,300
Usable Receipts Carried Forward	12,284,000	11,181,550	6,664,250

Capital Bidding Pro-Forma

Project Title

Department

Project Outline
(max 400 words)

	YEAR 1 £000	YEAR 2 £000	YEAR 3 £000
GROSS COST			
EXTERNAL FUNDING (indicate sources)			
NET COST TO COUNCIL			

Option Appraisal

Option	Y/N	Reasons
Outsourcing		
Joint Working		
Lease/Buy		
In House		

Risks & Strategy for Mitigation

--

Exit Strategy

--

Revenue Implications

Per Annum	x Life of Asset / scheme	Whole Life Cost (£000)
Employees		
Maintenance		
Energy		
Fuel		
Total Expenditure		
Income		
Net Cost		

Judgement Criteria	Bidding department score 0 – 5 (please complete)	Multiplier	Total Score (please complete)	Justification for score (please complete – max 200 words per criterion)
Does scheme relate to corporate objectives?		2		
Does scheme support priorities set out in the Council Plan?		2		
Will deferment of the scheme affect the existing service or its development?		1		
Does scheme satisfy customer / citizen demand?		1.5		

Annex N

Does the Authority have a legal obligation for the scheme to progress?		2		
Does the scheme contribute to the health & safety of public & staff?		0.5		
Does the scheme contribute to effective asset management within the Authority?		1		
Does the scheme generate future revenue receipts / savings?		1		
Does the scheme generate future capital receipts?		1		
Does scheme promote partnership working?		1		
Is scheme sustainable in terms of ongoing revenue costs?		2		
Is the scheme partially externally funded?		1.5		
Adequacy of staff and resources available to deliver the project?		1		
TOTAL SCORE				

EXPLANATORY FOREWORD

1. Introduction

The purpose of this foreword is to provide an understandable guide to the most significant matters reported in the accounts.

2. Information And Financial Statements

The Council's Statement of Accounts for the year ended 31st March 2006 is set out in the following pages. The information and the financial statements are:-

Statement Of Accounting Policies (Page 6)

This shows the policies adopted in compiling the Statement of Accounts.

The Consolidated Revenue Account (Page 12)

This shows the revenue expenditure and income for each service provided by the Council (excluding Council Housing), the Council's demand from the Collection Fund, Revenue Support Grant, contribution from the Non-Domestic Rate Pool, and transfers to and from reserves. Following the Consolidated Revenue Account are notes giving further information on the more significant items.

The Housing Revenue Account (Page 19)

This shows the revenue expenditure and income for the Housing Service, which is financed from tenants' rent. Following the Housing Revenue Account are notes giving further information.

The Collection Fund (Page 23)

This shows the income into the fund and expenditure from the fund including the precept demands upon the fund. Following the Collection Fund Income and Expenditure Account are notes giving further information.

The Consolidated Balance Sheet (Page 25)

This shows the financial position of the Council at 31st March 2006. Following the Consolidated Balance Sheet are notes giving further information.

Statement Of Total Movements In Reserves (Page 36)

This shows all the recognised movements during the year on revenue and capital reserves.

The Cash Flow Statement (Page 38)

This summarises the inflows and outflows of cash arising from transactions with other parties for revenue and capital purposes. Following the Cash Flow Statement are notes giving further information.

Statement On The System of Internal Control (Page 41)

This outlines the Council's policy for ensuring adequate internal controls.

Statement Of Responsibilities For The Statement Of Accounts (Page 44)

This details the Council's and Director of Resource Management's responsibilities in compiling the Accounts.

The Auditor's Report To The Council (Page 45)

The report of the Auditor on the Council's Accounts.

Approval Of The Statement Of Accounts (Page 48)

Glossary Of Terms Used (Page 49)

3. Overview of Financial Performance

The pages that follow show the main financial results for the year for the activities undertaken by the Council. They summarise the income received and expenditure incurred by the Council, and highlights changes in the financial position of the Council during the year.

The Council incurs revenue and capital expenditure during the year. Revenue spending relates to items consumed within the year eg salaries, wages, rent and energy costs, whereas capital expenditure creates an asset that has a life beyond one year. Revenue spending is financed from council tax, fees and charges, Government grants and other income. Capital spending is financed mainly from loans, proceeds from asset sales, Government grants and external contributions.

4. 2005/06 Summary General Fund Revenue Account

In setting its 2005/06 budget, the Council faced a number of financial pressures such as pay awards, pension payments and the cost of improving the quality of services to the public. The Council also wished to minimise the burden on taxpayers and by rigorous scrutiny of all its expenditure limited the increase in the Council Tax charge to 3.6%. This is in line with Government guideline increases. A number of savings were identified and resources reallocated to priority areas as indicated by resident surveys. For example the street warden scheme was expanded and investment made in environmental and cleansing services.

The budgeted level of reserves to support the 2005/06 budget was consistent with the Council's Medium Term Financial Strategy of retaining flexibility to deal with unanticipated demands upon the Council finances in future years. Effective budgetary control was exercised during the year. Indeed, net expenditure in 2005/06 was £953,000 below budget. Due to this favourable position, £487,000 was added to reserves as opposed to a planned reduction of £466,000. This will be used to support the budget in future years. The main reasons for the under-spend were:

- increased investment interest income due to increased asset sales and interest rates remaining higher than anticipated
- reduced interest costs on outstanding loans paid by the Council
- additional planning fee income due to the buoyancy of the property market.

The main components of the General Fund revenue budget for 2005/06 and how these compare with actual income and expenditure are set out below:-

	Budget £000	Actual £000	Difference £000
Recreation and Tourism	3,419	3,059	(360)
Corporate Services	2,902	2,226	(676)
Refuse Collection & Disposal	1,132	1,560	428
Housing (General Fund)	632	346	(286)
Planning and Economic Development	1,059	1,272	213
Environmental Health	544	437	(107)
Highways	458	293	(165)
Total	10,146	9,193	(953)
Transfers (from) / to earmarked reserves	0	707	707
Amounts to be met from Government Grants & Local Taxation	10,146	9,900	(246)
Sources of Finance:			
Council Taxpayers	(3,755)	(3,755)	0
General Government Grants	(4,155)	(4,155)	0
Non-Domestic Rate Income	(1,770)	(1,770)	0
Net General Fund Surplus/(Deficit)	(466)	(220)	246
Total Funding	(10,146)	(9,900)	246

The Council continues to face significant cost pressures. These include increased pension fund contributions due to the past poor performance of the stock market, maintaining our major assets such as leisure centres, which require continued investment and allocating resources in partnership with other agencies to improve health, improve the local economy, improve the built and natural environment and reduce crime. These are amongst the issues that residents continually rate as the most important and which the Council have established amongst its corporate objectives. Consequently £226,000 of reserves will be used to support the 2006/07 budget.

5. 2005/06 Housing Revenue Account

The Housing Revenue Account made a surplus of £666,000, which was £170,000 more than budgeted. This surplus was achieved mainly due to improved rent collection and a reduction in the number of empty properties. A further £162,000, surplus has been budgeted in 2006/07 that will provide a further buffer against unforeseen future costs. A summary of the final outturn is shown below:

	Budget	Actual	Difference
	£000	£000	£000
Expenditure			
Repairs and Maintenance	3,038	2,929	109
Supervision and Management	2,570	2,679	(109)
Provision for Bad Debts	150	17	133
Debt Charges	1,820	1,796	24
Housing Subsidy	2,796	2,852	(56)
Total Expenditure	10,374	10,273	101
Income			
Rents	10,820	10,894	74
Investment Income	50	45	(5)
Total Income	10,870	10,939	69
Contribution to HRA			
Balances	496	666	170

6. Capital

In 2005/06, the Council originally budgeted to spend £6.7m net of external funding. This was revised during the year to £6.5m due to programme slippage. Actual net spend during the year on capital schemes was £5.3m in 2005/06 (£3.5m on Housing Services and £1.8m on General Fund Services). The major underspends arose due to slippage in the schemes to carry out environmental and security works as well as selective demolition on housing estates. There was also a delay in the replacement and refurbishment of public conveniences and the commencement of a major economic development infrastructure programme. The capital programme is financed in a number of ways:

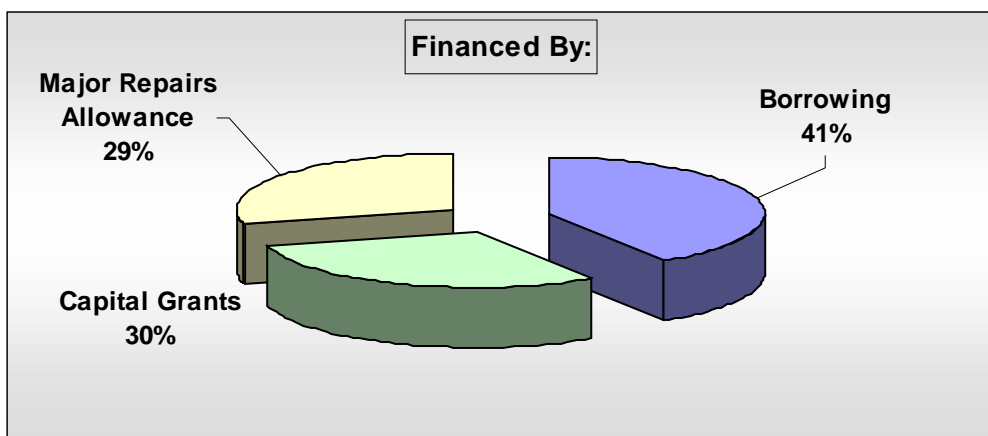
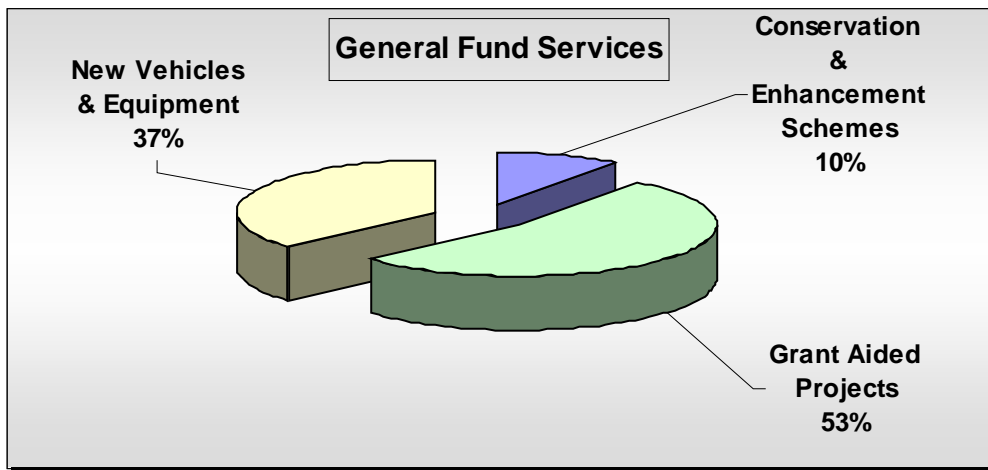
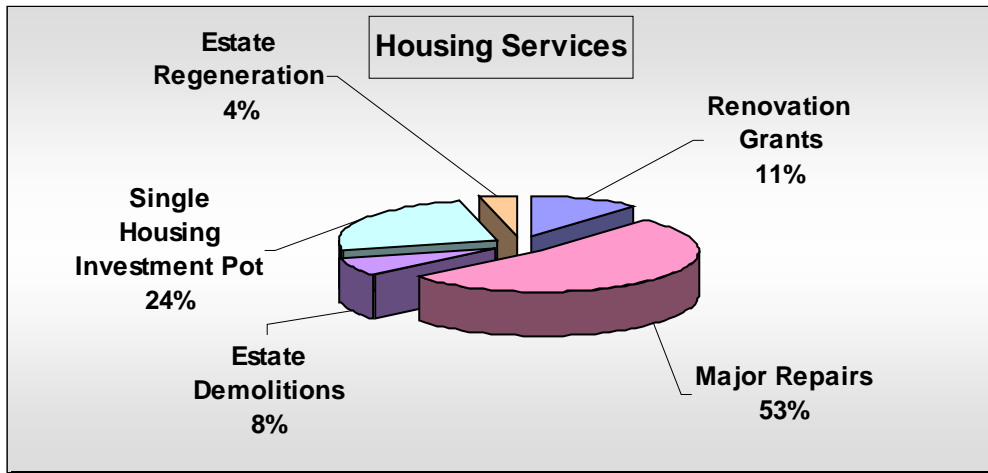
Borrowing – Central Government provide, through grant for General Fund services and Housing subsidy for housing services financial support to fund borrowing to support the capital programme. This supported borrowing approval can be applied to any type of capital expenditure.

Major Repairs Allowance – Central Government provide a grant which can only be used to improve the Council housing stock. This drives the Government's objective that all council dwellings should meeting the Decent Homes Standard by 2010.

Capital Receipts – Capital receipts arise when the Council disposes of an asset. The Council is able to use 25% of capital receipts from the sale of Council houses and 100% for all other assets. This includes the use of 100% of proceeds from the sale of housing land as the Council approved a resolution that such receipts were earmarked for affordable housing and regeneration projects in line with Government rules. Due to an improved level of asset sales, the Council had as at 31st March 2006 £13.5m of receipts that could be used to support the capital programme in future years.

Capital Grants - Various grants are received from other public bodies such as One North-East and allocations from other income streams such as Neighbourhood Renewal Funding to fund capital expenditure.

The charts below show the major items on which capital expenditure has been incurred and how the capital programme was financed.



The major areas of capital expenditure in 2005/06 were:

- £2.7m spent on replacing kitchens, bathrooms and central heating systems within the Council housing stock
- £0.4m on demolition of council properties to improve the balance between demand and supply and combat vandalism and anti-social behaviour
- £0.4m on the further roll out of a wheeled bin replacement scheme for refuse collection

7. **Balances**

As at the 31st March 2006, total balances stood at:

	£000
General Fund	1,254
Housing Revenue	1,227
Collection Fund	567

Included in the General Fund Balance of £1,254,000 is a working balance of £800,000. Included in the Housing Revenue Balance of £1,227,000 is a working balance of £1,000,000. A further £1,990,000 is held as earmarked reserves as detailed in note 20 to the Consolidated Balance Sheet. These balances are consistent with the Council's Medium Term Financial Strategy, which matches current and future estimated resources with priorities set down in the Council Plan.

8. **Borrowing**

The Council's overall borrowing increased by £2,324,000 during the year in accordance with its agreed Treasury Management procedures. The majority of borrowing is undertaken with the Government controlled Public Works Loan Board that lends to local authorities at preferential rates and is used to support the capital expenditure of the Authority. An analysis of the Council's long-term indebtedness is shown in note 16 to the Consolidated Balance Sheet on page 31.

9. **Pension Costs**

In accordance with the requirements of Financial Reporting Standard No 17 – Retirement Benefits (FRS17), the Council is required to account for retirement benefits when it is committed to pay them as opposed to when actual payment is made. This treatment has resulted in the net operating expenditure of the Council shown on the face of the Consolidated Revenue Account on page 12 to be £400,000 greater than it otherwise would have been. This has no impact upon the overall amount to be met from Government grants and local taxation.

10. **Economic and Monetary Union**

The 'Euro', the new single currency for the European Union, was introduced across 11 of the member states, with effect from 1st January 1999. The United Kingdom did not join in the first wave and has yet to make a decision on when it intends to join. There have been no financial implications to the Council to date.

STATEMENT OF ACCOUNTING POLICIES

1. General

The Council's accounting policies have been drawn up in line with recommended accounting principles, as specified in the Best Value Code of Practice on Local Authority Accounting (BVACOP) and accompanying Guidance Notes for Practitioners, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Institute's guidance note on the application of Statements of Standard Accounting Practice (SSAP's), Statements of Recommended Practice (SORPs) and Financial Reporting Standards (FRSs) have also been taken into account.

During 2002/2003 CIPFA issued a revised Accounting Code of Practice dealing specifically with Best Value Accounting issues to ensure that cost based performance indicators are compiled on a fair and comparable basis. The financial statements contained in the Statement of Accounts takes into account the recommended accounting principles wherever possible.

2. Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits extending over more than one year to the Authority and is greater in value than £5,000. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to Service Revenue Accounts.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the following groupings required by the latest Code of Practice on Local Authority Accounting:

- land, operational properties and other operational assets are included in the Balance Sheet at the lower of net current replacement cost and net realisable value in their existing use.
- non-operational assets, including investment properties and assets that are surplus to requirements, are included in the Balance Sheet at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open market value.
- community assets are included in the Balance Sheet for identification purposes at a nominal value of £5 each.
- housing operational properties are valued on the basis of existing use value for social housing.

Subsequent revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur. In particular, the value of council house dwellings are reviewed annually by comparing their value to recent valuations obtained in Right to Buy sales.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that is not reserved for repayment to the Government in accordance with accounting regulations, is included in the Balance Sheet as usable capital receipts.

3. Depreciation

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) in accordance with FRS 15.

Depreciation is calculated using the straight-line method after taking into account the residual value of individual assets.

The useful economic life of each asset is calculated on an individual basis within each category of asset.

4. Charges To Revenue

General Fund Service Revenue Accounts, Central Support Services and Statutory Trading Accounts are charged with a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to net asset values. The aggregate charge to individual services is determined on the basis of the capital employed in each service. The charge made to the Housing Revenue Account is an amount equivalent to the statutory capital financing charges.

External interest payable and the provision for depreciation are charged to the Asset Management Revenue Account, which is credited with capital charges charged to services. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation. Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately as appropriations, on the face of the Consolidated Revenue Account, below net operating expenditure.

5. Intangible Assets

Intangible assets represent expenditure which may properly be capitalised, but which does not represent tangible fixed assets. Intangible assets in the financial year are written off to the appropriate service revenue account.

6. Capital Receipts

Under the 1985 Housing Act, Council tenants have the right to buy their dwellings. The proceeds of these sales, together with other disposals of assets that arise in the normal course of Council activities, are known as capital receipts. With effect from 1st April 2004, 75% of the value of receipts from right to buy sales must be paid over to Government rather than used to redeem loan debt.

7. Government Grants And Contributions

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

8. Reserves

The capital accounting regulations require the following reserve accounts in the Consolidated Balance Sheet:

- the Fixed Asset Restatement Account, which represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.
- the Capital Financing Account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets and certain other capital financing transactions.

Neither of these reserves can be used to support spending.

9. Debtors And Creditors

Debtors and creditors are included in the balance sheet as at 31st March 2006 on an accruals basis.

10. Stocks And Works In Progress

Stores issues are made at the latest price plus a handling charge of 25%. Any surplus on issues is credited to the Stores Overhead Account at the end of the financial year after valuation of stock in hand. Stock in hand at 31st March 2006 is valued at latest prices and does not comply with SSAP 9 which requires stocks to be shown at actual costs or net realisable value, if lower. Works in progress on rechargeable works, etc. are entered in the accounts at cost price.

11. Provisions And Reserves

The Council has a number of provisions and reserves, which are detailed in the Notes to the Consolidated Balance Sheet. The Council sets aside provisions to meet liabilities arising from past events, which are likely or certain to be incurred, but the amount of which cannot be determined accurately.

12. Repayment Of Debt

The Council has to set aside from revenue a specified amount for repayment of its debt. Up to 1995/96 these provisions were used to physically reduce debt. From 1995/96 these provisions are shown by memorandum.

The Council makes provision for all scheduled debt repayments. The basis of these payments is dependent upon the type of loan raised. The two types of loan used by the Authority are:

(a) **Equal instalment loans** – equal instalments of principal are repaid over the appropriate repayment period.

(b) **Maturity loans** – the principal is repaid in full on the date the loan matures. In the interim, interest payments are made.

In addition to these budgeted repayments the Council will also redeem or restructure debt early as part of its overall debt management policy thus utilising its ability to repay and/or replace debt based on prevailing market conditions.

13. Leases

Rentals payable under operating leases are charged to service revenue accounts on an accruals basis. The Authority did in previous years use finance leases to provide some of its fixed assets. Only peppercorn rentals are paid on the remaining leases.

14. Overheads

The costs of the Council's Support Services are fully recharged to services, on the basis outlined below:-

<u>Support Service</u>	<u>Basis of Allocation</u>
Central Departments (e.g. Finance, Administration, Technical Services)	Monthly Time Sheet Analysis
Ancillary Services	Units of consumption
Offices	Floor Area Occupied

15. Pensions

The Council's Accounts have been prepared in accordance with FRS 17 'Retirement Benefits', which became fully effective from 1st April 2003.

This requires the Council to account for retirement benefits when it is committed to give them, even if the actual giving will be many years in the future.

In complying with this approach, the following should be noted:

- The financial statements reflect the value of assets and liabilities arising from the Council's retirement benefit obligations;
- The operating costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned by employees;
- The financial statements contain adequate disclosure of the costs of providing retirement benefits and the related gains, losses, assets and liabilities.

These accounting policies represent a change to those applied in prior years. Previous policy was to recognise liabilities in retirement benefits only when employer's contributions became payable to the pension fund or payments fell due to the pensioners for which we were directly responsible.

The new policies reflect our commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the Pension Fund.

The change in accounting policy has had the following effects on the results of the prior and current periods:

- The overall amount to be met from Government grants and local taxation has remained unchanged, but the costs disclosed for individual services are 1.77% lower after the replacement of employer's contributions by current service costs and net operating expenditure is 2.99% higher than it would otherwise have been.

- The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the Council by 19.37%.

In accordance with Standard Accounting Practice for Local Authorities, the additional costs which would have arisen over the relevant period, in order to comply with FRS 17, are shown by way of a note to the Consolidated Balance Sheet. (See Note 21).

However the Council is of the opinion that the statutory prescribed nature of the Housing Revenue Account does not permit the inclusion of FRS17 costs/adjustments within that account.

The Annual Report of Durham Superannuation Fund is available from the County Treasurer, Durham County Council, County Hall, Durham, DH1 5UE.

16. Interest

All surplus capital and revenue monies are externally invested. The General Fund receives the interest and an internal transfer is made to the HRA, based upon the actual interest rate achieved on the Council's external investments throughout the year. Interest payable on external borrowings and investment income is accounted for on an accruals basis.

17. Insurances

The Council insures against the majority of its potential losses by using an insurance company. However, in order to minimise external premiums, the Council has established an Insurance Fund to meet the potential cost of insurance claims falling within agreed excesses. (For example, all Public Liability claims up to £26,000 are borne by the Council and only amounts above this excess are met by the insurance company).

18. Value Added Tax

VAT is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

19. Post Balance Sheet Events

Where a material post balance sheet event occurs which:

- Provides additional evidence relating to conditions existing at the balance sheet date; or
- Indicates that application of the going concern concept to a material part of the authority is not appropriate;

Changes are made in the amounts to be included in the Statement of Accounts.

Any occurrence of a material post balance sheet event which concerns conditions which did not exist at the balance sheet date are disclosed. The disclosure states the nature of the event and, where possible, an estimate of the financial effect of the event.

20. Contingent Assets

Contingent assets are not accrued in the accounting statements, but disclosed by way of notes if the inflow of a receipt or economic benefit is probable. The disclosures indicate the nature of the contingent asset and an estimate of its financial effect.

21. Contingent Liabilities

Contingent liabilities are not accrued in the accounting statements, but are disclosed by way of notes if there is a possible obligation, which may require a payment or a transfer of economic benefits. For each class of contingent liability, the Authority will disclose the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

22. Exceptional Items, Extraordinary Items and Prior Year Adjustments

- (a) Exceptional items will be included in the cost of the service to which they relate or on the face of the consolidated revenue account if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item will be given within the notes to the

accounts. The costs of any fundamental reorganisation or restructuring which has a material effect on the nature and focus of the authority's operations will be shown separately on the face of the consolidated revenue account.

- (b) Extraordinary items will be disclosed and described on the face of the consolidated revenue account after dealing with all items within the ordinary activities of the authority and will be explained fully in a note to the accounting statements.
- (c) Prior year adjustments will be accounted for in the year in which they are identified and disclosed within the notes to the accounts or, where considered necessary for fair reporting, on the face of the appropriate revenue account. However, there will not be any adjustment of preceding year comparative figures or of the opening balances of funds. This reflects the requirement to match all expenditure in the reporting period with income from general Government grants and local taxpayers. An explanation will be given by way of notes to the accounts of the estimated effect on the prior year figures.

23. Foreign Currency Translation

Income and expenditure arising from a transaction denominated in a foreign currency is translated into £ sterling at the exchange rate in operation on the date on which the transaction occurred; if the rates do not fluctuate significantly, an average rate for a period will be used as an approximation. Where the transaction is to be settled at a contracted rate, that rate will be used.

At each balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated by using the closing rate or, where appropriate, the rates of exchange fixed under the terms of the relevant transactions.

24. Investments

Short Term Investments are shown in the Balance Sheet at their nominal value. The Council has no interests of any sort in associated or subsidiary companies.

25. Provision for Bad and Doubtful Debt

All outstanding debts are reviewed on an ongoing basis and known uncollectable debts are written off. A separate provision is charged to the revenue accounts on an annual basis to reflect the fact that some debts will become doubtful or bad at a future date. The provision is calculated in accordance with BVACOP guidance and is primarily based on the age of the debt outstanding.

26. Revenue Reserves

In accordance with the Code, amounts set aside for purposes falling outside the definition of provisions are considered to be reserves and transfers to and from them are distinguished from service expenditure in the Statement of Accounts. No expenditure has been charged directly to any reserve. The major reserves held and a brief description of their purpose is shown below:-

- (a) ***General Fund Reserve:***
Represents an amount available to meet any shortfall between expenditure incurred in the day to day running of the Council and income received. It also provides support to maintain services when the Council is faced with cuts in Government Grant allocations. It includes the surplus or deficit on the General Fund for the year.
- (b) ***Housing Revenue Account Reserve:***
Represents a sum earmarked for the repair, maintenance and management of the Council housing stock and a working balance available to meet any revenue shortfalls in the day to day running of the Council's housing service. It includes the surplus or deficit on the Housing Revenue Account for the year.

27. Impairment

The value at which each category of assets is included in the balance sheet is required by FRS 11 to be reviewed at the end of each reporting period by a professionally qualified valuer. Where there is reason to believe that its value has changed materially in the period, the valuation is adjusted accordingly.

During the year an impairment desk top review has been carried out by a multi-disciplined council team which recommended no changes to the values. This approach whilst cost effective does not comply with the provisions of FRS11.

28. Single Regeneration Budget / Neighbourhood Renewal Fund

The Council acts as Accountable Body for two SRB Partnerships and also a Neighbourhood Renewal Fund within the District. Current accounting practice recommends that all financial transactions of the Partnerships should be reflected in the Council's Accounts. The Council does not agree with this view and as a consequence the only transactions in the Consolidated Revenue Account and Balance Sheet relate to the Council's own schemes.

29. Group Accounts

The 2004/05 SORP requires local authorities to prepare Group Accounts where they have an interest in subsidiary or associate companies, or joint ventures with other organisations. This Council believes they have no undertakings where there would be a requirement to prepare Group Accounts under the SORP.

30. Pooling of Housing Capital Receipts

With effect from 1st April 2004 the DCLG changed how the 'set aside' element of capital receipts was to be accounted for within an Authority's accounts. Previously the relevant proportion of the receipts generated had to be set aside for the repayment of external loan debt (irrespective of whether it was actually used to repay any debt). Housing Subsidy was subsequently adjusted to reflect this notional set aside. Since the 1st April 2004 the set aside portion of relevant capital receipts is paid directly to the DCLG on a quarterly basis with no subsequent adjustment to Housing Subsidy. The Consolidated Revenue Account format has been amended to reflect this change.

29. Changes in Accounting Practice

During 2005/2006 the Council has not changed any of its accounting policies.

CONSOLIDATED REVENUE ACCOUNT FOR 2005/06

2004/05		2005/06		
		Gross Expenditure £000	Income £000	Net Expenditure £000
419	Central services to the public	6,486	(5,966)	520
7,466	Cultural, environmental & planning services	12,221	(4,888)	7,333
308	Highways, roads and transport services	719	(426)	293
1,471	Housing services - General Fund	19,109	(16,737)	2,372
(770)	Housing services - Housing Revenue Account	16,416	(17,082)	(666)
1,566	Corporate and democratic core	1,716	(261)	1,455
195	Non distributed costs	102	0	102
10,655	Net Cost of Services	56,769	(45,360)	11,409
55	Parish council precepts	82	0	82
(65)	Surplus on trading undertakings (note 6)	316	(332)	(16)
89	Asset Management Revenue Account (note 8)	3,153	(3,245)	(92)
(805)	Interest & investment income (note 13)	0	(1,087)	(1,087)
3,230	Interest on pension liability	3,210	0	3,210
(2,240)	Expected return on pension fund assets	0	(2,600)	(2,600)
2,721	Contribution of housing capital receipts to Government Pool	2,613	0	2,613
13,640	Net Operating Expenditure	66,143	(52,624)	13,519
770	Transfer to HRA balances			666
214	Transfers (from) / to other earmarked reserves			707
(1,232)	Reconciling amount for provisions for loan repayment (note 9)			(1,980)
(2,721)	Transfer from Usable Capital Receipts reserve			(2,613)
(920)	Contribution from pensions reserve			(400)
9,751	Amounts to be met from Government Grants & Local Taxation			9,899
(3,526)	Demand on the Collection Fund			(3,715)
(3,983)	General Government grants			(4,155)
(1,666)	Non-domestic rates redistribution			(1,770)
(70)	Transfers (from) / to the Collection Fund			(40)
506	Net General Fund (surplus) / deficit			219
(1,979)	Balance on General Fund brought forward			(1,473)
(1,473)	Balance on General Fund carried forward			(1,254)

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. Operating Leases

a) The Authority has provided some lease cars, automatic public conveniences, I.T. and photocopiers financed under the terms of an operating lease. The amount paid under these arrangements in 2005/06 was £104,992 (2004/2005 £185,813). The Authority is committed to making payments of £114,003 under these leases in 2006/07, comprising the following elements:

	2004/05	2005/06
	£000	£000
Leases expiring in 1 year	79	1
Leases expiring in 2 - 5 years	22	113
Leases expiring in more than 5 years	0	0

b) Authority as Lessor – The Authority has granted the following major leases under the terms of operating leases:

Mothercare UK Ltd for 25 years. The market rent charged was £47,500.

WH Smiths for 25 years. The market rent charged was £46,250.

The Royal Corner - leases range from periods of 3 years to 25 years. The total market rent charged was £32,230.

The gross value of assets held for use in operating leases was £583,613 for Mothercare UK Ltd, £571,300 for WH Smiths, £338,840 for the Royal Corner (valued at 31 March 2005).

2. Publicity Expenditure

Set out below, under the requirements of S.5(1) of the Local Government Act 1986 is the Council's spending on publicity.

	2004/05	2005/06
	£000	£000
Recruitment Advertising	71	63
Other Advertising	53	59
Other Publicity	12	18
	136	140

3. Building Regulations Charging Account

Local Authorities are required to prepare a Building Control Statement under regulation 5 (6) of the Charges Regulations. The statement shows the total cost of the building control unit divided between chargeable and non chargeable activities.

	Chargeable	Non Chargeable	Total Building Control
	£000	£000	£000
Expenditure	180	46	226
Income	(204)	0	(204)
(Surplus) / Deficit for year	(24)	46	22

4. Section 137 Local Government Act 1972

Section 137 of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds, not-for-profit bodies providing a public service in the United Kingdom and mayoral appeals. The expenditure is limited to £1.90 per head of population. The Council was permitted to spend

£117,070, under this power in 2005/06 (£116,470 in 2004/05) and its actual expenditure in the year amounted to £102,010 (£80,294 in 2004/05) mainly on donations to voluntary bodies working in the local area.

5. Agency Work

The Council acts as an agent of Durham County Council in respect of verge maintenance and gully cleansing. The County Council reimburses the Council for this agency work including a contribution towards administrative costs. The amount reimbursable in respect of these activities is as follows:-

	2004/05	2005/06
	£000	£000
Routine Maintenance	75	78
Administrative Costs	5	6
Total Amount Reimbursable	80	84

6. Trading Operations

The Council has established 3 trading units where the service manager is required to operate in a commercial environment and balance their budget. Details of the activities of the trading units are shown below. Previous trading accounts in respect of DSO Leisure are no longer prepared as the in - house costs are now taken into account in the appropriate revenue budgets.

.....

The Building Control unit carries out work which is chargeable. The trading objective of the unit is to break even.

Turnover	234	
Expenditure	(210)	
Surplus		24
Surplus 2004/05	23	

.....

The Council lets various industrial units in conjunction with Durham County Council and Wear Valley Development Agency. The trading objective is to break even.

Turnover	49	
Expenditure	(50)	
Deficit		(1)
Surplus 2004/05	19	

.....

The Council owns and manages 2 markets in the District generating income from rentals. The trading objective is to break even.

Turnover	49	
Expenditure	(56)	
Deficit		(7)
Surplus 2004/05	23	

.....

Net surplus on trading operations:

16

7. Superannuation

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that the employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme for civilian employees, administered by Durham County Council. This is a funded Scheme, meaning that the Authority and employees pay contributions into the fund, calculated at a level intended to balance the Pensions liabilities with investment assets.

The Authority recognises the cost of retirement benefits in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account (CRA) after net operating expenditure. The following transactions have been made in the CRA during the year:

	2004/05	2005/06
	£000	£000
Net Cost of Services:		
Current Service Cost	1,420	1,450
Net Operating Expenditure:		
Interest Cost	3,230	3,210
Expected Return on Assets	(2,240)	(2,600)
Amount Met from Government Grants and Taxpayers:		
Movement on Pension Reserve	(920)	(400)
Actual Amount Charged Against Council Tax:		
Employer's contributions payable to Scheme	1,490	1,660

Note 21 to the Consolidated Balance Sheet on Page 33 shows details of the assumptions made in estimating the figures included in this note.

8. Transactions On The Asset Management Revenue Account

	2004/05	2005/06
	£000	£000
Income:		
Release of Grants and Contributions Deferred	(1,407)	(1,261)
Capital Charges in Year	(9,829)	(11,530)
	(11,236)	(12,791)
Expenditure:		
Provision for Depreciation	3,992	5,029
HRA Notional Interest	3,397	4,089
External Interest Charges	2,529	2,320
Amortisation of Deferred Charges	1,407	1,261
Balance to Consolidated Revenue Account	89	(92)

9. Minimum Revenue Provision

	2004/05	2005/06
	£000	£000
General fund - MRP - 4% of credit ceiling	399	480
	399	480
Amount charged as depreciation	793	833
Deferred charges written off to Service Revenue Accounts	2,245	2,888
Amortisation of government grants	(1,407)	(1,261)
Additional charge to Consolidated Revenue Account	(1,232)	(1,980)
	399	480

10. Members' Allowances

There are 40 elected Members of the Council and during 2005/06 a total of £279,045 (2004/05 £269,443) was paid in respect of Members Allowances, made up of £213,383 (2004/05 £207,420) basic allowances and £65,662 (2004/05 £62,023) special responsibility allowances.

The breakdown of this between individual Councillors is available for inspection on request at the Civic Centre, Crook, Co. Durham.

11. Officers' Emoluments

The number of employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £10,000 were:-

	2004/05	2005/06
Remuneration Band	Number of Employees	Number of Employees
£50,000 - £59,999	1	0
£60,000 - £69,999	1	4
£70,000 - £79,999	0	0
£80,000 - £89,999	0	1

The change in the 2005/06 remuneration bands and numbers is due to an organisational restructure.

12. Local Authority (Goods & Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. During 2005/06 the following services were provided:

	£000
MOT Testing	8
Wardens Service and Alarm Monitoring for Housing Associations	13

13. Interest & Investment Income

	2004/05	2005/06
	£000	£000
Interest Received on External Investments	626	1,008
Interest Received on Housing Association Loans	78	77
Loan Discounts Received	101	2
	805	1,087

14. Related Party Transactions

In accordance with FRS 8, the financial statements should contain a disclosure necessary to draw the attention to the possibility that the reported financial position of the Authority may have been affected by the existence of related parties and by material transactions within them. During the year transactions with related parties arose as follows:-

Central Government

(Receipts from central government – See cash flow statement)

Precepts in relation to Durham County Council and Durham Police Authority

(See Collection Fund)

Payment to Durham County Pension Fund in respect of Superannuation

(See note 7 to the Consolidated Revenue Account)

Spectrum Centre

(£51,000 deficit funding of the Spectrum Trust to which the Council appoints 9 of its 11 trustees)

During 2005/06 the Authority acted as the Accountable Body for the Neighbourhood Renewal Funds and the Single Regeneration Budget (Rounds 5 and 6). Transactions during the year were as follows:

	N.R.F.	S.R.B.
	£000	£000
Balance b/f as at 01/04/2005	(100)	(7)
Receipts	(2,919)	(116)
Payments	2,941	149
Balance c/f as at 31/03/2006	(78)	26

This disclosure note has been prepared using a specific declaration obtained in respect of Related Party Transactions.

15. Exceptional Items and Prior Year Adjustments

There were no exceptional items or prior year adjustments affecting the Consolidated Revenue Account in 2005/06.

16. Disclosure of Audit Costs

In 2005/06 Wear Valley District Council incurred the following fees relating to external audit and inspection.

	2004/05	2005/06
	£000	£000
Fees payable to the Audit Commission with regard to external Audit Services carried out by the Appointed Auditor	105	94
Fees payable to the Audit Commission in respect of Statutory Inspection	10	9
Fees payable to the Audit Commission for the certification of Grant Claims and Returns	31	41
	146	144

HOUSING REVENUE ACCOUNT FOR 2005/06

2004/05 £000		Note	2005/06 £000
	Expenditure		
2,676	Repairs and Maintenance		2,930
2,144	Supervision and Management		2,667
20	Rents,rates, taxes and other charges		12
66	Provision for Bad Debts	3	17
3,397	Cost of Capital Charge	10	4,089
3,199	Depreciation	7	4,197
35	Debt Management Costs		34
733	Housing Subsidy	11	164
12,270	Total Expenditure		14,110
	Income		
10,643	Dwelling rents (gross)	2	10,698
200	Non-dwelling rents (gross)		197
10,843	Total Income		10,895
1,427	Net Cost of Services		3,215
1,665	Net transfer to Asset Management Revenue Account		2,391
46	HRA Investment Income		45
0	Amortised Premia		(64)
(284)	Net Operating Expenditure		843
(486)	Transfer to/(from) Major Repairs Reserve	6	(1,509)
(770)	(Surplus) / Deficit for year		(666)
209	(Surplus) / Deficit Balance at beginning of year		(561)
(561)	(Surplus) / Deficit Balance at end of year		(1,227)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Housing Stock

The Council owned 4,606 dwellings at 31st March 2006 (4,877 as at 31st March 2005) of which 4,268 (4,519 as at 31st March 2005) were houses and bungalows, and 338 (358 as at 31st March 2005) were flats. During the year 138 dwellings were sold under Right to Buy legislation and 133 dwellings demolished. No new dwellings were completed during the year (nil in 2004/05).

2. Rent Income

The gross rent debit represents the amount of rent due for the year after allowance is made for voids, etc. It incorporates an average increase of 3.5% applied on 1st April 2005. Net rent arrears at 31st March 2006 amounted to £521,252 (£673,033 in 2004/05) which represents 4.8% (6.2% in 2004/05) of the gross rent debit after deducting voids. During the year 4.7% of rental income was lost due to voids compared to 7.4% in 2004/05.

3. Provision for Bad and Doubtful Debts

In accordance with the provisions of the Local Government and Housing Act, an increased provision of £17,350 was made in 2005/06 for uncollectable rents, compared to an increase of £66,033 in 2004/05. Bad debts amounting to £169,818 (£386,259 in 2004/05) were written off against this provision during 2005/06. The net provision for uncollectable rent stands at £446,149 (£598,617 in 2004/05).

4. Housing Benefit

Expenditure on rent rebates and associated government grant towards the costs are accounted in the Council's General Fund as from 1st April 2004. This is in accordance with the requirements of the Local Government Act 2003. It is estimated that the overall financial impact upon the HRA as a result of this change is broadly neutral.

5. Housing Revenue Fixed Assets

The Vacant Possession Value of £288m is the Authority's estimate of the total sum that it would receive if all the assets were sold on the open market. The Net Book Value is calculated on the basis of rents receivable on existing tenancies. These are less than the rent that would be obtainable on the open market and the Net Book Value is therefore lower than the Vacant Possession Valuation. The difference between the two values shows the economic cost of providing housing at less than market value. The balance sheet valuations of the Housing Revenue Account assets are shown below.

	Operational Assets	Non Operational Assets	Total
	£000	£000	£000
Net Book Value as at 1st April 2005	110,493	3,191	113,684
Capital expenditure for the year	3,703	0	3,703
Disposals	(5,773)	0	(5,773)
Depreciation charge for the year	(4,053)	(144)	(4,197)
Revaluation for the year	11,610	0	11,610
Net Book Value as at 31st March 2006	115,980	3,047	119,027

6. Major Repairs Reserve

The movement on the Major Repairs Reserve during the year is shown below.

2004/05	2005/06
£000	£000
35 Balance as at 1st April	50
3,199 Add: Transfer from HRA	4,197
2,698 Less: Financing of Capital Expenditure	2,688
486 Less: Transfer to HRA	1,509
50 Balance as at 31st March	50

7. Depreciation Charge

The total charge to the HRA in respect of depreciation during the year is shown below.

2004/05 £000		2005/06 £000
2,970	Dwellings	3,968
87	Garages	85
142	Shops etc	144
3,199	Total Depreciation Charge	4,197

8. HRA Capital Financing

The figures below relate to expenditure solely upon the Council's own housing stock and not private sector housing which is included within the figure shown in note 6 on page 4 of the Explanatory Foreword.

	£000
Improvements to Council Housing	3,633
Other Works	70
Total HRA Capital Expenditure	3,703
Financed By:	
Major Repairs Reserve	2,688
Supported Borrowing	927
Grants	88
Total	3,703

9. HRA Capital Receipts

The value of capital receipts during the year is shown below.

	Gross Receipt £000	Usable Element £000	Reserved Element £000
Houses	3,572	959	2,613
Land	7,655	7,655	0
Total	11,227	8,614	2,613

10. Capital Financing Costs

The cost of capital charge reflects the cost of capital tied up in council housing and other HRA assets. It is calculated as 3.5% of the value of HRA operational assets. In order to avoid impacting upon the costs borne by tenants through their rent, the capital asset charges are adjusted so that the HRA receives its share of the total debt and financing costs of the Council. Consequently, the credit from the Asset Management Revenue Account is the difference between the cost of capital charge and the actual HRA debt charges.

2004/05 £000		2005/06 £000
3,397	Capital Charges	4,089
35	Debt Management Expenses	34
(1,665)	Transfer to AMRA	(2,391)
1,767	Actual HRA Debt Charges	1,732

11. Housing Subsidy

The total HRA subsidy receivable by the Council is shown below.

2004/05		2005/06
£000		£000
5,441	Management & Maintenance	5,847
2,713	Major Repairs Allowance	2,688
1,823	Capital Charges	1,826
(10,707)	Rent	(10,522)
(3)	Interest on Receipts	(3)
(733)	Total Housing Subsidy	(164)

12. Impairment Charges

There were no charges arising in 2005/06 in respect of impairment of HRA assets.

13. Deferred Charges

There were no charges in respect of deferred charges attributable to the HRA for 2005/06.

14. Exceptional Items and Prior year Adjustments

There were no exceptional items affecting the HRA in 2005/06.

15. Pensions

Due to its statutory nature, the Housing Revenue Account for 2005/06 has not been prepared in accordance with FRS 17 "Retirement Benefits". On this basis, all FRS17 adjustments have therefore been excluded from the Housing Revenue Account shown on page 19. Preparation of the accounts in accordance with FRS17 would have resulted in a reduced charge to the HRA in 2005/06 of £10,000.

16. Debt Set-Aside

The Local Government Act 2003 removed the obligation to set aside a portion of receipts received from Right to Buy sales. The Government now requires the Council to pay over a proportion of these receipts adjusted for the cost of administering Right to Buy Sales and the value of improvements made to these properties in the three years prior to their sale. The financial impact upon the HRA in 2005/06 is broadly neutral.

COLLECTION FUND

INCOME AND EXPENDITURE ACCOUNT

FOR 2005/06

2004/05 £000		2005/06 £000	Note
	Income		
18,224	Income from Council Tax	19,329	3
5,378	Council Tax Benefits	5,620	
9,033	Income Collectable from Business Ratepayers	8,619	
32,635	Total Income	33,568	
	Expenditure		
	Precepts and Demands		
16,605	Durham County Council	17,554	
3,526	Wear Valley District Council	3,715	
1,719	Durham Police Authority	1,823	
1,395	County Durham and Darlington Fire and Rescue Authority	1,394	
	Business Rates		2
8,938	Payment to National Pool	8,527	
95	Cost of Collection	92	
	Bad and Doubtful Debts/Appeals		
16	Write Offs - Council Tax	1	
(17)	Changes in Provision	(15)	
	Distribution of Previous Year's Estimated Surplus		
70	Wear Valley District Council	40	
345	Durham County Council	191	
31	Durham Police Authority	20	
0	County Durham and Darlington Fire and Rescue Authority	16	
32,723	Total Expenditure	33,358	
88	Movement on Fund Balance	(210)	
(445)	Surplus on Fund Brought Forward	(357)	
(357)	Fund Balance Carried Forward	(567)	

NOTES TO THE COLLECTION FUND ACCOUNT

1. General

The surplus on the Collection Fund as at 31 March 2006 is £566,750, relating to Council Tax. £263,640 has been used in 2006/07 as follows:-

Wear Valley District Council	£40,000
Durham County Council	£189,006
Durham Police Authority	£19,625
Durham and Darlington Fire and Rescue Authority	£15,009

The estimated surplus for 2006/07 will be distributed in subsequent financial years to Durham County Council, Wear Valley District Council, Durham Police Authority and Durham and Darlington Fire and Rescue Authority in proportion to their precepts and demands made on the Collection Fund. This surplus will also be used to reduce Council Tax.

2. Income from Business Rates

Non-Domestic Rates are determined on a national basis by Central Government, which sets an annual non-domestic rating multiplier amounting to 42.2p in 2005/06 (45.6p in 2004/05). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by this multiplier. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into a national non-domestic rate pool administered by the Government.

The total non-domestic rateable value at 31st March 2006 was £26,679,438 (£24,091,797 at 31st March 2005).

3. Council Tax

The tax base is used to calculate the charge for each Band of property. In 2005/06 the amount of precepts levied by Durham County Council, Durham Police Authority, Durham and Darlington Fire and Rescue Authority and Wear Valley District Council (excluding parishes) was £24,404,080.73. This amount divided by the tax base of £18,980.72 gives a Band 'D' tax of £1,285.73. The calculation of the tax base is shown below:

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Dwellings	18,813	3,286	3,309	2,423	1,027	285	129	33	29,304
Exemptions	(820)	(52)	(57)	(24)	(19)	(4)	(6)	(1)	(983)
Disabled Relief	(37)	17	(14)	(15)	(5)	1	5	(13)	(61)
Discounts	(2,431)	(294)	(237)	(116)	(45)	(16)	(13)	(2)	(3,154)
Total Equivalent Dwellings	15,525	2,957	3,001	2,268	958	266	115	17	25,106
Ratio	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalents	10,350	2,300	2,668	2,268	1,171	385	192	34	19,368

TAX BASE CALCULATIONS	
Total Band "D" Equivalent	19,368.08
Bad Debt Provision (2%)	387.36
Tax Base	18,980.72

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH 2006

2004/05		2005/06		
£000		£000	£000	Notes 1 to 5
	Fixed Assets			
	Operational Assets			
110,493	Council Dwellings	115,980		
13,965	Other Land and Buildings	13,765		
2,297	Vehicles Plant and Equipment	2,689		
1	Community Assets	1		
	Non-Operational Assets			
4,875	Investment Properties	5,594		
13,201	Surplus Property and Land	5,720		
144,832	Total Fixed Assets		143,749	
2	Investments - Long Term		2	
174	Intangible Assets		113	9
752	Long Term Debtors		740	10
145,760	Total Long Term Assets		144,604	
	Current Assets			
93	Stocks and Work in Progress	149		11
3,540	Debtors	4,432		13
13,380	Investments	23,640		14
4	Cash and Bank	153		
	Total Assets		28,374	
	Current Liabilities		172,978	
(5,176)	Short Term Borrowing	(2,667)		
(11,198)	Creditors	(13,714)		15
(737)	Cash Overdrawn	0		
	Total Assets Less Current Liabilities		(16,381)	
145,666	Total Assets Less Current Liabilities		156,597	
(31,552)	Long Term Borrowing		(36,385)	16
(24,920)	Pensions Liability		(23,150)	21
(276)	Provisions		(492)	18
88,918	Total Assets Less Liabilities		96,570	
82,216	Fixed Asset Restatement Account		79,843	6
22,565	Capital Financing Account		20,554	7
4,541	Usable Capital Receipts Reserve		13,453	17
(24,920)	Pensions Reserve		(23,150)	21
752	Deferred Capital Receipts		740	
50	Major Repairs Reserve		50	8
40	Funds		42	18
1,283	Earmarked Reserves		1,990	20
1,473	Balances - General Fund		1,254	
561	- Housing Revenue		1,227	
357	- Collection Fund		567	
88,918	Total Net Worth		96,570	

These accounts were authorised for publication by the Director of Resource Management on 28th June 2006

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Fixed Assets

Movements of Fixed Assets during 2005/06 were as follows:

	Council Dwellings	Other Land and Buildings	Vehicles Plant and Equipment	Investment Properties	Community Assets	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000
Value as at 1st April 2005	110,493	13,965	2,297	4,875	1	13,201	144,832
Additions	3,703	590	997	877	7	145	6,319
Disposals	(5,773)	0	(12)	(158)	0	(7,608)	(13,551)
Revaluations	11,610	(425)	0	0	(7)		11,178
Gross Book Value at 31st March 2006	120,033	14,130	3,282	5,594	1	5,738	148,778
Depreciation for year	4,053	365	593	0	0	18	5,029
Net Book Value as at 31st March 2006	115,980	13,765	2,689	5,594	1	5,720	143,749

2. Fixed Asset Valuation

The General Fund assets within the Authority's property portfolio have been valued as at 1st April 2004 by an external independent valuer – P.Wilkinson, MRICS, District Valuer – on the undermentioned bases in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors, except that not all the properties were inspected. This was neither practicable nor considered by the Valuer to be necessary for the purpose of the valuation.

Properties regarded by the Authority as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for the subject asset, the depreciated replacement cost.

Properties regarded by the Authority as non-operational have been valued on the basis of open market value.

The Housing assets within the Authority's property portfolio have been valued as at 31st March 2001 by external qualified valuers, King Sturge in accordance with the regulatory framework for the valuation of local authority housing stocks provided by the guidance on stock valuation issued by the DETR and by the RICS Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors. The guidance stipulates that the operational housing properties of the local authority should be valued on the basis of Existing Use Value for Social Housing. However, where the framework recommends a discount factor of 35% in respect of Right to buy sales, the value in the Accounts uses a discount factor of 46% as this is more in line with recent sales of Right to Buy properties.

In accordance with the guidance on Stock Valuation for Resource Accounting, a desktop review of the council house dwellings valuations as at 31st March 2006 was undertaken. This was based on Right to Buy valuations in the four year period and has resulted in an uplift in valuations of 13% over the 31st March 2005 valuation.

3. Information On Assets Held

Fixed assets owned by the Council include the following:-

	31st March 2005	31st March 2006
Council Dwellings	4,877	4,606
Garage Blocks	838	799
Garage Sites	230	230
Operational Buildings		
Civic Centre	1	1
Other Offices	6	6
Leisure Centres and Pools	4	4
Community Centres/Community Rooms	20	20
Public Conveniences	7	7
Depots and Stores	1	1
Car Parks	18	18
Markets	2	2
Bus Station	1	1
Non-Operational Property		
Business Centres	2	2
Council Owned Shops	8	8
Royal Corner Shop Units	4	4
Royal Corner Office Units	2	2
Industrial Units - 50% owned by Durham C.C.	18	11
Miscellaneous Leased Properties	22	22
Leased Agricultural Land	60 acres	60 acres
Items of Surplus Property and Land	37	34
Retail Property Investments	3	3
Community Assets		
Allotments	33	33
Cemeteries	19	19
Parks and Open Spaces	200 hectares	200 hectares

4. Summary of Capital Expenditure and Sources of Finance

	31 March 2005 £000	31 March 2006 £000
Capital Expenditure		
Fixed Asset Additions	4,857	6,319
Deferred Charges	2,245	2,887
Total	7,102	9,206
Capital Financing Statement		
New Borrowing	2,254	3,790
Capital Grants	1,824	2,728
Major Repairs Allowance	2,698	2,688
Capital Receipts	326	0
Total	7,102	9,206

5. Capital Commitments

The Council has contractually committed £3,172,000 in respect of capital schemes as at 31st March 2006. Capital expenditure of £884,000 has been approved in principle but not yet contracted as at 31st March 2006. A summary of these commitments is shown below:

	Expenditure Approved and Contracted at 31/03/2006	Expenditure Approved but not Contracted at 31/03/2006
	£000	£000
Housing Services - Central Heating Upgrades	700	0
Housing Services - Windows and Doors Replacements	1,300	0
Housing Services - Minor Works	322	100
Housing Services - Kitchen & Bathroom Replacements	600	0
Housing Services - Estate Remodelling	0	500
Housing Services - Electrical Upgrades	0	284
Demolition of Council Properties	250	0
Total Capital Commitments	3,172	884

6. Fixed Asset Restatement Account

	2004/05	2005/06
	£000	£000
Balance brought forward	37,423	82,216
Disposal of fixed assets	(4,700)	(13,551)
Gains (Deficits) arising on revaluations this year	49,493	11,178
Balance carried forward	82,216	79,843

The account is debited or credited with the deficits or surpluses arising on revaluation of assets and is written down by the net book value of assets as they are disposed of.

7. Capital Financing Account

	2004/05	2005/06
	£000	£000
Balance brought forward	23,529	22,565
Capital Receipts Set Aside	28	10
Capital Financing		
Capital Receipts	326	0
Year End Adjustment	30	11
Government Grants	418	1,468
Major Repairs Reserve Allocation	2,698	2,688
MRP less depreciation provision and deferred charges	(4,431)	(6,176)
Less Repayment of Long Term Debtors	(33)	(12)
Balance carried forward	22,565	20,554

The capital financing account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

8. Major Repairs Reserve

This reserve represents the amount of the Major Repairs Allowance unspent at the year end.

	2004/05	2005/06
	£000	£000
Balance brought forward	35	50
Allowance received in the year	2,713	2,688
Expenditure applied in the year	(2,698)	(2,688)
Balance carried forward	50	50

9. Intangible Assets

	2004/05	2005/06
	£000	£000
Balance brought forward	0	174
Expenditure in Year on Deferred Charges	838	1,627
Deferred Charges written off to Consolidated Rev A/c	(838)	(1,627)
Debt rescheduling premia	174	(61)
Balance carried forward	174	113

10. Long Term Debtors

	31 March 2005	31 March 2006
	£000	£000
Housing Associations	730	724
Sale of Council Houses	22	16
	752	740

11. Stocks And Work In Progress

	2004/05	2005/06
	£000	£000
Stocks		
Housing General Stores	83	81
Miscellaneous	10	68
Total Stocks	93	149

12. Trusts

Spectrum Leisure Complex

The management of the Spectrum Leisure Complex is vested in a Board of Trustees which is a separate legal body. The Council makes an annual contribution to the Trust to meet the deficit of the running costs of the Complex.

J. Peases Miners Trust

The Authority is Trustee for J. Peases Miners Trust. The following movement within the Trust Fund took place during 2005/06:

	£000
Balance brought forward	17
Receipts in year	1
Payments in year	0
Balance carried forward	18

13. Debtors

The Provisions for Bad Debts have been deducted from the amounts owed in the Consolidated Balance Sheet.

	31 March 2005	31 March 2006
	£000	£000
Amounts falling due in one year:-		
Government Departments	1,554	904
Other Local Authorities	553	1,241
Non-Domestic Ratepayers	100	46
Council Taxpayers	541	496
Housing Rents & Private Works	812	653
Sundry Debtors	1,268	2,376
	4,828	5,716
Less - Bad Debts Provision:		
General Fund	(478)	(653)
Non-Domestic Ratepayers	(57)	(47)
Council Taxpayers	(154)	(138)
Housing Revenue	(599)	(446)
Total Debtors	3,540	4,432

14. Temporary Investments

	31 March 2005	31 March 2006
	£000	£000
Co-operative Bank	1,880	1,640
Building Societies	11,500	22,000
	13,380	23,640

15. Creditors

	31 March 2005	31 March 2006
	£000	£000
Government Departments	5,660	5,295
Other Local Authorities	496	1,704
Housing Rents	139	132
Sundry Creditors	4,033	4,944
Section 106 Agreements	430	908
Council Tax	345	417
Non-Domestic Rates	95	314
Total Creditors	11,198	13,714

16. Long Term Borrowing

Analysis of loans by type	Total Outstanding at	
	31 March 2005 £000	31 March 2006 £000
Public Works Loan Board	30,217	32,551
European Investment Bank	10	0
Dresdner Bank	6,500	6,500
	36,727	39,051
Analysis of loans by maturity		
Between 1 and 2 years	2,667	1,133
Between 2 and 3 years	1,133	2,100
Between 3 and 4 years	1,100	1,869
Between 4 and 5 years	869	715
Between 5 and 6 years	715	2,522
Between 6 and 10 years	1,331	922
Between 10 and 15 years	413	375
More than 15 years	23,324	26,748
	31,552	36,384

The aggregate total of long term borrowing £36,385,000 and short term borrowing £2,667,000 as shown in the Consolidated Balance Sheet differs from the above figures due to a temporary loan of £1,000.

17. Capital Receipts Unapplied

These are capital receipts which have not yet been used to finance capital expenditure or to repay debt.

	2004/05 £000	2005/06 £000
Balance brought forward	2,664	4,541
Capital receipts in year from sales of assets	4,953	11,535
Less		
Capital receipts applied to finance capital expenditure	(326)	0
Capital receipts provided for credit liabilities	(28)	(10)
Payment to Central Government	(2,722)	(2,613)
Balance carried forward	4,541	13,453

18. Provisions And Funds

	Balance as at 31st March 2005 £000	Receipts In Year £000	Payments In Year £000	Balance as at 31st March 2006 £000
Assistance for Industry (1)	10	0	0	10
Provision for Pension Fund (2)	236	216	0	452
Repayment of External Funding (3)	30	0	0	30
	276	216	0	492

1. The provision represents grants awarded to emerging and expanding businesses in the district that remained unclaimed at the year-end. If the grant has not been claimed within two years of the committee approval date, it is written back to revenue.
2. This provision relates to the capital cost to the pension fund on early retirements that is met by the Council.
3. This provision relates to the potential liability to repay external funding relating to Regeneration schemes.

In addition the following funds are included in the Balance Sheet:-

	Balance as at 31st March 2005 £000	Receipts In Year £000	Payments In Year £000	Balance as at 31st March 2006 £000
Cemetery Perpetuity	4	0	0	4
North Bedburn Social Centre	10	1	0	11
Joseph Pease Miners Trust Fund	17	1	0	18
Leisure Contract - Assets Replacement	9	0	0	9
	40	2	0	42

19. Contingent Liabilities

During the financial year 1 Housing Disrepair Claim was settled for £5,145 including costs. At the year end, 6 unsettled claims had been lodged and were outstanding. It is expected that the settlement value of the outstanding claims including costs will be in the region of £5,000.

20. Financial Reserves

Financial Reserves are shown in the Consolidated Balance Sheet. The earmarked reserves are shown below:-

	Balance as at 31st March 2005 £000	Receipts In Year £000	Payments In Year £000	Balance as at 31st March 2006 £000
Asset Management Reserve	116	30	0	146
DSO Relocation	50	0	0	50
Insurance Fund	146	50	0	196
E. Government / I.T.	370	20	0	390
Disability Discrimination Act	150	0	0	150
In-house Training	72	10	0	82
Risk Management	40	0	0	40
Economic Development Fund	83	71	0	154
Youth Fund	47	0	0	47
Service Improvement Fund	54	29	0	83
Community Fund	25	0	0	25
Lifelong Learning	20	0	0	20
Health Initiatives	10	17	0	27
SHIP Monies	100	0	0	100
Best Value	0	10	0	10
Budget Support Fund	0	400	0	400
Local Development Framework	0	70	0	70
	1,283	707	0	1,990

21. Retirement Benefits

In accordance with the requirements of Financial Reporting Standard No. 17 – Retirement Benefits (FRS 17), Wear Valley District Council has to disclose its share of assets and liabilities related to pension schemes for its employees. As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme for employees, administered by Durham County Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

In addition, the authority has made arrangements for the payment of added years to certain retired employees outside the provisions of the schemes.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6th April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed 50% of employees retiring after 6th April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this assumption has reduced the value placed on the liabilities for FRS17 purposes by less than 3%. This has been reflected in the Statement of Total Movement in Reserves. The change has not affected the figures in the Consolidated Revenue Account.

The underlying assets and liabilities attributable to the authority at 31st March 2006 are as follows:-

	Local Government Pension Scheme	
	31 March 2005	31 March 2006
	£000	£000
Estimated share of liabilities in Scheme	(61,100)	(68,070)
Estimated share of assets in Scheme	36,180	44,920
Net asset / (liability)	(24,920)	(23,150)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £23.15m has an impact on the net worth of the Authority as recorded in the balance sheet, showing a reduction. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Liabilities have been assessed on an actuarial basis, using the projected unit method, an estimate of the pensions that will be payable in future years, dependent upon assumptions about mortality rates, salary levels, etc. The figures below have been provided by the actuaries to the Durham County Council Pension Scheme using information provided to them and assumptions determined by the Council in conjunction with the Actuary.

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values. The main assumptions used in their calculations have been:

Local Government Pension Scheme		
	2004/05	2005/06
Rate of inflation	2.9%	3.0%
Rate of increase in Salaries	4.4%	4.5%
Rate of increase in Pensions	2.9%	3.0%
Rate of discount for pension cost over year	5.3%	4.9%
Rate for Discounting Scheme Liabilities	5.3%	4.9%
(NB: based on 3.5% real)		
Rate of Increase in Deferred Pensions	2.9%	3.0%

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

	31st March 2005	31st March 2006	Long Term Return
	%	%	%
Equity Investments	84	87	7.3
Bonds	9	8	4.4
Other Assets	4	3	4.6
Property	3	2	6.3
	100	100	

	2005/06 £m
Net Pensions Liability at 1st April 2005	(24.92)
Movements in the year:	
Current service cost	(1.45)
Employer's contributions payable to scheme	1.66
Interest cost	(3.21)
Expected return on assets in the scheme	2.60
Actuarial gains (losses)	2.17
Net Pensions Liability at 31st March 2006	(23.15)

22. County Durham E-Government Partnership

The Council acts as an Accountable Body for the above partnership, which comprises all of the principal Councils in County Durham. The funds, which are included in Advance Receipts in the Consolidated Balance Sheet, amount to £1,115,000 and can only be spent with the approval of the Partnership Board. The transactions of the Partnership are shown below:

	2004/05 £000	2005/06 £000
Balance brought forward	135	174
Councils' Contributions	837	1,786
Interest Earned	12	29
Expenditure in Year	(810)	(874)
Balance carried forward	174	1,115

STATEMENT OF TOTAL MOVEMENTS IN RESERVES FOR 2005/06

	2004/05	2005/06	
	£000	£000	£000
Surplus / (deficit) for the year:			
- General Fund	(292)	488	
- Housing Revenue Account	770	666	
- Collection Fund	(88)	210	
<i>add back</i> Movements on specific revenue reserves	(214)	(707)	
Deduct appropriation (from)/to Pensions Reserve	(370)	(400)	
Actuarial gains and (losses) relating to pensions (note 6)	(4,530)	2,170	
Total Increase / (decrease) in revenue resources	(4,724)		2,427
Increase / (decrease) in Deferred Capital Receipts	(30)	(12)	
Increase / (decrease) in usable capital receipts	1,877	8,912	
Total increase / (decrease) in realised capital resources (note 1)	1,847		8,900
Gains / (losses) on revaluation of fixed assets	49,493	(2,373)	
Total increase / (decrease) in unrealised value of fixed assets (note 2)	49,493		(2,373)
Value of assets sold, disposed of or decommissioned (note 3)	(4,700)		
Capital Receipts set aside	354	10	
Year End Adjustment	30	11	
Revenue resources set aside	(4,464)	(6,187)	
Movement on Capital Grants	3,116	4,155	
Total increase / (decrease) in amounts set aside to finance capital investment (note 4)	(964)		(2,011)
Total increase / (decrease) in Major Repairs Allowance Reserve (note 5)	15		0
Total recognised gains and losses	40,967		6,943

NOTES TO THE STATEMENT OF TOTAL MOVEMENTS ON RESERVES

	Deferred Capital Receipts £000	Usable capital receipts £000
1. Movements in realised capital resources		
Amounts receivable in 2005/06	0	8,912
Year End Adjustment	(12)	0
Total increase / (decrease) in realised capital resources in 2005/06	(12)	8,912
Balance brought forward at 1 April 2005	752	4,541
Balance carried forward at 31 March 2006	740	13,453

	Fixed Asset Restatement Account £000
2. Movements in unrealised value of fixed assets	
Gains/losses on revaluation of fixed assets in 2005/06	11,178
Impairment losses on fixed assets due to general changes in prices in 2005/06	0
Total increase / (decrease) in unrealised capital resources in 2005/06	11,178
3. Value of assets sold, disposed of or decommissioned	
Amounts written off fixed asset balances for disposals in 2005/06	(13,551)
Total movement on reserve in 2005/06	(2,373)
Balance brought forward at 1 April 2005	82,216
Balance carried forward at 31 March 2006	79,843

	Capital Financing Account £000
4. Movements in amounts set aside to finance capital investment	
Capital receipts set aside in 2005/06	
- reserved receipts	10
- useable receipts applied	0
Total capital receipts set aside in 2005/06	10
Year End Adjustment	11
Revenue resources set aside in 2005/06	
- reconciling amount for provisions for loan repayment	(6,187)
Total revenue resources set aside in 2005/06	(6,187)
Grants applied to capital investment in 2005/06	1,468
Major Repairs Reserve Allocation	2,687
Movement on Capital Grants	4,155
Total increase / (decrease) in amounts set aside to finance capital investment	
Total movement on account in 2005/06	(2,011)
Balance brought forward at 1 April 2005	22,565
Balance carried forward at 31 March 2006	20,554
5. Movement in Major Repairs Allowance	
Allowance received in the year	2,688
Expenditure applied in the year	(2,688)
Total Movement in Reserve in 2005/06	0
Balance brought forward at 1 April 2005	50
Balance carried forward at 31 March 2006	50

6. Actuarial Gains and Losses

The actuarial losses identified as movement in the pensions reserve in 2005/06 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31st March 2006.

	2005/06 £000
Differences between the expected and actual return on assets	7,050
Differences between actuarial assumptions about liabilities and actual expenditure	40
Changes in demographic and financial assumptions used to estimate liabilities	(4,920)
	2,170

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2006

2004/05		2005/06
£000		£000
	REVENUE ACTIVITIES	
	Cash Outflow	
12,850	Cash paid to and on behalf of employees	13,010
7,083	Housing Benefits paid out	7,396
8,507	Contributions to NNDR Pool	7,936
20,151	Precepts paid	21,080
2,121	Payments to the Capital Receipts Pool	2,082
9,591	Other Operating cash payments	10,327
60,303		61,831
	Cash Inflow	
4,321	Rents (after rebates)	4,432
18,418	Council Tax receipts	19,499
8,952	Non-Domestic Rate receipts	8,911
1,666	Contributions from NNDR Pool	1,770
3,983	Revenue Support Grant	4,155
6,827	DWP Grants for benefits	7,639
15,969	Other Government and European Grants (Note 5)	15,647
4,195	Cash Received for Goods and Services	4,135
64,331		66,188
4,028	Net Cash Inflow (Outflow) Before Financing Charges	4,357
	Returns on Investments & Servicing of Finance	
(2,488)	Cash Outflow - Interest Paid	(2,323)
763	Cash Inflow - Interest Received	943
2,303	Net Cash Inflow (Outflow) from Revenue Activities (Note 1)	2,977
	CAPITAL ACTIVITIES	
	Cash Outflow	
(4,857)	Purchase of Fixed Assets	(6,459)
(2,245)	Other Capital cash payments	(3,181)
	Cash Inflow	
5,270	Sale of Fixed Assets	11,581
4,159	Other Capital cash receipts (Note 5)	3,892
30	Repayment of Advances	12
2,357	Net Cash Inflow (Outflow) from Capital Activities	5,845
500	Management of Liquid Resources (Note 2)	(10,260)
	FINANCING	
(27,607)	Cash Outflow - Repayments of amounts borrowed	(5,176)
23,500	Cash Inflow - New Loans Raised	7,500
(4,107)	Net Cash Inflow (Outflow) from Financing (Note 4)	2,324
1,053	Net Increase / (Decrease) in Cash (Note 3)	886

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of Net Surplus / Deficit to Cash Inflow (Outflow) from Revenue Activities

2004/05 £000		2005/06 £000
(292)	Surplus / (Deficit) for the year	(219)
770	Add (less) contributions to (from) HRA reserves	666
(88)	Add (less) contributions to (from) Collection Fund	210
	Non Cash Transactions	
(1,192)	Minimum Revenue Provision	(1,313)
838	Deferred Charges Written Off	1,627
214	Add (less) contributions to (from) Earmarked Reserves	707
(434)	Add (less) other non cash transactions	(499)
(574)		1,179
	Items on an Accruals Basis	
3	Movement in Stocks	(56)
707	Movement In Debtors	(892)
2,459	Movement in Creditors	2,746
3,169		1,798
2,303	Net Cash Inflow (Outflow) from Revenue Activities	2,977

2. Movement in Liquid Resources

	31 March 2005	31 March 2006	As disclosed in Cash Flow Statement
	£000	£000	£000
Short Term Investments	13,380	23,640	10,260

3. Movement in Cash Balances

	31 March 2005	31 March 2006	As disclosed in Cash Flow Statement
	£000	£000	£000
Cash in Hand	4	153	149
Bank Overdraft	(737)	0	737
	(733)	153	886

4. Reconciliation of Financing

	31 March 2005	31 March 2006	As disclosed in Cash Flow Statement
	£000	£000	£000
Short Term Borrowing	5,176	2,667	(2,509)
Long Term Borrowing	31,552	36,385	4,833
	36,728	39,052	2,324

5. Analysis of Grants Received

	2004/05	2005/06
	£000	£000
Other Government Revenue Grants		
Housing Benefit Administration Subsidy	727	757
Council Tax Benefit	6,039	5,163
Housing Subsidy	(3,503)	(2,486)
Rent Rebates	8,330	7,755
Benefit Fraud Investigation Subsidy	20	59
ERDF	6	69
Neighbourhood Renewal Grant	2,195	2,919
Single Regeneration Budget	1,306	116
Planning Delivery Grant	363	411
Lottery Grants	0	384
Building Safer Communities	127	127
Other	359	373
	15,969	15,647
Capital Grants		
One North East Single Programme	72	457
English Heritage	71	42
Reclamation Grants	40	6
Disabled Facility Grants	417	122
Rural Development Programme	76	0
ERDF	6	298
Countryside Agency	121	0
Major Repairs Allowance	2,713	2,688
Other Local Authority Grants	132	36
Implementing E-Government Grant	350	200
Other	161	43
	4,159	3,892

STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

Wear Valley District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Wear Valley District Council is also responsible for ensuring that there is a sound system of internal control that facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Wear Valley District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. INTERNAL CONTROL ENVIRONMENT

The key elements of the District Council's internal control environment are as follows:

- The Council has adopted a Constitution, which sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.
- The Council has established its principal organisational objectives. These are documented within the Council Plan that also sets out the Council's priorities and improvement measures for the period 2005-2008.
- Departmental service plans are derived from the Council Plan and budgets aligned with corporate objectives.
- A corporate management team (CMT) consisting of the senior officer from each Department meets weekly under the chairmanship of the Chief Executive. The Council's communication strategy ensures that there are documented meetings across all Departments.
- Governance documents such as schemes of delegation, standing orders and financial regulations are reviewed annually and updated.
- The Council has introduced and implemented a performance management framework that is driven by the Council Plan and focuses attention on corporate priorities.
- The Council has robust systems for identifying and evaluating all significant risks. Members approved a risk management strategy in 2001 that ensures a systematic process for dealing with them. The Director of Resource Management (DRM) reviewed progress against the strategy in 2003 and 2005. The DRM is designated as the Chief Finance Officer and has the role of "risk management" champion. A cross-departmental risk management group is established that identifies key operational risks including those related to new legislation. A risk register is in place and appropriate staff trained in the assessment, management and monitoring of risks.
- Members have approved an Insurance Framework (5th June 2002)
- Service plans include a section on key risks

- The financial management of the Council is conducted in accordance with its Financial Regulations. The Council has designated the Director of Resource Management as Chief Finance Officer in accordance with section 151 of the Local Government Act 1972. The Council has in place a Medium Term Financial Strategy to support the aims of the Council Plan.
- Robust budget monitoring by the monthly distribution of monitoring reports to budget holders, monthly reporting of volatile budgets to CMT and quarterly summary reports to Members
- Allocation of resources to introduce effective business continuity and disaster recovery arrangements.
- The retention and recruitment of suitably qualified and skilled staff by the provision of training linked to individual personal development plans with objectives cascaded from the Council Plan through departmental service plans.
- The Council maintains an internal audit function that operates to the standards set out in the Code of Practice for Internal Audit in Local Government.

4. REVIEW OF EFFECTIVENESS

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- The Council Plan is reviewed annually to ensure it remains relevant to organisational objectives.
- Annual review of service planning process
- Annual review and update of control documents such as financial regulations, standing orders, anti-fraud and corruption strategy and whistle blowing policies
- Robust performance management framework as evaluated By the Audit Commission. This includes monitoring of key performance indicators.
- Performance Indicators for the Authority are reviewed quarterly by senior officers as part of the Performance Management framework
- Production and review of policies on health and safety and emergency planning.
- Directors certify annually and produce evidence to support effectiveness of the internal control arrangements within their Department.
- The Senior Internal Auditor reports annually to the Council's Overview and Scrutiny Committee on the internal control environment based upon the work carried out in the year
- Structured training given to senior staff on financial management, standing orders and officer codes of conduct
- Monitoring of the operation of the Constitution by the Council's "Monitoring Officer"
- The capability of the Overview and Scrutiny Committee (O&S) as the Council's "audit committee" to review Council policy and decisions and require attendance by members and officers at sittings of the Committee to answer questions
- O&S Committee in its capacity as an audit committee reviewing the performance of the internal audit function including performance against targets.
- The submission of reports to senior officers on system audits that evaluate levels of internal control. These reports include agreed actions to be undertaken by designated officers within specific time-scales. Follow up audits are undertaken to ensure that recommendations have been implemented
- The terms of reference of the Internal Audit function include the ability to refer areas of concern for review by the Overview and Scrutiny Committee
- The Internal Audit function is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section.
- Performance Improvement Teams are established to investigate services that appear to be failing according to national performance figures.
- Compliance with report writing protocol requiring consultation with relevant officers prior to submission of reports to Committee
- Allocating responsibility through CMT to dedicated officers to deal with new legislation e.g. Freedom of Information Act, Disability Discrimination Act etc.
- Review of risk management strategy scheduled for September 2006.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

The following significant internal control issues have been identified:

No.	Issue	Action
1	Business continuity arrangements not fully established.	Business continuity policy has been agreed and location for the replacement of key computer systems. Purchase of systems is ongoing.
2	Risk management needs to be further embedded into culture of Council and given corporate ownership	Training now has been given to members and staff and departmental risks to be reviewed as part of service planning process.

Signed _____

Dated _____

Leader of the Council

Signed _____

Dated _____

Chief Executive

STATEMENT OF RESPONSIBILITIES **FOR THE STATEMENT OF ACCOUNTS**

The Council's Responsibilities

The Council is required:-

- To make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Director of Central Resources.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to present fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2006.

In preparing this Statement of Accounts, the Director of Resource Management has:-

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

The Director of Central Resources has also:-

- Kept proper accounting records, which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the accounts set out on pages 6 to 41 fairly state the position of Wear Valley District Council as at 31st March 2006.

Gary Ridley C.P.F.A.
Director of Resource Management
Wear Valley District Council

AUDITOR'S REPORT TO THE COUNCIL

Independent auditor's report to the Members of Wear Valley District Council

Opinion on the financial statements

I have audited the financial statements of Wear Valley District Council for the year ended 31 March 2006 under the Audit Commission Act 1998, which comprise the Consolidated Revenue Account, the Housing Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Wear Valley District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditors

The Director of Resource Management's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you our opinion as to whether the financial statements presents fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.

I review whether the statement on internal control reflects compliance with CIPFA's guidance "The Statement on Internal Control in Local Government: meeting the Requirements of the Accounts and Audit Regulations 2003". I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for our report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Authority as at *31 March 2006* and its income and expenditure for the year then ended.

*Mr S Nicklin
District Auditor
Audit Commission
Nickalls House
Metro Centre
Gateshead
NE11 9NH*

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's Responsibilities

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, Wear Valley District Council *made* proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2005.

Best Value Performance Plan

I issued our statutory report on the audit of the authority's best value performance plan for the financial year 2005/06 in October 2005. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

*Mr S Nicklin
District Auditor
Audit Commission
Nickalls House
Metro Centre
Gateshead
NE11 9NH*

APPROVAL OF THE STATEMENT OF ACCOUNTS

Under the Accounts and Audit Regulations 2003, the chair of the Council / committee approving the statement of accounts is required to sign and date the accounts.

On behalf of the Council I confirm that the 2005/2006 accounts have been approved.

Signed:-

Date:-

Chair of Central Resources Committee

GLOSSARY OF TERMS USED IN THE ACCOUNTS

Accruals

A sum included in the Final Accounts in respect of income or expenditure relating to goods or services provided or received which are attributable to the accounting period, but for which payment has not been received/made by the end of the period.

Budget

The Council's plans and policies for the period concerned expressed in financial terms.

Capital Charge

A charge to service Revenue Accounts to reflect the cost of fixed assets used in provision of services.

Capital Expenditure (Capital and other long-term outlay)

Expenditure on acquisition of assets which have a long-term use e.g. land and buildings. 'Other long-term outlay' is used to describe those items such as roads which do not have a realisable value.

Capital Receipts

Proceeds from the sale of capital assets.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The principal accountancy body dealing with Local Government finance.

Collection Fund

Fund into which is paid income from Council Tax and Non-Domestic Rates and from which are met the demands or precepts of both the Billing Authorities and Non-Billing Authorities.

Community Assets

Assets which it is intended to hold in perpetuity, that have no determinable useful life, and which may have restrictions on their disposal.

Contingent Liabilities

Liabilities, the amounts of which depend on some future occurrence.

Creditors

Persons or bodies to whom sums are owed by the Council.

DCLG (The Department for Communities and Local Government)

A Government department created on the 5th May 2006 with responsibility for local government replacing the Office of the Deputy Prime Minister.

Debtors

Persons or bodies who owe sums to the Council.

Deferred Charges

Amounts equivalent to debt still outstanding on assets, which are no longer owned by the Council.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, affluxion of time or obsolescence through technical or other changes.

Direct Service Organisations (DSO's)

Workforces employed directly by Local Authorities to carry out works of repair, maintenance, construction etc. of buildings, grounds and roads and to provide catering and cleaning services and repairs and maintenance of vehicles. Strict legislative provisions govern the activities of such organisations.

Financial Reporting Standards (FRS's)

Statements issued by the Accounting Standards Board laying down common standards of accounting practice and superseding previously issued SSAP.'s

Fixed Assets

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Government Grants

Grants by Government towards revenue and capital costs of Local Authority services.

Minimum Revenue Provision

The minimum amount which must be charged to revenue in the year for the repayment of debt (credit liabilities and credit arrangements). An Authority may voluntarily set aside amounts in excess of the minimum required.

Precept

Demand from Non-Billing Authorities to be met from the Collection Fund.

Provisions (including provisions for credit liabilities)

Sums set aside to meet any liabilities or losses which are likely or certain to be incurred, but uncertain as to the amounts or dates on which they will arise. Provisions for credit liabilities comprise amounts set aside from revenue and capital receipts to repay loans and credit arrangements as required by the Local Government and Housing Act 1989.

Reserves

Sums set aside for purposes falling outside the definition of a 'provision'.

Revenue Balance

Accumulated net revenue surplus.

Revenue Expenditure and Income

Expenditure and income arising from the day to day operation of the Council's services.

Revenue Support Grant

General Grant given by the Government to Local Authorities to assist in financing the overall net cost of services.

Running Expenses

All expenses other than those relating to employees and the financing costs of capital expenditure (debt charges and revenue contributions). Running expenses include expenditure on maintenance of building, consumable supplies, transport etc.

Specific Grant

Government Grant towards net expenditure of particular services or projects.

Statements of Recommended Accounting Practice (SORP)

Statements issued by the Accounting Standards Board laying down common standards of accounting practice.

Trust Funds

Funds established from donations or bequests.

Work in Progress

The value of rechargeable work which had not been recharged at the end of the financial year.



WEAR VALLEY DISTRICT COUNCIL

ICT STRATEGY

**Transformational Government
Enabled by Technology**

2006-2010

5th Draft
5th September 2006

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1. **INTRODUCTION**

This strategy sets out the Council's approach to using Information and Communication Technology (ICT) to deliver customer focused government.

Over the last few years, the way that local authorities have used ICT to deliver public services has changed dramatically. Web sites have moved from being a purely informational resource to becoming more transactional. CRM's that were once only used within the private sector are now the de facto standard for the new customer services departments to record their transactions with citizens. Consultation, co-operation and collaboration, which once were rare, are now becoming the norm as public and private sector bodies work together. Advances in the availability, bandwidth, cost and security of the internet have meant that it is now possible for services to be delivered by this mechanism and for more people to work from home.

e-Government funding has been provided by IDEA to help finance the introduction of these new systems and technologies. The challenge for local authorities now is to maintain this momentum and use ICT to enable better customer focused service delivery.

The continuing rapid developments in ICT will lead to further significant changes in the way that services are run and delivered. It will also affect the way that the Council communicates with its community. This strategy sets out a vision of how services will be provided and the short and medium term objectives.

Wear Valley District Council's Vision is:-

"To become the best District Council in England"

In delivering its Vision has committed itself to be:-

- Customer Centred
- Excellence in Management and Organisation
- Citizen Focused
- Community Led

By adopting a set of corporate standards and principles – "Corporate Baselines"

- Empowerment
- Communication
- Consultation
- Priorities
- Financial Management
- Corporate Governance

Local government is enabled by technology, new methods of service delivery are inspired by the opportunities that ICT can bring and services are dependant upon it. Moreover, Wear Valley District Council's vision to become "the best district council in England" is only achievable by recognising that technology is a strategic asset. Technology alone does not transform government, but government cannot transform to meet modern citizens' expectations without it.

IT is an enabler to:-

- Transform the way public services are delivered for the benefit of citizens, business and front-line staff.
- Achieve efficiency savings that can be re-invested in front-line services.

ICT has a major role in enabling the achievement of corporate aims. There can be little doubt about the commitment within the District Council to taking forward the modernisation agenda and the Council recognises that it can only be successful in driving forward services if it fully embraces the concept of e-Government. The challenge is to use ICT to deliver services that are more joined up, personalised and customer focused, yet at the same time to realise the benefits from electronic transactions in terms of the efficiency gains that can be achieved when ICT is used effectively.

The strategy has been set out in such a way as to clearly define how the provision of ICT contributes to the Council's Vision. It looks forward over a period of four years, but is reviewed every two years so that it can be updated as a result of new developments and initiatives.

2. **LINKS TO OTHER STRATEGIES**

General

ICT does not exist in a vacuum and it plays a crucial part in services being delivered effectively. ICT supports all aspects of service delivery and therefore contributes to the achievement of all corporate objectives. The table below shows the major IT systems in place and their prime links to corporate objectives and shared priorities for local government.

Shared Priority for Local Government	Corporate Objectives	IT System
Improving the quality of life	Population	Council Tax Electoral Registration
Promoting the economic vitality of localities	Economy	Planning
Creating safer and stronger communities	Crime/Disorder	Geographical Information System
Promoting healthier communities and narrowing health inequalities	Health/Wellbeing	Leisure System Concessionary Travel system

Shared Priority for Local Government	Corporate Objectives	IT System
Transforming our local environment	Environment	Planning Environmental Health
Raising standards across our schools	Lifelong Learning	

In addition to the above there are a number of generic systems which support the smooth operation of the Council such as intranet, e-mail, financial management systems.

Medium Term Financial Strategy and Capital Strategy

Annex B shows the main ICT systems replacement schedule between now and 2010. Indicative costs are shown and these have been built into the three year capital strategy.

Precise costings and timescales will be considered at each budget round. It is assumed that the financing of new updated systems will be met from internal capital resources i.e. no external funding will be available and no revenue funding (e.g. lease payments) will be available.

The running costs of existing/new/updated systems have been included in the Council's 3 year spending profiles within its medium term financial strategy.

Human Resources

The HR strategy outlines the Council's commitment to developing its staff. Skills development will in part be achieved via ICT training. This will develop along three separate lines as follows:

- (i) Professional Training of ICT staff based around the development of technical skills. This will include keeping up to date with both existing skills sets as well as developing skills in new areas.
- (ii) Training of staff across the Council as new and upgraded systems are introduced. This will be achieved through a combination of in house and external provision.
- (iii) Formal training for staff across the organisation for example through the European Computer Driving Licence (ECDL) route.

Value for Money

Value for Money is an important issue for all services and a clear demonstration of the value of ICT to the Council needs to be achieved.

This will be achieved through a consideration of the following three measures:

- Cost of the service

This will cover all aspects of ICT expenditure within the Council and will be expressed as £s per employee. This will include an analysis over time of our costs. External benchmarking will be used as appropriate to compare ourselves to others.

- Performance

A range of local PIs will be developed to reflect the nature of service provision and these will be measured over time against targets set by staff. This will form the basis of engendering a culture of continuous improvement within the service.

- Customer Satisfaction

Surveys have been carried out of internal customers in the past to ascertain their views. This will continue and will be measured over time. Where possible ICT industry standard measures will be used in order to gauge satisfaction levels.

The achievement of Value for Money would be judged when comparing the three metrics described above. These three metrics will be taken together and an overall view formed as to the extent of value for money achievements over time and against other organisations where possible.

3. ICT STRATEGY

3.1 CORPORATE VALUES

3.1.1 Customer Centred

We will consult with our customers about the design and delivery of services, and ask them for their views on the quality of our services and success of our initiatives.

In order that the community can access services efficiently and effectively the Council needs to ensure that it can be contacted in a way and at a time that is most convenient for them to do so.

Recent consultation with the public has shown that they still preferred to contact the council by telephone. The ongoing implementation of the CRM (Customer Relationship Management) system, in partnership with all local authorities within County Durham, will provide greater access to customer information and a faster, more efficient service when dealing with customer enquiries.

The Council's web site is another area where we not only provide information, but also consult the community for comments on proposed policies etc. During the lifetime of the strategy the web site will continue to be developed to allow citizens to carry out more transactions themselves.

- Encourage the use the web site as a means of consulting the public.
- Undertake regular customer satisfaction surveys for both internal and external users and ensure that the results are taken into account.
- Review project management arrangements to ensure that the systems that are implemented meet customer expectations.
- Work with County Durham Partnership to Introduce CRM that meets customer requirements.

3.1.2 Excellence in Management and Organisation

We will be an innovative council and a centre of management excellence

Electronic service delivery is not just about using technology for technology's sake. It is about examining the way that services are delivered and questioning whether they can be changed in order to serve the public better.

Good project management of the introduction of new technology is key to its successful implementation. Bringing in more formal arrangements will improve the implementation of ICT systems by ensuring that all staff are fully engaged in the process and trained prior to implementation. It also ensures that projects deliver the expected benefits in accordance with corporate aims and objectives on time and to budget.

The internal IT resource within the Council will continue to work in partnership with the departments to achieve improvements and innovation in service delivery and also to develop corporate initiatives to improve services.

- Develop a capital programme that meets corporate objectives for service improvement.
- Ensure that the capital programme is delivered on time and to budget.
- Use project management techniques to ensure "value for money" in the investment being made in ICT.
- Improve the business planning process to specifically include ICT development.
- Introduce EDRMS into Benefits, Revenues and then corporately.

3.1.3 Citizen Focused

We will understand and respond to the individual rights, needs and responsibilities of the local population.

As a support service ICT will assist in achieving this corporate value by ensuring that as far as possible we provide the appropriate infrastructure to help meet this objective. For example, ICT will be used to support and enhance the democratic process so that local councillors are more accessible.

Whatever the time of day or night or wherever elected members are located, citizens should be able to send email, post messages on an electronic notice board, send text messages or leave voicemail.

- Ensure all Members have access to email and are trained in the basic use of this facility.
- Ensure that Councillor Information is on the Council's web site.
- Review the options to link the email system to SMS to allow text messages to be automatically distributed as emails to improve communications.
- Empower mobile officers and Members and by giving them laptops, mobile phones and PDA's where appropriate.
- Work with UK On-line and other organisations to provide internet access points in the community to reduce the "digital divide".
- Use the Council's Web Site to consult with the public and obtain feedback.
- Continue to develop transactional services on the Council's Web Site.
- Use the Council's web site to solicit opinion of the Council's service from external customers.

3.1.4 **Community Led**

We will recognise the right of the local community in all its different forms and interests to come together and manage its own affairs. We also recognise that we must work with other public and private sector organisations working within Wear Valley.

It was recognised that much of the e-Government agenda could not be achieved alone and Wear Valley District Council has been working with the other districts, the County Council, other agencies and software vendors to provide services electronically.

The council is part of a formal partnership among the seven district authorities and the County Council to deliver e-government across County Durham. The e-Government partnership vision is:-

"Working together across all boundaries to deliver quality, joined up, customer focused services regardless of personal means, locality and circumstances"

In partnership with Derwentside District Council, the DurhamNet project is being used to provide a Broadband Network for County Durham. This network is being used to provide internet access to local community groups, schools and businesses. DuhamNet is also being used to provide links between the different councils allowing for data to be shared between them and is currently being used for the joint CRM project and to provide a link between Wear Valley District Council and Sedgefield Borough Council.

Wear Valley is keen to use the resources developed by the national e-Government pathfinder projects in order to introduce these new technologies when appropriate for the citizens of the district.

Wear Valley District Council and Sedgefield Borough Council have entered into a joint arrangement for ICT management for a trial period of one year. It was hoped that during this period opportunities would arise for working together on joint projects. This has already started with the setting up of the joint DR site and arrangement for internet access failover. It has already become apparent that each IT team has different strengths and weaknesses where the other team could provide support and assistance and it is hoped to exploit these opportunities further during the initial trial period.

- Continued active membership of County Durham Partnership.
- Develop the CRM to provide the services required by the public.
- Examine the cost/benefits of the DurhamNet broadband network and use where appropriate.
- Use the work of Smart NE to introduce smart cards when/where appropriate.
- Continue to be involved with National Projects such as Government Gateway.
- Further development of NLPG/LLPG and links to existing back office systems.
- Review joint management arrangements for ICT with Sedgefield Borough Council before initial period expires.

3.2 CORPORATE BASELINE

3.2.1 Empowerment

We will empower employees at the lowest sensible level to deliver effective and continuously improving services to our customers.

ICT will continue to be used as a strategic tool to enable our employees to deliver customer focused services to our citizens. ICT will be used to facilitate service improvement for example:-

- EDRMS implementation.
- Implementation of the Performance Management system.

3.2.2 Communication

We will put in place effective resources, structures and systems to ensure that internal and external communications are established and maintained as a corporate priority.

The use of ICT has become essential to the way that the authority communicates. The IT Section will continue to maintain and develop the email and telephone systems as these technologies continue to merge.

3.2.3 Consultation

We will put in place effective resources, structures and systems to ensure that formal methods for consultation with all our stakeholders are established and maintained as a corporate priority.

Computer software is now essential to set up surveys and other forms of consultation and analysing the results. The recent procurement of the Snap system for design and analysis of surveys will make it easier for the authority to consult with more groups of users more often. The IT section will provide support for this product.

3.2.4 Priorities

We will put in place effective systems to ensure that corporate and service priorities are properly planned, agreed, regularly reviewed and communicated with our staff, service delivery partners and customers. We will embed these systems in our arrangements for justifying performance.

This IT strategy is part of whole series of plans and strategies produced by the Council to ensure that service priorities are managed correctly and that staff are aware of their responsibilities and role in achieving corporate aims. In addition to this ICT strategy, the IT section contributes to the development of the Central Resources service plan which in turn feeds into the Corporate Plan.

3.2.5 Financial Management

We will put in place financial management systems and training support to ensure that financial resources are deployed as effectively as possible to support improved services delivery and that these comply with modern accounting practices and controls.

The Agresso system is fundamental to the way that the authority's finances are run. The IT Section provides ongoing support for this system and will assist with the implementation of additional modules such as invoice manager and links to e-procurement. We will also review the interfaces between Agresso and all the feeder systems to ensure that they are automated where appropriate.

3.2.6 Corporate Governance

We will put in place arrangements to ensure that our activities comply with guidance on corporate governance and develop a culture of openness and transparency, high standards and a willingness to identify and recognise where things need to be improved upon within the public gaze.

Corporate governance is the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions and control their functions to achieve their objectives. A robust ICT infrastructure is required in order to ensure that information is readily available to the correct people within the organisation to enable informed decisions to be made to meet corporate objectives. The IT section will continue with the work already started on security management and build upon the security policies currently being developed.

3.2.7 Performance Management

We will put in place a performance management framework that will allow staff to understand how their efforts at every level will contribute to the achievement of corporate objectives and encourage the development of a culture of continuous improvement in service delivery.

Wear Valley District Council is about to implement the Corvu Performance Management system. The IT section will provide assistance in this process as it is rolled out across the authority.

3.3 Capacity to Delivery

The Authority recognises that without the capacity to deliver this strategy will be of limited value. Accordingly great emphasis is placed upon ability to deliver. This will be achieved via the following:

(i) Revenue Resources

The ICT revenue budget provides the ongoing support e.g. staffing costs, maintenance costs etc. on ensuring that systems continue to be delivered.

(ii) Capital Resources

The capital programme will include resources to upgrade/replace older systems. This will ensure that technology is available which enables staff to deliver services.

(iii) Shared knowledge/experience

The Council recognises that there is much to be gained from sharing IT knowledge and experiences not just within the Authority but across the local government community. To this end Wear Valley District Council is a leading player within the County Durham e-Government Partnership (CDeGP) which has implemented a joint CRM for the County Council and all the Districts. This partnership will continue to develop e-services providing economies of scale and sharing valuable IT resources between the partners.

Another example of joint working is the partnership with Teesdale to provide support to their benefit service. Here we will house their data on our servers and provide the ongoing support for the IBS application allowing staff housed both in Wear Valley and Teesdale Councils access to their own systems.

(iv) I.T. reserve

The Council has a reserve with which to deliver continuous improvement within the IT function. This reserve will be reviewed at the end of each financial year and its potential use considered as part of the budget process.

(v) Project Management

The Council is in the process of training staff on the principles of project management. This will compliment staff who already have undergone project management training and will enable projects to be delivered more efficiently.

ACTION PLAN

Ref	Project	Project Manager	Time Table	Budget
	2006-2007			
1	Implement Anite DIP and Workflow system in Benefits, Revenues and for FOI requests	Paul Woods	Initial phase Sept 2005 – April 2006	£200,000
2	Implementation of Business Continuity Plan	Anita Maxwell	Feb 2006 – Nov 2006	£90,000
3	Implementation 24/7 payment system	Mike Nichols	To be completed asap	
4	Continue with the implementation of the CRM system (part of Durham e-Government partnership)	Gary Ridley	Ongoing	
5	Implementation of web enabled consultation/survey software (SNAP)	Gillian Cotterill	To be completed asap	
6	Implementation of Corvu performance management software	Cheryl Duggan	Nov 2005 – May 2006	
7	Continued development of ICT Security Policies including staff development and training	Kevin Bennett	Ongoing	
8	Continued development of the Web Site to provide transactional services(PSO's)	Phil Errington	Ongoing	
9	Upgrade IBS Revenues, Benefits and Housing from AS/400	Mark Welsh	March 2006 – Dec 2006	£21,250
10	Review of joint ICT Management arrangements with Sedgefield Borough Council	Gary Ridley	August 2006	
11	Upgrade Payroll/Personnel System	Angela Foster	April 2006 – March 2007	£67,000
12	Replacement IT equipment at Leisure Centres	Mandy Alderson		£8,000
13	Implement IBS link to meet decent homes standard	Joanne Dunn/Brian Abbott		£5,000
14	Implement positional accuracy tool for GGP	Sarah Harris		£20,000
15	Review MVM environmental health system	Tom Carver	April 2006 – October 2006	£30,000
16	Windows 2003 server upgrade	Paul Woods	April 2006 – March 2007	
17	Move to Windows XP and Office 2003 on desktop (including training for support staff)	Brian Thompson	April 2006 – March 2007	
18	Integration of back office systems with LLPG	Barbara Macgraw	April 2006 – March 2007	
19	Data Protection Act 1998, Staff Training and Education.	Kevin Bennett	April 2006 – March 2007	
20	Roll out content management system for Web Site to users	Graeme Carroll	April 2006 – March 2007	

Ref	Project	Project Manager	Time Table	Budget
	2006-2007			
21	Connecting Councillors Programme	Anita Maxwell	April 2006 – March 2007	
22	Replacement PC programme	Brian Thompson	April 2006 – March 2007	£90,000
23	Replacement Server programme	Brian Thompson	April 2006 – March 2007	£14,000
24	Review Concessionary Travel System	Stuart Reid	3 months	£10,000
				£534,000

Ref	Project	Project Manager	Time Table	Budget
	2007-2008			
25	Move dial-in access to the DMZ	Brian Thompson	1 month	£5,000
26	Review email system hardware – link SMS text messages to email system	Paul Woods	4 months	£25,000
27	Review Contractor+ system		9 months	£50,000
28	Review Lifespan system		3 months	£10,000
29	Review Link to ISP/WAN/Remote access arrangements	Paul Woods	3 months	£40,000
30	Review Flexitime System		3 months	£10,000
31	Replacement PC Programme	Brian Thompson	12 months	£90,000
32	Extend Anite to regeneration	Paul Woods	3 months	£15,000
33	Server Consolidation	Paul Woods	9 months	£30,000
34	Review SX3 systems - planning/building control/land charges/LLPG	Mike Nichols	6 months	£50,000
				£325,000

Ref	Project	Project Manager	Time Table	Budget
	2008-2009			
35	Review FMIS (likely to just be a hardware replacement)	Stuart Reid	3 months	£25,000
36	Review Virus Protection arrangements	Paul Woods	4 months	£30,000
37	Review Cash receipting/BACS/Financial Director Systems	Stuart Reid	6 months	£40,000
38	Review Gladstone leisure management system/ Technogym/ leisure web services	Mandy Alderson	6 months	£50,000
39	Review Pickwick electoral registration system		6 months	£40,000
40	Replacement PC Programme	Brian Thompson	12 months	£100,000
				£285,000

Ref	Project	Project Manager	Time Table	Budget
	2009-2010			
41	Review file servers and back-up arrangements	Paul Woods	6 months	£50,000
42	Review GGP/eGGP GIS system	Mike Nichols	6 months	£50,000
43	Review Anite DIP and Workflow system	Paul Woods	9 months	£100,000
44	Review Corvu performance management system	Cheryl Duggan	4 months	£30,000
45	Replacement PC Programme	Brian Thompson	12 months	£100,000
				£330,000

Ref	Project	Project Manager	Time Table	Budget
	Re-occurring Expenditure			
46	Ensure that the firewalls which protect the council's network from unauthorised access are configured correctly and fit for purpose	Brian Thompson	1 month	
47	Replacement PC program	Brian Thompson	12 months	
48	Review of local and wide area networking arrangements and remote access facilities	Paul Woods	2 month	
49	Review of IT infrastructure servers	Brian Thompson	1 month	
	Policy and Partnership Development			
50	Review Data Protection Policy	Kevin Bennett	Ongoing	
51	Review ICT Strategy	Anita Maxwell	Every two years	
52	Continued membership of SOCITM	Anita Maxwell	Ongoing	
53	Continued membership of County Durham Partnership	Gary Ridley	Ongoing	
54	Review developments with Smart NE and introduce smartcard developments when appropriate	Anita Maxwell	Ongoing	
55	Undertake annual ICT user satisfaction surveys	Anita Maxwell	Every March	

Ref	Project	Project Manager	Time Table	Budget
	Other Issues			
56	Undertake an e-Tendering Pilot			
57	Introduce purchasing cards pilot			
58	Develop Member ICT training programme			
59	Agree corporate approach to Project Management and deliver training			
60	Review how ICT requirements can be incorporated within the business planning process			
61	Agree the remaining life of the AS/400 – Imageplus and archived Financials.			

SYSTEM REVIEW TIMETABLE

The policy of the authority is that all systems should be reviewed at least once during a four-year period. The following chart indicates from 2006 – 2010 the order in which these reviews will take place. Naturally, if circumstances dictate, then systems can be brought forward for review earlier than 4 years and the timetable will be modified accordingly. The costs will very much depend upon the outcome of the review – is just replacement or upgraded hardware required or does the application software itself need to be changed because it no longer has the required functionality? The costs shown in the table have taken into account the current views of the users of their applications.

Systems Due for Review/Upgrade		Cost
2006/2007	IBS revenues, benefits and housing system	£21,250
	Wealden Payroll/Personnel system	£67,000
	MVM environmental health system	£30,000
	Concessionary Travel System	£10,000
	Replacement PC Programme	£90,000
	Server Replacement Programme	£15,000
		£233,250
2007/2008	Lotus Notes email system	£25,000
	Contractor+ system	£50,000
	Lifespan system	£10,000
	Link to ISP	£10,000
	Wide Area Network links to remote sites	£15,000
	Remote access arrangements	£15,000
	Flexitime System	£10,000
	SX3 systems - planning/building control/land charges/LLPG (including links to submit a plan/planning portal)	£50,000
	Replacement PC Programme	£100,000
	Server replacement programme	£15,000
		£300,000
2008/2009	Agresso FMIS system	£25,000
	Albacs BACS system	£15,000
	Radius cash receipting	£20,000
	Financial Director	£5,000
	Gladstone leisure management system/ Technogym/ leisure web services	£50,000
	Pickwick electoral registration system	£40,000
	Trend Anti-virus System	£30,000
	Replacement PC Programme	£100,000
	Server replacement programme	£15,000
		£300,000

Systems Due for Review/Upgrade		Cost
2009/2010	File servers (F and P drives) and backup arrangements	£50,000
	GGP/eGGP GIS system	£50,000
	Anite DIP and Workflow system	£50,000
	Corvu performance management system	£30,000
	Snap survey system	£5,000
	Replacement PC Programme	£100,000
	Server replacement programme	£15,000
		£300,000

1. **STRATEGY STATEMENT**

- 1.1. The Council provides a diverse range of services involving the community and employees. It is essential that the Council protects and preserves its ability to continue to provide these services by ensuring that its assets, both tangible and intangible, are protected against loss and damage. The very nature of the services provided, if not controlled, will greatly affect the Council's ability to discharge its responsibilities to the community and its employees.
- 1.2. This strategy seeks to enforce the commitment shown by the Authority to high quality management and sound risk management practice, by ensuring that both members and staff have regard to the management of risk in the decision making process and every day work situations. Risk management is concerned with the protection and safety of assets, including staff. A culture of risk management can also enhance the Council's drive for best value in the provision of services and achievement of corporate goals.
- 1.3. It is the responsibility of all members and employees to have regard to risk in the carrying out of their duties, recognising that uncontrolled risk can result in a drain on the Authority's resources which could be better directed elsewhere.
- 1.4. It is the responsibility of each department and all managers to manage risks in their own work areas.
- 1.5. This strategy has the full support of the Management Team and Members to ensure that the optimum use is made of the Council's resources.

2. **LINKS TO OTHER STRATEGIES AND POLICIES**

- 2.1. Risk management is the process of identifying risks, evaluating their probability and potential consequences and determining the most effective methods of controlling them and/or responding to them. It is not an end in itself. Rather, risk management is a means of maximising opportunities and minimising the costs and disruption to the Authority caused by undesired events. The aim is to reduce the frequency of loss events occurring (wherever this is possible) and minimise the severity of their consequences if they do occur. Even when the likelihood of an event occurring which cannot be controlled, steps can be taken to minimise the consequences.
- 2.2. Risk management embraces all of the Authority's activities. It has clear links to the following:

Health and safety

A clear health and safety policy will reduce the risk of injury and accident to staff and public

Security of assets

A clear security policy will minimise any potential loss for the Authority

Personnel policies	Sound personnel policies will help maximise the contribution made by employees in achieving the Authority's objectives
Financial regulations and standing orders	These will help reduce the risk of the Authority suffering financial loss
Service plans	Service plans will include risk management as a task for all managers.
Partnerships	The Council has a partnership protocol which should be followed prior to entering into any partnership agreement. This should include consideration of any risks in relation to any partnership. An annual report will be submitted to each Committee detailing partnerships in place and assurances given that associated risks are being managed.
Council Plan	The Council Plan will contain information on the main risks which may impede the achievement of the key actions and outcomes needed to achieve corporate objectives. This will periodically be reported to Corporate Management Team.

2.3. Risk management will be embedded into the processes and internal control mechanisms of each Department that they use in pursuit of corporate aims and objectives.

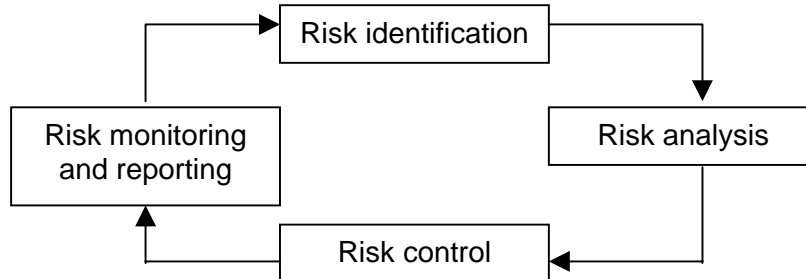
2.4. The Authority recognises that risk management is an integral part of corporate governance whereby:

- There is shared awareness and understanding within the Authority of:
 - the nature and extent of the risks it faces
 - the extent and categories of risks regarded as acceptable
 - the likelihood and potential impacts of the risks materialising and
 - its ability to reduce the incidence and impact on the Authority of risks that do materialise.
- There is regular and ongoing monitoring and reporting of risk
- An appropriate assessment is made of the cost of operating particular controls relative to the benefit obtained in managing the related risk.

- The Authority conducts reviews of the effectiveness of the systems of internal control in place.

3. **THE RISK MANAGEMENT CYCLE**

- 3.1. The following diagram outlines the four separate stages in the risk management cycle.



3.2. **Stage 1 - Risk Identification**

Identifying and understanding the hazards and risks facing the Authority is crucial if informed decisions are to be made about policies or service delivery methods. The risks associated with these decisions can then be effectively managed.

3.3. **Stage 2 - Risk Analysis**

Once risks have been identified they need to be systematically and accurately assessed. Analysis should make full use of any available data on the potential frequency of events and their consequences. If a risk is seen to be unacceptable, then steps need to be taken to control it or respond to it.

3.4. **Stage 3 – Risk Control**

Risk control is the process of taking action to minimise the likelihood of the loss event occurring and/or reducing the severity of the consequences should it occur. Risk control usually requires managers to identify and implement projects or revised operating procedures. Each risk which has been identified should be allocated to a specific individual who will be responsible for managing that risk.

3.5. **Stage 4 – Risk Monitoring**

The risk management process does not finish with the putting of risk control projects/procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of the risk has changed over time.

4. **BENEFITS OF EFFECTIVE RISK MANAGEMENT**

- 4.1. The Authority recognises the benefits of effective risk management and the impact risk can have on its reputation.

- 4.2. Benefits which the Authority expects to accrue include:-

Improved strategic management

- Better informed selection of objectives and associated targets as a result of the risk identification, analysis, control and monitoring process.
- Greater ability to deliver against more realistic and achievable objectives and targets.

Improved operational management

- Improved innovation.
- Reductions in interruptions to service delivery.
- Reduction in managerial time dedicated to dealing with the consequences of a loss event having occurred.
- Enhanced managerial control as a result of risk identification, analysis, control and monitoring.
- A more systematic approach to addressing legislative, regulatory or competitive demands.
- Improved control of the risks associated with any arms-length or contractual working arrangements.
- Improved health and safety and the enhanced condition of property and equipment.
- Improved project management and greater success rate.

Improved financial management

- Better informed financial decision-making on investment, insurance, option appraisal etc.
- Enhanced financial control as a result of risk identification, analysis, control and monitoring.
- Reduction in the financial costs associated with losses due to service interruption, litigation, bad investment decisions, etc.
- Reduction in insurance premiums and/or direct costs met through self-insurance.

Improved customer service

- Minimal service disruption to customers and a positive external image as a result of all of the above.
- Protection of reputation.

5. **ROLES AND RESPONSIBILITIES**

- 5.1. Identifying roles and responsibilities is essential for the strategy to be effective. Key roles are outlined below.

	ROLE
MEMBERS	To receive reports on risk management activity within the Council and to ensure that appropriate action is taken to manage risks.
MANAGEMENT TEAM	To oversee the effective management of risk by officers of the Council through the development of an effective risk management strategy
BUSINESS CONTINUITY TEAM	To share experience of risk, and implement strategy across the Authority
INSURANCE OFFICER	To support the corporate risk management team
INTERNAL AUDIT	To review the risk management strategy and internal control mechanisms operating within the Authority
SERVICE MANAGERS	To ensure that risk is managed effectively in accordance with the strategy
EMPLOYEES	To manage risk in their job

- 5.2. Annex 5 outlines more fully the responsibilities of all key players.

6. **BUSINESS CONTINUITY TEAM**

- 6.1 It is considered necessary to set up a cross departmental management group to manage business continuity which includes risk. This reflects the fact that some risks and hazards are common across departments. Formal cross- departmental working will help identify and manage overlapping risks. This group will report to the Director of Resource Management who shall be the link to the Management Team. The Group will comprise representatives of each Department and the Authority's Insurance Officer.

The corporate team will meet quarterly, or as is necessary. Other staff may be called to attend the group depending on the issue under discussion.

7. **PERFORMANCE INDICATORS**

- 7.1. A set of performance indicators will be developed over time which will measure the performance of the Authority in moving toward effectively managing risk.

Initial PI's to be measured include:-

- (i) Number of employers liability claims per full time equivalent
- (ii) Number of public liability claims per head of population
- (iii) Number of motor vehicle claims per vehicle.

1. **IMPLEMENTING THE STRATEGY**

1.1. The following paragraphs outline how the strategy will be implemented.

2. **OBJECTIVES AND ACTIONS**

2.1. The following objectives and actions are considered necessary to implement the strategy.

OBJECTIVE 1 To develop and keep under review a corporate risk management strategy

RESPONSIBILITY

Action 1	Annual review of strategy	Strategic Director for Resource Management.
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Action 2	Provide Risk Management training	Strategic Director for Resource Management.
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OBJECTIVE 2 To introduce the strategy across the Authority

RESPONSIBILITY

Action 1	Establish the Business Continuity group	Strategic Director for Resource Management. Each Chief Officer to nominate an employee
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Action 2	Include key departmental risks in departmental service plans	Departmental management teams
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OBJECTIVE 3 To implement the strategy across the Authority

RESPONSIBILITY

Action 1	Complete risk identification, analysis control and monitoring exercise	Departmental management teams
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Action 2	Quarterly update to committee re: risk management	Directors
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Action 3	To monitor and implement corporate risk register	Departmental Management Team
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3. **COMMUNICATION TO STAFF AND TRAINING**

3.1 Staff communication will be essential as part of the overall implementation of an effective risk management strategy. The following information will need to be communicated to staff:

“Risk management - what is it?”

Risk management is the process of identifying risks, evaluating their probability and potential consequences and determining the most effective method for controlling them. It is a means of minimising costs and disruptions to the Authority caused by undesired events. The aim is to minimise the frequency of such events and the severity of their consequence if they do occur.

“What are the different types of risk?”

There are various types of risk, these include:

Strategic Risks

Risks that need to be taken into account in judgements about the medium–to long–term goals and objectives of the Council. These may be:

- **Political:** those associated with a failure to deliver either local or central government policy, or to meet local commitments.
- **Economic:** those affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance to cover external macro-level economic changes, or the consequences of proposed investment decisions.
- **Social:** those relating to the effects of changes in demographic or socio-economic trends on the Council’s ability to deliver its objectives.
- **Technological:** those associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Council’s ability to deliver its objectives.
- **Legislative:** those associated with current or potential changes in national or European law (for example, TUPE regulations).
- **Environmental:** those relating to the environmental consequences of progressing the Council’s strategic objectives (for example, in terms of energy efficiency, pollution, recycling, landfill requirements, emissions, etc.).

- **Competitive:** those affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value or,
- **Customer/Citizen:** those associated with the failure to meet the current and changing needs and expectations of customers and citizens.

Operational Risks

- Professional:** Those associated with the particular nature of each profession (e.g. housing service concerns as to the welfare of tenants)
- Legal:** Those related to possible breaches of legislation
- Financial:** Those associated with financial planning and control and the adequacy of insurance cover and internal funds
- Physical:** Those related to fire, security, accident prevention and health and safety (e.g. hazards/risks associated with buildings, vehicles, plant and equipment etc.)
- Contractual:** Those associated with the failure of contractors to deliver services or products to the agreed cost and specification
- Technological:** Those relating to reliance on operational equipment (e.g. IT systems or equipment and machinery)
- Environmental:** Those relating to pollution, noise or energy efficiency of ongoing service operation.

3.2 Examples of risk might include:

Categories of Risk	Hazards	Risks
Professional	e.g. Neighbourhood disputes	Threat to tenant welfare and community safety
Financial	e.g. Fall in rent payments	Increase in rent arrears total
Legal	e.g. Breach of legislation	Litigation
Physical	e.g. Violence to staff	Injury to staff
Contractual	e.g. Sub-contractor failures	Threat to service quality
Technological	e.g. Systems failures	Service disruption
Environmental	e.g. Heat loss	Cost to tenants

- 3.3 Risk management will be included in the induction process for all new staff.
- 3.4 Periodic training will be given to staff and members as a means of raising risk awareness.

4. **RISK MANAGEMENT – PRACTICAL STEPS**

- 4.1 Risk management falls into 4 separate areas. These are set out below. Each step should be worked through in order.

Step 1 **IDENTIFYING RISK**

A systematic approach needs to be applied if risks are to be identified and managed. By identifying risks steps can be taken to prevent loss and/or disruption to the Authority.

The table at Annex 6 should be completed for each service.

Step 2 **ANALYSING RISK**

Risk analysis sets out to rank the uncertainties identified during the risk identification process in terms of likelihood and severity of occurrence.

The following scores should be assigned to each risk:

Likelihood of risk occurring

- High - score 3
- Medium - score 2
- Low – score 1

High may be interpreted as: likely to occur each year or more than 25% chance of occurrence

Medium may be interpreted as: likely to occur in a 10 year period or less than 25% chance of occurrence

Low may be interpreted as: unlikely to occur in a 10 year period or more than 2% chance of occurrence.

Severity/impact of risk

- High - score 3
- Medium - score 2
- Low – score 1

High may be interpreted as: Financial impact on the Authority is likely to exceed £50,000 or Significant impact on the Authority’s viability or its strategic or operational activities Significant political or community sensitivity

Medium may be interpreted as: Financial impact on the Authority likely to be between £5,000 and £50,000

Moderate impact on the Authority's viability of strategic or operational objectives

Low may be interpreted as:

Financial impact on the Authority likely to be less than £5,000
Low impact on the Authority's viability of strategic or operational objectives
Low political or community sensitivity

The risk is therefore, likelihood x severity/impact, expressed as a number.

Managers should draw upon experience when deciding the degree of risk in their service areas.

Step 3 CONTROLLING RISK

Controlling risk is the process of taking action to minimise the likelihood of the risk occurring and/or reducing the severity/impact of the consequences should it occur.

Options to control risk include:

Avoidance – this involves the Council not undertaking the activity/action as it is considered too risky.

Reduction – this involve implementing procedures/policies to reduce the risk e.g. cctv, IT anti virus software

Transfer – this involves risk transfer to another body where possible

Managers must judge which course of control action is most appropriate to address each risk. On occasions managers may decide that to tolerate the risk by deciding that the costs of control actions would outweigh the benefits of the action being taken. Each identified risk will be allocated to a specific officer who will be responsible for its management.

Step 4A MONITORING AND REVIEW

This involves monitoring and review of:

- The implementation of the agreed control actions
- The effectiveness of the action in controlling risk
- Whether the risk has changed over time.

A completed example is attached at Annex 7.

Step 4B REPORTING

The control and management of identified risks will be reported to each relevant committee.

ELECTED MEMBERS

Role

- To oversee the effective management of risk by officers of the Authority.

Responsibilities

- To gain an understanding of risk management and its benefits
- To require officers to develop and implement an all-encompassing approach to risk management
- Receive reports on significant risks.

THE CORPORATE MANAGEMENT TEAM

Role

- To ensure that the Authority's managers control risk effectively through the development of an all-encompassing corporate strategy.

Responsibilities

- To gain an understanding of risk management and its benefits
- To develop the corporate risk management strategy
- To promote and oversee its implementation across the Authority
- To monitor and review the effectiveness of the risk management strategy

THE DEPARTMENT MANAGEMENT TEAM

Role

- To ensure that risk is managed effectively in each service area within the agreed corporate strategy.

Responsibilities

- To feed into the development of the corporate risk management strategy from a service specific perspective
- To identify any service specific issues relating to risk management
- To ensure that the strategy is implemented effectively across its services
- To disseminate the detail of the strategy and allocate responsibilities for implementation to service managers and staff

- To work with the Insurance officer in assessing departmental insurance requirements.

The department management team should identify a senior officer within the department (ideally a departmental management team member) to co-ordinate the department's overall approach to risk management. Once identified, this individual would represent the department on the corporate risk management working group.

BUSINESS CONTINUITY GROUP

Role

- To share experience on risk, risk management and strategy implementation across the Authority.

Responsibilities

- To identify areas of overlapping risk
- To share good practice on all aspects of risk management
- To feed into strategy development and review.

SERVICE MANAGERS

Role

- To manage risk effectively in their particular service areas.

Responsibilities

- To implement the detail of the risk management strategy
- To maintain a risk management portfolio for their service area(s)
- To share relevant information with colleagues in other service areas
- To feedback on their experience of strategy implementation and perceptions of strategy effectiveness to the departmental management team.

EMPLOYEES

Role

- To manage risk effectively in their job.

Responsibilities

- To liaise with their line manager to assess areas of risk in their job
- To identify new or changing risks in their job and feed these back to their line manager.

ANNEX 6

Categories of Risk	Hazards	Risks	Likely Frequency	Severity	Control action	Review frequency
Professional						
Financial						
Physical						
Contractual						
Technological						
Environmental						

ANNEX 7

Categories of risk	Hazards	Risks	Likely frequency	Severity	Score	Control action	Review frequency	Triggers for action
Professional	e.g. Neighbourhood disputes	Threat to tenant welfare and community safety	2	1	2	Mediation service in place	6 monthly	3 disputes
Financial	e.g. Fall in rent payments	Increase in rent arrears total	2	3	6	Strategy already in place	Quarterly	Decrease of 0.5%
Legal	e.g. Breach of legislation	Litigation	1	2	2	Policy/procedures manual already issued	Annually	2 incidences
Physical	e.g. Violence to staff	Injury to staff	1	3	3	Personal attack alarms for staff	6 monthly	1 incident
Contractual	e.g. Sub-contractor failures	Threat to service quality	1	1	1	Draft contract default and withdrawal procedures	6 monthly	1 incident
Technological	e.g. System failures	Service disruption	1	2	2	Procedures to back up all systems from the central server	Annually	2 incidents
Environmental	e.g. Heat loss	Cost to tenants	2	2	4	Energy efficiency guide to be produced and issued to all tenants	Annually	Increase of 1%

FINANCIAL MANAGEMENT MODEL – SELF ASSESSMENT SCORESManagement Dimensions

	<u>Score</u>
Leadership	2.69
People	2.93
Processes	2.65
Stakeholders	2.44
Results	<u>2.66</u>
Average	2.67

Management Styles

Securing Stewardship	2.83
Supporting Performance	2.46
Enabling Transformation	<u>2.80</u>
Average	2.70

<u>Scoring Matrix</u>	<u>Compliance with Good Practice</u>
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0 – 1	Hardly
1.5 – 2	Somewhat
2.5 – 3	Mostly
3.5 – 4	Strongly

Assessment	Management Dimension	Action required	Resp. Officer	Planned End Date
P4	There are active efforts to equip the organisation with the financial management competencies it needs to realise its goals	Job descriptions, personal specifications and PDP's are widened to include that it is the budget holders responsibility to be financially responsible for their own budgets and possess the necessary skills	Man. Team/ Personnel	31.03.07
P1	The need for financial competencies is identified and met	Periodic regular training sessions to be organised covering the FMS system and financial skills for budget holders	A Cooper	30.06.07
P6	Financial literacy is diffused throughout the organisation	Guides for budget holders and financial regulations are updated where appropriate and reissued	S Reid/ A Cooper	31.03.07
PR1	There are proper arrangements for internal control	The policy regarding anti fraud measures and whistle blowing is implemented across the Authority	S Reid	31.03.07
PR10	Financial accounting and reporting meet regulatory and professional standards	Introduce monitoring system to ensure that all statutory returns are completed on time	A Cooper	31.12.06
PR10	Financial accounting and reporting meet regulatory and professional standards	Further improve standard of working papers presented to auditors in support of the Annual Accounts.	A Cooper	31.03.07
PR6	Managers are accountable for managing their budgets	See P4 above	Man.Team/ Personnel	31.03.07
PR1	There are proper arrangements for internal control	Ensure that audit recommendations are implemented and reports go to the relevant committees where non compliance occurs	S Reid/ J Redfearn	31.03.07
S2	Customers/service users are given clear information about financial services and are treated consistently	Service Level Agreements introduced for internal customers laying down service standards and responsibilities.	S Reid	30.06.07
S2	Customers/service users are given clear information about financial services and are treated consistently	Provide information to all customers regarding responsibilities and contact numbers within the Finance Section	A Cooper	31.03.07
R2	Results in the evidence shows that financial management contributes to the organisation's	Support VFM strategy through the production of base data and ensuring that costs reflect policy decisions	S Reid	31.03.07

Assessment	Management Dimension	Action required	Resp. Officer	Planned End Date
	performance			
L4	The corporate business plan is integrated with financial planning and influences resource allocation	Make arrangements to ensure that the Council Plan links in financial terms to the Medium Term Financial Strategy	S Reid	31.03.07
L8	The organisation is ambitious in its strategic goals and realistic in its delivery plans	Introduce new capital bidding proforma design to take revenue implication of proposed capital schemes into account	S Reid	31.03.07
PR12	A medium term financial planning process sustains business and financial performance	Implement Medium Term Financial Strategy which is financially linked to the Authority's objectives and other high level documents	S Reid	31.03.07
PR13/ L5	Value for money is the responsibility of all managers and finance staff Financial management supports strategic decision making and performance management	Make arrangements to ensure that the dedicated accountants role is widened to include the provision of financial support and advice at a strategic level within departments.	S Reid	30.06.07

WEAR VALLEY COUNCIL

ASSET MANAGEMENT PLAN 2006



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WEAR VALLEY DISTRICT COUNCIL
Asset Management Plan

1. INTRODUCTION

1.1 Wear Valley is an area of severe, multiple economic and social deprivation. We have high unemployment and mortality rates. Tackling these successfully requires high quality infrastructure, such as modern industrial estates, housing, ICT links, and state of the art health facilities. However, as Wear Valley is an ex-coalfield and lead mining area, the condition of many of the district's private and public assets are poor. Wear Valley District Council's community leadership role demands that we take a pro-active role in identifying the future needs of the area, and either:

- Facilitate our private and public sector partners in improving the asset base in the district through grant aid, the planning process, and building control advice;

Or

- Tackle these needs directly ourselves, through capital investment by modernising existing assets or building new ones

1.2 To do this effectively, we know that we must manage our existing assets effectively and achieve value for money. We identify surplus or under-performing assets and sell them on to realise capital that we can use for our identified priorities. We identify improvements that are required to our assets so that we can plan for them and allocate the necessary capital resources through our Medium Term Financial Strategy and Capital Strategy.

1.3 We are now able to do this better than we have in the past because our Local Strategic Partnership (LSP) has developed six clear long term objectives. As a Council, we have adopted all of these and agreed to make these our Council objectives:

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1.4 The table below shows how these objectives and national priorities link to Asset Management:

National Priorities	LSP and Corporate Objective	Asset Management Implication
Creating sustainable communities	Growing and balanced Population	Assemble and sell off surplus land for private sector building, including demolition of hard to let council estates
Promoting the economic vitality of localities	Improving the economic infrastructure	Assembling land and developing industrial estates. Modernising existing council owned industrial estates. Leading the development of ICT, including the use of council owned premises and ICT infrastructure to support community and private sector. Purchase and maintain key strategic sites for future developments (e.g. Stanhope station on the mothballed Wear Valley railway line).
Improving the quality of life of children, young people, families at risk and older people / promoting healthier communities by targeting key local services, such as health and housing	Improving health and well-being of the population	Ensuring council buildings are accessible to the disabled. Maintain leisure centres in effective, safe and efficient working order
Creating safer and stronger communities	Community Safety	Work with our partners to ensure council buildings “design out” crime. Leisure and cultural facilities to be modern and

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		attractive to encourage young people to use them rather than congregate in the street
Transforming our local environment	Quality of the built and natural environment	Ensure appearance of council owned premises support, not undermine attractiveness of areas. Compulsory purchase and then demolish / re-develop poor quality buildings Purchase and maintain at-risk historical or environmental sites
Raising standards across our schools	Lifelong Learning	Transfer / lease of buildings for use by the community and voluntary sector

1.5 The Council has a property portfolio in excess of 150 properties (excluding its housing stock) ranging from offices, leisure centres, recreation grounds, industrial property, development land to community centres. These are valued at approximately £14m and cost the Council around £150,000 annually to maintain. The Council also has surplus and investment properties valued at £9.7m. This makes what we do with our assets as a council of huge importance for the development of the district as a whole.

1.6 Therefore, achieving this ambitious programme requires us to make the most of our existing assets. This plan shows that we have the information we require, are willing to dispose of low-priority or underused assets in order to raise money for higher priorities, and are able to plan ahead. The Council's management team are clear on the importance of this, and this plan also explains how this message is to be communicated and enforced under the council's Performance Management (PM) Framework. This framework links the Asset Management Plan (AMP), the Capital Strategy, Medium Term Financial Strategy, Council Plan and service plans. These documents are core parts of the Council's performance management and monitoring arrangements. The plan also supports the Audit Commission's key lines of enquiry set out in its Use of Resources assessment. Evidence that all the criteria are met is shown in Annex U.

1.7 The AMP has been agreed by Corporate Management Team (CMT) and was approved by members on the 27th September.

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2. ORGANISATIONAL ARRANGEMENTS

2.1 The Head of Finance is our designated Corporate Property Officer (CPO). This post chairs and co-ordinates the work of the Asset Management Group (AMG) and leads the production of the AMP and Capital Strategy. This ensures that both are fully integrated.

2.2 Wear Valley District Council is determined to “mainstream” asset management issues. Our PM system ensures that service planning takes the implications for our existing assets into account. The CPO reports to the Corporate Management Team (CMT) through the Strategic Director of Resource Management and to our Central Services Committee.

2.3 The AMG’s members have been carefully selected to maximise the impact that the group’s work will have on the way that departments manage their assets. As the table below shows, there are members from all key internal stakeholders and all are senior managers with the ability to feed into their departmental plans and policies. The Performance Improvement Manager is also a member to ensure that asset management issues are incorporated in the corporate Best Value review and Performance Management systems.

Members of the Asset Management Group	
Position	Role
Head of Finance	Corporate Property Officer
Performance Improvement Manager	Links to performance management system and procurement
Legal Executive	Responsible for legal aspects of the Council’s asset holdings and disposal of surplus assets
Principal Economic Development Officer	Feeds in regeneration perspective – e.g. industrial estates, and also links with LSP
Housing: Head of Business Support	Feeds in Housing perspective – e.g. depot facilities and surplus land as well as management of the housing capital programme
Head of Community and Cultural Services	Important role vis a vis Leisure centres and Community centres and works depots
Facilities Manager	Responsible for practical work of carrying out condition surveys, managing the backlog maintenance budget and ensuring compliance with Disability Discrimination Act.

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- 2.4 The AMG's formal roles and responsibilities are:
- i) Produce and monitor the Asset Management Plan
 - ii) Strategic property management including consideration of shared use and co-location
 - iii) Ensure that the Asset Management Plan is driven by and supports other key corporate and service plans and objectives e.g. Best Value reviews and the Community Plan
 - iv) Make recommendations on planned property acquisitions arising from best value reviews and option appraisals
 - v) Consult with internal and external users of the Council's property to improve property management
 - vi) Maintenance of comprehensive property information database
 - vii) Establish and apply a framework for prioritising available capital resources
 - viii) Production of periodic reports on progress of capital programme
 - ix) Identify surplus/under-performing/under-used assets for disposal or rationalisation and ensure appropriate action taken including the promotion of shared use or co-location
 - x) Establish, produce and evaluate property performance indicator information in order to challenge property use, provision and management including corporate contracts for services
 - xi) To encourage and support the cross service use of assets and a corporate approach to ownership
 - xii) Develop local property performance indicators that link asset use to corporate objectives
 - xiii) To embed asset management planning within the strategic planning function of the Council.
 - xiv) Ensure that assets are accessible and useable by all members of the community

2.5 Asset management issues are reported to the Central Resources Committee. This body ultimately takes the democratic decisions required on management of the Council's land and property holdings. These include decisions on the outcome of option appraisals for individual assets and asset disposals.

2.6 The Committee Chair holds responsibility for property management within the Council. As part of our commitment to the democratic management arrangements in the Council we are improving the quality and quantity of asset management information reaching members. The AMG is therefore prioritising the establishment of a system of

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data collection and reporting to members based upon both national and local property performance indicators including stakeholder satisfaction information.

2.7 The AMG considers that it is most likely to achieve its goals of promoting efficient, objective focussed asset management through mainstreaming the understanding of asset management within the Council. This is achieved by feedback from members of the AMG to their respective departmental management teams in order to influence plans, policy and operations.

2.8 The Council is making good progress in improving the management of our assets. The AMG has identified potentially surplus assets, and is reporting on these to CMT bi-annually. It also has a leading role in our current review of depot facilities, energy contracts and management of energy consumption.

2.9 The Council also reduces asset maintenance costs by promoting shared use with other organisations. Part of the Council's main Civic Centre is let to a commercial organisation, and the ownership and management of the town hall at Bishop Auckland and a number of industrial units are shared with Durham County Council (DCC). These include new retail outlets located within Weardale, which aid job creation and population growth there.

2.10 Library, tourist information and consumer advice services are all provided by DCC using Wear Valley's facilities. Facilities are also shared with Neighbourhood Watch groups and the Police thus promoting community safety while saving money on asset management costs.

2.11 We also promote our health objectives by working in partnerships with others to make the best use of existing assets. For example, we let a community centre for use as a doctor's surgery.

2.12 We support the government's view that community groups are often in a better position to deliver programmes and services than the District Council. We facilitate such groups by allowing them to use buildings we own that are in suitable locations. For example we have transferred responsibility for the operation of one of our leisure centres to a community organisation. We also allow the management committees of voluntary groups to use our community centres. A number of our community centres also host meetings of the Customer Panel that represents the interests of council tenants.

2.13 We are currently reviewing the provision of leisure facilities. Discussions are ongoing with partners to replace current ageing facilities by sharing both the initial investment and subsequent running costs.

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3. CONSULTATION

3.1 Members with the support of the Corporate Management Team have prioritised turning Wear Valley District Council into a customer-focussed organisation. This goal forms one of our four principles of operation.

Internal Clients

3.2 The Council consults employees before making major decisions on assets used by council staff. We surveyed all of our employees within the Council's major properties in 2002. The survey captured the views of a cross-section of staff on accommodation requirements, space issues and the standard of property management. It followed up the work of Price Waterhouse Coopers who undertook a similar study in October 2000, allowing us to plot changes in the time between the surveys, and the results from the survey are being acted upon. An updated survey is planned in the coming year.

3.3 The table below shows the results of the most recent employee survey and the actions taken in response:

Issue of concern	Action
Lack of feedback on work carried out	Facilities Management service level agreement (SLA) has been updated so that clients are notified upon post repair completion
Degree of dissatisfaction with timeliness of repairs	Response time targets set
Lack of staff input into prioritisation of repairs	Departments now consulted at start of year on repair priorities and fed into service level agreement
Overcrowding within Crook Civic Centre	Review of space utilisation ongoing and expected to lead to rationalisation of storage space and seating arrangements. Introduction of document imaging and workflow solutions to reduce storage requirements. Introduction of homeworking scheme.

3.4 The previous practice in which asset acquisitions and disposals were reported by individual departments to members for their decision has been amended. Consistent with the revised corporate approach to asset management issues, all significant proposals affecting property assets are now reported through the AMG. Departmental representatives now refer these issues to the AMG.

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3.5 Staff are able to access the composition, terms of reference and minutes through the corporate Lotus-Notes database. Comments are passed back to the AMG through department representatives. The AMG also feed asset management issues through departmental management team meetings to ensure an adequate flow of upward and downward communication. Key issues are highlighted in the council's internal newsletter (Teamtalk).

External Clients and Partners

3.6 We consult in a number of ways. A major consultee is the Local Strategic Partnership. This includes representatives from Wear Valley District Council, local residents and community groups, the voluntary sector, the business community and fellow private and public sector service providers. It therefore provides a fully inclusive consultation forum for all aspects of the Council's service provision and programmes.

3.7 We also consult regularly with our customer panel that represents tenants of the Council. Recent discussions have concerned the future management of the housing stock resulting in the panel's support to establish an Arms Length Management Organisation.

3.8 The views of service users are also sought on a regular basis. Questions include opinions on the condition and suitability of various facilities such as leisure centres, recreation grounds, community centres etc.

3.9 Our web-site was nominated as one of the top seven District Council sites in a SOCITM survey and is very well used. We have therefore placed the draft AMP on the Council's web site and sought views from interested parties.

3.10 Wear Valley is a Sports Action Zone, and this has enabled us to work with Sport England to survey the views of the users of leisure centres. A survey was recently carried out of leisure centre users that sought amongst other issues opinions on the condition of the facilities.

3.11 We also consult regularly with local representatives of disability groups through the Wear Valley Access Forum. This assists in determining priorities on capital expenditure to ensure all the Council's public buildings eventually comply with the Disability Discrimination Act (DDA).

3.12 The Council owns a number of properties that are let for commercial purposes. These include a number of shops within housing estates and retail units within the town centre of Crook.

3.13 Surveys as per the example shown in Annex V are currently undertaken periodically on property management issues so that the Council can continue to meet the needs of local businesses and thus contribute towards the corporate objective of promoting economic development within the area. Local businesses are also surveyed to

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determine future demand for industrial unit capacity within Bishop Auckland. Redesign work at Crook business centre is planned following meetings with tenants including provision of an improved reception area. Consultation is therefore being used to influence the continuous improvement of property.

3.14 The Council is also improving consultation by embracing the principles of the Egan report. This report calls for the involvement of suppliers and sub contractors in design and developing a longer-term relationship with partners. Our contract with Sones Ltd on Grounds Maintenance continues to work well.

3.15 We also check the effectiveness of our work to improve the built environment and vulnerable people's health through the use of Home Improvement and Disabled Facilities grants.

3.16 By surveying recipients of these grants we are able to look at how to improve the current system. This is particularly timely, as we are considering delivering these grant programmes through a Home Improvement Agency. The results have been reported to the CMT and to Members to help them develop revised policies in this area.

4. DATA MANAGEMENT

4.1 Recognising the requirement for a robust data set on which to base any plans and decisions, a condition survey using internal resources with support from external consultants was conducted on the Council's non-housing assets. This is updated annually as a desktop exercise and a detailed condition survey conducted every five years. This review has also been used to develop a regime of continuous improvement through the implementation of a programme for future inspections requiring that all assets be subject to a condition survey at least once every five years.

4.2 The following data was collected for all assets above the *de-minimus* level (valuation >£5000):

- i) A-D condition categorization
- ii) Backlog maintenance costs to bring asset to a reasonable standard
- iii) 1-4 prioritisation of repair work
- iv) Annual running costs for the preceding year – repairs, energy and water and sewerage costs

4.3 The Council's asset register is maintained to ensure it is up to date. It is updated from valuations, disposals, demolitions and changes of tenancy as well as changes to the level of outstanding backlog maintenance. Each department verifies the assets under their control as part of the service planning process. However, more work is required to bring together a number of disparate datasets within a corporate database.

4.4 We recognise that more detailed condition survey work will be required on some assets to ensure that a structured and effective maintenance programme can be established. To support this objective a planned maintenance programme has been compiled and has been used to inform the 2006/07 budget setting process that is integrated into the Council's Performance Management (PM) framework. Service plans are developed in conjunction with the budget setting process from September through until April annually.

4.5 Backlog maintenance is referenced in the Capital Strategy. That data has been reported to members and will form the basis for the planning of property budgets for the forthcoming year as part of a planned maintenance policy. This will allow budgets to be policy led, assist asset management planning and underpin health and safety requirements.

4.6 Maintenance costs and running costs for property will be updated from our Agresso accounting system. The legal section will maintain income data and rental data and the Facilities Management section will maintain asset condition data. This will allow performance measures such as rates of return and void rates to be calculated. It will also provide a basis for calculating property management costs. Links to the National Land and Property Gazetteer will be investigated. Potential data users will be identified and training

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sessions conducted so that data can be effectively and efficiently accessed. Improvements to data collection are programmed to include:

- i) Providing electronic links to the Council's Geographic Information System
- ii) Integrating financial ledger data into the asset database
- iii) Integration with the National Land and Property Gazetteer

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5. PERFORMANCE MANAGEMENT AND MONITORING

National Indicators

5.1 A framework is in place for the collection, analysis and reporting of the five national property performance indicators. The AMG reports regularly to the Corporate Management Team (CMT) and Members on the performance of the property portfolio. The reporting of performance indicators forms part of the Council's revised performance management framework. The results of both national and local property performance indicators for 2005/06 are reported as part of this document.

Performance Indicator 1A

5.2 A condition survey was carried out across all the Authority's major assets using the condition categorisation as below:

A	=	High Degree of Satisfaction
B	=	Acceptable / Reasonable standard
C	=	Below Acceptable Standard
D	=	Unacceptable Standard

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5.3 The results of the condition surveys are shown in Table 1 below. Further detail is shown in Annex W.

Table 1 – Performance Indicator 1A

<u>CATEGORISATION</u>	<u>%AGE FLOOR AREA</u>	<u>ASSET NO'S</u>
CATEGORY A:		
OPERATIONAL	3	5
NON-OPERATIONAL	2	1
SURPLUS	-	-
SUB TOTAL CATEGORY A	5	6
CATEGORY B:		
OPERATIONAL	48	33
NON-OPERATIONAL	12	19
SURPLUS	1	1
SUB TOTAL CATEGORY B	61	53
CATEGORY C:		
OPERATIONAL	20	3
NON-OPERATIONAL	9	5
SURPLUS	3	3
SUB TOTAL CATEGORY C	32	11
CATEGORY D:		
OPERATIONAL	1	1
NON-OPERATIONAL	-	-
SURPLUS	1	3
SUB TOTAL CATEGORY D	2	4
<u>GRAND TOTAL</u>	100	74

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Outcomes

5.4 The table above shows that whilst the majority of the Council's assets are in reasonable condition, some are in an unsatisfactory condition. Funding is provided in the 2006/07 capital programme to improve the condition of the asset base and subject to an option appraisal, directed towards assets in poorest condition where there is medium term commitment to retain.

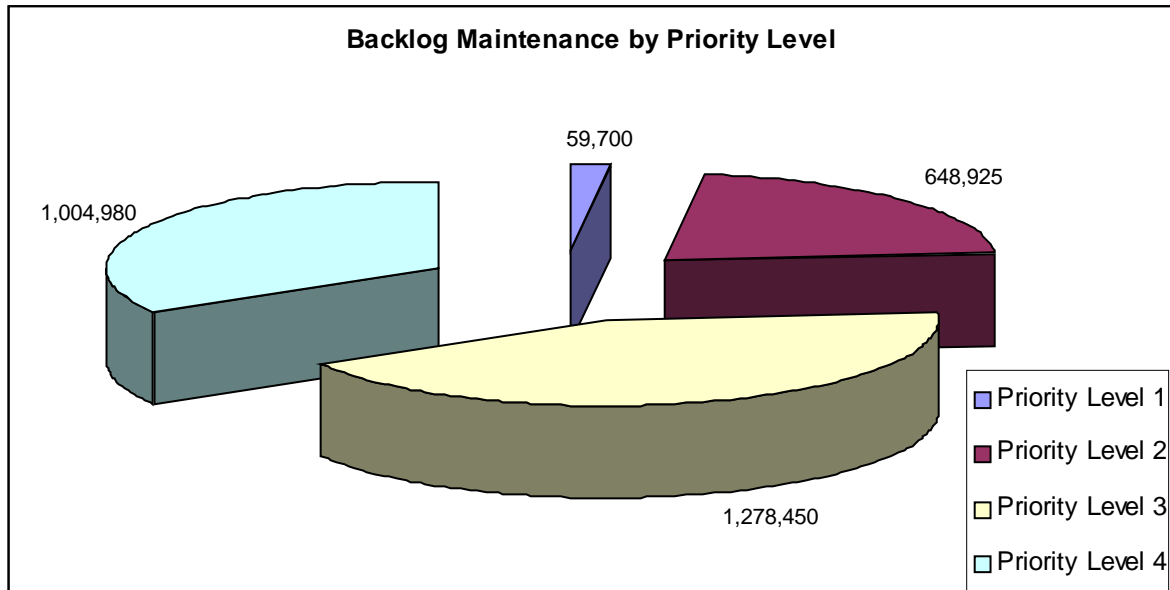
Performance Indicator 1B

5.5 The levels of backlog maintenance required bringing the asset up to a high standard as well as the repairs priorities are shown in diagram 1. The full details are shown in Annex W. The figures exclude the maintenance required to comply with the Disability Discrimination Act. Repair priorities are categorised as follows:

- 1- Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.
- 2- Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation
- 3- Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of the legislation
- 4- Long-term work required beyond a period of 5 years that will prevent deterioration of the fabric or services

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Diagram 1 – Performance Indicator 1B



Outcomes

5.6 The full costs of backlog maintenance incorporating all priority level repairs were included in draft repairs and maintenance budgets and capital programmes to inform the budget setting process. A maintenance programme has been developed and its impact assessed and reported on in the three-year revenue and capital budgets that the Council maintains. Departmental service plans will also reflect this maintenance programme and costs where appropriate.

5.7 A report has been provided to members and the CMT that details the maintenance backlog for every asset and recommended the inclusion of backlog maintenance figures within the draft revenue and capital budgets for the forthcoming year. The AMG is to co-ordinate the completion of condition surveys to every asset above the de-minimus level as part of a five-year rolling plan to ensure maintenance plans and budgets remain relevant.

Performance Indicator 2

5.8 The performance of investment assets will be measured using internal rates of return. The Council has a small number of industrial units that it shares ownership with Durham County Council. It also has a small number of shop units located within areas of its housing stock. The rates of return achieved for relevant asset categories are shown below. A ten year projected cash flow period has been adopted.

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Table 2 – Performance Indicator 2

Category Type	Rate of Return 05/06	Target 06/07
Industrial	8.7%	9%
Retail	3.6%	4%
Agricultural	8.2%	9%

Outcomes

5.9 Many of these assets are held for social as well as financial reasons. The returns achieved on these assets are considered satisfactory but are monitored and reported annually to the CMT and members.

Performance Indicator 3

5.10 The efficiency of the property management service is also measured and monitored. Performance against targets is reported annually to members through the AMG. The figures for 2005/06 are shown in Table 3.

Table 3 – Performance Indicator 3 A & B

PROPERTY TYPE	MANAGEMENT COSTS PER SQ M	
	2005/06	2006/07 TARGET
	£	£
Operational	5.74	5.50
Non-Operational	5.32	5.00
Total	5.67	5.40

5.11 Costs are carefully monitored to ensure that asset management costs are minimised and that facilities management resources reflect the size of the asset portfolio held.

Performance Indicator 4A & B

5.12 The annual running costs for 2005/06 for different categories of operational land and buildings are shown in Table 4.

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Table 4 – Performance Indicator 4A & B

<u>CATEGORY</u>	RUNNING COSTS PER SQ M	
	2005/06 ACTUAL	2006/07 TARGET
	£	£
OFFICE BUILDINGS	19.3	20
LEISURE CENTRES	25.2	26
CIVIC BUILDINGS	10.5	11
COMMUNITY CENTRES	6.9	7
DEPOTS	8.6	9
PUBLIC CONVENIENCES	42.1	43

Outcomes

5.13 The AMG has set targets for future years to ensure continuous improvement based upon a minimum 2% efficiency gain after taking price increases into account. Reducing energy consumption has become critical due to the volatility of the energy market and the recent hike in prices. An action plan has been approved as per Annex X.

Performance Indicator 5A & B

5.14 Monitoring of the capital programme involves assessment against output milestones, budgets and projected completion dates in order to avoid excess slippage. All schemes are monitored and reported quarterly to the Central Resources Committee.

5.15 Reports are to be revised so that development of the capital programme will include updating a rolling three-year programme setting the annual capital budget.

5.16 Cost predictability measures percentage of project costs where outturn falls within +/- 5% of the estimated outturn expressed as a percentage of the total projects completed in the financial year. Time predictability measures percentage of projects that fall within +/- 5% of the estimated timescale expressed as a percentage of the total projects completed in the financial year. Both these indicators apply to projects over £25,000.

Table 5 – Performance Indicator 5A & B

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	2005/06 ACTUAL	2006/07 TARGET
Cost Predictability	92%	95%
Time Predictability	69%	80%

Outcomes

5.17 The above indicates the need to take a more pro-active approach in managing capital projects to ensure that they are delivered on budget and especially on time. The adoption of a three-year capital programme will allow major works to be planned in advance and with greater certainty.

Local Indicators

5.18 The Council has adopted a number of local property performance indicators to supplement the national indicators. The link to corporate objectives is shown below. .

Local Property Performance Indicator	Corporate Objective
Occupancy Rates (investment portfolio)	Improving the Economic Infrastructure
No. of new Dwellings constructed on Council land	Growing and Balanced Population
No. of grants issued for private sector improvement	Improving the quality of the built and natural environment
%age of council buildings security checked in last 12 months	Improving community safety

5.19 The results are as per Table 6.

Table 6 – Local Performance Indicators

	Actual 05/06	Target 06/07
Retail Units Void Rate	11%	5%
Industrial Units Void Rate	15%	10%
No. of new dwellings constructed on Council land	43	45
No. of grants issued for private sector improvement	69	70
%age of council buildings security checked in last 12 months	5%	10%

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Outcomes

5.20 Options for surplus or under used assets are reported six monthly to Corporate Management Team. The establishment of a regeneration company to develop these sites is currently being considered. Void rates at the Authority's retail units are monitored regularly and a report is submitted to the AMG every six months incorporating proposed action.

5.21 Private sector improvement grant activity is dependent upon the resources available. The number of properties benefiting from such grants is reported six monthly to the AMG incorporating proposed action. The Council is taking the lead in the protection of property and people by acting upon security surveys on its buildings undertaken by the police. It is investing in further security measures at its Civic Centre for example the extension of CCTV.

5.22 As well as comparing performance on a year on year basis, the Council is benchmarking its property performance through the Asset Management Planning Network. It also attends meetings of the County Durham property management forum to share expertise and best practice.

Links to Service Plans and Best Value Reviews

5.23 Service plans have to explicitly recognise the role of asset management. The performance management framework strengthens this requirement. As part of the PM arrangements the AMG will review proposed changes to the use, acquisition or disposal of assets proposed in any draft service plans. All assets will be allocated to a specific department to ensure accountability although option appraisals will still be monitored corporately.

5.24 To link the asset management and best value processes, the Council's Best Value toolkit has been amended to ensure that asset management issues are explicitly recognised within all Best Value reviews and property performance is rigorously challenged. A number of Best Value reviews have already been carried out with significant asset management implications and recommendations which have been acted upon as per Table 8.

Table 8 – Impact of Best Value Reviews

Best Value Review	Recommendation	Action Taken
Review of Leisure Services	Develop two strategic sites in Bishop Auckland and Crook for leisure provision and continue to provide activities from the sports hall at	Consultants commissioned to carry out feasibility study including assessment of existing facilities and

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	Spectrum Leisure Complex	levels of demand. Discussions ongoing with Bishop Auckland College.
Review of Housing Services	Distribute and evaluate post grant award satisfaction surveys for improvement grants	All grant recipients are surveyed and results reported to Committee.
Review of Warden Services	Address under-use of common rooms following changes to support services for elderly tenants	A number of common rooms marketed for sale or put to alternative use.
Review of Community Safety	Closer working between different functions of the Council	Co-location of tenancy enforcement function with community safety unit

5.25 Our Best Value review programme for 2006/07 includes a review of regeneration and revenue collection. AMG members will be actively involved in both reviews thus ensuring that asset management issues are mainstreamed in the review process.

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6. PROGRAMME AND PLAN DEVELOPMENT

6.1 To ensure that the link between the Council's and property objectives is established and maintained, the PM framework requires that the Council's property related requirements are driven by the annual service planning process. This is in combination with a performance review of assets carried out by the AMG as well as the ongoing Best Value review process.

6.2 The linkages between the Council's objectives and the property objectives are shown in the table below.

COUNCIL OBJECTIVE		PROPERTY OBJECTIVE
Working for a slowly growing and balanced population	⇒	To provide quality facilities in suitable locations at reasonable cost
Working to reduce health inequalities and to improve the quality of life for residents in Wear Valley	⇒	To provide quality leisure facilities in conjunction with other organisations
Working for a significant increase in employment and business activity	⇒	To provide facilities for new and growing businesses
Working towards a safe community with a reduced level of fear	⇒	To provide accessible facilities with appropriate lighting and external security
Working towards significant improvements in the built and natural environment	⇒	To provide facilities which are aesthetically pleasing and blend with the natural surroundings
Development of continuous lifelong learning	⇒	To provide accessible facilities where learning can be promoted and encouraged

6.3 An action plan for dealing with surplus, under used assets as well as those in poor condition has to be included in all departmental service plans. The proposed disposal of assets of significant value is subject to an option appraisal. The process is illustrated in Annex Y. Progress with dealing with surplus assets is to be monitored and reported by the AMG to the CMT.

6.4 Capital investment is prioritised according to a set of weighted criteria as outlined earlier that are linked to the need to meet corporate objectives. The progress of capital schemes in terms of spend and output is also monitored and reported on by the AMG.

WEAR VALLEY DISTRICT COUNCIL
Asset Management Plan

6.5 Capital projects are prioritised according to an agreed set of criteria as laid down in the Council's Capital Strategy shown at Annex Z and significant weighting is placed on meeting corporate objectives. Proposed capital schemes must outline both outputs and outcomes and demonstrate linkages with corporate objectives. Monitoring will involve assessment by the AMG against these targets as detailed within the Capital Strategy.

6.6 Capital project proposals must quantify the associated revenue impact. This includes an assessment of total cost using a whole life costing approach. Therefore factors such as repairs, running costs and the anticipated life of the asset are taken into account in the evaluation.

6.7 Capital projects are derived from individual service plans, inescapable commitments and the continuance of schemes that commenced in earlier years. Schemes will also be driven by the result of Best Value Reviews and stock condition surveys.

6.8 The criteria will be refined over time as part of our ongoing commitment to continuous improvement. The prioritisation and initial assessment of capital bids including output and outcome targets is undertaken by the AMG in October subject to the availability of funds from the single capital pot.

6.9 A recommended capital programme covering the next 3-5 years is submitted to the CMT in December for final approval by members in February. This is shown in Annex AA and in summarised form at Table 9. This includes provision for an annual programme of planned maintenance. The assessment of the capital programme by a cross-departmental group such as the AMG ensures that corporate priorities take precedence over departmental priorities including monitoring against output and outcome targets. The capital programme is monitored on a monthly basis and budget holders given a degree of delegation to transfer resources between schemes in response to changing circumstances. Future progress is programmed into the action plan outlined below.

WEAR VALLEY DISTRICT COUNCIL
Asset Management Plan

Table Nine – Three Year Capital Programme

	2006/07	2007/08	2008/09
	£000	£000	£000
EXPENDITURE			
Housing	4,116	3,950	3,040
General Fund	2,137	1,831	1,430
Renovation Grants	456	456	374
Total	6,709	6,237	4,844
INCOME			
Supported Borrowing	800	800	800
Capital Receipts	3,062	2,640	1,369
Major Repairs Allowance	2,675	2,675	2,675
Capital Grants	172	122	0
Total	6,709	6,237	4,844

6.10 The Council actively consults with its partners when developing suitable options for the construction of new assets and the development of existing assets. For example, partner organisations are contributing to a detailed investigation into the provision of a new community facility at Bishop Auckland, which will combine leisure, health and further education facilities on one site, thus significantly reducing ongoing operating costs for all parties. The Council is also reviewing options for its depot facilities that are currently spread across five sites. This includes consideration of shared facilities with the County Council.

6.11 Detailed information has been collated on compliance with the DDA and in excess of £0.33m spent in the last two years to ensure compliance. As at the end of March 2006, 45% of the Council's properties open to the public were compliant with the DDA. It is intended that 65% will be compliant by March 2007.

6.12 The Council is also reviewing its facilities for storage. It has identified an alternative site that will free up the current site for disposal.

6.13 Based upon the work carried out to date the AMG has drawn up an action plan for the next three years as shown at Annex AB. Future activities include the plan to conduct a gap analysis as part of the action plan.

7. CONCLUSION

7.1 The CMT is committed to developing a performance culture across WVDC and the AMP is an integral part of the arrangements for monitoring performance and driving continuous improvement in the way in which we manage our asset base. These arrangements are structured and consistent with best management practice to ensure that asset management is woven into all plans and planning activities within the Council. This in turn will be driven by structured linkages to the Council's objectives and the community plan thus ensuring that our activities meet the requirements of the people of Wear Valley.

WEAR VALLEY DISTRICT COUNCIL

ASSET MANAGEMENT PLAN

Key Lines of Enquiry Checklist

Criteria Ref.	Criteria	AMP Ref.
2.3.2	The Council has an up to date asset management plan that details existing asset management arrangements and outcomes and planned action to improve corporate asset use	Paragraphs 1.7,2.1–2.13, 5.1–5.21, Appendix H
2.3.3	The Council maintains an up to date asset register	Paragraphs 4.1-4.6
2.3.4	The Council has a designated corporate property function	Paragraphs 2.1-2.13
2.3.5	The Council's arrangements for reporting to members are sufficient to ensure that they fulfil their responsibility in relation to the Council's land and buildings portfolio at both a strategic and service level	Paragraphs 2.5 - 2.6, 5.1,5.6-5.7
2.3.6	The council has an annual programme of planned maintenance based on a rolling programme of property surveys	Paragraphs 5.6 – 5.7, 6.9
2.3.7	The Council has assessed the level of backlog maintenance	Paragraphs 5.5 – 5.7
2.3.8	The Council's capital programme gives priority to potential capital projects based on a formal, objective approval process.	Paragraphs 6.5 – 6.8, Appendix F
2.3.9	A member has been allocated portfolio responsibility fore the organisation's fixed assets	Paragraphs 2.5 – 2.6
2.3.10	There is a plan in place to reduce the level of backlog maintenance and this has been approved by members	Paragraphs 5.5-5.7
2.3.11	The Council has developed a set of local performance measures in relation to assets that link asset use to corporate objectives	Paragraphs 5.18–5.22
2.3.12	The Council makes investment and disposal decisions based on thorough option appraisal and whole life costing	Paragraphs 6.3, 6.6, Appendices E & F

Innovation House Tenants Satisfaction Questionnaire _____/2006

The purpose of this questionnaire is to give you the opportunity to express your opinions about how the building is run and to help us improve the management of Innovation House.

Company: (optional) _____

Name: (optional) _____

1. **Have you contacted the Management Team in relation to your tenancy, the condition of your unit or the building in the last 12 months:**
 - Yes
 - No
2. **Did you know who to contact with your enquiries:**
 - Yes
 - No
3. **How did you make your last enquiry**
 - Verbally
 - Telephone
 - Written
 - Email
4. **Was this person easy to reach:**
 - Yes
 - No
5. **Approximately how long did it take to resolve your enquiry**

About your last enquiry

6. **Why did you contact the Management Team, was it to discuss:**
 - Financial Matters
 - Repairs
 - Lease arrangements
 - Other
7. **If your last enquiry was about Financial Matters was it:**
 - Enquiry regarding Rental
 - Enquiry regarding Rates
 - Enquiry regarding Service Charge
 - Enquiry regarding Electricity Bills
 - Enquiry regarding Water Bills
 - Other please specify _____
8. **If your last enquiry was about Repairs was it:**
 - Enquiry regarding internal repair to your unit
 - Enquiry regarding external repair to your unit
 - Enquiry regarding internal repair to the common areas
 - Enquiry regarding external repair to the building
 - Other please specify _____

9. What was your main reason for your repair enquiry

- It was an emergency
- It required urgent attention
- Non urgent repair
- Clarification of tenants repairing obligations
- Other please specify _____

10. If your last enquiry was about Lease Arrangements was it:

- Enquiry regarding the arrangements of your existing lease
- Enquiry regarding extending your existing lease arrangements
- Enquiry regarding terminating your existing lease arrangements

11. If you contacted the Management Team for other reasons please give a brief description:

Regarding your last contact with the Management Team

12. How would you rate the assistance you received:

	Very Satisfied	Fairly Satisfied	Neither Satisfied or Dissatisfied	Fairly Dissatisfied	Very Dissatisfied	Don't know
Helpfulness of the staff	1	2	3	4	5	6
Level of professionalism	1	2	3	4	5	6
Thoroughness of the staff	1	2	3	4	5	6
Speed at which your enquiry was dealt with	1	2	3	4	5	6
Knowledge of the staff	1	2	3	4	5	6

13. Overall how satisfied are you with the management of Innovation house

- Very Satisfied
- Satisfied
- Dissatisfied
- Very Dissatisfied

14. If you are dissatisfied please state why

15. What other services would you like to see provided at Innovation House

16. Do you use Broadband

- Yes
- No

17. Is the Broadband connectivity at Innovation House sufficient for your business

- Yes
 - No
- If No what level of connectivity do you require

18. Do you make use of the conference facilities at Innovation House

- Yes
- No

19. Do the conference facilities meet your needs

- Yes
- No

20. If not, what could be done to improve the facilities

Thank you for taking the time to complete this questionnaire, your views are important to us and will help us to manage Innovation House effectively. Please return the questionnaire in the reply paid envelope provided.

**PERFORMANCE INDICATOR P1A - GROSS INTERNAL FLOOR SPACE 2005-06
IN CATEGORIES A-D**

Address line 1	Address line 2	Address line 3	Type of Asset	Area Sq Metres	Condition	Priority Rating	Category	Backlog Maintenance (£)
GLENHOLME LEISURE COMPLEX	NEW ROAD	CROOK	LEISURE CENTRES	1,650	C	3	O	577,800
CIVIC CENTRE	CROOK		OFFICE BUILDINGS	5,059	B	4	O	241,980
WOODHOUSE CSE LEISURE CTR	B.AUCKLAND		LEISURE CENTRES	3,700	C	2	O	181,600
SPECTRUM LEISURE COMPLEX	CROOK		LEISURE CENTRES	1,139	C	3	N	174,750
ROYAL CORNER	CROOK - (TOP FLOOR)		OFFICE BUILDINGS	325	B	4	O	50,000
ROYAL CORNER	CROOK - (GROUND + 1ST FLOOR)		OFFICE BUILDINGS	500	B	4	N	68,250
QUEEN STREET DEPOT	CROOK		DEPOTS & STORES	1,130	B	2	O	103,120
ESCOMB AMENITY HALL	ESCOMB		COMMUNITY CENTRES	160	C	2	N	69,250
TOWN HALL	STANHOPE		FUNCTION HALLS	600	B	4	O	67,000
COUNDON/LEEHLME COMM CTR	LEEHLME		COMMUNITY CENTRES	220	B	2	O	64,150
PARK AVE CLOSE CC	CROOK	DL15 9HX	COMMUNITY CENTRES	195	B	4	O	63,500
TOWN HALL	BISHOP AUCKLAND		FUNCTION HALLS	850	B	4	O	62,800
HARGILL HAVEN	HOWDEN LE WEAR	DL158HS	COMMUNITY CENTRES	160	B	4	O	54,950
NEIGHBOURHOOD HSING OFF	64A PROUDFOOT DRIVE	B.AUCKLAND	OFFICE BUILDINGS	202	B	2	O	52,050
PEASES WEST ATHLETIC GR'D	CROOK		SPORTS PAVILION	180	B	3	O	50,950
18 MICKLE GROVE COMM CTR	LEEHLME	DL14 8XL	COMMUNITY CENTRES	150	B	3	O	47,850
25 HALL LANE EST COMM C	WILLINGTON	DL15 OQF	COMMUNITY CENTRES	150	B	4	O	45,700
OLD BANK CHAMBERS	B.AUCKLAND		OFFICE BUILDINGS	210	B	4	O	42,950
CIVIC HALL	CROOK		OFFICE BUILDINGS	650	C	2	S	40,800
CROOK DROP IN CLUB / OLD TSB	CROOK		COMMUNITY CENTRES	125	D	1	S	40,400
HENKNOWLE COMMUNITY HALL	HENKNOWLE		COMMUNITY CENTRES	460	B	4	N	38,500
23 HOLME DENE COMM C	HUNWICK	DL15 OJH	COMMUNITY CENTRES	66	B	3	O	36,050
30 EDGAR GROVE COMM C	B.AUCKLAND	DL14 7QL	COMMUNITY CENTRES	90	B	3	N	33,900
TEES WALK COMM CTR	COUNDON	DL14 8JZ	COMMUNITY CENTRES	125	B	4	N	33,250
ROSEDALE COMM CTR	7 WARWICK PLACE WILLINGTO		COMMUNITY CENTRES	235	B	3	O	30,500
PUBLIC TOILETS (VARIOUS)			PUBLIC TOILETS	54	A	4	O	-
HENKNOWLE REC GRD	B.AUCKLAND		SPORTS PAVILION	150	C	2	N	29,000
BEDBURN CLOSE	CROOK		COMMUNITY CENTRES	89	B	3	S	28,650
DOVEDALE AVE CC	SUNNYBROW	DL15OXD	COMMUNITY CENTRES	210	B	3	O	28,350
CORNWALL PLACE COMM CTR	HENKNOWLE		COMMUNITY CENTRES	210	B	4	O	28,250
COLLIER HSE COMM C	SUNNYBROW	DL15 OLZ	COMMUNITY CENTRES	240	B	3	O	28,100
18 BANK FOOT GRVE COMM CT	CROOK	DL15 9NJ	COMMUNITY CENTRES	260	B	3	N	27,250
DELLSIDE COMM CEN	WILLINGTON	DL15 ODH	OFFICE BUILDINGS	240	B	4	O	26,650
DORSET PLACE COMM CEN	HENKNOWLE	DL14 6TH	COMMUNITY CENTRES	210	B	4	O	26,600
63 PROUDFOOT DRIVE	BISHOP AUCKLAND		SHOP	44	B	3	N	26,100
47 GRASMERE GROVE COMM C	CROOK	DL15 8NX	COMMUNITY CENTRES	130	B	2	O	24,800
25 GREENSIDE PLACE COMM C	CROOK	DL15 8PZ	COMMUNITY CENTRES	120	B	4	O	24,800
29 BOURNE WAY	WILLINGTON		COMMUNITY CENTRES	100	D	2	S	24,150
20 WHEATBOTTOM COMM CTR	CROOK	DL15 9HB	COMMUNITY CENTRES	300	B	3	O	22,800
PATTERDALE CLOSE	CROOK		COMMUNITY CENTRES	92	C	2	S	21,750
77 MILLFIELD GROVE	CROOK	DL159PN	COMMUNITY CENTRES	225	B	4	O	21,550
MONTEITH CLOSE COMM CNTR	WEST AUCKLAND		COMMUNITY CENTRES	136	B	3	N	21,100
INNOVATION HOUSE	SOUTH CHURCH		INDUSTRIAL ESTATE	648	A	4	N	-
48 LAUREL GARDENS	CROOK		SHOP	60	B	3	N	19,500
CROFT ST DEPOT	CROOK		DEPOTS & STORES	380	D	1	S	19,300
67 PROUDFOOT DRIVE	BISHOP AUCKLAND		SHOP	51	B	3	N	18,600
43 STANLEY WAY COMM CTR	BILLY ROW	DL15 9TF	COMMUNITY CENTRES	210	B	3	O	18,150
47 LAUREL GARDENS	CROOK		SHOP	63	B	3	N	17,950
TOWN RECREATION GROUND (NEW)	BISHOP AUCKLAND		SPORTS PAVILION	90	B	3	O	-
TOWN RECREATION GROUND (OLD)	BISHOP AUCKLAND		SPORTS PAVILION	45	D	2	O	17,855
81 PROUDFOOT DRIVE	BISHOP AUCKLAND		SHOP	37	B	3	N	17,250
11 SYCAMORE GROVE COMM CE	WEST AUCKLAND	DL14 9JG	COMMUNITY CENTRES	85	B	4	O	17,150
11 SELBY CLOSE	ST HELENS	DL14 9ED	COMMUNITY CENTRES	120	B	4	O	16,550
33 GREY GARDENS COMM CTR	COUNDON	DL14 8LZ	COMMUNITY CENTRES	250	B	4	O	15,900
FOOTBALL & CRICKET PAVILION (NORTH)	LEEHLME		SPORTS PAVILION	299	A	4	O	15,050
FOOTBALL & CRICKET PAVILION (SOUTH)	LEEHLME		SPORTS PAVILION	228	A	4	O	13,550
COCKTON HILL REC (CLUB)	HELENA TERR	B. AUCKLAND	SPORTS PAVILION	60	B	2	O	7,500
COCKTON HILL REC (CHANGING)	HELENA TERR	B. AUCKLAND	SPORTS PAVILION	166	A	3	O	7,500
19 THE SQUARE	ST. HELEN AUCKLAND		COMMUNITY CENTRES	100	B	3	N	14,300
PEASES WEST ATHLETIC GR'D	CROOK		GARAGE	40	C	2	O	12,900
75 PROUDFOOT DRIVE COMM C	WOODHOUSE CLOSE	B.AUCKLAND	OFFICE BUILDINGS	190	B	4	O	11,750
85 PROUDFOOT DRIVE	BISHOP AUCKLAND		SHOP	23	B	3	N	11,250
TOW LAW RECREATION CENTRE		TOW LAW	SPORTS PAVILION	166	A	4	O	9,200
DOCTORS SURGERY	16 MANOR RD ST HELENS	B. AUCKLAND	COMMUNITY CENTRES	174	B	4	N	7,800
B.AUCKLAND BUS STATION	BISHOP AUCKLAND		BUS STATION	15,800	B	3	N	5,000
67 HOPE STREET	CROOK		OFFICE BUILDINGS	180	C	3	S	4,000
140 MELROSE DRIVE	ST HELENS		SHOP	65	B	3	N	3,550
UNIT 4B LAUREL WAY	BISHOP AUCKLAND		DEPOTS & STORES	150	B	3	O	2,750
TAYLOR ROAD COMMON ROOM	SOUTH CHURCH		COMMUNITY CENTRES	252	B	3	N	2,500
GLENHOLME REC PARK	CROOK		SPORTS PAVILION	100	B	3	O	2,000
STANHOPE STATION	STANHOPE		MISCELLANEOUS	182	B	4	N	1,300
TSB - CIVIC CENTRE	CROOK		LEASEHOLD PROPERTY	174	B	4	N	-
MILLFIELD FOOTBALL GROUND (GRANDSTAND)	CROOK		SPORTS GROUNDS	480	C	2	N	-
MILLFIELD FOOTBALL GROUND (SPECTATOR STAND)	CROOK		SPORTS GROUNDS	480	C	2	N	-

Energy Management Action Plan

Ref	Action	Responsible	By When	Cost (£)
1	Review chargeable capacity at major buildings	Technical Assistant	Aug 06	Officer time (0.5 days)
2	Calculate projected energy use monthly for main sites	Head of Finance / Technical Assistant	Aug 06	Officer time (1 day)
3	Raise awareness of energy saving measures for caretakers and cleaners	Facilities Manager	Sep 06	Officer Time (0.5 day)
4	Issue composite energy budget report monthly	Technical Assistant	Sep 06	Officer time (0.5 day)
5	Review and ensure appropriate use of TEAM software	Technical Assistant	Sep 06	Officer time (1 day)
6	Monthly meter readings taken for large buildings	Technical Assistant	Sep 06	Officer time (0.5 days)
7	Half hour readings analysed for large buildings	Technical Assistant	Sep 06	Officer time (1 day)
8	Review metering requirements (use of sub metering)	Facilities Manager	Sep 06	Officer Time (2 days)
9	Seek best practice from other authorities	Performance Improvement Manager	Oct 06	Officer Time (2 days)
10	Develop and Publicise Energy Policy	Head of Finance / Environment LA 21 Officer	Oct 06	Officer time (2 days)
11	Conduct monthly walk rounds	Facilities Manager / Head of Finance	Oct 06	Officer Time (0.5 days)
12	Conduct energy saving campaign at CC (posters etc..)	Environment LA 21 Officer	Oct 06	Officer Time (3 days)
13	Check heating and cooling controls at major buildings	Facilities Manager	Oct 06	Officer Time (1 day)
14	Review use of occupancy sensors &	Facilities Manager	Oct 06	Officer Time (1

Energy Management Action Plan

	photocell controls e.g. toilets and interview rooms			day)
15	Conduct energy saving campaign at leisure centres (posters etc..)	Environment LA 21 Officer	Oct 06	Officer Time (2 days)
16	Survey of lighting units at major buildings	Facilities Manager	Oct 06	Officer Time (1 day)
18	Investigate free cooling of AC units by relocation	Facilities Manager	Nov 06	Officer Time (1 day)

ASSET DISPOSAL PRO-FORMA

To be used where disposal value > £25,000

Building and Address

Planned Disposal Date

Option Appraisal

<u>Option</u>	<u>Reasons why not appropriate</u>
Retain	
Lease	
Change of Use	

Completed forms should be sent to the Corporate Property Officer for comments.

Capital Bidding Pro-Forma

Project Title

Department

Project Outline
(max 400 words)

	YEAR 1 £000	YEAR 2 £000	YEAR 3 £000
GROSS COST			
EXTERNAL FUNDING (indicate sources)			
NET COST TO COUNCIL			

Option Appraisal

Option	Y/N	Reasons
Outsourcing		
Joint Working		
Lease/Buy		
In House		

Risks & Strategy for Mitigation

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Exit Strategy

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Revenue Implications

Per Annum	x Life of Asset / scheme	Whole Life Cost (£000)
Employees		
Maintenance		
Energy		
Fuel		
Total Expenditure		
Income		
Net Cost		

Judgement Criteria	Bidding department score 0 – 5 (please complete)	Multiplier	Total Score (please complete)	Justification for score (please complete – max 200 words per criterion)
Does scheme relate to corporate objectives?		2		
Does scheme support priorities set out in the Council Plan?		2		
Will deferment of the scheme affect the existing service or its development?		1		

Annex Z

Does scheme satisfy customer / citizen demand?		1.5		
Does the Authority have a legal obligation for the scheme to progress?		2		
Does the scheme contribute to the health & safety of public & staff?		0.5		
Does the scheme contribute to effective asset management within the Authority?		1		
Does the scheme generate future revenue receipts / savings?		1		
Does the scheme generate future capital receipts?		1		
Does scheme promote partnership working?		1		
Is scheme sustainable in terms of ongoing revenue costs?		2		
Is the scheme partially externally funded?		1.5		
Adequacy of staff and resources available to deliver the project?		1		
TOTAL SCORE				

Ref.	Name	Department	Description	2006/07		2007/08		2008/09	
				Value (£)	cumulative (£)	Value (£)	cumulative (£)	Value (£)	cumulative (£)
15	Fieldon bridge development - phase 1	Regeneration	This site has been identified as a key strategic location in the development of the economic infrastructure of Bishop Auckland to satisfy the needs of and benefit the wider Wear Valley economy. The proposal is to reclaim and open the site for industrial development and have the potential to create 300 jobs.	20,000	68,000	19,000	67,000	19,000	67,000
16	Structural Repairs - Council Houses	Housing	The project will enable structural defects to be addressed and new damp courses to be installed. There are clear links to the Council Plan in delivering the Decent Homes standard.	77,000	145,000	77,000	144,000	77,000	144,000
17	Renewing Weardale Strategy - Wolsingham Business Park	Regeneration	Proposed development of a new business park on an allocated industrial site in Wolsingham adjacent to the current steelworks site. The proposal would have the potential to create 120 jobs	50,000	195,000	48,000	192,000	48,000	192,000
18	IBS migration	Central Resources	The technology used to provide the computer systems that are used by the revenues, benefits and housing services will soon be no longer supported by the supplier. Consequently, the Council have to transfer to different technology which is supported by the supplier. Failure to carry this out would create serious difficulties in paying housing benefit and collecting council tax and rental income.	21,250	216,250	-	192,000	-	192,000
19	Electrical upgrades to domestic properties	Housing	The Council owns a number of properties where the electrical systems are past their recommended lifespan. Accordingly to ensure customers health and safety are not put at risk there is a requirement to re-wire or upgrade a number of properties	284,560	500,810	288,000	480,000	288,000	480,000
20	Street Cleansing Fleet Replacements	Community Services	To replace 50% of the existing street cleansing fleet on a priority basis.	200,000	700,810	150,000	630,000	200,000	680,000
21	Play Area Replacement	Community Services	26 play areas are located throughout the District and a programme of replacement and improvements is now underway utilising external funding where possible together with the Council's own resources. This bid is to further improve/replace 1-2 play areas in 2006/07.	48,000	748,810	48,000	678,000	48,000	728,000
22	Bishop Auckland Town Recreation Ground Fence	Community Services	To redesign and redevelop the park. The issues are around anti-social behaviour and the condition of the park in general i.e. fencing, footpaths and play areas.	7,000	755,810	-	678,000	-	728,000
23	Car Parking Improvement Programme	Regeneration	This is to improve the condition and appearance of existing town centre car parks through surface improvements, delineation of spaces and new signage. The programme is designed to increase public/shopper accessibility to town centres and to increase the vitality and viability of such centres and consequently the economy of the key commercial centres of the District.	92,000	847,810	96,000	774,000	50,000	778,000
24	Asset Management Backlog (Category C Properties)	Corporate	To carry out backlog maintenance of corporate properties designated as below acceptable standard (category C). These include Woodhouse and Glenholme Leisure complexes as well as Escomb Amenity Hall. The monies will be used to carry out works such as replacement of windows, doors, central heating systems, roofs and external structural repairs	245,600	1,093,410	151,450	925,450	142,800	920,800
25	West Auckland Improvement Scheme	Regeneration	West Auckland suffers from high traffic levels, local problems of deprivation and a neglect of the environmental "capital" of the village. The scheme would address townscape and environmental issues to improve the appearance and image of the village, sustain its commercial attractiveness, increase pedestrian and resident safety and reduce vehicular traffic conflicts.	40,000	1,133,410	10,000	935,450	10,000	930,800

Ref.	Name	Department	Description	2006/07		2007/08		2008/09	
				Value (£)	cumulative (£)	Value (£)	cumulative (£)	Value (£)	cumulative (£)
26	Lease of vehicle for the pest control/dog warden service	Community Services	One of the two existing Ford Transit Vans used by the service is 7 years old and has a very high mileage. The vehicle is approaching the end of its useful life in terms of its anticipated ongoing reliability and preventative maintenance.	4,000	1,137,410	4,000	939,450	4,000	934,800
27	Neighbour noise monitoring system	Community Services	To replace the existing defective DAT noise monitoring system currently used. The use of noise equipment allows the Council to deal with anti-social complaints without the use of limited staff resources	6,590	1,144,000	-	939,450	-	934,800
28	Wear Valley Building Enhancement Scheme	Regeneration	To continue and expand the current Weardale Building Enhancement Scheme and various shop front improvement schemes to ensure that grants continue to be available to the private sector to bring retail and commercial buildings back into economic use throughout the whole of Wear Valley.	48,000	1,192,000	48,000	987,450	-	934,800
29	Public Sector Disabled Adaptations 2006/07	Housing	To deliver adaptations to Council owned properties where DCC Occupational Therapists have identified residents require works. The works can include ramps, grabrails, shower adaptations etc..	174,000	1,366,000	174,000	1,161,450	174,000	1,108,800
30	Disability Discrimination Act	Housing	To make council properties DDA compliant	140,000	1,506,000	-	1,161,450	-	1,108,800
31	Twin Bin Refuse and Recycling Service	Community Services	To introduce alternate weekly collections for recyclable and non-recyclable waste	280,000	1,786,000	280,000	1,441,450	-	1,108,800
32	Civic Centre - Zoning of Heating	Housing	To fit zone valves to the heating system to ensure a consistent temperature throughout the different parts of the Civic Centre	11,000	1,797,000	-	1,441,450	-	1,108,800
33	Major and Minor Repair Grants	Regeneration	The grants are to enable customers who cannot afford to carry out essential repairs and/or upgrades to their homes to be able to access help and funding. Additional resources are required to reduce the waiting list.	200,000	1,997,000	200,000	1,641,450	200,000	1,308,800
34	Refuse Collection - Office Accommodation	Community Services	To replace the portakabin at the Railway Street Depot from which the refuse collection service operates. The portakabin is in sufficient disrepair that continual utilisation would be contrary to health and safety regulations	13,000	2,010,000	-	1,641,450	-	1,308,800
35	Re Roofing Woodhouse Close Area Office	Housing	The roof tiles suffer from vandal attack. It is proposed that the tiles be removed and a new stronger, steel sheeted roof be installed.	29,000	2,039,000	-	1,641,450	-	1,308,800
36	Crook Car Park Start Up Costs	Community Services	Provision of parking meters, tickets, signage and legal costs for the setting up of car parking charges in Crook. This assumes that the Market Place and Hope Street would be included in the order.	29,000	2,068,000	-	1,641,450	-	1,308,800
37	PC Replacement Programme	Central Resources	It is important that staff have access to sufficiently powered PC's in order for them to carry out their duties. Failure to replace PC's will result in them becoming increasingly slow due to age and the introduction of new software thus leading to reduced staff efficiency.	90,000	2,158,000	90,000	1,731,450	90,000	1,398,800
38	Dene Valley Renewal Area	Regeneration	The next phase of work will focus around the High Street of Eldon Lane. This is based upon work commissioned from external consultants to evaluate the work done to date and make recommendations for future interventions.	200,000	2,358,000	200,000	1,931,450	200,000	1,598,800
39	Contaminated Land	Regeneration	Under the Environmental Protection Act, the Council has an obligation to provide a programme for the identification and remediation of land that is posing unacceptable risks to health or the environment. Costs would be incurred for specific site investigation work and to undertake remedial action where there is danger of serious harm.	96,000	2,454,000	96,000	2,027,450	96,000	1,694,800

Ref.	Name	Department	Description	2006/07		2007/08		2008/09	
				Value (£)	cumulative (£)	Value (£)	cumulative (£)	Value (£)	cumulative (£)
40	Conversion of 83 Proudfoot Drive - Tenancy Enforcement Team	Housing	During, the indicative housing inspection it was commented that the Tenancy Enforcement Team does not link to other community safety partners such as the Police, Street Wardens, Anti-Social Behaviour Co-ordinator and Housing Staff	14,000	2,468,000	-	2,027,450	-	1,694,800
41	Royal Corner - New Front Entrance Door	Housing	Security of the building has become a problem due to unauthorised access being made. The door access system is insufficient to prevent forced access to the building. The solution is to replace the existing aluminium door with steel secure by design doors.	5,000	2,473,000	-	2,027,450	-	1,694,800
42	Replacement Ride On Grass Cutting Mowers	Community Services	Two small ride-on grass cutting machines have now been operational for four years and are rapidly approaching the end of their useful life without significant investment in repairs and maintenance. It is best practice to replace these machines every three years.	13,500	2,486,500	13,500	2,040,950	-	1,694,800
43	I.T. server replacement	Central Resources	A number of servers have reached the end of their maintenance agreements and require replacement. These servers provide the lotus notes intranet service used by all staff and the facility to provide electronic links to provide homeworking	14,000	2,500,500	14,000	2,054,950	14,000	1,708,800
44	Computer Replacement - leisure complexes	Community Services	Due to the increasing use of technology to allow online bookings, provide the Technogym system and remote access to the corporate accounting and ordering system, there is an increasing strain upon the hardware used at the leisure complexes. This hardware needs to be replaced on a rolling programme.	8,000	2,508,500	8,000	2,062,950	8,000	1,716,800
45	CCTV Coverage of Mall	Housing	To maximise overall security of the building internally and externally and to meet recommendations of the Durham Constabulary Crime Prevention Officers recent survey. Advantages would be staff protection, better surveillance of the cash office, mall area and individual interview booths.	27,000	2,535,500	-	2,062,950	-	1,716,800
46	Council Chamber - Sound System Microphones	Central Resources	The acoustics in the Council Chamber are poor and complaints have been received from Members and the public that they find it difficult to hear the debate. It is proposed that a portable system be purchased which can be moved to other venues in the District.	24,000	2,559,500	-	2,062,950	-	1,716,800
47	Civic Centre - Door Access System	Housing	The existing door access system within the Civic Centre is unable to cover all the doors on the ground floor to maintain security in the building. The proposal is to provide a new access control system which is Home Office approved and used extensively throughout Government buildings, schools etc.	32,000	2,591,500	-	2,062,950	-	1,716,800
48	External/internal repainting - civic centre	Housing	To maintain the condition and aesthetics of the Civic Centre, it is recommended that the external timber be painted on a five-yearly programme. It is now 13 years since this work was last undertaken	8,500	2,600,000	-	2,062,950	-	1,716,800
49	IT Interface IBS/DHS	Housing	The need to link the decent homes standard database to the responsive repairs system has been highlighted as a necessary requirement in ensuring efficiency in service delivery. The bid will enable an interface between the IBS Open System and the PT database to be written and installed.	5,000	2,605,000	-	2,062,950	-	1,716,800
50	Civic Centre - Carpet Replacement	Housing	The Civic Centre has now been operational for 18 years and the carpet tiles throughout the building are now showing signs of rapid deterioration. The proposal is to phase the replacement of the carpet tiles throughout the building over a period of 3-4 years.	7,500	2,612,500	7,500	2,070,450	7,500	1,724,300

Ref.	Name	Department	Description	2006/07		2007/08		2008/09	
				Value (£)	cumulative (£)	Value (£)	cumulative (£)	Value (£)	cumulative (£)
51	Human Resources & Payroll System	Central Resources	The current system does not have an adequate reporting facility nor able to provide BVPI information without manual input. The purchase of the relevant hardware and software would be done in conjunction with neighbouring authorities to achieve economies of scale.	67,000	2,679,500	-	2,070,450	-	1,724,300
52	Council Chamber - New Chairs	Housing	The chairs in the Council chamber are original from its opening and are now 17 years old. They are all showing signs of wear and tear, damage to the arms and the padding on the seats are worn.	4,000	2,683,500	-	2,070,450	-	1,724,300
53	Replacement of audio/video equipment to Council Chamber	Housing	The current audio/video equipment within the Council chamber is outdated and un-operable. In order to facilitate seminars, conferences, briefings and committees it is necessary to replace the equipment.	11,500	2,695,000	-	2,070,450	-	1,724,300
54	Positional Accuracy Tool	Regeneration	Ordnance survey is currently carrying out a national programme of redrawing their existing base maps. A software tool is available on licence that is compatible with the Council's GGP mapping system, which when installed will automatically identify required changes and move the majority of plotted data to the correct position if necessary.	20,000	2,715,000	-	2,070,450	-	1,724,300
55	Economic Development Fund	Regeneration	Element of fund to be used for capital purposes.	30,000	2,745,000	-	2,070,450	-	1,724,300
56	BA Town Centre Management	Regeneration	To facilitate the redevelopment and regeneration of Bishop Auckland Town Centre	100,000	2,845,000	450,000	2,520,450	425,000	2,149,300
			NEW SCHEMES TOTAL	2,845,000		2,520,450		2,149,300	
			GRAND TOTAL	6,831,000		6,359,450		4,844,300	

ASSET MANAGEMENT PLAN

STRATEGIC ACTION PLAN

<u>OBJECTIVE</u>	<u>DUE DATE</u>	<u>RESPONSIBLE OFFICER (S)</u>
REVIEW AND REPORT ON SURPLUS ASSETS TO CMT SIX MONTHLY	ONGOING	LEGAL EXECUTIVE
REVIEW AND REPORT CAPITAL SCHEME PROGRESS AND COSTS TO MEMBERS QUARTERLY	ONGOING	ASSET MANAGEMENT GROUP
SUPPORT OPTION APPRAISAL ON MAJOR ASSETS E.G. LEISURE FACILITIES AND DEPOTS	ONGOING	ASSET MANAGEMENT GROUP
CONDUCT BI-ENNIAL SURVEY OF COMMERCIAL TENANTS	ONGOING	LEGAL EXECUTIVE / PRINCIPAL ECONOMIC DEVELOPMENT OFFICER
CONDUCT ANNUAL CONDITION SURVEY OF ALL PROPERTIES	ONGOING	FACILITIES MANAGER
REPORT ANNUALLY TO MEMBERS ON NATIONAL AND LOCAL ASSET MANAGEMENT PERFORMANCE INDICATORS	JULY EACH YEAR	PERFORMANCE IMPROVEMENT MANAGER
IMPLEMENT CORPORATE EVALUATION OF CAPITAL SCHEMES	OCTOBER EACH YEAR	ASSET MANAGEMENT GROUP
IDENTIFY AND IMPLEMENT ENERGY EFFICIENCY MEASURES	OCT 2006	FACILITIES MANAGER
DEVELOP CORPORATE ASSET MANAGEMENT DATABASE	DEC 2006	PERFORMANCE IMPROVEMENT MANAGER
REVIEW PROCURMENT OF ENERGY CONTRACT	DEC 2006	ASET MANAGEMENT GROUP
ENSURE 65% OF THE COUNCIL'S ASSETS COMPLY WITH DDA	MARCH 2007	FACILITIES MANAGER