Cabinet
Wednesday 20 April 2022

A meeting of the Cabinet will be held in the Town Hall, Royal Leamington Spa on Wednesday 20 April 2022, at 6.00pm and available for the public to watch via the Warwick District Council YouTube channel.

Councillor A Day (Chairman)

Councillor L Bartlett	Councillor R Hales
Councillor J Cooke	Councillor J Matecki
Councillor J Falp	Councillor A Rhead
Councillor M-A Grainger	

Also attending (but not members of the Cabinet):

Chair of the Finance & Audit Scrutiny Committee	TBC
Chair of the Overview & Scrutiny Committee	Councillor A Milton
Green Group Observer	Councillor I Davison
Liberal Democrat Group Observer	Councillor A Boad
Labour Group Observer	Councillor M Mangat

Emergency Procedure

At the commencement of the meeting, the emergency procedure for the Town Hall will be announced.

Agenda

1. **Apologies for Absence**

2. **Declarations of Interest**

   Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

   Declarations should be disclosed during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

   Members are also reminded of the need to declare predetermination on any matter.

   If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. **Minutes**

   To confirm the minutes of the meeting held on 10 March 2022. **(Pages 1 to 62)**

Part 1
(Items upon which a decision by Council is required)

4. **Joint Governance – Stratford-on-Avon and Warwick District Councils**

This item has been withdrawn from the agenda.

5. **Inter-Authority Agreement between Stratford-on-Avon and Warwick District Councils**

This item has been withdrawn from the agenda.

6. **Amendments to the Constitution**

To consider a report from Democratic Services. **(Pages 1 to 9)**

Part 2
(Items upon which a decision by Council is not required)

7. **Safeguarding Adults and Children Policy, Procedures and Information**

To consider a report from Health and Community Protection. **(Pages 1 to 29)**

8. **Significant Business Risk Register**

To consider a report from Audit and Risk.
(Pages 1 to 7 and Appendices 1 to 3)

9. **HEART Shared Service Partnership**

To consider a report from Housing. **(Pages 1 to 9 and Appendices 1 to 3)**

10. **Masterplanning Framework for Land to the North and East of Kenilworth/South of Coventry**

To consider a report from the Policy and Projects. **(Pages 1 to 12)**

11. **Exemption from Procurement / Contract Standing Orders – Housing First Support Service**

To consider a report from Housing **(Page 1 to 5)**

12. **Community Projects Reserve**

To consider a report from the Chief Executive **(Pages 1 to 24)**

Part 2
(Items upon which a decision by Council is not required)

14. **Creative Quarter / Future High Street**

To consider a report from Place and Economy. **(Pages 1 to 7)**
(Not for publication)

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For enquiries about specific reports, please contact the officers named in the reports. You can e-mail the members of the Cabinet at cabinet@warwickdc.gov.uk

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Cabinet

Minutes of the meeting held on Thursday 10 March 2022 in the Town Hall, Royal Leamington Spa at 6.00 pm.

Present: Councillors Day (Leader), Bartlett, Cooke, Falp, Grainger, Hales, and Matecki.

Also Present: Councillors: Boad (Liberal Democrat Group Observer), Davison, (Green Group Observer), Mangat (Labour Group Observer), Milton (Chair of Overview & Scrutiny Committee) and Nicholls (Chair of Finance & Audit Scrutiny Committee and Labour Group Observer)

107. **Apologies for Absence**

Apologies for absence were received from Councillor Rhead.

108. **Declarations of Interest**

There were no declarations of interest.

109. **Minutes**

The minutes of the meeting held on 10 February 2022 were taken as read and signed by the Chairman as a correct record.

Part 1
(Items upon which a decision by the Council was required)

110. **Length of Council, Cabinet & Committee meeting**

The Cabinet considered a report from Democratic Services which brought forward proposals for length of meetings of the Council/Cabinet and Committees.

The proposals were brought forward following discussion with Group Leaders.

An investigation into a complaint, about the handling and determination of a planning application, highlighted the potential risks and impact of taking decisions late into the evening, especially on more technical matters. Informally, officers and Councillors raised concerns about length of Council/Cabinet and Committee meetings after working during the day. Lengthy and/or late finishing meetings could also pose a wider risk to health, safety and well-being of those participating and the report sought to provide some assurance and mitigations against long meetings.
In essence, the proposal formalised the understanding currently in place with Chairmen on a break after two hours and to minimise meetings going on significantly past 10.00pm. The recommendations provided a framework to support those decisions, so they were clear and transparent for all parties.

The report proposals were considered a reasonable approach to provide clarification on current informal practices.

In terms of alternative options, the Cabinet could decide not to progress with the proposals and/ or amend the proposed times, however, the proposal provided a structured approach which allowed for variation at individual meetings.

The Group Observers expressed support for the recommendations in the report, stating that decisions could not be made effectively past a certain time.

Councillor Day then proposed the report as laid out.

Recommended to Council that

(1) a formal break in the meeting of no less than 10 minutes be taken, after no later than two and a half hours into a meeting, at the conclusion of an item, unless at least half of those present agree to continue;

(2) no item of business will be started after 9.30pm unless at least half of those present agree to proceed. The proposal must be moved by the Chairman of the meeting, duly seconded and voted upon; and

(3) if the motion in recommendation (2) above is lost, any remaining business will either be adjourned/deferred to a time and date fixed by the Chairman, which is to be no earlier than 6.00pm the next working day; but if no date is fixed, any item not considered will stand deferred to the next scheduled meeting of the Council/ Cabinet/ Committee.

(The Portfolio Holder for this item was Councillor Day)

111. **Treasury Management Strategy 2022/23**

The Cabinet considered a report from Finance which detailed the strategy that the Council would follow in carrying out its treasury management activities in 2022/23.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defined treasury management as:

> *"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

While any 'commercial' initiatives or loans to third parties would impact on the treasury function, these activities were generally classed as non-treasury activities, (arising usually from capital expenditure), and were separate from the day-to-day treasury management activities.

The Council's treasury management operations were governed by various Treasury Management Practices (TMPs) that the CIPFA Treasury Management Code required to be produced by the Council and adhered to by those officers engaged in the treasury management function. These TMPs were previously reported to the Cabinet and were subject to periodic Internal Audit review.

There would be updates made to the TMPs before 1 April 2022 for the recent changes required below.

Under CIPFA's updated *Treasury Management in Public Services Code of Practice*, the Council continued to be required to have an approved annual Treasury Management Strategy, under which its treasury management operations could be carried out. The proposed Strategy for 2022/23 was included as Appendix A to the report.

This Council had regard to the Government's Guidance on Local Government Investments. The guidance stated that an Annual Investment Strategy had to be produced in advance of the year to which it related and had to be approved by the Council. The Strategy could be amended at any time, and it had to be made available to the public. The Annual Investment Strategy for 2022/23 was shown as Appendix B to the report.

The Council had to make provision for the repayment of its outstanding long-term debt and other forms of long-term borrowing such as finance leases. Statutory guidance issued by MHCLG / DLUHC required that a statement on the Council's Minimum Revenue Provision (MRP) Policy be submitted to Council for approval before the start of the relevant financial year. This was contained in Appendix C to the report.

On 30 November 2021 DLUHC issued "Consultation on changes to the capital framework: Minimum Revenue Provision", to last for 10 weeks until 8 February 2022.

The paper primarily covered the concerns that the Government had in respect of compliance with the duty to make a prudent revenue provision, which in their view, resulted in an underpayment of MRP. The consultation document stated that the DLUHC were not intending to change the statutory MRP guidance, but to clearly set out in legislation the practices that authorities should already be following.

However, the proposals would result in a removal of the discretion of councils to interpret their measure of a prudent MRP policy, and, in particular, to elect to use capital receipts from capital loan repayments in place of the revenue charge (a MRP 'holiday'). This would have major implications for councils such as Warwick District Council.

The changes would take effect from 1 April 2023 and the Government said that they would be "prospective", meaning that although they would not apply to previous financial years, they would apply to existing loans repayable after that date. This would, contrary to the accountancy and legal advice obtained at the time, apply to the housing joint venture loans, which would require MRP being charged, which would run into many millions of pounds each year. The Council responded to the Government's consultation, pointing out the severe impact and uncertainty such changes would make.

If the changes, as originally proposed, did come in from April 2023, many local authorities, along with Warwick District Council, were likely to incur substantial additional revenue costs. While the Government's original intention was to limit MRP 'holidays' on borrowing for investment purposes, the proposals would also restrict invest for housing and regeneration purposes. Consequently, it was hoped that the new Regulations would recognise this, so as to allow such investment and not inflict significant additional revenue costs on such local authorities.

The recommended MRP Policy at Appendix C to the report would still enable the MRP to exclude such loan repayments, while the consultation was underway, but a full risk assessment based on the latest information and recommendations from Link etc. would be undertaken before any capital investment for which the MRP 'holiday' might be deemed to apply was committed.

The Prudential Code required full Council to approve several Prudential Indicators, including amounts of borrowing required to support capital expenditure, set out in Appendix D to the report, which had to be considered when determining the Council's Treasury Management Strategy for a minimum of the next three financial years.

The Prudential Code for Capital Finance in Local Authorities was last revised on 20 December 2021 and introduced new requirements for the way that capital spending plans were considered and approved, in conjunction with the development of an integrated Treasury Management Strategy. It was effective immediately, but councils might defer reporting until 2023/24. Given the other workstreams the Council was facing and that this was the advice of the treasury advisers, the Council was recommended to defer until the statutory deadline.

The key points were:

a) an authority must not borrow to invest primarily for financial return;
b) revised definition of investments;
c) quarterly monitoring and reporting of Performance Indicators;
d) new performance indicator for net income from commercial and service investments as a percentage of net revenue stream;
e) new performance indicator for the 'liability benchmark';
f) capital Finance Requirement includes heritage assets;
g) annual strategy review of divesting commercial activities;
h) objectives must include the need for plans and risks to be proportionate;
i) new definitions of prudence; and
j) reference to Environmental Sustainability in the Capital Strategy.

Point d) above introduced a new distinction of service investments, for investments that were neither treasury investments as defined in paragraph 1.1 in the report and were not unpermitted 'commercial' investments primarily for yield. Examples of service investments would be the Council's housing joint venture to enable the greater provision of housing in the district, or third-party loans to facilitate economic regeneration.

The Cabinet previously requested that the 2020/21 Treasury Management Strategy Statement considered the policy of investing in fossil fuels. The

Council had some exposure to fossil fuel extraction companies in two corporate equity funds, operational since 2017/18. The Council divested from these funds during 2021/22 and now did not have any directly measurable investment exposure to fossil fuel extraction.

The Council was required to operate a balanced budget, which broadly meant that cash raised during the year would meet cash expenditure. Part of the treasury management operation was to ensure that this cash flow was adequately planned, with cash being available when it was needed. Surplus monies were invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return (i.e., Security, Liquidity, Yield = "SLY").

The second main function of the treasury management service was the funding of the capital plans. These capital plans provided a guide to the borrowing need of the Council, essentially longer-term cash-flow planning, to ensure that the Council could meet its capital spending obligations. This management of longer-term cash might involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it was prudent and economic, any debt previously drawn might be restructured to meet Council risk or cost objectives.

The contribution the treasury management function made to the authority was critical, as the balance of debt and investment operations ensured liquidity or the ability to meet spending commitments as they fell due, either on day-to-day revenue or for larger capital projects. The treasury operations would see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally resulted from reserves and balances, it was paramount to ensure adequate security of the sums invested (i.e. the "S" in "SLY" above), as a loss of principal would result in a chargeable loss to the General Fund.

Treasury Management could have a significant impact on Warwick District Council's budget through its ability to maximise its investment interest income and minimize borrowing interest payable whilst ensuring the security and liquidity of financial resources.

The 2022/23 budget for investment income, after inclusion of growth items, was as follows:

Investment Income	21/22 Revised budget £'000	22/23 Original budget £'000
One-off item:		
Capital gains on divestment of corporate equity funds	405.6	-
Recurring items:		
External investment income	296.4	242.6
Deferred capital receipts interest	13.7	10.6
Long-term debtor loans	234.1	201.8
less : HRA allocation	-114.5	-106.5
Net interest to General Fund	429.7	348.5

The divestment from the Council's two corporate equity funds, as part of its Climate Change Emergency targets, during September 2021 realised actual capital gains of £405,593, taking the opportunity when it was believed that equities were near an optimum 'high' to sell at a favourable time. This could be compared with the position on 31 March 2021 when there would have been a loss of £94,585 and on 31 March 2020 when the loss would have been over £1.4m.

The amount of interest that was to be credited to the Housing Revenue Account as 'HRA allocation' would vary depending on how the net balances and cashflow of the HRA changes.

Whilst any 'service' (not primarily 'for yield') initiatives or loans to third parties would impact on the treasury function, these activities were generally classed as non-treasury activities, (arising usually from capital expenditure), and were separate from the day-to-day treasury management activities.

The treasury management activity in the report applied to Warwick District Council, in accordance with the statutory framework and local Treasury Management Strategy and Treasury Management Practices.
The Treasury Management function enabled the Council to meet its vision, primarily through having suitably qualified and experienced staff deliver the service in accordance with the Council's Treasury Management Practices and the national framework that local government operated.

The Council was also required to approve a Minimum Revenue Provision Policy Statement before each financial year.

These recommendations would enable the Council to operate within the known budgetary framework to be set for 2022/23 but if the Prudential Indicators needed to be adjusted during the year, a further report would need to be brought to Council for approval.

In terms of alternative options, the report set out the capital spending and borrowing requirements for the financial year 2022/23 within the Prudential Indicators (PIs). The Council could increase or decrease these limits, provided that these PIs were within the envelope of what was affordable and prudent, taking account of interest costs and the Minimum Revenue Provision ("depreciation") requirements.

The Finance & Audit Scrutiny Committee supported the recommendations in the report and thanked officers for all their hard work, especially that the work was carried out so quickly and timely for the disinvestment from the two equity funds. Members noted that the timing of disposals had saved taxpayers money, alongside meeting the Council's objectives of not investing in fossil fuel.

Councillor Hales also thanked the Finance officers and then proposed the report as laid out.

Recommended to Council that

(1) the Treasury Management Strategy for 2022/23 contained in Appendix A to the minutes, be approved;

(2) the deferral of the new reporting requirements of the updated Prudential Code for Capital Finance in Local Authorities until the statutory deadline of 2023/24, be approved;

(3) the 2022/23 Annual Investment Strategy as contained in Appendix B to the minutes, be approved;

(4) the Minimum Revenue Provision Policy Statement as contained in Appendix C to the minutes, be approved; and

(5) the Prudential Indicators as outlined in Appendix D to the report, including the amount of long-term borrowing required for planned capital expenditure, be approved.

(The Portfolio Holder for this item was Councillor Hales)
Forward Plan Reference 1,266

Part 2

(Items upon which a decision by the Council was not required)

112. **Trees for our Future**

The Cabinet considered a report from Environment and Operations which provided an update on the progress made towards the Council's ambition of planting 160,000 trees by 2030. It summarised the learning from the initial stages of the project, provided a forecast for tree planting initiatives across the District over the next eight years and quantified the potential gap. It then explored the options available to deliver tree planting at the scale needed to achieve the 2030 ambition, along with estimated costs.

It was anticipated the Council would plant 79,723 trees by 2030 within the scope of existing green space projects. Therefore, to meet the target of 160,000 it would be necessary to undertake additional proactive planting activity that delivered around 74,000 trees. It was suggested that as well as aiming to plant 1,200 trees on land it owned in 2022/23, the Council aimed to plant an additional 5,000 trees on land it did not. This annual planting target should then rise as high as 11,000 by 2025/26 and remain at a minimum of 10,000. This was because the time between buying land and planting the first tree could take as long as three years. By steadily increasing the annual target the Council could account for this delay and deliver an additional 74,000 trees by 2030, closing the gap to 6,277.

By monitoring progress at larger sites and trees planted as part of new developments, this planting profile could then be amended as needed to ensure the Council hit the 160,000 target, while retaining close cost controls on the delivery.

It was recommended that the Council focus its resource and budget on large-scale tree planting initiatives to ensure it could reach its ambitious target. The

Council would also seek a single site for memorial trees to be planted to address demand for community tree planting initiatives.

This work would also help deliver wider incidental benefits associated with tree planting. This included improved air quality, health and wellbeing improvements and combating the impacts of climate change.

In terms of alternative options, the target could be amended, so instead of planting 160,000 trees by 2030 the Council aimed to do this by a later date (for example, by 2040). It was possible this target could be met without any additional spend on proactive planting. This option was rejected given the need to address the climate emergency and strong existing corporate commitment to deliver large scale tree planting by 2030.

The target could be reduced, so instead of planting 160,000 trees by 2030 the Council aimed to plant 80,000. It was currently forecast that this target could be met without any additional spend on proactive planting. This was rejected for similar reasons to those in section 6.1 in the report.

The option of doing nothing was also considered. The Council could simply monitor existing schemes and revisit this approach each year to determine if further action was required. This was also rejected for similar reasons to those in section 6.1 in the report.

The Overview & Scrutiny Committee commented that the discussion on the report had been positive and thanked Councillor Rhead and Andrew McGwinn for their responses to the questions posed.

The Committee believed that there was opportunity to engage more with the community and to consider requests for smaller scale projects for planting trees. The wider benefits of re-greening the District should be widely promoted to engage with housing developers, farmers, parish/town councils and residents.

It was suggested that the Council should undertake a cost/benefit analysis to build up a clear case for the expenditure and then check this was being achieved. Questions were raised on whether there were more cost-effective ways to achieve a reduction in carbon emissions such as splitting the £4m between tree planting and insulating homes for example and a cost/benefit model would make this easier to monitor.
The Group Observers supported the recommendations in the report but expressed concern over the fact that all the memorial trees are to be planted in one place. They stated that residents needed to see the benefits of this policy in their localities, in places (like Jephson Gardens) where it will be seen daily rather than residents having to travel to a specific site.

Councillor Day stated that the report set out a plan for getting the right trees in the right places, including on the District’s large number of housing and development sites. He also mentioned that there was an ongoing effort to ensure that we understood how many trees were being planted, maintained and survival rates at sites across the District. The Local Plan was also bringing forward magnificent country parks for future generations, which would be a legacy of this particular Council. He then proposed the report as laid out.

Resolved that

(1) the proposed options for enabling the delivery of 160,000 trees across the District by 2030, as set out in paragraph 4.2 in the report, be agreed;

(2) the Council seeks a single site for memorial trees to be planted, to address demand for community tree planting initiatives;

(3) the budget that has already been established for tree planting as set out in paragraph 2 to the report, be noted, and the proposals to utilise this to deliver 1,200 trees on the Council’s land in 2022/23, with 5,000 trees to be planted elsewhere, be agreed;

(4) the longer-term costs associated with tree planting, as set out in paragraph 2.4 in the report, be noted and that work continues to refine these figures so they can be incorporated in future years’ budgets. Appendix 2 to the report provides a year-on-year forecast cost for additional volumes needed to reach 160,000 trees by 2030;

(5) , authority be delegated to the Director for Climate Change, in consultation with the Portfolio Holder for Climate change, to finalise delivery priorities from those options. This will include decisions relating to accessing appropriate funding, land purchase and finalising a species list that will be used for monitoring of delivery;

(6) the Council enters a formal partnership with a relevant expert organisation as a key mechanism for delivering and managing large scale tree planting, with delegated authority given to the Director for Climate Change, in consultation with the Portfolio Holder for Climate change, to negotiate the terms of that partnership; and

(7) the Council reviews project progress in 12 months to inform future plans.

(The Portfolio Holder for this item was Councillor Rhead)
Forward Plan Reference 1,269

113. **Community Infrastructure Levy (CIL) Projects List for 2022/23**

The Cabinet considered a report from Place and Economy, which summarised spending on CIL projects in 2021/22 and set out the proposed CIL Projects list for 2022/23 as the basis for focusing the distribution of CIL receipts collected during the year.

In March 2021, the Council agreed the current list of projects (the CIL Projects List) that was to be funded from anticipated CIL receipts in 2021/22. This formed the basis on which CIL contributions received had been distributed in the last year. In July 2021, Cabinet agreed that an additional project (Leamington station enhancements) would be added to the 2021/22 list.

The amount of CIL contribution which was available to the District Council to spend by the end of 2021/22 was as set out in table 1 below. It should have been noted that as the report was being prepared before the end of the year, some of these figures were estimates.

Table 1: CIL contributions available to Warwick District Council in 2021/22		
		Amount
A	CIL income held by WDC and available for distribution to projects at 31/3/21	£3,914,139
B	CIL contributions received April 21 – Jan 22	£2,617,189
C	Estimate of further CIL income to March 22	£564,921 (*)
D	Anticipated total payments to parish and town councils for contributions in 21/22 (estimate)	£503,053
E	Net CIL income anticipated for 21/22 (B + C – D)	2,679,057
F	**Total available CIL as at 31/3/22 (A + E)**	**£6,593,196**
(*) This figure was taken from those schemes which were making phased payments however have already started on site. Other schemes would come forward, so this figure could be treated as a minimum.		

Table 2 below identified all those CIL projects contained within the current CIL Projects List and indicated how much CIL income was allocated to each project in 2021/22. (It should have been noted that the CIL Projects List included projects which might be delivered between 2021 and 2026 and not all of these required funding in 2021/22.)

Table 2: Current CIL Projects including spending during 2021/22		
Infrastructure Project	**Total CIL contributions (21-26)**	**Agreed CIL spending in 21/22 (£)**
Bath Street Improvement Scheme	3,795,000	95,000
Emscote Road Multi Modal Corridor Improvements	1,492,000	126,043
Kenilworth Leisure (Phase 2): Castle Farm Recreation Centre	6,000,000	3,000,000
Medical facilities – N Leamington (Cubbington/Lillington)	2,740,000	840,000
Wayfinding in Warwick	35,000	35,000
Europa Way bridge link	1,000,000	Nil

Table 2: Current CIL Projects including spending during 2021/22		
Infrastructure Project	**Total CIL contributions (21-26)**	**Agreed CIL spending in 21/22 (£)**
St Mary's Land, Warwick	1,343,000	8,000
Newbold Comyn	3,254,430	425,000
Warwick Gates Community Centre	150,600	150,600
Europa way spine road cycleway/ footpath link	1,053,133	Nil
Relocation of athletics facility and creation of Commonwealth Park	1,800,000	Nil
Commonwealth Park bridge	250,000	Nil
Relocation of Kenilworth Wardens	2,500,000	Nil
Leamington station enhancements	500,000	500,000
PLUS CIL Administrative charge	365,000	£73,000
Total	**26,278,163**	**5,252,643**

In reading the above table, it should have been noted that in some cases, not all the funds allocated for 2021/22 would have been spent by year end. Project sponsors were allowed to ask to carry-over spend from one year to the next and all had requested to do so. For the purposes of the remainder of the report, it would be assumed that all funding allocated to projects in 2021/22 was spent.

Most importantly, it should have been noted that given the CIL receipts currently held by the Council (plus those anticipated to be received by March 2022) as set out in table 1 above, there would be sufficient CIL income to meet all obligations for 2021/22 as set out in table 2.

To help the Council understand how much money it was likely to have available from CIL contributions to fund projects over the next five years, it was possible to estimate this using the latest Local Plan housing trajectory, published late last year. If the Housing Trajectory was achieved, CIL was predicted to deliver the following as set out in table 3.

It should be remembered that a proportion of CIL receipts (15% or 25%) must be distributed to Town and Parish Councils to spend within their areas and therefore was not available to the District Council to allocate.

Table 3: Estimate of future CIL income to Warwick District Council			
	Total (£)	**If 15% passed to parish councils (£)**	**If 25% passed to parish councils (£)**
2022/23	4,167,000	3,542,000	3,125,000
2022 – 2027	29,246,000	24,859,000	21,935,000

To this income should be added an estimated £1,340,553 of CIL income that was collected but would remain unspent as at 31 March 2022 (taking account of all spending estimates in the 2021/22 CIL Projects List in table 2). Therefore, the amount of money available for projects within the CIL Projects List was predicted to be in the range of £4,465,553 to £4,882,553 for 2022/23 and

£23,275,553 to £26,199,553 for the period 2022 to 2027.

It should have been noted that the actual amount of CIL received was not easy to predict accurately. CIL was payable within 60 days of developments starting on site and so was entirely dependent upon the rate at which new development came forward. Nevertheless, the above figures were the best estimate the Council could provide at the present time for likely future level of CIL income.

It should also have been noted that Council's latest projections for CIL income showed a marked difference to those predicted a year ago. CIL payments were triggered when a development commences on site and a number of factors, notably the pandemic, impacted upon this as development rates slowed down. This would delay when the Council would receive CIL payments. For 2021/22, levels of actual CIL income received matched those predicted a year ago very closely. However, looking ahead over the next two years (22/23 and 23/24) we were now projecting lower levels of income from that which modelled last year. Last year, the Council predicted £5.492m of CIL income in 2022/23 (assuming 25% payment to Parish Councils). The prediction now, as shown in table 3, was for £3.125m. This pattern was also seen in 2023/24.

In understanding these figures, it should have been noted, however, that whilst this related to when the Council would receive CIL income, the overall amount the Council expected to receive would remain broadly the same.

This was because it was based on the amount of development allocated for in the Local Plan. The rate at which the Council was anticipating to receive CIL income was relevant, however, because it impacted on how we proposed to distribute anticipated CIL income in 2022/23.

In previous years, the Council had sought to update its CIL Projects List annually and identify those projects to which it wished to prioritise CIL spending in the next year, though a process whereby infrastructure providers were invited to bid to have their projects included in the CIL Projects List.

We had not followed this process this year. This was principally because when the 2021/22 CIL Projects List was agreed in March 2021, Members agreed to also fund a number of projects over two years, both in 2021/22 and 2022/23. The reason for this was because some of the projects that were supported in 2021/22 entailed the awarding of contracts by the infrastructure provider which might run over more than a single year. The infrastructure provider needed the assurance of funding from the District Council over the lifetime of the project in order to be able to commit to letting the contract. This did not affect all projects on the CIL Projects List, only those in table 4 below. (Please note that this table was updated following recent discussions with infrastructure providers and reflected their current estimates of spend requirement in 2022/23. (In the case of the Emscote Road corridor this was a lower figure than that contained in the March 2021 Executive report.))

Table 4: Projects included in the 2021 CIL Projects List for which funding was also agreed for 2022/23	
Infrastructure project	**Amount committed**
Emscote Road Multi Modal Corridor Improvements	318,400 (*)

Kenilworth Leisure (Phase 2): Castle Farm Recreation Centre	3,000,000
Medical facilities – N Leamington (Cubbington/ Lillington)	1,900,000
PLUS CIL Admin charge	73,000
Total	**5,291,400**
* As noted above, this was a revised figure based on recent discussions with the County Council. In March 2021, the County Council was anticipating spending £1,365,957 in 22/23 on this project.	

As can be seen from table 4 and paragraph 1.3.2 in the report, the Council was anticipating to have **£4,465,553** of CIL contributions available to spend in 2022/23 (taking a more conservative assessment that 25% of CIL income would be passed to Parish Councils), against commitments to projects of £5,291,400 in 2022/23. There was therefore a notional shortfall of £825,847. Two comments could be made about this.

Firstly, all infrastructure providers were made aware from the outset that any "commitments" of CIL income from the Council were wholly reliant on the Council receiving CIL payments from developments. If a slowing of the rate of development meant that payments slowed down, then the Council was not required to make up the shortfall from other means. This was a risk that all projects that were seeking CIL funding must bear.

Secondly, as noted in paragraph 1.3.5 in the report, it could reasonably be expected that any "shortfall" in CIL income in any year against previous projections would be made up in time. The total amount of CIL contributions anticipated to be received by the Council over a number of years was based on the amount of development allocated in the Local Plan. Therefore, if the Council was unable to fund any previously committed CIL projects in any given year, it could reasonably be expected that it would be able to do so in future years. For this reason, there might be the opportunity to "slip" some CIL contributions from one year to the next with the expectation that these commitments could be met in due course.

With this in mind, the Council revisited those funding commitments outlined in table 4 and spoke to the infrastructure providers in all cases.

The following comments could be made in respect of each.

- Emscote road multi modal corridor: This project was being led by Warwickshire County Council. WCC advised some slippage in this project, with implementation not likely to be completed until 2024/25. It therefore asked to reprofile when it received it's CIL funding between 2022/3 and 2024/5. It expected to spend £318,400 in 2022/23 on taking the scheme forward.
- Castle Farm Recreation Centre: This project was being led by Warwick District Council. The contract for this project was let and the project team would require most of the 2022/23 CIL contribution during the year in order to make payments and avoid the Council incurring borrowing costs to complete the project. However, some of the project delivery would run over into 2023/24 and so it would not impact on the overall project if some of the £3m earmarked for this project was to be deferred until 2023/24.
- Medical facility – north Leamington: This project was being led by the

South Warwickshire NHS Foundation Trust. The proposal was to deliver a health centre incorporating a new surgery for the current Cubbington road practice which had outgrown its current site. A site for this was identified on Valley Road incorporating land next to the Catholic Church and also the WDC-owned Valley road car park. A planning application was submitted on this site, but subsequently withdrawn, and revised application had now been submitted. The Foundation Trust secured a funding package to deliver this project however was relying on existing commitments of CIL funding as part of this. The Trust confirmed, however, that due to the likely programme for delivering the health hub, and the availability of other funding streams, it would be able to still deliver the project with the CIL funding coming at the end of the project, including during 2023/24.

- CIL Administration charge: CIL charging authorities were entitled under regulations to take up to 5% of CIL income as an administrative charge. In order to implement and deliver CIL, the Council had to employ a full-time CIL Administrative Officer and had to invest time and resources changing its systems and procedures. Whilst it was not proposed that the Council take its full 5%, an administrative charge of £365k (i.e. £73k per year) was considered reasonable. This was built into the Council’s Medium Term Financial Strategy.

Taking all the above into account, it followed that there was predicted to be sufficient CIL income available in 2022/23 to fund the Emscote Road corridor improvements, the Kenilworth Castle Farm Recreation Centre and £1m toward the Lillington Health hub. The Foundation Trust confirmed that it could proceed without the remaining CIL funding during 2022/23 provided that the Council committed that this scheme would be prioritised for any remaining funding once these other schemes were funded. This could be from any surplus funding available during 2022/23 or by prioritising the scheme for CIL funding in 2023/24.

The Council was always keen to use CIL income to enable as many projects as possible to progress in a timely manner. Given that the Kenilworth Leisure Centre project would not require all the £3m previously allocated to it in 22/23 during that year, it was possible to divert some of this £3m to enable other projects to progress, with any final payments to the Leisure Centre project being made in 23/24. It was therefore recommended that £375k be made available from this £3m in 22/23 to support the Europa Way spine road cycleway / footpath link and the relocation of the athletics track, with the final payment to support the Leisure Centre made in 23/24.

The recommendation in the above paragraph would prevent a delay in delivering on these two projects which were becoming more vital given the pace of development in the area to the west of Europa Way and the need to invest a significant amount in the foreseeable future if the Edmondscote track was not relocated. The Europa Way spine road cycleway/ footpath link (which was now retitled the Myton footpath/cycleway link) would require a further £900k in 23/24 in order to be completed. The relocation of the athletics track would require a further estimated £1.57m between 23/24 and 24/25 to be completed.

It was therefore recommended that table 5 below formed the basis for the allocation of CIL receipts in 2022/23 and, in the case of the Lillington Health Hub project and Kenilworth Leisure Centre, in 2023/24. Table 5 also identified all of the other projects that were proposed to remain on the CIL Projects List for 2022/23. These were all on the current CIL Projects List and it was not proposed to add any new projects to the list at the present time. The only projects that would come off the list were those which had either now been completed or otherwise fully funded from CIL contributions in 2021/22. These schemes were (a) wayfinding in Warwick town centre, (b) Warwick Gates Community Centre and (c) Leamington station enhancements. The proposed new CIL Projects List for 2022/23 was also set out in appendix 1 to the report.

Table 5: Proposed revised CIL Projects List including distribution of CIL contributions in 2022/23 and partial distribution in 2023/24			
Infrastructure project	**Total cost (22/3–26/7)**	**Proposed 22/23**	**Proposed 23/24 (*)**
Bath Street Improvement Scheme	3,700,000	Nil	
Emscote Road Multi Modal Corridor Improvements	1,592,000	318,400	
Kenilworth Leisure (Phase 2): Castle Farm Recreation Centre	3,000,000	2,625,000	375,000
Medical facilities – N Leamington (Cubbington/Lillington)	1,900,000	1,000,000	900,000
Europa Way bridge link	1,000,000	Nil	
St Mary’s Land, Warwick	1,335,000	Nil	
Newbold Comyn	2,829,430	Nil	
Myton footpath/cycleway (previously the Europa way spine road cycleway/ footpath link)	1,055,000	150,000	
Relocation of athletics facility and creation of Commonwealth Park	1,800,000	225,000	
Commonwealth Park bridge	250,000	Nil	
Relocation of Kenilworth Wardens	2,500,000	Nil	
PLUS CIL Administrative charge	365,000	73,000	73,000
Total	**21,326,430**	**4,391,400**	**1,348,000**
* It should be noted that whilst funding was only being confirmed for the Lillington Health Hub and Kenilworth Leisure Centre at the present time, this did not mean that no further CIL funding would be available during 23/24 to support other projects, only that Cabinet was not being asked to commit to this at the present time.			

It was important to note that there was not anticipated to be any further CIL funding available in 2022/23 to support other projects. In all cases, projects leads were advised of this. This would impact upon the delivery of projects, many of which were Council-led.
To summarise therefore, the Council was currently projecting and recommending the following:

Minimum projected income to the Council from CIL between 2022 & 2027 (including any receipts carried forward from 2021/22).	£23,275,553

Total value of schemes on which this income can be spent (2022/27) (including an allowance for a CIL admin fee).	£21,326,430
Total CIL projected income to the Council from CIL during 2022/23 (including any receipts carried forward from 2020/21).	£4,465,553
Total requested spend during 2022/23 from those infrastructure projects on the proposed CIL Projects list.	£4,391,400

A summary of the current position in relation to CIL income and projects was set out in section 1.4 in the report.

For the reasons set out above, it was proposed that the distribution of CIL receipts in 2022/23 was as set out in table 5 above. There was only anticipated to be sufficient CIL income in 2022/23 to fund the further work on the Emscote Road Multi Modal Corridor Improvements and Kenilworth Leisure (Phase 2): Castle Farm Recreation Centre and to make a contribution to the costs of the Lillington Health Hub project. It was not anticipated that there would be sufficient receipts received in 2022/23 to also fund the full amount of this Lillington Health Hub project, however it was also proposed that Council commits that this scheme would be prioritised for funding once these other schemes had been funded. This could be from any surplus funding available during 2022/23 or by prioritising the scheme for CIL funding in 2023/24.

The report proposed a new CIL Projects list for 2022/23 as set out in table 5 and appendix 1 to the report.

In terms of alternative options, Cabinet could decide to prioritise the CIL spending in a different way to that set out in this report. This was not recommended. Whilst it would be perfectly possible to do this, the recommendation here was considered to be the one which best continued with the commitments made by Cabinet in March 2021, allowing all committed projects to progress as previously agreed by the Council

The Finance & Audit Scrutiny Committee supported the recommendations in the report. Members emphasised the need to ensure the Council was getting value for money from projects.

The Group Observers supported the recommendations but expressed concerns over money availability.

Councillor Cooke responded to these concerns, stating that we needed to be flexible and prepared for the possibility that funding priorities would shift. He had been in discussions regarding the issue of value for money, but it was not easy to guarantee. He then proposed the report as laid out.

Resolved that

(1) the amount spent during 2021/22 on CIL Projects from the current CIL Projects List and the anticipated level of CIL Contributions to be received

by the Council over the next five years as set out in the report, be noted;

(2) the CIL Projects List for 2022/23 set out in Appendix 1 to the report, be noted; and

(3) the proposed distribution of CIL receipts in 2022/23 and, where stated, in 2023/24 as set out in para. 1.4.10 and table 5 in the report, be approved.

(The Portfolio Holder for this item was Councillor Cooke)
Forward Plan Reference 1,262

114. **Annual Review of Regulation of Investigatory Powers Act (RIPA) Policy**

The Cabinet considered a report from Finance which provided the circumstances in which a local authority may use surveillance techniques to prevent and detect crime. Each local authority needed to have a policy in place which set out the circumstances in which these powers might be used and the procedure to be followed.

The report set out the Council's Regulation of Investigatory Powers Act (RIPA) Policy.

The Home Office's Code of Practice on Covert Surveillance and Property Interference provided guidance on the use by public authorities of Part II of the Regulation of Investigatory Powers Act ("the 2000 Act") to authorise covert surveillance that was likely to result in the obtaining of private information about a person. Paragraph 4.47 of the Code stated that: "Elected members of a local authority should review the authority's use of the 1997 Act and the 2000 Act and set the policy at least once a year." (The "2000 Act" authorised covert surveillance that was likely to result in the obtaining of private information about a person.)

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

In response to comments from Members, the Chief Executive stated that this power was hardly ever used, and it was to be used as a last resort rather than a standard procedure. As it was about surveillance of the public, a procedure had to be in place to test whether the Council really needed to use it or not. This would ensure proportional responses to cases.

Councillor Hales proposed the report as laid out.

Resolved that the Council's Regulation of Investigatory Powers Policy, be approved.

(The Portfolio Holder for this item was Councillor Hales)
Forward Plan Reference 1,205

115. **Use of Delegated Emergency Powers**

The Cabinet considered a report from the Chief Executive which asked Cabinet to note a decision taken under delegated power CE(4), after appropriate consultation with, and approval from, the five Group Leaders.

Members were be aware that the Council had been working closely with the organisers of the Birmingham 2022 Commonwealth Games and Warwickshire County Council to confirm the details of the start and finish and race route of the Cycling Road Races.

At an early stage of these discussions the preferred site for the start and finish was on Banbury Road immediately outside of St Nicholas Park. A tripartite Heads of Terms (HoT) was signed between Warwick District Council, Warwickshire County Council and Birmingham 2022, which confirmed the location of the start and finish, the extent of the infrastructure within St Nicholas Park, and the dates of closure that would be required of the car park. The HoT also included the compensation that would be paid by B2022 for loss of car parking income from this pay and display car park.

Officers established a stakeholder group of interested parties from St Nicholas Park and worked with them to understand the impact of the start and finish on their businesses and access to properties.

Over the last four months, B2022 were liaising with the blue light services, the International Cycling Federation and WDC officers, and now proposed a change of the start and finish to Myton Road, opposite Myton Fields. This change of location was supported by WDC, and by the stakeholder group and no adverse feedback was received about the new location.

Officers were now nearing completion of the Venue Use Agreement, the legal document between WDC and Birmingham 2022 that underpins the partnership for the event. This document superseded the HoT signed in 2021, and as such required the signature of the Chief Executive as noted by this report. There were no differences in content between the previous HoT and the VUA now signed other than location and the payment of compensation that would now apply to Myton Fields car park rather than St Nicholas Park car park.

In giving approval for the appropriate use of delegated powers officers were able to progress the process of finalising the Venue Use Agreement with Birmingham 2022 for the use of Myton Fields for the start and finish of the Cycle Road Races for the Commonwealth Games.

Councillor Bartlett then proposed the report as laid out.

Resolved that Cabinet the appropriate use of delegated powers as provided by CE(4) in the Scheme of Delegation for approval of the emerging Venue Use Agreement (VUA) in respect of the start and finish venue for the Commonwealth Games Start and Finish venue in Warwick, be noted.

(The Portfolio Holder for this item was Councillor Bartlett)

116. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following items by reason of the likely disclosure of exempt information within the paragraph of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Minutes Numbers	Paragraph Numbers	Reason
117	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

117. **Minutes**

The confidential minutes of the meeting held on 10 February 2022 were taken as read and signed by the Chairman as a correct record.

(The meeting ended at 6.45pm)

CHAIRMAN

20 April 2022

Treasury Management Strategy for 2022/23

The strategy for 2022/23 covers two main areas:

A. Capital issues

- the capital expenditure plans and the associated prudential indicators – capital expenditure plans form part of the General Fund Budget report and the prudential indicators are included in Appendix D.
- the minimum revenue provision (MRP) policy – see Appendix C. The DLUHC have recently released consultation covering proposed changes to Regulation 28, which could impact the current MRP policy. Please note that this will not be in force until 1 April 2023 and there are no changes required to the policy for 2022/23 financial year.

B. Treasury management issues

- <u>the current treasury position</u>
- <u>treasury indicators which limit the treasury risk and activities of the Council (Appendix D)</u>
- <u>prospects for interest rates</u>
- <u>the borrowing strategy</u>
- <u>policy on borrowing in advance of need</u>
- <u>debt rescheduling</u>
- <u>the investment strategy</u> (Appendix B)
- <u>creditworthiness policy</u> (Appendix B, section 3)
- <u>training</u>
- <u>benchmarking</u>
- <u>performance and</u>
- <u>the policy on the use of external service providers.</u>

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG (DLUHC) MRP Guidance, the CIPFA Treasury Management Code and MHCLG (DLUHC) Investment Guidance.

1 Training

1.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Following the May 2019 Council elections, Link Group (Link) delivered training to Members of the Finance and Audit Scrutiny Committee and other interested Members in November 2019, with a joint Stratford / Warwick webinar event on 25 January 2022. Further training will be provided as and when required.

1.2 Officers involved in treasury management have received training from the Council's treasury consultants, CIPFA and other providers, as well as from a previous post holder. This knowledge will be kept up to date by regular attendance at seminars held by our consultants and other sources, such as CIPFA publications and market intelligence.

2 External service providers

2.1 The Council uses Link Group, Treasury Solutions ('Link') as its external treasury management advisor. The option to extend the contract with Link by one year was recently exercised, taking the current agreement to January 2023, bringing the contract to the closest date to Stratford District Council's arrangement with Link.

2.2 The Council recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed on the services of external service providers. All decisions will be undertaken with regards to all available information, including but not solely our treasury advisers.

2.3 It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2.4 Banking services are provided by HSBC Bank Plc, with the current agreement running until February 2025.

3 Benchmarking

3.1 Link co-ordinates a sub-regional treasury management benchmarking service of which Warwick District Council is an active participant. The Council aims to achieve or exceed the weighted average rate of return of the Link model portfolio, which is published quarterly.

4 Performance

4.1 Performance of the treasury function is reported twice yearly to the Finance and Audit Scrutiny Committee.

4.2 The Treasury Management Team will seek to achieve a return on its money market investments of 0.0625% over the Sterling Overnight Index Average[1] (SONIA) - previously the London Interbank Bid Rate (LIBID) - of a similar duration. As SONIA is higher than LIBID, the expected outperformance of this benchmark will be lower than previously.

5 Prospects for interest Rates

5.1 Link assists the Council to formulate a view on interest rates. Further information is contained in Appendix F.

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[1] SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors

5.2 The following table gives Link's central view as at 7 February 2022.

Link Group Interest Rate View	7.2.22												
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

5.3 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to first 0.25%, and then to 0.10%, it raised Bank Rate back to 0.25% at its meeting on 16 December 2021, surprising markets who expected no changes due to the threat of Omicron. The Rate increased to 0.5% on 3 February 2022.

5.4 Link now expects the MPC to deliver another 0.25% increase in March; their position appears to be to go for sharp increases to get the job done and dusted.

5.5 The March increase is likely to be followed by an increase to 1.0% in May and then to 1.25% in November. The MPC is currently much more heavily focused on combating inflation than on protecting economic growth.

5.6 However, 54% energy cap cost increases from April, together with 1.25% extra employee national insurance, food inflation around 5% and council tax likely to rise in the region of 5% too – these increases are going to hit lower income families hard despite some limited assistance from the Chancellor to postpone the full impact of rising energy costs.

5.7 Consumers are estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above increases. But most of those holdings are held by more affluent people whereas poorer people already spend nearly all their income before these increases hit and have few financial reserves.

5.8 The increases are already highly disinflationary; inflation will also be on a gradual path down after April so that raises a question as to whether the MPC may shift into protecting economic growth by November, i.e., it is more debatable as to whether they will deliver another increase then.

5.9 The big issue is will the current spike in inflation lead to a second-round effect in terms of labour demanding higher wages, (and/or lots of people getting higher wages by changing job)?

5.10 If the labour market remains very tight during 2022, then wage inflation poses a greater threat to overall inflation being higher for longer, and the MPC may then feel it needs to take more action.

5.11 **Bond yields / PWLB rates**. The yield curve has flattened out considerably.

5.12 Link view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate.

5.13 It is difficult to say currently what effect the Bank of England starting to sell gilts will have on gilt yields once Bank Rate rises to 1%: it is likely to act cautiously as it has already started on not refinancing maturing debt. A passive process of not refinancing maturing debt could begin in March when the 4% 2022 gilt matures; the Bank owns £25bn of this issuance. A pure roll-off of the £875bn gilt portfolio by not refinancing bonds as they mature, would see the holdings fall to about £415bn by 2031, which would be about equal to the Bank's pre-pandemic holding. Last August, the Bank said it would not actively sell gilts until the "Bank Rate had risen to at least 1%" and, "depending on economic circumstances at the time."

5.14 It is possible that Bank Rate will not rise above 1% as the MPC could shift to relying on quantitative tightening (QT) to do the further work of taking steam out of the economy and reducing inflationary pressures.

5.15 Increases in US treasury yields over the next few years could add upside pressure on gilt yields though, more recently, gilts have been much more correlated to movements in bund yields than treasury yields.

5.16 The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more 'risky' assets i.e., equities, or the safe haven of government bonds. The overall longer-run trend is for gilt yields and PWLB rates to rise moderately.

5.17 There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors:

- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong and enduring will inflationary pressures turn out to be in both the US and the UK, and so impact treasury and gilt yields?
- Will the major western central banks implement their previously stated new average or sustainable level inflation monetary policies when inflation has now burst through all previous forecasts and far exceeded their target levels? Or are they going to effectively revert to their previous approach of prioritising focusing on pushing inflation back down and accepting that economic growth will be very much a secondary priority - until inflation is back down to target levels or below?

- How well will central banks manage the running down of their stock of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the 'taper tantrums' in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

5.18 Link forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within their forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and Russia / China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

5.19 Their target borrowing rates and the current PWLB (certainty) borrowing rates are set out below:

PWLB debt	Current borrowing rate as at 7.2.22 p.m.	Target borrowing rate now (end of Q1 2022)	Target borrowing rate previous (end of Q1 2022)
5 year	2.12%	2.20%	1.50%
10 year	2.24%	2.30%	1.70%
25 year	2.38%	2.40%	1.90%
50 year	2.06%	2.20%	1.70%

5.20 **Borrowing advice**: Link's long-term (beyond 10 years) forecast for Bank Rate is 2.00%. As nearly all PWLB certainty rates are now above this level, the borrowing strategy will need to be kept under review, especially as the maturity curve has flattened out considerably. Better value can be obtained at the very short and at the longer end of the curve and longer-term rates are still at historically low levels. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.

5.21 The suggested budgeted investment earnings rates for investments up to about three months' duration in each financial year for the next six years are as follows:

Average earnings in each year	Now	Previously
2022/23	1.00%	0.50%
2023/24	1.25%	0.75%
2024/25	1.25%	1.00%
2025/26	1.25%	1.25%
Years 6 to 10	1.50%	-
Years 10+	2.00%	2.00%

5.22 The long-term later years forecast in the table above is an indicator for 10 years.

5.23 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts. The general expectation for a trend of gently rising gilt yields is unchanged. Negative, (or positive) developments could significantly impact safe haven flows of investor money into UK, US and German bonds and produce shorter-term movements away from these central forecasts.

5.24 Link's interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of plus or minus 25 bps.

5.25 The Council will continue to monitor events and will update its forecasts as and when appropriate, utilising advice from Link and other market commentators.

6 Investment and borrowing rates

6.1 **Investment returns** are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.

6.2 **Borrowing interest rates** fell to historically very low rates because of the COVID crisis and the quantitative easing operations of the Bank of England and remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities, including Warwick, well over the last few years, saving on borrowing costs.

6.3 On 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had **purchase of assets for yield** in its three-year capital programme. The current margins over gilt yields are as follows:

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)[2]

6.4 **Borrowing for capital expenditure**. As outlined in paragraph 5.20, Link's long-term (beyond 10 years) forecast for Bank Rate is 2.00%. As most PWLB certainty rates are above this level, better value can be obtained at the very short and at the longer end of the curve, and longer-term rates are still at historically low levels. Temporary borrowing rates are likely, however, to

[2] 3rd Round ran from 11th April to 11th July 2020 so closed until HM Treasury announces a 4th Round

remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.

6.5 While this authority will not be able to avoid borrowing to finance new capital expenditure and the rundown of reserves, there will be a 'cost of carry', (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

7 Borrowing Strategy

7.1 The capital expenditure plans set out in Section 4 of Appendix D provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the annual investment strategy.

7.2 The Council's current long-term borrowing portfolio consists of £136.157 million HRA and £62 million General Fund PWLB debt.

7.3 The original General Fund £12 million was borrowed in September 2019, for repayment at maturity on 28 August 2059, with the interest borne by the General Fund, largely covering unfinanced capital expenditure in 2017/18 and 2018/19 (primarily relating to the Leamington and Warwick Leisure Centres).

7.4 A further £50 million was borrowed by the General Fund in August 2021 for a housing joint venture, with a further £10 million payable under this agreement in April 2022. These £60 million of loans will be made up of six smaller amounts, with terms between 1½ and 5½ years, and the PWLB loans and the joint venture loans are coterminous.

7.5 The HRA loans were taken out in 2012 to finance the HRA Self Financing settlement, and the interest paid on this debt is entirely borne by the HRA and is provided for as part of the HRA Business Plan. The first of these loans is scheduled to be repaid on 28 March 2053 with the final loan being repaid on 28 March 2062. As part of reviewing the HRA Business Plan in December 2020, the Cabinet agreed that the Business Plan should allow for this debt to be replaced, so maintaining the overall level of debt and so give additional funds to invest in the housing stock. The current HRA Business Plan from December 2021 includes new PWLB borrowing, which has been factored into this report. and the Capital Financing Requirement (or CFR, the capital borrowing need) and other Performance Indicators.

7.6 The Council has no short-term borrowing other than residual finance leases. An assessment will be made of 'embedded leases' within the Council's contracts as at 31 March 2022 for IFRS 16 reporting purposes.

7.7 The Council has been maintaining an under-borrowed position, which means that the CFR has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure, i.e., borrowing has been deferred. This strategy has been prudent while investment returns remain low and counterparty risk is still an issue that needs to be considered.

7.8 The borrowing undertaken for the housing joint venture does not change the under-borrowed position of previous financial years. The position is not sustainable in the longer-term as (a) the Council will eventually need to replenish the cash backing the Reserves and Balances to pay for future developments, and (b) the upside risk of PWLB and other borrowing rates because of economic factors make it prudent to consider 'externalising' more of the internal borrowing by taking PWLB loans during 2022/23.

7.9 Additionally, there remain several potentially very large housing-related and other capital schemes that would significantly deplete or extinguish investment balances unless considerable external borrowing in 2022/23 or 2023/24 and beyond is undertaken. Please see Appendix D, Tables 4 and 5, for details of proposed capital expenditure and financing, including the borrowing requirement. **Approval of these within the borrowing limits does not commit the Council to progressing with these schemes**.

7.10 Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

7.11 If it was forecast that there was a significant risk of:

- a sharp FALL in borrowing rates, then borrowing will be postponed for as long as practical;
- a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised.

Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

7.12 **Approved sources of long and short-term borrowing**

On Balance Sheet	Fixed	Variable
Public Works Loan Board (PWLB)	✓	✓
Municipal Bond Agency (MBA)	✓	✓
Local authorities	✓	✓
Banks	✓	✓
Pension funds	✓	✓
Insurance companies	✓	✓
Market (long-term)	✓	✓
Market (temporary)	✓	✓
Market (LOBOs)	✓	✓
Stock issues	✓	✓
Local temporary	✓	✓
Local bonds	✓	X
Local authority bills	✓	✓
Overdraft	X	✓
Negotiable bonds	✓	✓
Internal (capital receipts & revenue balances)	✓	✓
Commercial paper	✓	X
Medium term notes	✓	X
Finance leases	✓	✓

7.13 Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a ‘cost of carry’ or to achieve refinancing certainty over the next few years).

7.14 The degree which any of these options proves cheaper than PWLB Certainty Rate may vary but the Council’s advisors will keep the Council informed as to the relative merits of each of these alternative funding sources. Financial institutions and the Municipal Bond Agency (MBA) are likely to have significantly more complex administration and legal arrangements than PWLB loans, even though those arrangements have become more demanding in the last year or two.

7.15 The Council will use short-term borrowing (up to 365 days), if necessary, to finance temporary cash deficits. However, proactive cash flow management will aim to keep these to a minimum and, wherever possible, the loan would be taken out for periods of less than 7 days to minimise the interest payable. The Council has not incurred any short-term borrowing (other than minimal bank overdrafts) in 2021/22 to date and is not expecting to during 2022/23.

7.16 Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

8 Policy on borrowing in advance of need

8.1 The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

8.2 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

9 Current treasury position

9.1 The investments at 31 December 2021 are summarised below:

Type of Investment	31 Dec 21 £'000	30 Sep 21 £'000	31 Mar 21 £'000
Money Markets incl. CD's & Bonds	39,921	31,592	33,000
Money Market Funds	42,305	34,195	12,334
Business Reserve Account	6,075	5,000	2,003
Total In House Investments	**88,301**	**70,787**	**47,337**
Corporate Equity Funds (nominal value)	-	-	6,000
Total Investments	**88,301**	**70,787**	**53,337**

9.2 The corresponding borrowing position is summarised below:

External Borowing	31 Dec 21 £'000	30 Sep 21 £'000	31 Mar 21 £'000
Public Works Loan Board	198,157	198,157	148,157
Total	**198,157**	**198,157**	**148,157**

10 Debt rescheduling

10.1 Rescheduling of borrowing in the Council's debt portfolio will remain uneconomic within current interest rates, given the high premia the PWLB would charge, reflecting the very large difference between premature redemption rates and new borrowing rates.

10.2 The Council's treasury advisors will continue to monitor the debt portfolio and identify any opportunities for debt restructuring but there would need to be a significant increase in interest rates for this occur.

10.3 If rescheduling was done, it would be reported to the Finance and Audit Scrutiny Committee at the earliest meeting following its action.

Annual Treasury Management Investment Strategy

1 Investment policy – management of risk

1.1 The Department of Levelling Up, Housing and Communities (DLUHC) – formerly the MHCLG[3]) - and CIPFA[4] have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

1.2 The Council's investment policy has regard to the following:

- DLUHC's Guidance on Local Government Investments ("the Guidance"),
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code"),
- CIPFA Treasury Management Guidance Notes 2018,
- Any revised reporting requirements included in the revised editions of Treasury Management Code and Prudential Code (Dec 2021) will be incorporated into the 2023/24 reports approved by Full Council
- The Council will have regard to the revised Treasury Management Code and Prudential Code (December 2021) and comply with new framework requirements ahead of formal adoption of reporting requirements from 1 April 2023.

1.3 The Council's investment priorities, using the established 'SLY' principles in decreasing importance, are:

1. **S**ecurity,
2. **L**iquidity and
3. **Y**ield return.

1.4 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options

1.5 The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

1.5.1. Minimum acceptable **credit criteria** are applied to generate a list of

[3] Ministry of Housing, Communities & Local Government
[4] Chartered Institute of Public Finance & Accountancy

highly creditworthy counterparties. This also enables diversification and avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

1.5.2. **Other information**: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as '**credit default swaps**' and overlay that information on top of the credit ratings.

1.5.3. **Other information sources** used will include the financial press, share price and other such information relating to the financial sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.

1.5.4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use under the categories of 'specified' and 'non-specified' investments:

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
- **Non-specified investments** are those with less high credit quality, may be for periods more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e., an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.

1.5.5. **Non-specified investments limit**. The Council has determined that it will limit the maximum total exposure to non-specified investments as being 70% of the total investment portfolio.

1.5.6. **Lending limits** (amounts and maturity) for each counterparty will be set through applying the matrix table in Appendix B Annex 2.

1.5.7. **Transaction limits** are not set for each type of investment, being subject to the overall lending limit in 1.4.7 above.

1.5.8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**. (70% - see paragraph 3.11 below).

1.5.9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (Appendix B Annex 2).

1.5.10. This authority has engaged **external consultants**, (Appendix A section 2), to provide expert advice on how to optimise an appropriate balance of security, liquidity, and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

1.5.11. All investments will be denominated in **sterling**.

1.5.12. As a result of the change in **accounting standards** for 2022/23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund[5]. This override applied to the Council's recently disposed equity funds and will be a factor in the appropriateness of Environmental Social & Governance (ESG) equity funds after 2022/23.

1.6 However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

2. Changes in risk management policy from last year

2.1 The above criteria are unchanged from last year, save for any reference to commercial investments, which are no longer permitted, and have been removed. 'Service investments' are a new nomenclature introduced for non-treasury investments where the primary objective is service delivery, such as for the provision of housing or economic development.

3. Creditworthiness policy

3.1 The Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies: Fitch, Moodys, and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- 'watches' and 'outlooks' from credit rating agencies
- Credit Default Swap (CDS) spreads that may give early warning of changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries.

3.2 The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue reliance on any one agency's ratings.

3.3 Typically, the minimum credit ratings criteria the Council use will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other

[5] In November 2018, the MHCLG] concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1 April 2018

topical market information, to support their use.

3.4 All credit ratings will be monitored weekly and will inform every investment decision. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service:

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in CDS spreads against the iTraxx European Financials benchmark and other market data daily via its *Passport* website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

3.5 Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

3.6 All investments in property, corporate bond and corporate equity funds will be supported by the advice of Link, the Council's treasury advisors. Where the Council makes Service Investments, these sit outside the service provided by Link and separate risk assessments will be completed (refer to Section 4 below of this report).

3.7 The Council will ensure that it maintains the lists of permitted investments and counterparty limits (Annexes 1 and 2) and will revise and submit the criteria to Council for approval when required. In respect of counterparty limits, the Council's investment balances have increased in recent years mainly due to increasing Housing Revenue Account (HRA) balances that are projected to be utilised in the medium term.

3.8 To provide flexibility and to continue to be able to invest in the highest quality counterparties it is proposed to keep the counterparty limits for certain institutions as follows:

Institution Type	Limit
A rated private banks	£5m
A+ rated private banks	£7m
AA rated private banks	£8m
Government Debt CNAV MMFs[6]	£10m
LVNAV MMFs[7]	£10m

3.9 The Council has both cash flow derived and core balances available for

[6] Constant Net Asset Value Money Market Funds
[7] Low-Volatility Net Asset Value Money Market Funds

investment. Investment decisions will be made with regard to cash flow requirements, core cash balances and the outlook for short term interest rates.

3.10 The Council will continue to use Money Market Funds (MMFs), call bank accounts and the money markets to invest cash flow driven money until the time when it is required. Core investments may be invested in a combination of ESG corporate equity funds and the financial markets.

3.11 The Council had two corporate equity fund managers until September 2021. These specific equity funds had around 5% exposure to investing in companies extracting fossil fuels[8] and the recommendation is to divest from these funds by the end of 2025 as part of the Council's Climate Emergency Declaration. One option would be to re-invest the £6 million in ESG equity funds. Any new fund manager appointments would be made in conjunction with the treasury advisers and in adherence with the Council's procurement rules. Re-procuring to invest these funds would incur an additional cost, as well as taking officer and member time, and it should be noted that the regulatory framework for evaluating ESG investments for risk has yet to be agreed, so it is recommended that any decision on this is deferred until the market is 'more mature' and the national risk reporting framework has been agreed.

3.12 Based on its cash flow forecasts (subject to any 'internal borrowing' pending borrowing for new capital expenditure, including service investment), the Council anticipates that its investments in 2022/23 on average will be in the region of £66m, of which £28m will be "core" investments i.e. made up of reserves and balances which are not required in the short term.

3.13 The maximum percentage of its investments that the Council will hold in long-term investments (over 365 days) is 70%. It follows therefore that the minimum percentage of its overall investments that the Council will hold in short term investments (365 days or less) is 30%, with the expectation that this will be most investments in practice. Having regard to the Council's likely cash flows and levels of funds available for investment the amount available for long-term investment will be a maximum of 70% of the core investment portfolio subject to a total of £30 million at any one time in line with the Prudential Indicator covering this issue. These limits will apply jointly to the in-house team and any fund managers so that the overall ceilings of 70% and £30 million are not breached.

3.14 After the Bank of England's December 2021 decision to raise the Base Rate by 0.15% to 0.25%, and by a further 0.25% to 0.50% in February 2022, the 2022/23 interest rate outlook is for Base Rate to increase again and start the year at 0.75%. Link expect it to increase by June 2022 to 1.00% and increase again by March 2023 to 1.25%, remaining at that rate until March 2025. Based on current investment policies and interest rate projections at budget setting, it is currently estimated that the overall portfolio will achieve a 0.32% return for 2021/22, augmented by the dividends from the equity funds, increasing to 0.39% for 2022/23 before the more recent movements in Base Rate.

[8] Oil and gas

4. Investments that are not part of treasury management activity

4.1 Where, in addition to treasury management investment activity, the Council makes service investments in other financial assets and property, and there may be a financial return that is not the primary driver (to avoid the Council being excluded from taking PWLB borrowing), these investments will be proportional to the level of resources available, and the Council will ensure the same robust procedures for the consideration of risk and return are applied to these decisions.

4.2 The Council recognises that investment in other financial assets e.g., loans to third parties and property, may be taken for non-treasury management purposes, requiring careful investment management. Such activity includes loans supporting service outcomes, such as housing provision or economic regeneration.

4.3 The Council’s framework to consider such non treasury management investments would be reflected within the *Capital Strategy*, referred to in this report. All such investment proposals will be considered on their own merits and in accordance with the Council’s risk appetite, and have regard to treasury management principles.

4.4 The Council will ensure the organisation’s investments are covered in the capital programme, investment strategy or equivalent, and will set out, where relevant, the organisation’s risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

Schedule of specified and non-specified investments

Specified Instruments (365 days or less)

- Deposits with banks and building societies
- Deposits with UK Government, Nationalised Industries, Public Corporations, and UK Local Authorities
- UK Government Gilts
- Debt Management Agency Deposit Facility (DMADF)
- Government Debt Constant Net Asset Value Money Market Funds (AAA rated)
- Low Volatility Net Asset Value Money Market Funds (AAA rated)
- Variable Net Asset Value Money Market Funds (AAA rated)
- Certificates of deposits issued by banks and building societies
- Corporate Bonds issued by private sector financial institutions
- Corporate Bonds issued by financial institutions partly or wholly owned by the UK Government
- Corporate Bonds issued by corporates
- Covered Bonds issued by private sector financial institutions
- Covered Bonds issued by financial institutions partly or wholly owned by the UK Government
- Covered Bonds issued by corporates
- Supranational Bonds issued by Supranational Institutions or Multi-Lateral Development Banks
- Floating Rate Notes issued by private sector financial institutions
- Floating Rate Notes issued by financial institutions partly or wholly owned by the UK Government
- Floating Rate Notes issued by corporates
- Eligible Bank Bills
- Sterling Securities guaranteed by HM Government
- Repos

Non-Specified Investments

- Deposits with unrated building societies
- Deposits with banks and building societies greater than 365 days
- Deposits with UK Local Authorities greater than 365 days
- Certificates of deposits issued by banks and building societies greater than 365 days
- Corporate Bonds issued by private sector financial institutions greater than 365 days
- Corporate Bonds issued by financial institutions partly or wholly owned by the UK Government greater than 365 days
- Corporate Bonds issued by corporates greater than 365 days

- Covered Bonds issued by private sector financial institutions greater than 365 days
- Covered Bonds issued by financial institutions partly or wholly owned by the UK Government greater than 365 days
- Covered Bonds issued by corporates greater than 365 days
- Corporate Bond Funds
- Regulated Property Funds including Real Estate Investment Trusts
- CCLA Property Fund or other similar property fund
- Diversified asset funds (e.g., CCLA DIF)
- UK Government Gilts with over 365 days to maturity
- Supranational Bonds issued by Supranational Institutions or Multi-Lateral Development with over 365 days to maturity
- Corporate Equity Funds (ESG, with no fossil fuel exposure)

Appendix B Annex 2

Counterparty Limits

Investment / counterparty type:	S/term	L/term	Viability / support	# Sovereign country min. credit rating	Max limit per counterparty	Max. maturity period	Use	Notes ref
Specified instruments: *(repayable within 12 months)*	**(FITCH or equivalent)**							
DMADF	n/a			AA-	£12m	365 days	In house & EFM*	
UK Govt. / local authorities / public corporations / nationalised industries	n/a		High		£10m	365 days	In house & EFM*	11
Bank - part nationalised UK	F1	A		AA-	£9m	365 days	In house & EFM*	1 & 2
Bank - private (includes fixed term deposits, CDs and category 1 FRNs & bonds)	F1	A		AA-	£5m	365 days	In house & EFM*	1 & 2
	F1	A+		AA-	£7m	365 days	In house & EFM*	1 & 2
	F1	AA- & above		AA-	£8m	365 days	In house & EFM*	1 & 2
Other private sector financial institutions (includes category 1 FRNs & bonds)	F1	A		AA-	£4m	365 days	In house & EFM*	1 & 2
	F1	A+		AA-	£6m	365 days	In house & EFM*	1 & 2
	F1	AA- & above		AA-	£7m	365 days	In house & EFM*	1 & 2
Corporates (category 3 FRNs & bonds)	F1	A		AA-	£4m	365 days	In house & EFM*	1 & 2
	F1	A+		AA-	£5m	365 days	In house & EFM*	1 & 2
	F1	AA- & above		AA-	£6m	365 days	In house & EFM*	1 & 2
Bank subsidairies of UK banks	Unrated			Explicit Parent Guarantee	£5m	3 months	In house & EFM*	1 & 3
Money Market Fund (CNAV)	AAAm / Aaa-mf/AAAmmf				£10m	liquid	In house & EFM*	
Money Market Fund (LVNAV)	AAAm / Aaa-mf/AAAmmf				£10m	liquid	In house & EFM*	
Money Market Fund (VNAV)	AAAf S1 / Aaa-bf/ AAA/V1				£6m	liquid	In house & EFM*	4
Building societies - category A	F1	A		AA-	£4m	365 days	In house & EFM*	1a.
Building societies - category B	F1			AA-	£2m	365 days	In house & EFM*	1a.
Corporate bonds - category 2		A			£9m	365 days	In house & EFM*	5
Covered bonds - category 2		A			£9m	365 days	In house & EFM*	12
Bonds - supranational / multi-lateral development banks	AAA / Govt Guarantee				£5m	365 days	In house & EFM*	
Floating Rate Notes (FRN) - category 2		A			£9m	365 days	In house & EFM*	6
Eligible bank bills	n/a			Determined by EFM	£5m	365 days	EFM*	
Sterling securities guaranteed by HM Government	n/a			AA-	9m	not defined	EFM*	

Investment / counterparty type:	S/term	L/term	Viability / support	# Sovereign country min. credit rating	Max limit per counterparty	Max. maturity period	Use	Notes ref
Non-specified instruments:	**(FITCH or equivalent)**							
Building societies - assets > £500m	unrated category C				£1m	3 months	In house	1b & 9
Bank - part nationalised UK > 1 year	F1	A		AA-	£9m	2 years	In house + advice & EFM*	1b, 2, & 10
Bank - private (includes fixed term deposits, CDs and category 1 FRNs & bonds)	F1	A		AA-	£5m	2 years	In house + advice & EFM*	1b, 2, & 10
	F1	A+		AA-	£7m	2 years	In house + advice & EFM*	1b, 2, & 10
	F1	AA- & above		AA-	£8m	2 years	In house + advice & EFM*	1b, 2, & 10
Other private sector financial institutions (includes category 1 FRN's & Bonds)	F1	A		AA-	£4m	2 years	In house + advice & EFM*	1b, 2, & 10
	F1	A+		AA-	£6m	2 years	In house + advice & EFM*	1b, 2, & 10
	F1	AA- & above		AA-	£7m	2 years	In house + advice & EFM*	1b, 2, & 10
Corporates (category 3 FRN'S, Bonds)	F1	A		AA-	£4m	2 years	In house + advice & EFM*	1b, 2, & 10
	F1	A+		AA-	£5m	2 years	In house + advice & EFM*	1b, 2, & 10
	F1	AA- & above		AA-	£6m	2 years	In house + advice & EFM*	1b, 2, & 10
Building societies - > 1 year	F1	A		AA-	£1m	2 years	In house + advice & EFM*	1b & 10
Local authorities > 1 year	n/a		High		£9m	5 years	In house + advice	10
Corporate bonds - category 2 > 1 year		A			£9m	2 years	In house & EFM*	5 & 10
Covered bonds - category 2 > 1 year		A			£9m	2 years	In house & EFM*	10 & 12
Corporate Equity Funds - low risk		N/A		See note 13	£4m	10 years	EFM*	13 & 14
Corporate Equity Funds - medium risk		N/A		See note 13	£2m	10 years	EFM*	13 & 14
Corporate Bond Funds		BBB			£5m	10 years	In house + advice & EFM*	10
Pooled property fund eg: REITS				Authorised FS&MA	£5m	10 years	In house + advice	10
CCLA property funds	n/a			see note 8	£5m	10 years	In house + advice	7 & 10
Day to day balances	n/a				n/a	n/a	In house	8

Notes:	
*	EFM = External Fund Manager
#	Minimum sovereign rating does not apply to UK domiciled counterparties
	All maximum maturity periods include any forward deal period
1.	Includes business call reserve accounts, special tranches & any other form of investment with that institution e.g. certificate of deposits, corporate bonds and repos, except where the repo collateral is more highly credit rated than the counterparty in which case the counterparty limit is increased by £3m with a maximum in repos of £3m
1a.	Includes business call reserve accounts, special tranches & any other form of investment with that institution e.g. certificate of deposits, corporate bonds and repos, except where the repo collateral is more highly credit rated than the counterparty in which case the counterparty limit is increased by £2m with a maximum in repos of £2m
1b.	Includes business call reserve accounts, special tranches & any other form of investment with that institution e.g. certificate of deposits, corporate bonds and repos
2.	Counterparty limit is also the group limit where investments are with different but related institutions
3.	Unrated but with explicit guarantee by parent + parent meets minimum ratings of short-term F1, long-term A. Subject to group limit relating to parent bank e.g. £5m if private of £9m if part or wholly nationalised
4.	Subject to overall group limit of £6m
5.	Corporate bonds must be senior unsecured and above. Category types:
	Category 1: Issued by private sector financial institutions
	Category 2: Issued by financial institutions wholly owned or part owned by the UK Government
	Category 3: Issued by corporates
6.	Floating rate notes - categories as per note 5 above
7.	Security of trustee of fund (LAMIT) controlled by LGA, COSLA who appoint the members and officers of LAMIT
8.	Minimum exposure to credit risk as overnight balances only
9.	Group limit of £8m
10.	£15m overall limit for corporate bond / equity / property funds & £20m limit for all counterparties
11.	UK Government includes gilt edged securities and Treasury bills
12.	Covered bonds category types:
	Category 1: Issued by private sector financial institutions
	Category 2: Issued by financial institutions wholly owned or part owned by the UK Government
	Category 3: Issued by corporates
13.	Risk determined as follows:
	Low - UK equity income funds
	Medium - UK capital growth funds
14.	Maximum investment limit subject to 10% capital growth, i.e. maximum is 110% of original investment

Approved Countries for Investments

This list, as at 21 December 2021, is based on those countries which have sovereign ratings of AA- or higher, based on the lowest rating from Fitch, Moodys and S&P.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

Appendix C to Minute 111

Minimum Revenue Provision (MRP) Policy Statement

1 Background

1.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement, CFR) through a revenue charge (the Minimum Revenue Provision, MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP). The MRP is equivalent to 'depreciation' in other sectors.

1.2 MHCLG (DLUHC) guidance requires the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following **MRP Statement**.

1.3 The *Statutory Guidance on Minimum Revenue Provision*[9] offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

2 Four Main Options

2.1 Option 1 – Regulatory Method

This option is the old statutory method of 4% of the CFR and which has to be used in order to calculate MRP on all debt still outstanding at 1 April 2008[10]. It can also be used to calculate MRP on debt incurred under the new system, but which is supported through the annual SCE (Supported Capital Expenditure) allocation from DCLG (now DLUHC).

2.2 Option 2 – Capital Financing Requirement Method

This is a variation of Option 1 and is based on 4% of the CFR with certain changes and is appropriate where the borrowing is not linked to a particular asset.

2.3 Option 3 – Asset Life Method

Under this option, it is intended that MRP should be spread over the useful life of the asset financed by the borrowing or credit arrangement. In future, where borrowing is utilised to finance specific assets it is likely that the period of the loan will match the expected life of the asset and therefore, under this method the annual charge to the Council's accounts is directly related to building up the

[9] Guidance issued by the Secretary of State under section 21(1A) of the *Local Government Act 2003*. Fourth edition applies to periods commencing 1 April 2019.
[10] The Council had no debt at this date

provision required to pay off the loan when it matures which, under Options 1 and 2, is not possible.

There are 2 methods of calculating the annual charge under this option

a) equal annual instalments or
b) by the annuity method where annual payments gradually increase during the life of the asset.

2.4 Option 4 – Depreciation Method

This is a variation on option 3 using the method of depreciation attached to the asset e.g., straight line where depreciation is charged in equal instalments over the estimated life and the reducing balance method where depreciation is greater in the early years of an assets life and which is most appropriate for short lived assets e.g., vehicles. In this Council's case assets are depreciated using the straight-line method and so option 4 is not materially different from option 3.

3 HRA

3.1 There is no requirement on the HRA to make a MRP but there is a requirement for a charge for depreciation to be made.

3.2 Under the Self Financing regime, the HRA Business Plan has to provide resources for the repayment of the £136.157m borrowed from the PWLB on the 28 March 2012. Repayment of this debt is currently provided for commencing in year 41 (2052/53) and continuing through to year 50 year of the Business Plan.

3.3 The HRA will apply the same principle to new borrowing undertaken for capital investment.

4 Voluntary Revenue Provision (VRP)

4.1 MHCLG (DLUHC) issued revised MRP guidance in 2018 concerning Voluntary Revenue Provision. In future any VRP or overpayment of MRP, which has been disclosed in previous years' MRP statement, can be reclaimed and credited back to the General Fund in certain circumstances. An example would be a loan to a third party where during the duration of the loan MRP or VRP has been made but on full repayment of the loan the principal has been applied to pay down the Capital Financing Requirement. In this instance the VRP is no longer required and can be released back to the General Fund. The Council has instances of such loans but has elected to not make MRP or VRP on these as they are of relatively short duration and on repayment the principal repaid will be applied to pay down the Capital Financing Requirement.

5 Warwick District Council Policy

5.1 It is recommended that for any long-term borrowing on the General Fund e.g. leisure centre refurbishments, the following methods of Minimum Revenue Provision be adopted:

- For borrowing specifically linked to a particular asset or capital scheme –

Option 3 based on the annuity method.

- For borrowing that cannot be linked to a particular asset or capital scheme – Option 3 based on the annuity method using the weighted average life of assets.

5.2 For any borrowing incurred through finance leases, the annual principal repayments in the lease are regarded as MRP.

5.3 Although not strictly part of MRP requirements, it is also recommended that for internal borrowing (i.e. capital expenditure financed from reserves), where appropriate, Option 3 based on the annuity method be adopted, in most cases, as a means of replenishing those reserves which financed the capital expenditure. In exceptional circumstances another method may be more appropriate.

5.4 For short to medium duration loans to third parties the Council will not make either MRP or VRP but instead apply the capital receipt received through the repayment of the loan to pay down the Capital Financing Requirement.

5.5 The Council may on occasion enter into agreement to undertake a scheme / capital payment whereby monies and resources (grants, capital receipts, S106 receipts, etc.) will be received some time after the scheme / capital payment has been completed. On such occasions whereby the capital expenditure is expected to be fully reimbursed by future capital or revenue income, no MRP will be provided. This position will be kept under review and should the likelihood of receipt of the income change, then MRP may be initiated. Such an example would be the granting of monies to an external organisation and S106 receipts are expected to pay for the capital liability.

Note: The use of paragraphs 5.4 and 5.5 will be subject to the outcome of Government consultation on MRP Regulation 28 and a full risk assessment would be undertaken, considering the latest information, before any capital investment is undertaken to which this MRP policy may apply, as discussed in the covering report.

Prudential and Treasury Indicators

Introduction

1.1. The Prudential Capital Finance system came into effect on 1 April 2004, replacing the previous system of approval allocations from central Government, allowing local authorities to decide how much they can prudently afford to borrow *and* pay back from revenue resources.

1.2. CIPFA developed the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') to provide a mechanism to enable councils to ensure, that in line with the new freedom given, their capital investment plans are affordable, prudent, and sustainable. This Prudential Code was revised in December 2021, mainly to stop further borrowing for 'commercial' investment, which CIPFA and the Government believe is inappropriate for local government to pursue, given some recent high-profile cases.

1.3. It is the Council's responsibility to set its prudential indicators, having regard to its own set of circumstances. The Council must demonstrate that its capital investment proposals are:

- affordable
- prudent and
- sustainable.

1.4. All Indicators must be included in the Council's annual Treasury Strategy and Outturn report. The reporting requirements for 2023/24 will be changing.

1.5. The Prudential and Treasury Indicators are divided into:

a) Prudential:

- Affordability (section 2)
- Prudence (section 3)
- Capital Expenditure (sections 4 - 5)
- External Debt (sections 6 - 7)

b) Treasury:

- Treasury Indicators (section 8).

1.6. This Appendix explains what the Prudential and Treasury Indicators are as well as revising them for the current year, 2021/22, where appropriate and setting them for future years.

Affordability - Ratio of financing costs to net revenue stream

2.1. This ratio shows the trend in the cost of capital (borrowing and other long-term obligation costs, net of investment income) against the net revenue stream, i.e., taxation, rents, and non-specific grant income.

2.2. The higher the ratio, the higher the proportion of resources tied up just to service met capital costs, and which represent a potential affordability risk.

2.3. It sets an upper limit on the proportion of the Council's net revenue streams both for General Fund and Housing Revenue Account (HRA) that is committed to servicing debt.

2.4. The table below shows the actual for 2020/21 and the ratios proposed for the General Fund, HRA and Overall, as required by the Prudential Code. These figures exclude unapproved schemes, other than schemes subject to approval at the same Council meeting as this report.

Table 1

Year	General Fund	Housing Revenue Account	Overall
2020/21	-0.6%	40.3%	24.6%
2021/22	-2.00% to 5.00%	38.00% to 50.00%	23.00% to 33.00%
2022/23	0.00% to 20.00%	38.00% to 50.00%	24.00% to 37.50%
2023/24	0.00% to 30.00%	38.00% to 50.00%	24.00% to 40.00%
2024/25	0.00% to 26.00%	38.00% to 50.00%	24.00% to 40.00%

2.5. The ratio for estimates is a range rather than a single figure (except the 2020/21 actual), to allow for both the uncertain amount of borrowing that will take place for developments by the General Fund and HRA (such as the Housing Company and joint venture, which is a General Fund scheme), and the possible movements in long-term interest rates, as a relatively small variation from today's low level in borrowing costs could cause a ratio based on a precise percentage to be breached.

2.6. The significant size of the HRA ratio includes the HRA self-financing debt taken in 2012 and future borrowing included within the HRA Business Plan. If income increases at least much as the debt costs the ratio should not increase once the new rental properties are occupied – there will be a short-term cost during any acquisition and construction.

2.7. The General Fund ratio would increase for further borrowing to finance capital expenditure such as Housing Company loan, leisure centres and long-term loans to third parties.

2.8. The ratios will be monitored during the year and, if necessary, remedial action taken – such as Council increasing the limits - to avoid them being breached.

Prudence - Gross Debt and the Capital Financing Requirement

1.1 This indicator requires that gross debt, except in the short term, is to be kept below the Capital Financing Requirement (CFR) for the same period. This demonstrates that borrowing has not been taken in advance of need. It is estimated that gross external debt will be lower than the CFR in future years.

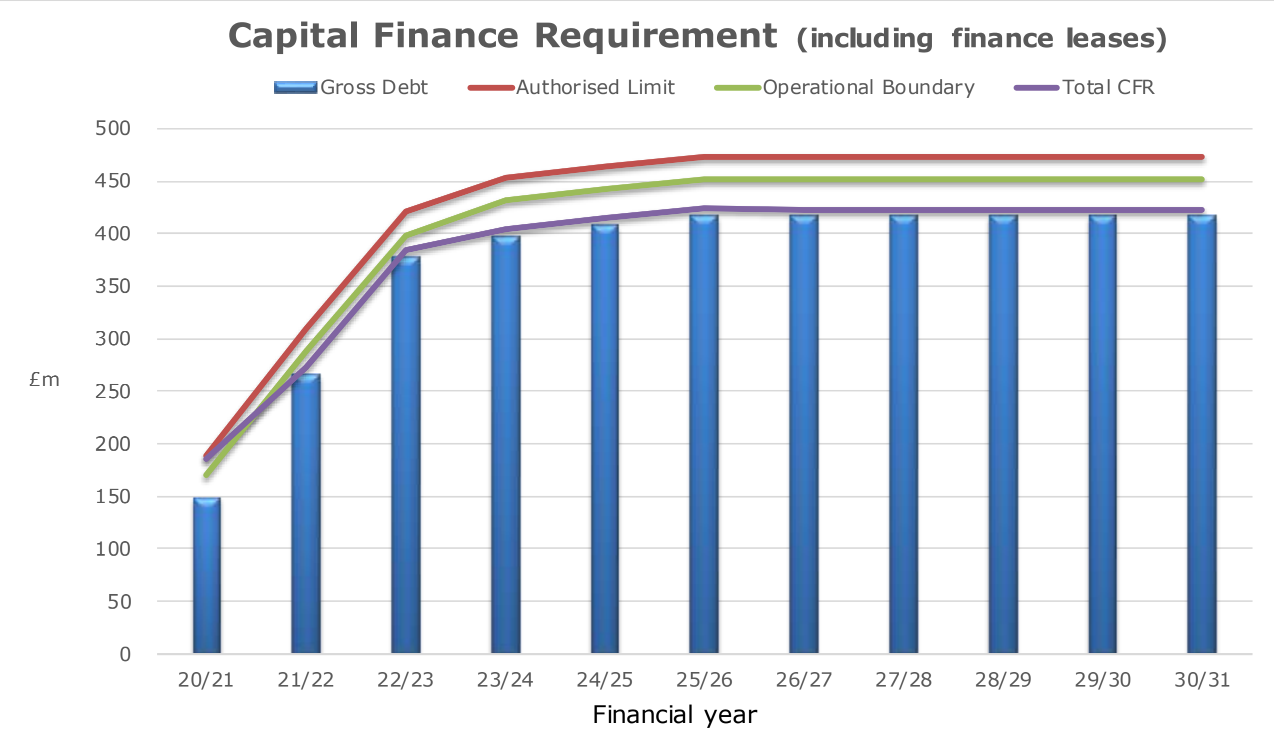
1.2 Table 2 shows the longer-term projections, compared with total debt and the Authorised Limit and Operational Boundary from sections 6 and 7 respectively:

Table 2

Capital Financing Requirement (including finance leases)											
£m	**Actual 20/21**	**Est 21/22**	**Est 22/23**	**Est 23/24**	**Est 24/25**	**Est 25/26**	**Est 26/27**	**Est 27/28**	**Est 28/29**	**Est 29/30**	**Est 30/31**
HRA CFR	161.2	194.5	203.6	212.6	221.6	230.7	230.7	230.7	230.7	230.7	230.7
GF CFR	18.3	22.5	56.5	69.7	69.0	68.3	68.3	68.3	68.3	68.3	68.3
Service activity / non-financial investments	5.6	55.6	124.3	122.7	124.9	124.8	124.6	124.5	124.5	124.5	124.5
Total CFR	**185.0**	**272.7**	**384.3**	**405.0**	**415.6**	**423.8**	**423.6**	**423.5**	**423.5**	**423.5**	**423.5**
External borrowing - HRA	136.2	194.5	203.6	212.6	221.6	230.7	230.7	230.7	230.7	230.7	230.7
External borrowing - GF	12.0	69.9	172.5	184.1	185.7	185.7	185.5	185.4	185.4	185.4	185.4
Other long term liabilities	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Gross Debt	**148.2**	**265.4**	**377.0**	**397.7**	**408.3**	**417.3**	**417.2**	**417.1**	**417.1**	**417.1**	**417.1**
Internal borrowing - HRA	25.0	-	-	-	-	-	-	-	-	-	-
Internal borrowing - GF	11.8	7.3	7.3	7.3	7.3	6.4	6.4	6.4	6.4	6.4	6.4
WDC internal borrowing	**36.8**	**7.3**	**7.3**	**7.3**	**7.3**	**6.4**	**6.4**	**6.4**	**6.4**	**6.4**	**6.4**
Authorised Limit	189.3	309.5	421.1	453.7	464.3	473.3	473.3	473.3	473.3	473.3	473.3
Operational Boundary	170.3	287.5	399.1	431.7	442.3	451.3	451.3	451.3	451.3	451.3	451.3

1.3 These figures are shown in graphical form, demonstrating that the CFR will be higher than gross debt:

Table 3



1.4 The value of gross debt excludes unapproved borrowing for housing developments (General Fund for Housing Company and Joint Venture; HRA for the Housing Improvement Programme, including new build schemes), other than HRA schemes being considered in the same Council meeting. Approval of these limits does not commit the Council to the underlying schemes but the borrowing for these does rely on the Council approving the schemes and the limits in *Table 3*.

Capital Expenditure

1.5 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

1.6 The Council is required to publish its estimated capital expenditure for both the General Fund (GF) and Housing Revenue Account (HRA) for a minimum of the next three financial years, as well as the actual for the previous year and latest estimate for the current year.

1.7 By modelling various capital programme scenarios, including new HRA properties and commercial investment opportunities, this indicator provides the data for the ratio of financing costs to net revenue stream indicator.

1.8 Table 4 shows the Council's estimated capital expenditure on the General Fund and HRA for the next four years, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Table 4

Capital expenditure	**2020/21 Outturn £'000**	**2021/22 Estimate £'000**	**2022/23 Estimate £'000**	**2023/24 Estimate £'000**	**2024/25 Estimate £'000**
General Fund (non HIP)	11,275	17,515	55,905	14,760	374
Credit arrangements - finance leases	12	-	-	-	-
Housing Investment Programme:					
General Fund (HIP)	-	-	-	-	-
HRA	33,135	59,533	24,489	18,493	18,499
'Service investment' activities / non-financial investments*	350	50,100	68,725	3,000	2,375
Total (A)	**44,772**	**127,148**	**149,119**	**36,253**	**21,248**

* - loans to third parties

1.9 The main item in 'service investment' for 2021/22 is the £50 million joint venture funding outlined earlier. The equivalent figure for 2022/23 includes the final £10 million commitment for this joint venture, plus a speculative additional £50 million of a further joint venture and £8.625 million to finance Milverton Homes, with a further £3 million of this in 2023/24.

Capital Financing Requirement

1.10 The Capital Financing Requirement (CFR) is a key measure that shows the underlying need for an authority to borrow for capital purposes, i.e., the difference between the Council's capital expenditure and the revenue or capital resources set aside to finance that spend. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The Minimum Revenue Provision (MRP) is chargeable on the General Fund underlying borrowing.

1.11 The borrowing may be either external (such as from the PWLB) or internal borrowing (where an authority temporarily utilises cash backing its reserves and balances rather than taking external loans). External borrowing creates a cost to the Council in terms of having to pay interest on and provide for repayment of external loans while internal borrowing creates lost investment interest and an exposure to future interest rate increases when loans must be taken. The CFR provides the starting point for calculating this cost and the results feed into the ratio of financing costs to net revenue stream indicator.

1.12 The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

1.13 The CFR includes any other long-term liabilities (e.g., finance leases). Though these liabilities increase the CFR - and therefore, the Council's borrowing requirement - these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council had £12,100 of such schemes within the CFR at the end of 2020/21.

1.14 *Table 5* summarises how the capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need (i.e., an increase in the Capital Financing Requirement).

Table 5

Financing of capital expenditure	2020/21 Outturn £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
HRA:					
Capital receipts	420	6,270	1,288	500	500
Capital grants and contributions	-	6,397	2,909	-	-
Reserves	7,713	13,365	9,728	8,359	8,364
Revenue contributions	-	123	1,533	600	600
Total HRA	**8,133**	**26,155**	**15,458**	**9,459**	**9,464**
General Fund:					
Capital receipts	395	1,261	6,835	160	-
Capital grants and contributions	5,215	8,796	11,008	3,582	-
Reserves	1,815	2,200	3,434	1,427	294
Revenue contributions	422	659	155	80	80
Total GF	**7,847**	**12,916**	**21,432**	**5,249**	**374**
Combined:					
Capital receipts	815	7,531	8,123	660	500
Capital grants and contributions	5,215	15,193	13,917	3,582	-
Reserves	9,528	15,565	13,162	9,786	8,658
Revenue contributions	422	782	1,688	680	680
Subtotal (B)	**15,980**	**39,071**	**36,890**	**14,708**	**9,838**
Net borrowing need for the year (A – B)	**28,792**	**88,077**	**112,229**	**21,545**	**11,410**

1.15 The net financing need for service investment activities / non-financial investments included in *Table 5* against expenditure is shown in *Table 6*:

Table 6

'Service investment' activities / non-financial investments £'000	2020/21 Outturn	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital expenditure	350	50,100	68,725	3,000	2,375
Financing costs (incl MRP)	10	1,752	2,404	120	96
Net financing need for the year	**360**	**51,852**	**71,129**	**3,120**	**2,471**
Percentage of total net financing need %	1%	57%	61%	14%	21%

1.16 These figures are illustrative at this point and are subject to the Council's approval of the underlying capital expenditure.

1.17 The CFR increases where unfinanced capital expenditure takes place and reduces as the Council makes a Minimum Revenue Provision (MRP).

1.18 This Council has four CFRs:

(a) the HRA

(b) the General Fund, which is further subdivided to show

(c) service investment activities / non-financial investments (which have, to date, been loans to third parties at commercial rates of interest and, from 2021/22, the housing joint venture), and

(d) combined total for the whole of the Council (the sum of a to c).

1.19 The estimated CFRs at the end of 2021/22 and each of the next four years are based on the Council's latest capital programme and exclude any unapproved service investment / non-financial activities and additional HRA borrowing for schemes that are subject to viability appraisals, and which would be subject to future Council reports and revised Prudential Indicators, where appropriate. The General Fund CFR also includes the impact of the internal borrowing incurred to date, as well as the internal and external borrowing factored into the current 5-year General Fund Capital Programme.

1.20 The Council is asked to approve the CFR projections in *Tables 7* and *8*.

Table 7

Capital Financing Requirement Year	(a) HRA £'000	(b) General Fund £'000	(c) service investments / non financial investments £'000	(d) Total £'000
2020/21	161,160	18,271	5,564	184,995
2021/22	194,539	22,546	55,644	272,729
2022/23	203,572	56,478	124,276	384,326
2023/24	212,606	69,739	122,691	405,036
2024/25	221,639	69,033	124,920	415,592
2025/26	230,672	68,321	124,764	423,757

Table 8

£m	2020/21 Outturn	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital Financing Requirement						
CFR – non housing	18.3	22.5	56.5	69.7	69.0	68.3
CFR – housing	161.2	194.5	203.6	212.6	221.6	230.7
CFR - service and non-financial investment activities	5.6	55.6	124.3	122.7	124.9	124.8
Total CFR	**185.0**	**272.7**	**384.3**	**405.0**	**415.6**	**423.8**
Movement in CFR	-27.2	87.7	111.6	20.7	10.6	8.2
Service / non-treasury as % of Total CFR	3%	20%	32%	30%	30%	29%

Movement in CFR represented by						
Net financing need for the year ("A-B" above)	28.8	88.1	112.2	21.5	11.4	9.0
Less MRP/VRP and other financing movements	-56.0	-0.4	-0.6	-0.8	-0.8	-0.8
Movement in CFR	**-27.2**	**87.7**	**111.6**	**20.7**	**10.6**	**8.2**

1.21 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any 'non-financial activities' (noting that the Council does not enter 'for yield / commercial' activities) in relation to the authority's overall financial position. The capital expenditure figures shown in *Table 4* and the details above demonstrate the scope of this activity (up from 3% in 2020/21 to 20% in 2021/22 and 32% in 2022/23, mainly due to the housing joint venture) and, by approving these figures, Members consider the scale proportionate to the Authority's remaining activity.

1.22 The opening HRA CFR at 1 April 2021 was £161.159 million, being the HRA self-financing debt settlement of £136.157 million from 2012 plus new borrowing during 2020/21. At 31 March 2026 the HRA CFR is predicted to have increased to £230.672 million, while the non-housing element would be £68.321 million and the 'non-financial activities' would be £124.764 million, a total General Fund CFR of £193.085 million.

External Debt - Authorised Limit

1.23 The Council is required to set - for the forthcoming year and the following two financial years - an Authorised Limit for its total external debt, gross of investments, separately identifying borrowing from 'other long-term liabilities', the latter being credit arrangements, as defined in statute, and which include the principal element of finance leases (or Private Finance Initiative (PFI) if the Council had these contracts).

1.24 The Authorised Limit represents a control on the maximum level of external debt the Council can incur. The Council has no legal power to borrow more than the limits set.

1.25 The recommended Authorised Limit is as shown in *Table 9*:

Table 9

Authorised Limit	2020/21 Outturn £'000	2021/22 Latest £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Debt including HRA settlement	189,279	192,234	192,234	204,116	204,116	204,115
Other long-term liabilities	12	1,000	1,000	1,000	1,000	1,000
HRA HIP	-	58,382	67,415	76,448	85,481	94,515
General Fund HIP	-	-	-	-	-	-
Other General Fund capital programme	-	7,899	41,838	50,514	49,663	49,663
Service investment activities / non-financial investments	-	50,000	118,625	121,625	124,000	124,000
Total Authorised Limit	**189,291**	**309,515**	**421,112**	**453,703**	**464,260**	**473,293**

1.26 The Authorised Limit reflects a level of external debt that, although not preferred, could be afforded in the short-term but may not be sustainable in the longer-term. The Indicators for the Operational Boundary and Gross Debt & the CFR will both be set below the Authorised Limit.

1.27 The Authorised Limit takes account of the Housing Improvement Programme (HIP) and the General Fund capital programme. The figures for 'Service investment activities' are for amounts being considered by Council parallel to this report and would need to be excluded if not approved. It excludes additional HRA development and GF investment regeneration that would be expected to generate a net income stream – these are both subject to future Council decisions and could also require the Prudential Indicators to be formally amended.

1.28 It should be noted that the figures for each year are cumulative.

External Debt - Operational Boundary

1.29 The Council is, additionally, required to set an Operational Boundary for external debt, which is for three years and gross of investments.

1.30 The Operational Boundary - which is less than the Authorised Limit - is effectively the day-to-day working limit for cash flow purposes, the level that external debt is not ordinarily expected to exceed. This indicator includes anticipated additional borrowing to cater for forecast capital activity.

1.31 An occasional breach of the Operational Boundary is not a cause for concern (provide that the Authorised Limit is not breached) but a sustained breach could indicate that there are problems with the Council's cash flow. Therefore, this indicator is monitored throughout the year and remedial action taken if necessary.

1.32 The recommended Operational Boundaries are as shown in Table 10. It should be noted that the figures for each year are cumulative (for instance, the £118.6m shown in 2022/23 for service investment activities is the brought forward amount from 2021/22). They are based on the same assumptions outlined in paragraph 6.5 above.

Table 10

Operational Boundary	2020/21 Outturn £'000	2021/22 Latest £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'001	2025/26 Estimate £'002
Debt including HRA settlement	170,279	170,234	170,234	182,116	182,116	182,115
Other long-term liabilities	12	1,000	1,000	1,000	1,000	1,000
HRA HIP	-	58,382	67,415	76,448	85,481	94,515
General Fund HIP	-	-	-	-	-	-
Other General Fund capital programme	-	7,899	41,838	50,514	49,663	49,663
Service investment activities / non-financial investments	-	50,000	118,625	121,625	124,000	124,000
Total Operational Boundary	**170,291**	**287,515**	**399,112**	**431,703**	**442,260**	**451,293**

Treasury Indicators

1.33 The following indicators used to be part of the Prudential Code and are now part of the Treasury Management Code of Practice.

1.34 Maturity structure of borrowing:

a) Upper and Lower Limits respectively for the Maturity Structure of Fixed Interest Rate Borrowing:

Table 11

Period	Upper	Lower
Under 12 months	20%	0%
12 months & within 24 months	20%	0%
24 months & within 5 years	20%	0%
5 years & within 10 years	20%	0%
10 years & above	100%	0%

b) Upper and Lower Limits respectively for the Maturity Structure of Variable Interest Rate Borrowing:

Table 12

Period	Upper	Lower
Under 12 months	100%	0%
12 months & within 24 months	100%	0%
24 months & within 5 years	100%	0%
5 years & within 10 years	100%	0%

c) Upper limits to fixed interest rate and variable interest rate exposures on borrowing:

Table 13

Year	Upper Limit - Fixed Rate	Upper Limit - Variable Rate
2022/23	100%	30%
2023/24	100%	30%
2024/25	100%	30%

1.35 Upper limit on total principal sums invested for periods longer than a year:

- The total maximum sum that can be invested for more than 365 days is 70% of the core investment portfolio, subject to a maximum of £30 million at any one time.

However, where investments which originally were for periods of more than 365 days currently have 365 days or less to maturity at the 1 April each year they shall be classed from that date as short term i.e., less than 365 day investments and will not count against the 70% or £30 million limit.

Economic Background

UK

COVID-19 vaccines

These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year.

However, the bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations.

Rather than go for full lockdowns which heavily damage the economy, the Government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations. There is now a race on between how quickly boosters can be given to limit the spread of Omicron, and how quickly will hospitals fill up and potentially be unable to cope. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues.

With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism, and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of Government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working, similar to the pingdemic in July. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid.

However, the biggest impact on growth would come from another lockdown if that happened. The big question remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

Covid remains a major potential downside threat as we are most likely to get further mutations. However, their severity and impact could vary widely, depending on vaccine effectiveness and how broadly it is administered.

A summary overview of the future path of Bank Rate

- After the Bank of England became the first major western central bank to put interest rates up in this upswing in December, it has quickly followed up its first 0.15% rise by another 0.25% rise to 0.50%, in the second of what is very likely to be a series of increases during 2022.

- The Monetary Policy Committee voted by a majority of 5-4 to increase Bank Rate by 25bps to 0.5% with the minority preferring to increase Bank Rate by 50bps to 0.75%. The Committee also voted unanimously for the following:
    - to reduce the £875n stock of UK government bond purchases, financed by the issuance of central bank reserves, by ceasing to reinvest maturing assets.
    - to begin to reduce the £20bn stock of sterling non-financial investment-grade corporate bond
    - purchases by ceasing to reinvest maturing assets and by a programme of corporate bond sales to be completed no earlier than towards the end of 2023.
- The Bank again sharply increased its forecast for inflation – to now reach a peak of 7.25% in April, well above its 2% target.
- The Bank estimated that UK GDP rose by 1.1% in quarter 4 of 2021 but, because of the effect of Omicron, GDP would be flat in quarter 1, but with the economy recovering during February and March. Due to the hit to households' real incomes from higher inflation, it revised down its GDP growth forecast for 2022 from 3.75% to 3.25%.
- The Bank is concerned at how tight the labour market is with vacancies at near record levels and a general shortage of workers - who are in a very favourable position to increase earnings by changing job.
- As in the December 2021 MPC meeting, the MPC was more concerned with combating inflation over the medium term than supporting economic growth in the short term. However, what was notable was the Bank's forecast for inflation: based on the markets' expectations that Bank Rate will rise to 1.50% by mid-2023, it forecast inflation to be only 1.6% in three years' time. In addition, if energy prices beyond the next six months fell as the futures market suggests, the Bank said CPI inflation in three years' time would be even lower at 1.25%. With calculations of inflation, the key point to keep in mind is that it is the rate of change in prices – not the level – that matters. Accordingly, even if oil and natural gas prices remain flat at their current elevated level, energy's contribution to headline inflation will drop back over the course of this year. That means the current energy contribution to CPI inflation, of 2% to 3%, will gradually fade over the next year.
- So the message to take away from the Bank's forecast is that they do not expect Bank Rate to rise to 1.5% in order to hit their target of CPI inflation of 2%. The immediate issue is with four members having voted for a 0.50% increase in February, it would only take one member more for there to be another 0.25% increase at the March meeting.
- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

- In summary, with the high level of uncertainty prevailing on several different fronts, Link expect to have to revise their forecasts again - in line with whatever the new news is.
- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows:
    - Raising Bank Rate as "the active instrument in most circumstances".
    - Raising Bank Rate to 0.50% before starting on reducing its holdings.
    - Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
    - Once Bank Rate had risen to at least 1%, it would start selling its holdings.

USA

- Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November, **CPI inflation hit a near 40-year record level of 6.8%** but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decade high.
- **Shortages of labour** have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.
- Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the **Fed's meeting of 15 December** would take aggressive action against inflation. Accordingly, the rate of tapering of monthly $120bn QE purchases announced at its November 3 meeting. was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started discussions on running down the stock of QE held by the Fed. Fed officials also expected three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts. What was also significant was that this month the Fed dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation: the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time". It did not see Omicron as being a major impediment to the need to take action now to curtail the level of inflationary pressures that have built up, although

Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.

EUROZONE

- The slow role out of vaccines initially delayed **economic recovery** in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.
- **November's inflation figures** breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022. Core goods inflation rose to 2.4% in November, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to *persistently* higher services inflation - which would get the ECB concerned. The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.
- **ECB tapering.** The ECB has joined with the Fed by also announcing at its meeting on 16 December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.
- The ECB will now also need to consider the impact of **Omicron** on the economy, and it stated at its December meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.
- The EU has entered a **period of political uncertainty** where a new German Government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable

gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

CHINA

- After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of **2020**; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.
- However, the pace of economic growth has now fallen back in **2021** after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time. The **People's Bank of China** made a start in December 2021 on cutting its key interest rate marginally to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will probably leave the heavy lifting in supporting growth to fiscal stimulus by central and local government.
- Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

JAPAN

- 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.
- The Bank of Japan is continuing its **very loose monetary policy** but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida, having

won the November general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

WORLD GROWTH

- World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a **reversal of world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

SUPPLY SHORTAGES

- The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

INTEREST RATE FORECASTS

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is now to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed or unable to be administered fast enough to stop the NHS being overwhelmed.
- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.
- **Bank of England** acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- The **Government** acts too quickly to cut expenditure to balance the national budget.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine / Russia, Iran, China, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast.

Link Group forecast

- Link now expect the MPC to sharply increase Bank Rate during 2022 to combat the sharp increase in inflationary pressures. They do not think that the MPC will embark on a series of increases in Bank Rate of more than 1.00% during the current and next three financial years as they do not expect inflation to return to being sustainably above 2% during this forecast period.
- **With unpredictable virus factors now being part of the forecasting environment, there is a risk that forecasts could be subject to significant revision during the next three years.**

Title: Amendments to the Constitution
Lead Officer: Graham Leach, Democratic Services Manager & Deputy Monitoring Officer (graham.leach@warwickdc.gov.uk or 01926 456114)
Portfolio Holder: Councillor Day
Wards of the District directly affected: None

Summary

The report brings forward proposals to increase the value set for Key Decisions and to create an Audit & Standards Committee.

Recommendation(s)

That subject to the views of the Finance & Audit and Overview & Scrutiny Committee, the Cabinet recommends to Council that:

(1) it approves the definition of a key decision aligns with proposals for the Joint Cabinet Committee and the value set by Stratford-on-Avon District Council, as set out at Appendix 1 to the report.

(2) for the new Municipal year, the Council approves the creation of an Audit & Standards Committee, composed of 11 members, with the responsibilities as set out at Appendix 2 to the report.

(3) from the new Municipal Year the Finance & Audit Scrutiny Committee ceases to exist and its scrutiny responsibility be passed to the Overview & Scrutiny Committee;

(4) Audit & Standards Committee meets at least quarterly, on the dates currently scheduled for Standards Committee, and the Cabinet meetings move to the day after Overview & Scrutiny Committee.

(5) the Monitoring Officer is asked to consult with the Independent Remuneration Panel on the proposals and any adjustments they may recommend to the Special Responsibilities Allowances for the Committees.

(6) the Monitoring Officer be delegated authority to update the Constitution to reflect the approved changes.

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1 Background/Information

1.1 Key Decisions

1.1.1 With the commitment from both Warwick and Stratford-on Avon District (SDC) Councils to merge as a single South Warwickshire District Council, each service area is looking to align process and policy across both Councils.

1.1.2 One decision in this area is in respect of the definition of a key decision. This is an important value to agree early on, as alignment of this provides a more consistent position in respect of the Joint Cabinet Committee.

1.1.3 Warwick District Council currently defines a key decision as a decision which has a significant impact or effect on two or more Wards and/or a budgetary effect of £50,000 or more.

1.1.4 The Warwick District Council defined value of £50,000 has been in place since the introduction of the original Forward Plan requirement under the Local Government Act 2000. If the figure had been indexed to inflation, 22 years later, it would now be greater than £78,000. Therefore, it is considered appropriate to review it at this time.

1.1.5 The proposed value of £150,000 is treble the current value set by Warwick but it will align with the current value set by SDC and that proposed as key decisions for the Joint Cabinet Committee. The wording also provides an improved clarification on a key decision, overall compared to the definition used by Warwick at present.

1.1.6 While this may be considered a significant change, operationally, at this time, little will change for Warwick District Council. This is because Warwick District Council would still list any report coming to Cabinet on its Forward Plan with publication 28 days in advance of the meeting.

1.2 **Audit & Standards Committee**

1.2.1 The second part of the proposal brought forward is the creation of an Audit & Standards Committee ("the Committee"). This would align, more closely, with the SDC Committee structure.

1.2.2 The Committee would take in the responsibilities of the current Standards Committee, the Audit responsibilities from the Finance & Audit Scrutiny Committee and some responsibilities from the Licensing & Regulatory Committee.

1.2.3 In respect of the audit aspect the Committee would take all the responsibilities of the Audit Committee as currently defined within the Constitution, Part 3, Responsibility for Functions, sub heading G, Finance & Audit Scrutiny Committee.

1.2.4 In respect of the Licensing & Regulatory Committee, the Committee would take the responsibilities in respect of electoral matters and ward boundaries.

1.2.5 In addition a new responsibility is added to the remit of the Committee "*Power to make determinations at Code of Conduct Hearings: Arrangements for Dealing with complaints of Councillor misconduct*" to provide clarification of its role in determining Members' Code of Conduct matters.

1.2.6 It is proposed that the new Committee would have the remit as defined at Appendix 2 to the report. This is broadly the same as SDC with a few exceptions. These are:

- Review the Council's involvement on Outside Bodies;
- Monitor the content, quality and delivery of training for Councillors in connection with the planning and licensing processes and the attendance of Councillors at such training;
- Oversee compliance with Freedom of Information legislation;
- Grant and supervise exemptions from political restrictions;
- Monitor complaints handling and Ombudsman investigations including consideration of issues raised by the Ombudsman;
- Overview the Council's Whistleblowing Policy and Procedure;

1.2.7 In respect of these variances to the remit of the Audit & Standards Committee at SDC, these are considered reasonable at this time for the following reasons:

- *Review the Council’s involvement on Outside Bodies* – This is currently undertaken by Overview & Scrutiny Committee, in partnership with the Monitoring Officer as part of the annual feedback/scrutiny of the work undertaken by Outside appointments each year.
- *Monitor the content, quality and delivery of training for Councillors in connection with the planning and licensing processes and the attendance of Councillors at such training* – At present this work is undertaken by the Leadership Co-ordination Group and as officers have been asked to consider alignment of member development at this stage it is considered appropriate not to change this at Warwick, as there may be a need for further changes later in the year.
- *To oversee compliance with Freedom of Information legislation* – This is undertaken through quarterly performance data being made available to all Councillors for review and to raise with scrutiny if there are concerns.
- *To grant and supervise exemptions from political restrictions* – This matter is delegated to the Chief Executive at Warwick as it is considered to be a staffing matter and appropriate for the Chief Executive to determine after taking the view of the Monitoring Officer.
- Monitor complaints handling and Local Government & Social Care Ombudsman (“LGSCO”) investigations including consideration of issues raised by the LGSCO; the LGSCO recommends that their annual report is presented to Overview & Scrutiny Committee for consideration. Quarterly data is presented to all Councillors through the performance management information. From April 2022, the Joint Management Team will also receive reports detailing enhanced monitoring information detailing outcomes and learning points from complaints. At present the Council’s complaint process is in the early stages of a review to produce an aligned policy (including monitoring) across both SDC and Warwick. Therefore it is considered appropriate not to move this at present.
- Overview the Council's Whistleblowing Policy and Procedure – This is going to be reviewed further by Officers to understand the role in detail as the approval of the policy would be a Cabinet decision.

1.2.8 The proposal would see a reduction in number of formal decision-making Committees for the Council as well as a reduction in the number of Scrutiny Committees. Therefore Council needs to be content that any revisions allow for appropriate decision making and robust scrutiny of the Cabinet.

1.2.9 It is recognised that the workload of the current Standards Committee at Warwick District is not significant. This proposed revision to its remit to include the additional responsibilities, would enable greater focus on this area work by Councillors.

1.2.10 At present the scrutiny workload is shared fairly evenly between Overview & Scrutiny Committee and Finance & Audit Scrutiny Committee, with them both focusing on specific core areas. This has been developed by the two Committees through the use of a criteria on which Cabinet matters they will consider. This has led to a greater focus on the strategic aspects rather than details which can lead to meetings becoming bogged down and not focussing on the community as a whole.

1.2.11 It is important this good work is not undone and by overloading the Overview & Scrutiny Committee with the valuable pre-Cabinet work and its own scrutiny work of other matters such as performance of service delivery and monitoring the merger with SDC and how this impacts on service delivery/performance.

1.2.12 A key area where this may impact is the aspect of financial and project management scrutiny. Specifically the setting of fees and charges and the budget. In these instances it is proposed that Cabinet would remain on the Thursday to allow for either an additional (reserve) night for Overview & Scrutiny or a dedicated Member Group to publicly scrutinise the detail of the fees and charges and the budget. The proposals for these specific instances, to ensure good governance and public visibility, are to be developed by the Chairs of the Overview & Scrutiny Committee and the Audit & Standards Committees in the summer of 2022.

1.2.13 Some Pre-Scrutiny, to develop and advise on specific areas of work, is undertaken through the Programme Advisory Boards (PABs). This also helps to develop Councillor engagement and ownership of specific work streams. Officers are aware that not all matters considered by the Cabinet are passing through PABs, even as an outline and that some PABs are more active than others. The Leader will be discussing this with the individual PAB chairs within the next month.

1.2.14 To further enhance PABs the Leader will be making it clear to their Portfolio Holders that any significant changes in fees and charges and/or bids for growth must be considered by the relevant PAB before they come forward to Cabinet and Council. In addition the views of the PAB should also be included within the report to the Cabinet.

1.2.15 The improved use of pre-scrutiny questions, over recent months, including the publication of these on-line for all parties to see, has helped further enhance scrutiny across the Council and focus on core issues. Further development of this approach will continue over the coming months, including the potential for Scrutiny to comments on reports based on these questions without the need for specific officer representation of the report at their meeting. Overall the measures above should leave the Overview & Scrutiny Committee with some additional work but not a significant increase.

1.2.16 It is noted that the Standards Committee, is at present, only scheduled to meet four times in the next Municipal year. The change in remit would require some changes to the adopted Calendar of meetings. These may need to be revised and will be considered in partnership with the Audit & Risk Manager for Warwick District Council to work out the most appropriate dates.

1.2.17 Overall though the proposal should see a reduction in the number of formal Committee meetings that take place, solely for Warwick District Council, which should help to offset any increase from any expansion in the number of Joint Committee meetings that may occur.

1.2.18 It should be noted that the Audit & Standards Committee at SDC includes two co-opted Parish/Town Council representatives who provide the Committee with a view in respect of Code of Conduct matters relating to Town/Parish Councils. This is considered appropriate for Warwick District Council as well and proposals for this are being developed for consideration by the current Standards Committee in April.

1.2.19 The proposal will also mean the WDC Independent Persons are present when Audit matters are considered. At SDC the two Independent Persons are invited to all meetings of its Audit and Standards Committee and, subject to the Chairman’s consent, are able to contribute to discussion of agenda items relating to standards.

1.2.20 Once the Committee is established and membership known there will be a programme of training identified for them. Equally discussion will be held with the Chairman of the Overview & Scrutiny Committee as to specific support for their Committee and membership with thew wider remit.

1.2.21 It should be noted that the removal of the Finance & Audit Scrutiny Committee enables the Cabinet to meet on a Wednesday evening instead, thus reducing the number of consecutive nights Councillors have for meetings.

1.2.22 It is proposed that the Committee has a membership of 11 Councillors which would be politically proportionate to the Size of the Council. It would also be expected that the Leader, or their nominated deputy, attends each meeting.

2 Alternative Options available to Cabinet

2.1 There are a number of alternative options that could be considered, many of which focus around leaving the current arrangements in place, while the Council awaits the decision from the Department of Levelling Up Housing and Communities on the bid to merge with SDC.

2.2 The planned merger presents a number of opportunities for the Council to work more closely with SDC, a way of achieving this could be through joint scrutiny work of key strategic matters, rather than individual scrutiny. Therefore either to replace this proposal and/or enhance it further Cabinet could include proposals for Joint Scrutiny arrangements with SDC. This is being considered as part of wider proposals but at present it is considered, even with the Joint Cabinet Committee, accountability to the respective District is the more appropriate form to provide assurance to the respective local communities.

3 Consultation and Member’s comments

3.1 The report has been informally considered by the Cabinet and Group Leaders who raised no objections to the proposal.

3.2 The Chairmen of the Standards Committee and Licensing & Regulatory Committee have discussed the report with the Leader and have raised no objection to the proposal.

3.3 The Chair of the Overview & Scrutiny Committee has considered the report and sought assurances regarding: the fees & charges and budget scrutiny; and the pre-scrutiny question process. As a result clarification has been included within the report that the Chair of Overview & Scrutiny and the Chair of Audit & Standards will bring forward proposals on the scrutiny of the fees & charges and budget in the summer. In respect of pre-scrutiny additional commentary has been included in the report about commenting on reports.

3.4 The report was also subject to a briefing for all Councillors on 30 March 2022. There were questions with regard to training, transparency and the impact on length of scrutiny meetings. Details of training are now included in the report. In respect of Transparency the aim is to get all PABs working to the same level and frequency to improve member engagement across the Council and not to replace scrutiny. In respect of length of meeting of scrutiny this will be monitored as it is considered this may be lower than expected.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 Include a summary of the legal or human rights implications of the proposal.

4.2 **Financial**

4.2.1 There may be a marginal saving in allowances through the removal of the Finance & Audit Scrutiny Committee, but this is likely to be less than £2000.

4.3 **Council Plan**

4.3.1 In respect of Warwick District Council Business Plan the report has minimal overall effect but will make small contributions in respect of Climate Change and finances. The greatest impact will be in respect of a Committee with a smaller workload to focus on the audit work of the Council.

4.4 **Environmental/Climate Change Implications**

4.4.1 The report should see a reduction in the Council's grey fleet mileage and energy consumption for meeting rooms through the reduction in the number of overall meetings. This will however be minimal.

4.5 **Analysis of the effects on Equality**

4.5.1 The report does not affect equalities.

4.6 **Data Protection**

4.6.1 There are no data protection considerations

4.7 **Health and Wellbeing**

4.7.1 There are minimal gains to health and wellbeing with the reduction in the number of meetings, specifically within the same week for a few Councillors.

5 Risk Assessment

5.1 The primary risks associated with the report are those regarding governance and good scrutiny. The Council needs to assure itself that it has robust scrutiny and audit arrangements in place and these proposals do not reduce the overall effectiveness of this.

5.2 It is considered that the proposals do not reduce this effectiveness but this should be closely monitored and the view of the Council's external auditor should be sought on this proposal, prior to implementation and, if implemented, after 12 months of operation.

6 Conclusion/Reasons for the Recommendation

6.1 The proposals provide greater alignment with SDC ahead of the merger and intends to make the transition to a new Council smoother through gradual change.

Background papers:

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. <u>This is a legal requirement</u>.

You must also supply these when submitting the report.

Supporting documents:

This is not a legal requirement but may assist others in identifying documents you have referred to in producing the report.

Report Information Sheet

Please complete and submit to Democratic Services with report

Committee / Date	Cabinet 20 April 2022
Title of report	Amendments to the Constitution

Officer / Councillor Approval *required	**Date**	**Name**
Ward Members(s)		
Portfolio Holder	31/3/22	Andrew Day
Financial Services *		
Legal Services (*SDC)		
Other Services		
Chief Executive(s)	28/3/22	
Head of Services(s)*	28/3/22	Phil Grafton
Section 151 Officer	28/3/22	Mike Snow
Monitoring Officer	28/3/22	Phil Grafton
CMT (WDC)	28/3/22	
Leadership Co-ordination Group (WDC)	28/3/22	
Other organisations		

Final decision by this Committee or rec to another Cttee / Council?	Recommendation to Council on 27 April 2022
Contrary to Policy / Budget framework?	No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1283
Accessibility Checked?	Yes

Appendix 1

Definition of a Key Decision

A key decision means a decision made in the exercise of an executive function by any person (including officers) or body which meets one or more of the following conditions:

(1) The decision is likely to result in the Council incurring expenditure or the making of savings in excess of £150,000. Excluded from this are all loans to banks or other financial institutions made in accordance with the Treasury Management Strategy.

Officers' delegated powers to make The Cabinet decisions are subject to the key decision/call-in regime where it is likely that the Council would incur expenditure or make savings above the threshold of £150,000.

In relation to letting contracts the key decision is the proposal to let a contract for a particular type of work. The subsequent decision to award the contract to a specific contractor will not be a key decision provided the value of the contract does not vary above the estimated amount by more than 10% for contracts with a value of up to £500,000 or 5% for contracts of over £500,000;

(2) The decision is likely to be significant in terms of its effects on communities living or working in any two or more Wards.

In considering whether a decision is likely to be significant, a decision-maker will need to consider the strategic nature of the decision and whether the outcome will have an impact, for better or worse on the amenity of the community or quality of service provided by the Council to a significant number of people living or working in the locality affected.

Appendix 2

Audit & Standards Committee remit

To exercise the following duties:-

i. To promote and maintain high standards of conduct by members of the Council.
ii. To ensure members of the Council observe the Council's Code of Conduct.
iii. To advise the Council on the adoption or revision of a Code of Conduct.
iv. Monitor the operation of the Code of Conduct.
v. To provide advice and training (or arrange training) for members on matters relating to the Code of Conduct.
vi. To recommend to the Council on the appointment of Independent persons for the Council and of the Code of Conduct adopted by the Parish and Town Councils in the district.
vii. To consider and determine requests for dispensation from requirements relating to the adopted Members' Code of Conduct.
viii. *Power to make determinations at Code of Conduct Hearings: Arrangements for Dealing with complaints of Councillor misconduct*
ix. Approve (but not direct) internal audit's strategy, plan and performance
x. Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary
xi. Consider the reports of external audit and inspection agencies
xii. Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
xiii. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
xiv. Be satisfied that the authority's assurance statements, properly reflect the risk environment and any actions required to improve it
xv. Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
xvi. Review the financial statements, external auditor's opinion and report to members, and monitor management action in response to the issues raised by external audit.
xvii. approve the Council's Audited Statement of Accounts.
xviii. All matters relating to elections and electoral registration including the appointment of Councillors to a Parish or Town Council under Section 91 of the Local Government Act 1972.
xix. All the powers and duties of the Council relating to Parliamentary Elections and Boundary Reviews.

Agenda Item No 7
Cabinet
11 April 2022 (SDC), 20 April 2022(WDC)

Title: Safeguarding Adults and Children Policy, Procedures, and Information

Lead Officer: Marianne Rolfe
Portfolio Holders: Councillor Jo Barker, Councillor Judy Falp
Wards of the Districts directly affected: All

Summary

This report seeks approval from Stratford District Council (SDC) and Warwick District Council (WDC) Cabinets for joint Safeguarding Policy, Procedures, and Information documents.

Recommendation(s)

(1) That Cabinets approve the joint Safeguarding Policy, Procedures and Information documents as set out at Appendix 1.

(2) That Cabinets agree that approval for any future minor changes is delegated to Strategic Lead Safeguarding Officer in consultation with the Member Champions for Safeguarding.

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1 Background/Information

1.1 Both Councils currently have their own specific safeguarding policies and procedures.

1.2 The WDC safeguarding policy for adults and children was approved in October 2019 and has received minor revisions to contact information.

1.3 SDC has a safeguarding policy for adults and a separate one for children. The adults' policy was approved in July 2018 and the children's policy was due for review in 2020.

1.4 In October 2021 the first joint SDC and WDC Safeguarding Groups meeting was held to progress working together towards service integration. The joint Group agreed to align safeguarding policies and procedures to build on the good practice across both authorities.

1.5 As a result, the joint Safeguarding Policy, Procedures, and Information documents were developed.

2 Alternative Options available to Cabinet

2.1 As the purpose of this report is seek approval of joint safeguarding documents to progress service integration, there are no alternative options.

3 Consultation and Member's comments

3.1 SDC and WDC Safeguarding Groups, including the Member Champions, Warwickshire Safeguarding and both SDC and WCC Legal Services were consulted on the new documents and feedback was incorporated.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 The proposal is in line with current legislation where applicable.

4.2 Financial

4.2.1 The proposal has no financial or budgetary implications for either Council.

4.3 Council Plan

4.3.1 Stratford District Council Plan

4.3.2 Putting residents and communities centre stage - Safeguarding is a high-profile area which requires that we respond to residents effectively and efficiently by placing them centre stage.

4.3.3 Working on regional, national, and international stages - Safeguarding involves working in partnership with Warwickshire Safeguarding Partnership, local district and borough councils, as well as other local and national agencies.

4.3.4 Enhancing the quality of Stratford-on-Avon as a place - Having the necessary safeguarding policy, procedures and protections in place improves the health and wellbeing of all residents as well as maintaining the high level of community safety and addresses perceptions of crime.

4.3.5 Warwick District Council Plan

4.3.6 People - Health, Homes, Communities – This proposal will make a direct contribution to supporting health and well-being in Warwick district by enhancing the existing governance arrangements and partnership working. Ensuring that adults and children are safeguarded contributes to better health.

4.3.7 People – Effective Staff – As safeguarding is everyone's business, all staff are aware of safeguarding issues and know how to report a safeguarding concern.

4.3.8 Services – Green, Clean, Safe – WDC has a legal duty for safeguarding which improves community safety by ensuring that adults and children are safeguarded.

4.4 Environmental/Climate Change Implications

4.4.1 None

4.5 Analysis of the effects on Equality

4.5.1 None

4.6 Data Protection

4.6.1 None

4.7 Health and Wellbeing

4.7.1 The proposal ensures that safeguarding processes and measures are in place and delivered to support adults and children. This contributes to improving the health and wellbeing of the residents and communities.

5 Risk Assessment

5.1 If we fail to deliver safeguarding, children and adults would be at risk of harm.

6 Conclusion/Reasons for the Recommendation

6.1 It is recommended the joint Safeguarding Policy, Procedures and Information documents are approved to progress service integration and alignment of safeguarding practice across both authorities.

Background papers:

The SDC Safeguarding Policy for Adults, SDC Safeguarding and Child Protection Policy and WDC Safeguarding Adults and Children Policy are available on request.

Supporting documents:

None

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	Cabinets: SDC 11 April 2022, WDC 20 April 2022
Title of report	Safeguarding Adults and Children Policy, Procedures, and Information

Consultations undertaken		
Consultee *required	**Date**	**Details of consultation /comments received**
Ward Member(s)		
Portfolio Holder WDC & SDC *	22/3/22	
Financial Services *	14/3/22	
Legal Services *	14/3/22	
Other Services		
Chief Executive(s)	14/3/22	
Head of Service(s)	14/3/22	
Section 151 Officer	14/3/22	
Monitoring Officer	14/3/22	
CMT (WDC)	14/3/22	
Leadership Co-ordination Group (WDC)		
Other organisations		
Final decision by this Committee or rec to another Ctte/Council?		Recommendation to: Cabinet Report also going to SDC Cabinet 11/4/22

Contrary to Policy/Budget framework		No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		Yes, Forward Plan item 1263, scheduled for Cabinets - SDC 11/4/22, WDC 20/4/22
Accessibility Checked?	17/2/22	yes

Safeguarding Adults and Children Policy

Working Together

Version 1: 3/3/2022

Contents	**Page number**

1. INTRODUCTION

Safeguarding is a term used to denote measures to protect the health, well-being and human rights of individuals, which allow people, especially children, young people and adults with care and support needs (referred to as adults in this Policy), to live free from abuse, harm and neglect, and to have the right to participate and be safe in accessing services.

Abuse is the misuse of power and control that one person has over another and may result in significant harm or exploitation of the person subjected to it. It can take place anywhere by anyone. It can be a single act or repeated acts. In most cases, the abuser is known to the person and is in a position to gain their trust, exert pressure or have power over them.

2. POLICY STATEMENT

This is a joint Policy for Stratford District Council (SDC) and Warwick District Council (WDC), referred to as the Councils in the Policy. The purpose of the Policy is to ensure the Councils comply with their legal duty for safeguarding as the wide-ranging nature of their work gives many staff substantial access to children, young people, and adults.

The Policy applies to all staff, Members, and contractors of the Councils who may come into contact with children, young people and adults in the course of their work, whether in someone's home, on council premises or in the community.

The Councils will safeguard and promote the welfare of children, young people, and adults by:

- raising awareness of safeguarding responsibilities
- promoting wider awareness with partners, agencies, user groups and contractors
- actively encouraging good practice
- creating a safe and healthy environment within all their services which avoids situations where abuse or allegations of abuse may occur
- respecting and promoting the rights, wishes and feelings of children, young people, and adults
- working closely with other agencies to listen to children, young people, and adults, to minimise danger
- recruiting, supervising, and supporting those who work with or come into contact with children, young people and adults to adopt best practice to safeguard and protect them from abuse, and themselves against false allegations
- ensuring those people who work with children, young people and adults undergo DBS (Disclosure and Barring Service) checks as appropriate
- providing appropriate training to enable the potential signs and indicators of abuse to be recognised
- responding to any allegations appropriately and implementing the necessary disciplinary and appeals procedures in accordance with relevant procedures and those of Warwickshire Safeguarding
- ensuring all contractors who undertake work that involves or impacts on the lives of children, young people and adults, have equivalent or better safeguarding arrangements than those contained within this Policy

3.MAKING SAFEGUARDING PERSONAL

This is a sector-led initiative which aims to develop an outcomes-focus and a range of responses to support people to improve or resolve their circumstances.

It is underpinned by six principles of safeguarding (as included in The Care Act 2014) which are:

- Empowerment: people being supported and encouraged to make their own decisions and informed consent
- Protection: support, protection, and representation for those in greatest need
- Prevention: it is better to take action before harm occurs

- Proportionality: proportionate and least intrusive response appropriate to the risk presented
- Partnership: providing local solutions through services working with communities
- Accountability: accountability and transparency in safeguarding practice

The key focus is on developing a real understanding of what people want to achieve and working with them, (and their representatives or advocates if they lack capacity), to discuss, agree, record and realise their desired outcomes.

4. LEGAL FRAMEWORK

Child safeguarding

The Children Act 2004 places a statutory duty on all prescribed agencies to safeguard and promote the welfare of children. The prevailing statutory guidance is Working Together to Safeguard Children 2018 and the Children and Social Work Act 2017 .

Adult safeguarding

The Care Act 2014 defines safeguarding as protecting an adult's right to live in safety, free from abuse and neglect. It is about people and organisations working together to prevent and stop circumstances arising where an adult feels at risk of or experiences abuse or neglect, while at the same time making sure that the adult's wellbeing is being promoted.

5. OTHER POLICY GUIDANCE

About adults

West Midlands Policy and Procedures - Adult Safeguarding
Warwickshire Safeguarding Hoarding and Self Neglect

About children

West Midlands Procedures for Children's Safeguarding
Warwickshire Safeguarding Spectrum of Support
Warwickshire Safeguarding Restorative Practice
West Midlands Procedures for Protecting Children who move across Local Authority borders

About adults and children

Warwickshire Safeguarding Escalation Protocol
Warwickshire Safeguarding Think Family Protocol
Domestic Abuse Act 2021

6. SAFEGUARDING ROLES AND RESPONSIBILITIES

The primary safeguarding duties fall on Warwickshire County Council (WCC) as social services authority and their role in safeguarding can be found here.

Overall responsibility lies with the Councils' Chief Executives - David Buckland, SDC and Chris Elliott, WDC.

Strategic responsibility lies with Marianne Rolfe, Head of Community Protection, as Strategic Lead Safeguarding Officer and named point of contact, as required by Section 11 of the Children Act 2004, for staff and agencies to raise and discuss safeguarding issues.

There is also a joint Safeguarding Group which meets regularly to consider safeguarding matters and members comprise Heads of Service, Officer Safeguarding Representatives and Member Safeguarding Champions (see Contacts below).

The Councils' responsibilities are as follows:

- to have specific duties to co-operate with WCC, both in general and in specific cases to safeguard and promote the welfare of children, young people, and adults

- to be committed to ensuring the needs and welfare of the people they have a duty to keep safe are considered by their staff, Members, and contractors in the provision of services and decision-making
- to be members of the Warwickshire Safeguarding Partnership, together with other local authorities and agencies in the county. Warwickshire Safeguarding ensures that safeguarding measures are met in Warwickshire and that children, young people and adults are protected from harm and abuse
- to be responsible for promoting the Council's safeguarding responsibilities under the Care Act 2014 and under Section 11 of the Children Act 2004.

7. SERVICE DELIVERY

The Councils are recognised as community leaders and major providers of services (as listed below) which means that they play a significant role in the protection of children, young people and adults.

- Asset Management including Repairs, Compliance and Building Surveying
- Community Protection including Environmental Health, Food and Safety, Licencing, Community Safety
- Cultural Services including Arts, Sports and Leisure
- Housing including Homelessness, Lifeline Services and Community Wellbeing
- Development Services including Planning, Building Control, Conservation
- Environmental and Operational Services including Bereavement Services, Contract Services, Car Parking, Waste Management

8. MONITORING AND REVIEW

Review of the Safeguarding Policy is a standard agenda item for the Safeguarding Groups meetings and the Policy will be updated as and when necessary, with details of changes in legislation, procedures, local and/or national guidelines.

Major changes will require Cabinet approval and minor updates will be approved by the Strategic Lead Safeguarding Officer in consultation with the Member Safeguarding Champions.

9. CONTACTS

Warwick District Council		
Title	**Named Officer**	**Contact Details**
Strategic Lead Safeguarding Officer and Lead Prevent Officer	Marianne Rolfe, Head of Community Protection	01926 456700 Marianne.Rolfe@warwickdc.gov.uk
Children's and Adults Safeguarding Champions	Councillor Judith Falp	Judith.falp@warwickdc.gov.uk
	Councillor Geraldine Cullinan	Geraldine.cullinan@warwickdc.gov.uk
Officer Safeguarding Representatives		
Department	**Named Officer**	**Contact Details**
Community Protection	Jon Barnett	01926 456742 Jon.barnett@warwickdc.gov.uk
	Julian Hill	01926 456010 Julian.Hill@warwickdc.gov.uk
	Lorna Hudson	01926 456320 Lorna.Hudson@warwickdc.gov.uk
	Liz Young (also Deputy Prevent Officer)	01926 456019 Liz.young@warwickdc.gov.uk
Cultural Services	Manoj Sonecha	01926 456221

		Manoj.Sonecha@warwickdc.gov.uk
Environmental and Operational Services	Zoe Court	01926 456314 Zoe.Court@warwickdc.gov.uk
Housing Services	James Baker	01926 456432 James.Baker@warwickdc.gov.uk
	Simon Brooke	01926 456427 Simon.Brooke@warwickdc.gov.uk
	Jane Rostron	01926 456445 Jane.Rostron@warwickdc.gov.uk
	Caroline Russell	01926 456411 caroline.russell@warwickdc.gov.uk
	Elaine Wallace	01926 456311 Elaine.Wallace@warwickdc.gov.uk
HR	Karen Weatherburn	01926 456307 Karen.weatherburn@warwickdc.gov.uk
Revenues, Benefits and Customer Services	Andrea Wyatt	01926 456831 Andrea.Wyatt@warwickdc.gov.uk
Stratford District Council		
Title	**Named Officer**	**Contact Details**
Strategic Lead Safeguarding Officer and Lead Prevent Officer	Marianne Rolfe, Head of Community Protection	01926 456700 Marianne.Rolfe@warwickdc.gov.uk
Portfolio Holder for Homes, Health and Wellbeing	Councillor Jo Barker	Jo.barker@stratford-dc.gov.uk
Officer Safeguarding Contacts		
Department	**Named Officer**	**Contact Details**
Chief Executive	David Buckland	01789 260425 David.buckland@stratford-dc.gov.uk
Community Protection	Karin Stanley (also Deputy Prevent Officer)	01789 260619 Karin.stanley@stratford-dc.gov.uk
	Jenny Logan	01789 260123 Jenny.logan@stratford-dc.gov.uk
Customer Services	Serena James	01789 260910 Serena.james@stratford-dc.gov.uk
Environmental and Operational Services	Craig Bourne	01789 260650 Craig.bourne@stratford-dc.gov.uk
	Julie Lewis	01789 260107 Julie.lewis@stratford-dc.gov.uk
	Lucy Wilkes	01789 260646 Lucy.wilkes@stratford-dc.gov.uk
Housing Services	Nick Cadd	01789 260841 Nick.cadd@stratford-dc.gov.uk
	Paul Chapman	01789 260964 Paul.chapman@stratford-dc.gov.uk
	Martin Cowan	01789 260849 Martin.cowan@stratford-dc.gov.uk
	Marie Darwen	01789 260108 Marie.darwen@stratford-dc.gov.uk

	Sunita Patel	01789 260957 Sunita.patel@stratford-dc.gov.uk
	Carol Roberts	01789 260112 Carol.roberts@stratford-dc.gov.uk
Human Resources	Laila Doman	01789 260709 Laila.doman@stratford-dc.gov.uk
Revenue & Customer Services	Jenni Love	01789 260901 Jenni.love@stratford-dc.gov.uk

Other contacts		
For child safeguarding	Warwickshire County Council - Warwickshire Safeguarding	01926 414144 or 01926 886922 (out of hours) triagehub@warwickshire.gov.uk https://www.warwickshire.gov.uk/childprotection
For adult safeguarding	Warwickshire County Council - Warwickshire Safeguarding	01926 412080 or 01926 886922 (out of hours) adultreferrals@warwickshire.gov.uk https://www.warwickshire.gov.uk/safeguardingadults
For care and support for adults	Warwickshire County Council	01926 410410
Police		Call 999 in an emergency or 101 for a non-emergency

10.CHANGE LOG

Version	Amended by	Date	Change	Approved by	Approval date	Action

Safeguarding Adults and Children Procedures

Working Together

Version 1: 3/3/2022

1.SAFEGUARDING
Safeguarding is a term used to denote measures to protect the health, well-being and human rights of individuals, which allow people - especially children, young people and vulnerable adults - to live free from abuse, harm and neglect.

2.YOUR SAFEGUARDING RESPONSIBILITIES
- Safeguarding is everyone's business
- It is not your job to judge or investigate but to report any suspicions you may have
- You are not responsible for deciding whether abuse has occurred
- If you have an instinct that something doesn't look or feel right, you have a duty to report your suspicions
- You need to report your concerns, see below

3.HOW TO REPORT A SAFEGUARDING CONCERN
- Anyone can report a safeguarding concern
- You don't need approval from your line manager, if you are unsure what to do you can contact one of the Safeguarding Representatives (see page 4)
- Where possible and appropriate, you need consent from the person you are referring, however, not having consent does not stop you from making a referral

The following information always applies:
- phone 999 in an emergency. In a non-emergency, phone 101
- when you have made a referral, also send a copy email to safeguarding@warwickdc.gov.uk with details of the referral

Is your concern about an adult?
- Phone Adult Social Care on 01926 412080, out of office hours phone 01926 886922

or
- email details to adultreferrals@wawrwickshire.gov.uk (your concern will not be dealt with as quickly)

Is your concern about a child? (someone under 18 years old)
- Phone the Front Door team (previously MASH) on 01926 414144, out of office hours phone 01926 886922

and
- Complete a MAC Form which can be downloaded from the Warwickshire Safeguarding website Report It (safeguardingwarwickshire.co.uk) and email to triagehub@warwickshire.gov.uk

If your concern is about any of the following
- Domestic abuse
- County Lines
- Cultural abuse
- Mobile families
- exploitation

follow the steps above for either an adult or a child

Is your concern about Modern Slavery or Human Trafficking
Contact Julian Hill 01926 456742 julian.hill@warwickdc.gov.uk
- In Julian's absence contact Jon Barnett 01926 456742 jon.barnett@warwickdc.gov.uk, Liz Young 01926 456019 elizabeth.young@warwickdc.gov.uk or Jane Rostron 01926 456445 jane.rostron@warwickdc.gov.uk
- Give as much information as you can i.e.
  - what work/actions are people being asked to do and where
  - gender, age
  - any other relevant factors about potential victims

    - who are the potential exploiters?
- send a copy email to safeguarding@warwickdc.gov.uk with your concerns

Is your concern about an officer or Member?
- contact Marianne Rolfe marianne.rolfe@warwickdc.gov.uk 01926 456700

Is your concern about extreme ideologies/radicalisation?
- To make a referral https://safeinwarwickshire.com/prevent/
- For more information contact Geoff Thomas, WCC Prevent Officer geoffthomas@warwickshire.gov.uk 01926 412432

4.INTELLIGENCE SHARING
If you have any additional situational or premises-related intelligence information which may be useful for Warwickshire Police, you can submit this by completing a Police reporting form, you will also need to send a copy of the form to safeguarding@warwickdc.gov.uk. The form can be used following interactions with the public. It is not to be used to report a safeguarding matter.

5.ESCALATION PROCESSES
If you have a disagreement about a safeguarding issue you need to discuss it first with your line manager or with one of the officers in the Contact list below. If you remain dissatisfied you can use the Warwickshire Safeguarding Escalation Protocol to escalate the matter.

6.WHISTLEBLOWING
Whistleblowing procedures are in place to encourage and enable staff to raise serious concerns within the Councils rather than overlooking a problem or "blowing the whistle" outside and makes it clear that an employee can do so without fear of victimisation, subsequent discrimination or disadvantage.
SDC Whistleblowing Policy
WDC Whistleblowing Policy

7.SPECTRUM OF SUPPORT
Warwickshire Safeguarding's Spectrum of Support provides a framework and guidance for anyone who works with children, young people and their families to ensure they get the right support, advice and services at the right time.

8.CONTACTS

Warwick District Council		
Title	**Named Officer**	**Contact Details**
Strategic Lead Safeguarding Officer and Lead Prevent Officer	Marianne Rolfe, Head of Community Protection	01926 456700 Marianne.Rolfe@warwickdc.gov.uk
Children's and Adults Safeguarding Champions	Councillor Judith Falp	Judith.falp@warwickdc.gov.uk
	Councillor Geraldine Cullinan	Geraldine.cullinan@warwickdc.gov.uk
Officer Safeguarding Representatives		
Department	**Named Officer**	**Contact Details**
Community Protection	Jon Barnett	01926 456742 Jon.barnett@warwickdc.gov.uk
	Julian Hill	01926 456010 Julian.Hill@warwickdc.gov.uk
	Lorna Hudson	01926 456320 Lorna.Hudson@warwickdc.gov.uk

	Liz Young (also Deputy Prevent Officer)	01926 456019 Liz.young@warwickdc.gov.uk
Cultural Services	Manoj Sonecha	01926 456221 Manoj.Sonecha@warwickdc.gov.uk
Environmental and Operational Services	Zoe Court	01926 456314 Zoe.Court@warwickdc.gov.uk
Housing Services	James Baker	01926 456432 James.Baker@warwickdc.gov.uk
	Simon Brooke	01926 456427 Simon.Brooke@warwickdc.gov.uk
	Jane Rostron	01926 456445 Jane.Rostron@warwickdc.gov.uk
	Caroline Russell	01926 456411 caroline.russell@warwickdc.gov.uk
	Elaine Wallace	01926 456311 Elaine.Wallace@warwickdc.gov.uk
HR	Karen Weatherburn	01926 456307 Karen.weatherburn@warwickdc.gov.uk
Revenues, Benefits and Customer Services	Andrea Wyatt	01926 456831 Andrea.Wyatt@warwickdc.gov.uk
Stratford District Council		
Title	**Named Officer**	**Contact Details**
Strategic Lead Safeguarding Officer and Lead Prevent Officer	Marianne Rolfe, Head of Community Protection	01926 456700 Marianne.Rolfe@warwickdc.gov.uk
Portfolio Holder for Homes, Health and Wellbeing	Councillor Jo Barker	Jo.barker@stratford-dc.gov.uk
Officer Safeguarding Contacts		
Department	**Named Officer**	**Contact Details**
Chief Executive	David Buckland	01789 260425 David.buckland@stratford-dc.gov.uk
Community Protection	Karin Stanley (also Deputy Prevent Officer)	01789 260619 Karin.stanley@stratford-dc.gov.uk
	Jenny Logan	01789 260123 Jenny.logan@stratford-dc.gov.uk
Customer Services	Serena James	01789 260910 Serena.james@stratford-dc.gov.uk
Environmental and Operational Services	Craig Bourne	01789 260650 Craig.bourne@stratford-dc.gov.uk
	Julie Lewis	01789 260107 Julie.lewis@stratford-dc.gov.uk
	Lucy Wilkes	01789 260646 Lucy.wilkes@stratford-dc.gov.uk
Housing Services	Nick Cadd	01789 260841 Nick.cadd@stratford-dc.gov.uk
	Paul Chapman	01789 260964 Paul.chapman@stratford-dc.gov.uk
	Martin Cowan	01789 260849 Martin.cowan@stratford-dc.gov.uk

	Marie Darwen	01789 260108 Marie.darwen@stratford-dc.gov.uk
	Sunita Patel	01789 260957 Sunita.patel@stratford-dc.gov.uk
	Carol Roberts	01789 260112 Carol.roberts@stratford-dc.gov.uk
Human Resources	Laila Doman	01789 260709 Laila.doman@stratford-dc.gov.uk
Revenue & Customer Services	Jenni Love	01789 260901 Jenni.love@stratford-dc.gov.uk

Other contacts		
For child safeguarding	Warwickshire County Council - Warwickshire Safeguarding	01926 414144 or 01926 886922 (out of hours) triagehub@warwickshire.gov.uk https://www.warwickshire.gov.uk/childprotection
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9.CHANGE LOG

Version	Amended by	Date	Change	Approved by	Approval date	Action

Safeguarding Adults and Children Information

Working Together

Version 1: 3/3/2022

Contents	Page number

1.INTRODUCTION

The purpose of this Information document is to provide definitions of safeguarding terms and examples and signs of abuse, and to complement the Safeguarding Policy and Safeguarding Procedures documents.

2. DEFINITIONS

Safeguarding is a term used to denote measures to protect the health, well-being and human rights of individuals which allow people, especially children, young people and adults with care and support needs (referred to as adults in this document), to live free from abuse, harm and neglect and to have the right to participate and be safe in accessing services.

Abuse is the misuse of power and control that one person has over another and may result in significant harm or exploitation of the person subjected to it. It can take place anywhere, by anyone. It can be a single act or repeated acts. In most cases, the abuser is known to the person and is in a position to gain their trust, exert pressure or have power over them.

Abuse can include:

- Physical abuse
- Financial abuse
- Domestic abuse
- Emotional or psychological abuse
- Cultural abuse
- Discriminatory abuse
- Neglect
- Mobile families
- Criminal exploitation
    - Modern slavery
    - Human trafficking
    - Hate crime
    - County Lines
    - Cuckooing
    - Sexual exploitation
    - Counter terrorism (including Prevent, Channel, extremism, and radicalisation)

More information is included in section 7.

A child is defined as a person who has not yet reached their 18^{th} birthday (including unborn children).

Adult with care and support needs (referred to as an adult in this document) replaces the term 'vulnerable adult'. This could be someone who:

- lives in vulnerable circumstances or is at risk
- is frail due to age, ill health, physical disability or cognitive impairment, or any combination of these
- has a learning disability
- has sensory needs (blind, partially sighted or hearing impairment)
- has mental health needs (including dementia or personality disorder)
- has a long-term illness
- misuses substances or alcohol
- needs practical help or support due to any of the above, including visits to help them with personal care tasks, eating and drinking, managing their affairs or coping with other day to day activity.

Safeguarding duties apply to an adult who:

- has needs for care and support, whether or not these needs are being met by Adult Social Care

- is experiencing, or at risk of experiencing, abuse, or neglect
- is unable to protect themselves against abuse or neglect or the risk of it

These duties apply, regardless of whether or not the adult has mental capacity

Mental capacity is the ability to understand and make a decision when a decision needs to be made. The Mental Capacity Act 2005 covers people in England and Wales who can't make some or all decisions for themselves.

People working with or caring for adults who lack mental capacity have a legal duty to consider the Mental Capacity Act Code of Practice which says what you must do when you act or make decisions on behalf of people who can't do so themselves.

Staff can often feel that something needs to be done about the way in which a particular household or individual is living or behaving, particularly if the behaviour is because of:

- severe mental health problem(s)
- severe physical health problem(s)
- intoxication
- severe weather
- severe self-neglect
- possible threat from others (this may also require a police/safeguarding response).

The starting assumption must be that the person has the capacity to make the specific decision.

If there is evidence that the person has an "impairment of, or disturbance in the functioning of the mind or brain" (as indicated by a known or suspected mental health problem, learning disability, brain injury, dementia, or intoxication) then this may indicate a lack of capacity. If this is the case a Mental Capacity Act (MCA) assessment can take place.

The Mental Capacity Act Code of Practice gives more information about this.

The Councils are Stratford District Council (SDC) and Warwick District Council (WDC). Councils in this Policy

3.INFORMATION SHARING

The Warwickshire Safeguarding Information Sharing Agreement provides a framework to facilitate the appropriate sharing of information between the Warwickshire Safeguarding Partner Agencies to safeguard and promote the welfare of children and adults in Warwickshire and to protect them from harm.

The Information Sharing Agreement recognises that:

- information-sharing decisions should be recorded by the disclosing Partner Agency
- the General Data Protection Regulation ("GDPR") and the Data Protection Act 2018 (together, the "Data Protection Legislation") are not barriers to justified information sharing but rather ensure that information sharing is necessary, proportionate, relevant, adequate, accurate, timely and secure

4.CONFIDENTIALITY

Safeguarding concerns override GDPR requirements e.g. if someone's personal safety (safeguarding) was imminently at risk, staff may need to act even if this breaches GDPR.

Officers will need to keep a record of their decision and the reasons for it. If they decide to share, they need to record what has been shared, with whom and for what purpose.

A referral by an officer is regarded as a professional referral and officers should be aware that for cases relating to an adult at risk, the assumption of Warwickshire Safeguarding is that the family will be told where the referral has come from.

Officers should be aware that if there is a need by Warwickshire Safeguarding to open a Safeguarding Adults Review or Child Safeguarding Practice Review (previously known as Serious Case Reviews) they may be called to give evidence.

5.EQUALITY
The Safeguarding Policy and Safeguarding Procedures apply to children, young people and adults, irrespective of age, disability, sex, gender reassignment, race, religion or belief, or sexual orientation.

6.GOOD PRACTICE
The Councils must take all reasonable steps to ensure that unsuitable people are prevented from working with children, young people or adults by limiting the situations where abuse may occur and by promoting positive and safe working practices.

Recruitment and selection of staff
Staff will be appointed in line with the Councils' Recruitment and Selection policies which require all recruiting managers to confirm that they have checked the website https://www.gov.uk/find-out-dbs-check to determine whether a role requires a Disclosure and Barring Service (DBS) check or not and, if so, the level of check.

Periodically, an assessment of posts attracting a DBS (Standard or Enhanced) check will be undertaken to establish whether it is appropriate to retain this safeguard. Initially all posts will be evaluated for the requirement of a DBS check. New posts will be assessed when created and posts where responsibilities are adjusted, at the time of that change.

Supervision and appraisal
All staff working with or having regular contact with children, young people and adults should discuss safeguarding at one-to-ones and appraisals. Managers should be sensitive to any safeguarding concerns raised by their staff and act on them at an early stage and offer support to their staff.

Use of contractors
Officers should ensure that any contractor or sub-contractor whose work is likely to bring them into contact with children, young people or adults is monitored appropriately. Contractors should either have their own safeguarding policy or comply with the terms of the Councils' Policy. It is the responsibility of the manager who is using the services of the contractor to check that a policy is in place and that DBS checks have been made, as necessary.

Professional curiosity is:
- the capacity and communication skill to explore, understand and challenge what is happening rather than making assumptions or accepting initial explanations
- the need for respectful uncertainty
- being open to exploring different understandings

Thinking the unthinkable
It is natural to want to believe the best, to be overly optimistic, or just accept another's view. Thinking the unthinkable isn't about assuming the worst, it is:
- considering all possibilities
- keeping an open mind
- being able to think objectively about the evidence presented, and if it changes over time

- being prepared to accept information that does not fit with previous assumptions and assessments

Disguised compliance is:

- where someone gives the appearance of co-operating with agencies to avoid raising suspicions to allay professional concerns and, ultimately to diffuse professional intervention.

Examples can include not reporting domestic abuse to the police, so it appears that it has stopped happening, attending a run of appointments, and engaging with professionals for a short period of time.

7.MULTI-AGENCY WORKING

MARAC - Multi-Agency Risk Assessment Conference

A MARAC is a meeting held to share information on the highest risk domestic abuse cases between representatives of local police, health, child protection, housing practitioners, Independent Domestic Violence Advisors (IDVAs), probation and other specialists from the statutory and voluntary sectors.

MARAM - Multi-Agency Risk Assessment Meetings

A MARAM is a proactive approach which focusses on prevention and early intervention, with professionals often responding to chronic or entrenched behaviours as part of their day-to-day work. MARAM differentiates itself from the statutory Section 42 of the Care Act 2014 which requires that each local authority must make enquiries (or cause others to do so) if it believes an adult is experiencing, or is at risk of, abuse or neglect. MARAM is intended to respond to a specific incident sometimes at a point of crisis when specific statutory criteria are engaged.

8.FORMS AND SIGNS OF ABUSE

Officers must be aware that there may be other reasons that someone may be exhibiting signs and indicators of abuse. Some people, for example those with disabilities, migrant adults and children, unaccompanied asylum-seeking children, victims of trafficking, domestic abuse and bullying may have additional care needs which should be taken into account when considering their behaviour.

Physical abuse: flinching when approached, unexplained injury, bruising, fractures, or repeated admissions to hospital

Sexual abuse: inappropriate sexual behaviour or knowledge for the person's age, running away from home, unexplained sources of money or gifts, inappropriate sexually explicit drawings or stories, sexual assault or rape by a partner, indecent exposure

Financial abuse: lack of money, unexplained withdrawals of money from accounts, disappearance of bank statements, documents, or valuables

Domestic abuse

The Domestic Abuse Act came into force on 30 April 2021, please see Domestic Abuse Act 2021 factsheet .

Domestic abuse is defined in Domestic Abuse Act 2021 as follows: the behaviour of a person A towards another person B is domestic abuse if A and B are each aged 16 or over and are personally connected (see below) to each other, and the behaviour is abusive (see below).

Personally connected - two people are personally connected to each other if any of the following applies:

- they are, or have been, married to each other

- they are, or have been, civil partners of each other
- they have agreed to marry one another, or they have entered into a civil partnership agreement (whether or not the agreement has been terminated)
- they are, or have been, in an intimate personal relationship with each other
- they each have, or there has been a time when they each have had, a parental relationship in relation to the same child i.e. the person is a parent of the child, or the person has parental responsibility for the child
- they are relatives

Behaviour is abusive if it consists of any of the following:

- physical or sexual abuse
- violent or threatening behaviour (see below)
- controlling or coercive behaviour (see below)
- economic abuse (see below)
- psychological, emotional, or other abuse

The behaviour may consist of a single incident or a course of conduct.

A's behaviour may be behaviour towards B even though it consists of conduct directed at another person (for example, B's child under the age of 18 years).

Threatening behaviour includes threats of violence, threats of suicide or threats to take the children from the abused person

Controlling behaviour is a range of acts designed to make a person subordinate and/or dependent by isolating them from sources of support, exploiting their resources and capacities for personal gain, depriving them of the means needed for independence, resistance and escape, and regulating their everyday behaviour.

Coercive behaviour is an act or a pattern of acts of assault, threats, humiliation and intimidation or other abuse that is used to harm, punish or frighten their victim.

Economic abuse is any behaviour that has a substantial adverse effect on B's ability to acquire, use or maintain money or other property, or obtain goods or services.

Children as victims of domestic abuse applies

- where the behaviour of person A towards another person B is domestic abuse
- any reference to a victim of domestic abuse includes a reference to a child who sees or hears, or experiences the effects of, the abuse, and is related to A or B
- a child is related to a person if the person is a parent of, or has parental responsibility for, the child, or the child and the person are relatives

Emotional or psychological abuse: person appears anxious, withdrawn, exhibits low self-esteem, especially in the presence of the alleged abuser

Cultural abuse includes:

- honour-based violence - when families feel that dishonour has been brought to them. Violence is often committed with a degree of collusion from family members and the community.
- forced marriage - when one or both of the parties is married without their consent or against their will
- female genital mutilation involves procedures that intentionally alter or injure female genital organs for non-medical reasons

Discriminatory abuse: unequal treatment, verbal abuse, inappropriate use of language, harassment, deliberate exclusion, assumptions made based on stereotypical ideas held about one aspect of a person

Neglect (self-neglect or by neglect by others): poor physical appearance, sudden or continuous weight change, refuses medication or care, has inadequate heating or lighting in their home, callers or visitors are refused access to the person

Mobile families: experience frequent changes of address and can find it difficult to access the services they need. They are likely to lose contact with previous support networks and become disengaged from services.

Criminal Exploitation: where an individual or group takes advantage of an imbalance of power to coerce, control, manipulate or deceive a child, young person under the age of 18 or adult into any criminal activity

- in exchange for something the victim needs or wants
- for the financial or other advantage of the perpetrator or facilitator
- through violence or the threat of violence

The victim may have been criminally exploited even if the activity appears consensual. Exploitation does not always involve physical contact, it can also occur through the use of technology.

Criminal exploitation includes:
Modern Slavery - the illegal exploitation of people for personal or commercial gain. It covers a wide range of abuse and exploitation including sexual exploitation, domestic servitude, forced labour, criminal exploitation and organ harvesting. Victims of modern slavery can be any age, gender, nationality and ethnicity but may not recognise themselves as victims. They can be tricked or threatened into work and may feel unable to leave or report their situation because of fear or intimidation.

Human Trafficking - the movement of a person from one place to another into conditions of exploitation using deception, coercion, abuse of power or the person's vulnerability. It could involve people, situations, or premises. Even if a victim consents and is willing to be moved, trafficking could still be taking place. Victims may not be aware that they are being trafficked or exploited, they may have consented or accepted their situation. Not all victims want to be rescued and there may be instances where reporting may put the potential victim at risk.

Hate crime - a range of criminal behaviour where the perpetrator is motivated by hostility or demonstrates hostility towards the victim's disability, race, religion, sexual orientation or transgender identity. These aspects of a person's identity are known as protected characteristics. Hate crime can include verbal abuse, intimidation, threats, harassment, assault and bullying, as well as damage to property. The perpetrator can be a friend, carer or acquaintance who exploits their relationship with the victim for financial gain or other criminal purpose.

County Lines - where urban gangs and organised criminal networks use children and vulnerable people to move drugs and money to suburban areas by using dedicated mobile phone or deal lines. They will often use coercion, intimidation, violence (including sexual violence) and weapons to exploit children and adults to move, before they store the drugs and money. Once involved in county lines, exploited individuals are at risk of extreme physical and/or sexual violence, gang recriminations and trafficking.

Cuckooing - named after the cuckoo's nest-stealing practices. It often forms part of wider county lines activity. It describes the situation where a county lines dealer takes over accommodation located in the provincial drugs market, using it as a local dealing base. An individual or group can do this by taking over the homes of adults and families through abuse of power or vulnerability by coercion, control and/or force so that they can provide a base for the supply of drugs into the local community. This places the adult and/or families at an increased risk of eviction and isolation from their communities due to the anti-social activity it can create.

Sexual Exploitation is a form of sexual abuse. It occurs where an individual or group takes advantage of an imbalance of power to coerce, manipulate or deceive someone into sexual activity

- in exchange for something the victim needs or wants
  and/or
- for the financial advantage or increased status of the perpetrator or facilitator

The victim may have been sexually exploited even if the sexual activity appears consensual. Sexual exploitation does not always involve physical contact, it can also occur through the use of technology.

Counter-terrorism (including Prevent, Channel, extremism and radicalisation)
Prevent is one of the key strands of the Government's counter-terrorism strategy which aims to reduce the threat to the UK by preventing people becoming radicalised, extremists or terrorists or supporting terrorism. The Prevent strategy in Warwickshire aims to help local authorities, police, community safety partnerships and other partners to develop and implement effective actions to make their communities safer and reduce the risk from terrorism and violent extremism.

Prevent operates in the pre-criminal space, working with vulnerable individuals at risk of being groomed into terrorist activities and provides support and re-direction before any crimes are committed. It does this through a process called Channel.

Channel forms a key part of the Prevent strategy and is a multi-agency approach to identify and provide support to individuals at risk of being drawn into terrorist-related activity. It is about early intervention to protect and divert people away from the risk they face before illegality occurs.
Channel uses existing collaboration between local authorities, statutory partners, police and the local community to:

- identify individuals at risk
- assess the nature and extent of that risk
- develop the most appropriate support plan for the individuals concerned

Extremism is defined as 'vocal or active opposition to fundamental British values, including democracy, the rule of law, individual liberty and mutual respect and tolerance of different faiths and beliefs'.

Radicalisation is the process by which a person comes to support terrorism and extremist ideologies associated with terrorist groups. As it is a process, not an event and comparable to other forms of exploitation, harm and abuse, it is considered a safeguarding issue.

9. TRAINING AND DEVELOPMENT

Commitment to training, awareness raising and promotion

The Councils are committed to involvement in and contribution to the enhancement of learning and improved partnership working, through training. Officers and Members need to be able to recognise and respond to potential safeguarding issues.

The recruitment and selection process is followed up with basic safeguarding training as part of the mandatory induction for all new starters, regardless of their job role. After that the training is then proportionate to their specific role.

Safeguarding training/information is provided to reflect changes and updates in guidance or legislation.

10. CONTACTS

Warwick District Council		
Title	**Named Officer**	**Contact Details**
Strategic Lead Safeguarding Officer and Lead Prevent Officer	Marianne Rolfe, Head of Community Protection	01926 456700 Marianne.Rolfe@warwickdc.gov.uk
Children's and Adults Safeguarding Champions	Councillor Judith Falp	Judith.falp@warwickdc.gov.uk
	Councillor Geraldine Cullinan	Geraldine.cullinan@warwickdc.gov.uk
Officer Safeguarding Representatives		
Community Protection	Jon Barnett	01926 456742 Jon.barnett@warwickdc.gov.uk
	Julian Hill	01926 456010 Julian.Hill@warwickdc.gov.uk
	Lorna Hudson	01926 456320 Lorna.Hudson@warwickdc.gov.uk
	Liz Young (also Deputy Prevent Officer)	01926 456019 Liz.young@warwickdc.gov.uk
Cultural Services	Manoj Sonecha	01926 456221 Manoj.Sonecha@warwickdc.gov.uk
Environmental and Operational Services	Zoe Court	01926 456314 Zoe.Court@warwickdc.gov.uk
Housing Services	James Baker	01926 456432 James.Baker@warwickdc.gov.uk
	Simon Brooke	01926 456427 Simon.Brooke@warwickdc.gov.uk
	Jane Rostron	01926 456445 Jane.Rostron@warwickdc.gov.uk
	Caroline Russell	01926 456411 caroline.russell@warwickdc.gov.uk
	Elaine Wallace	01926 456311 Elaine.Wallace@warwickdc.gov.uk
HR	Karen Weatherburn	01926 456307 Karen.weatherburn@warwickdc.gov.uk
Revenues, Benefits and Customer Services	Andrea Wyatt	01926 456831 Andrea.Wyatt@warwickdc.gov.uk
Stratford District Council		
Title	**Named Officer**	**Contact Details**
Strategic Lead Safeguarding Officer and Lead Prevent Officer	Marianne Rolfe, Head of Community Protection	01926 456700 Marianne.Rolfe@warwickdc.gov.uk
Portfolio Holder for Homes, Health and Wellbeing	Councillor Jo Barker	Jo.barker@stratford-dc.gov.uk
Officer Safeguarding Contacts		
Chief Executive	David Buckland	01789 260425

		David.buckland@stratford-dc.gov.uk
Community Protection	Karin Stanley (also Deputy Prevent Officer)	01789 260619 Karin.stanley@stratford-dc.gov.uk
	Jenny Logan	01789 260123 Jenny.logan@stratford-dc.gov.uk
Customer Services	Serena James	01789 260910 Serena.james@stratford-dc.gov.uk
Environmental and Operational Services	Craig Bourne	01789 260650 Craig.bourne@stratford-dc.gov.uk
	Julie Lewis	01789 260107 Julie.lewis@stratford-dc.gov.uk
	Lucy Wilkes	01789 260646 Lucy.wilkes@stratford-dc.gov.uk
Housing Services	Nick Cadd	01789 260841 Nick.cadd@stratford-dc.gov.uk
	Paul Chapman	01789 260964 Paul.chapman@stratford-dc.gov.uk
	Martin Cowan	01789 260849 Martin.cowan@stratford-dc.gov.uk
	Marie Darwen	01789 260108 Marie.darwen@stratford-dc.gov.uk
	Sunita Patel	01789 260957 Sunita.patel@stratford-dc.gov.uk
	Carol Roberts	01789 260112 Carol.roberts@stratford-dc.gov.uk
Human Resources	Laila Doman	01789 260709 Laila.doman@stratford-dc.gov.uk
Revenue & Customer Services	Jenni Love	01789 260901 Jenni.love@stratford-dc.gov.uk

Other contacts		
For child safeguarding	Warwickshire County Council - Warwickshire Safeguarding	01926 414144 or 01926 886922 (out of hours) triagehub@warwickshire.gov.uk https://www.warwickshire.gov.uk/childprotection
For adult safeguarding	Warwickshire County Council - Warwickshire Safeguarding	01926 412080 or 01926 886922 (out of hours) adultreferrals@warwickshire.gov.uk https://www.warwickshire.gov.uk/safeguardingadults
For care and support for adults	Warwickshire County Council	01926 410410
Police		Call 999 in an emergency or 101 for a non-emergency

11. CHANGE LOG

Version	Amended by	Date	Change	Approved by	Approval date	Action

Title: Significant Business Risk Register
Lead Officer: Richard Barr
Portfolio Holder: Councillor Day
Wards of the District directly affected: All

Summary

The report sets out the latest version of the Council's Significant Business Risk Register for review by the Cabinet. It has been drafted following review by the Council's Joint Management Team and by the Leader of the Council.

Recommendations

(1) That Cabinet should review the Significant Business Risk Register (SBRR), set out as Appendix 1 and summarised as Appendix 2, and consider if any further actions should be taken to manage the risks facing the organisation.

(2) That Cabinet should note the content of section 1.3 of this report and emerging risks as identified in section 1.4, also of this report, together with additional risks in the SBRR (Appendix 1).

1.1 **Background/Information**

1.1.1 The Significant Business Risk Register (SBRR) records all significant risks to the Council's operations, key priorities, and major projects. Individual services also have their own service risk registers as do the major projects.

1.1.2 The SBRR is now reviewed quarterly by the two Councils' Joint Management Team. This process involves a focus on the higher rated risks; then a review of the others; and, then a discussion on emerging risks/horizon scanning. This most recent of reviews lasted circa an hour and a half. It is then reviewed by the WDC Council Leader and then, in keeping with Members' overall responsibilities for managing risk, by the Cabinet following scrutiny by the Finance and Audit Scrutiny Committee.

1.1.3 The latest summary of the SBRR is set out as Appendix 1 to this report with a depiction of the relative priority of the risks set out as Appendix 2. For the first time, the risks in Appendix 1 are in order of significance.

1.1.4 Members should note that the approach adopted by WDC is now to be adopted for SDC so that eventually a Joint SBRR can be created as many of the risks and ratings are the same or similar.

1.1.5 The risks identified in Appendices 1 and 2 are as follows:

1. Risk of Fit for the Future Change Programme not managed appropriately/effectively.

2. Risk of sustained service quality reduction.
3. Risk of major contractor going into administration or deciding to withdraw from the contract.
4. Risk of corporate governance arrangements not being maintained effectively.
5. Risk of staff not being developed effectively.
6. Risk of insufficient finance to enable the Council to meet its objectives (including insufficient reductions in operating costs).
7. Risk of additional financial liabilities.
8. Risk of not obtaining potential income sources.
9. Risk of improper procurement practices and legislative requirements not being complied with.
10. Risk of partnerships not delivering stated objectives.
11. Risk of not complying with key legislation or legal requirements including failure to protect data.
12. Risk of ineffective utilisation of information and communications technology.
13. Risk of failure to protect information assets from malicious cyber-attack.
14. Risk of failing to provide, protect and maintain Council owned property (buildings and equipment).
15. Risk of a major incident not responded to effectively
16. Risk of failing to meet District's ambition to be carbon neutral within specified timeframes.
17. Risk of failing to adequately prepare for the impacts of climate change arising from higher global temperatures.
18. Risk of the merger proposal failing to proceed or to do so within the specified time.

1.1.6 The assessments of risk are judgemental, being based on an assessment of the likelihood of something occurring and the impact that might have. Appendix 3 sets out the guidelines that are applied to assessing risk.

1.1.7 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse is true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour (i.e., online), the former set of risks would be within the area shaded red, whilst the latter would be within the area shaded green; the mid-range would be seen as yellow.

1.2 Reason for the Recommendations

1.2.1 This report seeks to assist Members fulfil their role in overseeing the organisation's risk management framework. A very useful source of guidance on the responsibilities of members and officers regarding risk management came from the Audit Commission in its management paper, "Worth the risk: improving risk management in local government":

> "Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:
>
> - decide on the structure through which risk management will be led and monitored;

- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;
- approve the council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness: and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by Members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

Although the Audit Commission has since been abolished, the guidance remains relevant.

1.3 **Recent Movements in Risk**

1.3.1 The JMT recently reviewed the SBRR in the context of the pandemic and other changes in the circumstances faced by the Council. The outcome of that re-assessment has led to the inclusion of additional risks and changes to the ratings of some of the existing risks. Whilst not all changes are adverse, the combination of the financial impact of the pandemic (and, recently, more general financial concerns), cyber security issues, the retendering of the waste management contract and other changes in costs, together with staff shortages - all happening at the same time as the very significant organisational change resulting from the merger with SDC - has placed great stress on the organisation(s) that will need careful management by officers and Members alike.

1.3.2 The proposal is to manage this stress overall via the content of the Service Area Plans. Implicitly, while the Council has set itself some demanding objectives, this may mean some things taking longer to do and it may mean some things can't be done. Members and Portfolio Holders especially will therefore need to understand the demands on staff and will need to be clear about priorities when considering the Service Area Plans.

1.3.3 It is also worth noting that the Council has started its first major integration which is causing some staff uneasiness and concern. Effective communications are therefore of paramount importance. Although it is considered the right strategy is in place, it is important that officers and members continue to work together effectively.

1.4 **New and Emerging Risks**

1.4.1 As part of the process of assessing the significant business risks for the Council, some new risks have been introduced and other issues have been identified which at this stage do not necessarily represent a significant risk, or even a risk at all, but as more detail emerges may become one. These have been mentioned in previous reports and are updated and new issues added as follows:

- Funding – it was recognised in the last version of this report that Funding was at the very least an emerging risk. As news from the Government has now been issued and as the Council has now considered its budget for 2022/23 and for the medium term, the risk (6) relating to financial aspects in the SBRR has been updated and the risk rating has increased.

- Merger - Given the Council decision in respect of seeking to merge with Stratford-on-Avon District Council (SDC), it is recognised that this body of work would affect the Council's risk register throughout as currently set out and is of such a scale that it requires its own risk register as well as an individual entry on the SBRR. All 3 aspects have now been addressed and there is now a specific risk (18) within the SBRR relating to the proposed merger as well as a more project-based risk register for the merger and of course the implications of the merger flow though the SBRR overall.

- Climate Change – a new risk (17) has been added to reflect the Council's recently adopted Climate Change Programme aim of tackling adaptation as well as mitigating Climate Change. The risk rating for climate change (16) has reduced resulting from the Programme having been adopted.

- HEART – this is a partnership of all the Boroughs and Districts and the County Council for the provision of disabled adaptations. It is fair to say that there are issues which are coming to a head shortly and whilst negotiations are encouraging, depending on how they are resolved this may generate a risk for the Council.

2 Alternative Options available to Cabinet

2.1 Members may take a differing view on the risks identified; on the ratings attributed; or the mitigations and may feel that they wish to indicate changes to be made.

3 Consultation and Members' comments

3.1 Consultation has been with the whole of the Joint Management Team, the Leader of the Council, informally with the Cabinet and Group Leaders.

4 Implications of the proposal

4.1 **Legal/Human Rights Implications**

4.1.1 There are no legal or human rights implications of the report's contents but clearly risk realisation may generate some implications.

4.2 **Financial**

4.2.1 There are no financial implications of this report but clearly some of the identified risks if realised may well have such implications.

4.3 **Council Plan**

4.3.1 **External Impacts**

People - Health, Homes, Communities
Services - Green, Clean, Safe
Money- Infrastructure, Enterprise, Employment

The Significant Business Risk Register is based on the Council's corporate priorities and key strategic projects that are reflected in Fit for the Future. The Fit for the Future programme is also based on an agreed set of values amongst which are the ones of openness and honesty. This is integral to the consideration of risk in an organisation; risk issues need to be discussed and debated and mitigation put in place, in order to prevent them materialising. It does not mean, however, that all risks recorded are immediately impending or are likely to happen. Paradoxically, to not debate risks is to help them more likely to materialise.

It is worth members re-apprising themselves of the basis on which risks are scored in relation to likelihood and impact – see Appendix 3. The probability of a risk being realised, and how many times it might happen, is assessed over a number of years, not as if it is going to happen tomorrow.

4.3.2 **Internal Impacts**

People - **Effective Staff**
Services - Maintain or Improve Services
Money - Firm Financial Footing over the Longer Term

As above.

4.4 **Environmental/Climate Change Implications**

4.4.1 Effective risk management can help the Council achieve its environmental and climate emergency objectives.

4.5 **Analysis of the effects on Equality**

4.5.1 Effective risk management will help the Council achieve its equality obligations.

4.6 **Data Protection**

4.6.1 Effective risk management will help the Council achieve its data protection objectives.

4.7 **Health and Wellbeing**

4.7.1 Effective risk management will help the Council achieve its health and wellbeing objectives.

5 Risk Assessment

5.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with a weak risk management process.

6 Conclusion/Reasons for the Recommendation

6.1 The report sets out the latest version of the Council's Significant Business Risk Register for review by the Cabinet. This will aid effective governance within, and of the Council.

Background papers:

All Papers referred to in this report are published documents.

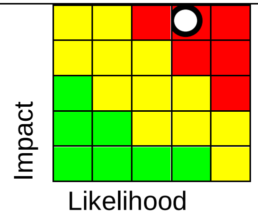
Supporting documents:

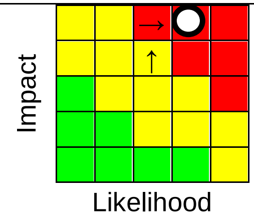
Minutes of JMT meeting 10 February 2022.

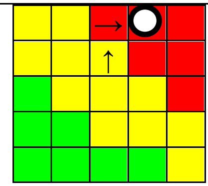
Report Information Sheet

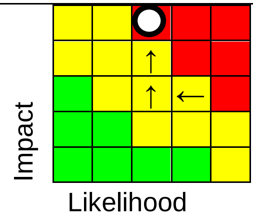
Committee/Date	Cabinet – 20 April 2022	
Title of report	Review of WDC Significant Business Risk Register	
Consultations undertaken		
Consultee *required	**Date**	**Details of consultation /comments received**
Ward Member(s)	Not applicable	
Portfolio Holder WDC & SDC *	18/02/22	Consultation has been extensive with the Risk Register being thoroughly discussed at Joint Management Team. These discussions have led to updates to the Risk Register and explanatory comments on the covering report. The Risk Register and the covering report have also been reviewed by Members at the CMT/Cabinet Reports Briefing Meeting.
Financial Services *	10/02/2022	
Legal Services *	10/02/2022	
Other Services	10/02/2022	
Chief Executive(s)	10/02/2022	
Head of Service(s)	10/02/2022	
Section 151 Officer	10/02/2022	
Monitoring Officer	10/02/2022	
CMT (WDC)	10/02/2022	
Leadership Co-ordination Group (WDC)	21/02/2022	
Other organisations		
Final decision by this Committee or rec to another Cttee/Council?		Recommendation to Cabinet
Contrary to Policy/Budget framework		No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		Yes, Forward Plan item – scheduled for 20/04/22
Accessibility Checked?		File/Info/Inspect Document/Check Accessibility

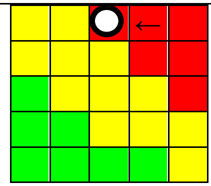
Significant Business Risk Register

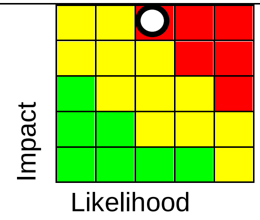
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Merger Risks				
18. Risk of merger proposal failing to proceed or to do so within specified time	Lack of appropriate expertise at key times. Government decides against merger Lack of finance/support/ other resources Lack of political support within Council Lack of political support within SDC Disagreement between WDC and SDC Change of political control Lack of proper planning for change	Damage to reputation Financial impact as other savings have to be found Service impacts as other savings must be made or delays are caused Staff impacts as other savings must be made Political instability as services could be joined but not the legal entities	Merger proposal agreed by both Councils. Programme Team in place JMT now operating Single set of Heads of Service in place Service Integration Plan agreed Overall programme of workstreams being put in place Financial provision made in budget for support for changes Recruitment for support underway Regular meetings with Trades Unions Regular Leader and CEO meetings Regular staff and Councillor briefings Regular meetings of Cabinets New joint governance arrangements being put into place Inter authority agreement being put in place Alignment of policies and procedures being put into place New service area plans being put in place	

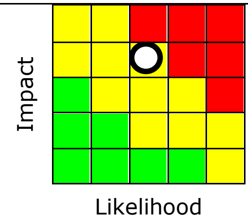
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Performance Management Risks – Part 2				
2. Risk of sustained service quality reduction.	Shortage of staff resources and staff skills and knowledge. Staff skills and resources diverted to service redesign proposals as part of delivering Fit for the Future and other emerging corporate priorities. Cannot afford cost of maintaining service quality. Partners such as WCC make service cuts. Health pandemic e.g. Corona Virus. Contractor failure. Unplanned termination of contract by contractor. Housing numbers not achieved. Increase in Members' and Citizens' expectations. Greater demand on services from increases in the population as well as societal, technological, and legislative changes. Changes in members' and citizens' expectations. Lack of funding for Climate Change Action Plan. Major shock to the organisation due to a significant adverse national or international event. Staff recruitment difficulties. Increase in cost of contractors.	Poor customer service and reductions in income. Lack of direction with critical projects and services being compromised. Public lose confidence in Council's ability to deliver. Demoralised and de-motivated staff. Additional costs attached to re-procuring contract, including legal fees. Loss of New Homes Bonus. Failure to adapt to 'New Normal' caused by climate change. Organisation ill-prepared to deal with impact on finances, service delivery and staff.	Effective Management of Change Programme. (CMT) Agreeing additional resources where service quality is reduced. (CMT) Strong leadership to manage priorities to a deliverable level. (JMT) Effective vacancy control. (JMT) Service Reviews. (JMT) Workforce Planning. (JMT) Effective contract management supported by appropriate legal support. (JMT) Enhanced Performance Management System. (JMT) Service Integration Programme has been agreed by Cabinets at WDC and SDC. [CE(SUADC) & CE(WDC)]	 **Risk increased due to problems recruiting staff and increased cost of contractors.**

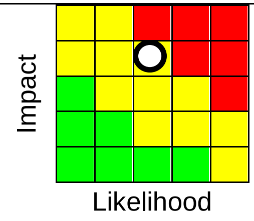
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Financial Management Risks				
6. Risk of insufficient finance to enable the council to meet its objectives (including insufficient reduction in operational costs).	Poor financial planning and forecasts. Unexpected loss of income and/ or increase in expenditure. FFF Projects do not achieve sufficient savings. Reset of Revenue Grant and Business Rate Retention. Council Tax income base reducing. National Economy declines. Local economy declines Tightening of Government fiscal policy. Changes to Government Policy. Demographic changes. Focus on FFF priorities which compromise existing service delivery. External competition. Member decision making stops previously agreed savings. Council policy framework not conducive to enterprise development. Increased contract costs. Housing numbers not achieved. Delay in fair funding review. Inability to agree suitable funding proposals to allow HQ relocation project to move to Phase 2 – project delivery. Changes to funding proposals for existing schemes. Major shock to the organisation due to a significant adverse national or international event. Agreed savings not delivered as agreed to be included in Medium Term Financial Strategy. Savings not identified to meet the cost of funding the Council objectives.	Forced to make large scale redundancies. Forced to make urgent decisions without appropriate planning. Forced to make service cuts. Increased costs. Fines/penalties imposed. Landlord service becomes unviable and/or the condition of the housing stock reduces its utility and value. Loss of New Homes Bonus. Reduction in reputation. Unable to meet statutory requirements. Failure to deliver carbon-neutral objectives by 2025. Organisation ill-prepared to deal with impact on finances, service delivery and staff. Comprehensive review of the organisation's response to the pandemic undertaken with findings and action plan approved by Executive. Risk of S151 Officer having to issue S114 Notice.	Codes of Financial Practice and Procurement Practice. (HoFS) Effective internal audit function. (HoFS) External audit of financial accounts. (HoFS) Effective management of FFF Projects. (JMT) All projects accompanied with robust financial appraisals and programme forecasts that allow the Council to understand projected funding requirements. (HoFS) Council's constitution. (DCE(AJ)) Financial training. (HoFS) Robust financial planning and a Medium-Term Financial Plan that can accurately forecast income and expenditure. (HoFS/JMT) Code of Financial Practice Training. (HoFS) Plan in place to make savings as to meet the anticipated budget shortfall. (HoFS/JMT) Ongoing monitoring and future reports of existing assumed savings – e.g. leisure programme, office move, terms & conditions review. (JMT)**.** Changes to funding proposals for existing projects. Business Strategy agreed by Members and appropriately managed (CMT). Service Integration Programme has been agreed by Cabinets at WDC and SDC. [CE(SUADC) & CE(WDC)]	 Impact Likelihood **Risk increased due to problems recruiting staff and increased cost of contractors.**

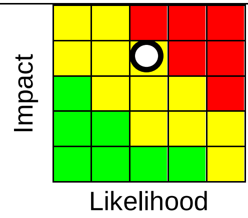
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Information Management Risks – Part 1				
13. Risk of failure to protect information assets from malicious cyber-attack.	Lack of staff training and awareness. Poor or ineffective countermeasures. Outdated software and hardware. Zero-Day vulnerabilities being exploited. Ineffective segregation and classification of data. Ineffective incident response plans. Inadequate penetration testing regime. Major shock to the organisation due to a significant adverse national or international event.	Reputational damage. Loss of public trust. Lost productivity. Recovery costs. Potential fines (ICO). Permanent data loss. Targeted for further attacks. Exfiltration of sensitive data. Bribery attempts to prevent data leakage. Long term operational difficulties. Organisation ill-prepared to deal with impact on ICT systems.	CESG approved penetration tests. (DCE(AJ)) Patch Management Policy. (DCE(AJ)) Anti-malware/virus software~~, plus next generation AV – Intercept X~~. (DCE(AJ)) Use of NCSC Protected DNS Service Use of NCSC Intelligence gathering and monitoring services. Anti-malware strategy. (DCE(AJ)) Anti-malware risk log. (DCE(AJ)) Incident Management Policy & Procedure. (DCE(AJ)) Major Virus Response Procedure. (DCE(AJ)) Electronic Information Backup Policy. (DCE(AJ)) Introduction of multiple fileservers to reduce target exposure and to speed up recovery (DCE(AJ)) Introduction of temporary web site in the event of a major outage, reducing reputational damage. (DCE(AJ) e-learning solution (DCE(AJ) ~~Next generation AV, including Intercepting Ransomware in place. (DCE(AJ))~~ National Cyber security check now in place. (DCE(AJ)) Installation of Network Intrusion Detection/Intrusion Prevention solution. Adoption of Cloud services and infrastructure as appropriate (for example, MS Office365).	 **Impact increased as financial impact could be great. Likelihood reduced due to improved controls.**

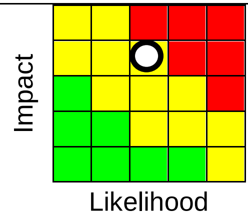
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Environmental Risks – Part 1				
16. Failure to meet District's ambition to be carbon neutral within specified timeframes.	Lack of expertise. Lack of finance. Failure to reduce carbon footprint. ~~Failure to get a "Yes" vote in the Council Tax Referendum.~~ Lack of support from partners / community / Government. Conflict between current govt. legislation guidance ambition. Loss of political unity / support. Lack of staff resource / capacity. Competing priorities e.g. addressing Coronavirus. Major shock to the organisation due to a significant adverse national or international event.	Budgetary impacts. Service changes required if long recovery phase. Loss of reputation and external censure. Disruption to services. Public health issues. Failure to adapt to 'New Normal' caused by climate change. Political consequences. Organisation ill-prepared to deal with impact on finances, service delivery and staff.	~~Actions included in Sustainability Action Plan. (HoH&CP) e.g. electric vehicles, agile working arrangements, recycling, plastics policy, etc.~~ Delivery of Business Strategy 2019-2023 and delivery of Climate Change Action Plan allowing members to determine extent of measures/projects to mitigate climate change and other environmental challenges that are to be included. (JMT) ~~Procurement of professional consultancy support. (JMT)~~ ~~Report on Year 1 of Climate Change Action Plan.~~ Climate Change Director appointed. The Council's 2030 climate change ambitions have been more closely defined – agreed by Cabinet in July 2021. ~~A Climate Change Action Programme has been drafted and will be considered by Cabinet in November 2021. This will set out the costed programme of work that is planned to deliver the redefined ambitions. Once agreed this would be expected to reduce the likelihood.~~ Mitigation above removed as it has been superseded. Last time it was a draft, now it is adopted and is being implemented – yellow text below updates. The Climate Change Action Programme will incorporate a more detailed risk register to manage specific risks associated with delivering the programme. A Climate Change Action Programme has been adopted and delivery is underway. Climate Action Fund agreed.	 **Likelihood has reduced reflecting the agreement of the Joint Climate Change Action Programme in November 2021.**

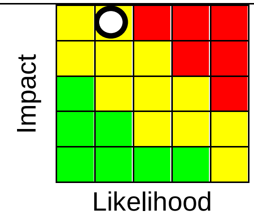
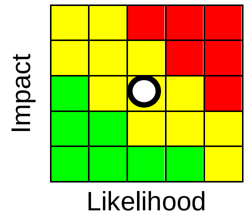
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Environmental Risks – Part 2				
17. Failure to adequately prepare for the impacts of climate changes arising from higher global temperatures	Lack of expertise. Lack of hard data about potential impacts Scale of the challenge Not entirely within Council's control (major reliance on partners) Lack of finance. partners / community / Government. Conflict between current govt. legislation guidance ambition. Loss of political unity / support. Lack of staff resource / capacity. Competing priorities Major shock to the organisation due to a significant adverse national or international event.	Impacts on quality of life of our residence and particularly the most vulnerable Impacts on the local economy Impacts on the local environment and ecology Loss of reputation and external censure. Disruption to services. Public health issues. Failure to adapt to 'New Normal' caused by climate change. Political consequences. Organisation ill-prepared to deal with impact on finances, service delivery and staff.	Climate Change Director appointed and recruitment to a Climate Adaptation Officer post is underway. Data requested from the Met Office (expected Spring 2022). Involvement and alignment with West Midlands Adaptation Plan. More detailed adaptation plan to be developed. The Council's climate change ambitions have been more closely defined including relating to adaptation – agreed by Cabinet in July 2021. A Climate Change Action Programme has been adopted and delivery is underway. Climate Action Fund agreed. The Climate Change Action Programme will incorporate a more detailed risk register to manage specific risks associated with delivering the programme.	

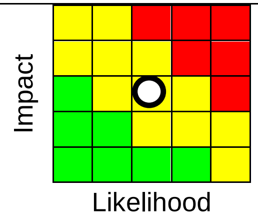
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Performance Management Risks – Part 1				
1. Fit for the Future Change Programme not managed appropriately/effectively.	Poor organisational communication. Conflicting priorities and priorities increasing in number. Unable to dedicate appropriate resources due to the impact on existing services. Poor management. Ineffective use of project management or systems thinking. Lack of funding. Business Strategy can't be agreed due to no overall political control. Major shock to the organisation due to a significant adverse national or international event.	Reduced service levels. Non or reduced achievement of objectives. Adverse financial impacts. Reputational damage. Demoralised and de-motivated staff. Organisation ill-prepared to deal with impact on finances, service delivery and staff.	Project prioritisation. (JMT) JMT are Programme Board. (JMT) Fit for the Future change programme and associated governance arrangements. (JMT) Budget monitoring process. (HoFS) Clear communications, Staff Focus Group. (JMT) People Strategy Action plan. (JMT) Strong leadership to ensure priorities are managed to a deliverable level. (JMT) Securing additional resources to support existing service provision. (CMT) Projects drawn up within RIBA framework. (JMT) Business Strategy agreed by Members and appropriately managed (CMT). Service Integration Programme has been agreed by Cabinets at WDC and SDC. [CE(SUADC) & CE(WDC)]	

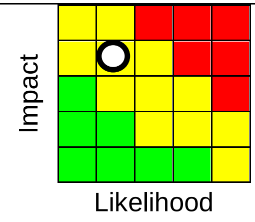
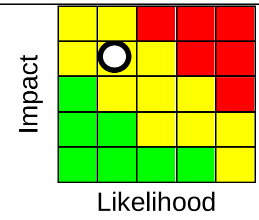
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Human Resources Risk				
5. Risk of staff not developed effectively.	Ineffective workforce strategies. Not managing staffing resources efficiently and effectively. Possible insufficient training budget. Impact of Covid-19. Impact of inaccessibility of training internal and external.	Disruption to Council services – staff cannot undertake level or volume of work to meet all priorities. Poor customer service. 'Industrial' action. Unable to meet statutory requirements. The potential of staff is not fulfilled. Some staff not developed to the level required to deliver service effectively.	Link to People Strategy to be updated 2021 -2024 joint with SDC. (HoP&C/JMT) Workforce planning through Service Area Plans. (JMT) Appropriate use of external resources. (JMT) Training in different ways – Online, telephone, webinars. (JMT/HoP&C) Prioritise training based on service needs. (JMT) Acceptance that some training may be disrupted until new ways of delivery are prepared. (JMT)	

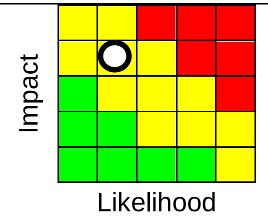
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Financial Management Risks (Cont.)				
7. Risk of additional financial liabilities.	Risk of revenue implications of capital schemes not being fully identified. Risk of loss or delay of capital receipts. Risk of increase in superannuation fund contributions. Uninsured loss. Risk of Medium Term Financial underestimating future revenue income and expenditure (including capital) Legal challenge e.g. relating to a planning development. Major health epidemic e.g. Corona Virus. Major shock to the organisation due to a significant adverse national or international event. Increased costs because of inflationary pressure greater than allowed for within Council's Budget and Medium-Term Financial Strategy.	Greater level of savings to be sought. Forced to make sub-optimum and short-term decision without proper planning. Reduced levels of service. Payment of compensation. Failure to deliver service. Contractual disputes. Organisation ill-prepared to deal with impact on finances, service delivery and staff	Fit for the Future change programme. (CMT) Service Area and Project Risk Registers. (JMT) Project Management. (JMT) Corporate Asset Management Strategy and an accompanying Action Plan covering all General Fund and HRA assets has been approved. (ASG) Maintenance of a comprehensive built asset database. (AM) More effective financial planning and scenario analysis. (HoFS) Regular monitoring of Fit for the Future. (JMT) Legal advice on projects. (JMT) Projects drawn up within RIBA framework. (JMT) Reserves used to smooth impact of fluctuations in income. (HoFS)	

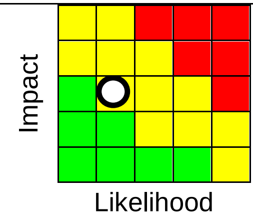
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Financial Management Risks (Cont.)				
8. Risk of not obtaining potential income sources.	Ineffective management. Complacency. Lack of resources to investigate. Other priorities. Partner changing priorities. Income opportunities diminished due to significant adverse national or international event. Major shock to the organisation due to a significant adverse national or international event. PWLB interest rate fluctuations and/or national policy change.	More loss-making or subsidised services. Reduced income for the Housing Revenue Account that could compromise banking covenants. Organisation ill-prepared to deal with impact on finances, service delivery and staff.	FFF Programme. (JMT) Effective fees and charges schemes. (HoFS) Communications & Marketing Strategy. (JMT) Regular reviews of financial forecasts to ensure income projections are up to date. (HoFS) Secure additional resources to ensure existing services are not impacted because of a focus on FFF/corporate priorities. (HoFS) Ongoing engagement with the CWLEP to ensure future funding opportunities are understood and assessed. (CMT) Engagement of appropriate advice to enable opportunities to remodel the Council’s non-operational asset base to be assessed. (DCE(~~BH~~ AJ)) DCN Income Generation and Commercialisation Review undertaken. (HoFS)	

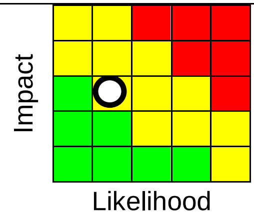
Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Performance Management Risks (Cont.)				
3. Risk of major contractor going into administration or deciding to withdraw from the contract.	Poor procurement of contractor. Poor contract management. Poor management of company. External factors. State of economy (including Brexit factors). Introduction of Living Wage. Major shock to the organisation due to a significant adverse national or international event.	Reduced service levels. Non or reduced achievement of objectives. Adverse financial impacts. Reputational damage. Organisation ill-prepared to deal with impact on finances, service delivery and staff.	Properly procured contracts. (JMT) Active contract management supported by appropriate legal support. (JMT) Business Continuity Plan. (JMT) Soft market testing as appropriate. (JMT) Parent Company Guarantees being monitored. (SAMS)	
Procurement Risks				
9. Risk of improper procurement practices and legislative requirements not being complied with.	Weak governance arrangements. Ineffective procurement. Poor procurement function.	Reduced levels of service provision. Increased costs. Fines/penalties imposed.	Codes of Financial Practice and Procurement Practice. (HoFS) Training of staff. (HoFS/JMT) Monitoring of departmental procurement. (JMT) Procurement Strategy (incl. action plan). (HoFS) Code of Procurement Practice and related documents updated. (HoFS) Qualified internal procurement team. WCC providing additional support and expertise. (JMT)	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Asset Management Risks				
14. Risk of failing to provide, protect and maintain Council-owned property (buildings and equipment).	Poor management. Lack of finance. Ineffective asset management. Incomplete data on asset conditions. Lack of effective asset management planning. Insufficient resources to maintain assets. Inaction re multi-storey car parks. Failure of IT system. Major shock to the organisation due to a significant adverse national or international event.	Lack of a suitable and safe living or working environment for residents, staff, and visitors. Sub optimum asset decisions that are poor value for money. Building closure. Closure of car parks with resultant loss of income. Organisation ill-prepared to deal with impact on its assets	Development of an Asset Strategy linked to Asset Database. (AM) Corporate Asset Management Strategy and an accompanying Action Plan covering all General Fund and HRA assets has been developed. Maintenance of a comprehensive asset database. (AM) Overall strategic decisions regarding Council's corporate and HRA assets managed by multi-disciplinary Asset Strategy Group – chaired by Deputy Chief Executive. (DCE(~~BH~~AJ)) Establishment of a corporate compliance and delivery group reporting to the Asset Strategy Group (AM) Improvements to be made to end-to-end systems to manage electrical testing, asbestos management fire safety, gas servicing and Legionella monitoring through the new Assets Team structure. (AM) Appropriate systems to manage electric testing, gas servicing, asbestos management and removals, legionella testing, fire risks and health and safety assessments across all Council assets (AM/HoCP) Remodelling of Housing Investment Programme based on HRA stock condition survey. (AM/DCE (~~BH~~AJ)/HoH) Having sufficient reserves to be able to respond to unexpected issues. (HoFS) Completion of the review of the relocation project and proposed redevelopment of the Covent Garden site following the Executive decision not to pursue any future projects through the LLP. (AM) Inclusion of financing requirements within MTFS projections Completion of the various elements of the Corporate Asset Management Strategy Action Plan (AM/HoH) Having appropriate structures to review compliance. JMT Fortnightly monitoring of multi-storey block improvement programme through Corporate Fire Safety Group (DCE(~~BH~~AJ) Introduction of temporary web site in the event of a major outage, reducing reputational damage. (DCE (AJ) Financial planning for equipment and system renewal. (HoFS) Mitigations set out in ICT Risk Register + debrief and action plan when problems have emerged.	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Partnership Risks				
10. Risk of partnerships not delivering stated objectives.	Poor management. Failure to apply a robust process for entering partnerships. Lack of framework governing partnerships. Existing sub-regional partnerships disrupted or disbanded because of the regional focus resulting from the announcement of the West Midlands Combined Authority. Major shock to the partnership due to a significant adverse national or international event.	Required outcomes not achieved. Increased costs. Reduced level of service or failure to deliver service. Partnership ill-prepared to deal with impact on its objectives.	Normal management arrangements. (SAMS / JMT) Project Groups for significant services. (JMT) Involvement in and engagement with existing sub-regional partnerships such as CWLEP. (CMT) Partnership arrangements to review impact of pandemic and consider if any specific actions are required. (JMT)	
Legal Risks				
11. Risk of not complying with key legislation or legal requirements, including failure to protect data.	Breakdown in governance. Bureaucratic mistake. For example – Not seeking legal advice; not implementing it; simply getting delivery wrong e.g. sending out wrong email. Lack of appropriate resources. Major shock to the organisation due to a significant adverse national or international event.	External censure. Financial loss. Litigation. Financial sanctions/penalties Damage to reputation. Organisation ill-prepared to deal with impact on finances, service delivery and staff.	Constitution. (DCE(AJ)) External legal advice. (DCE(AJ)) Ongoing monitoring of all Executive recommendations. (DCE(AJ)) Ongoing professional training. (JMT) Implementation of arrangements to deal with GDPRs. (DCE(AJ))/JMT)	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Emergency Response and Business Continuity Risks				
15. Risk of a major incident not responded to effectively.	Numerous causes including loss of ICT facilities/data, loss of staff, absence of effective BCP. Major shock to the organisation due to a significant adverse national or international event.	Partial or total loss of resources such as staff, equipment, systems. Major media engagement. Major disruption to all Council services. Possible legal action for damages. Major shock to the organisation due to a significant adverse national or international event.	Emergency plan reviewed every ~~6 months~~ year. (CMT) This is under review given the alignment process to ensure appropriate planning given the position of the two authorities and the merged management team. Business continuity plan reviewed every ~~6 months~~ year. (CMT) Ongoing training of councillors and ~~to~~ officers named in MEP. (HoCP) Review of the MEP, named officers within MEP, associated SOPs. Gaps identification and appropriate updating. (HoCP) Operational testing and exercising of the MEP and vulnerability responses within Warwickshire. (HoCP) Safety Advisory groups of events held within the district & command and control centres for major district events. (Development Services) Review completed of business continuity plans for service areas. The priorities contained within those plans ~~to be~~ consolidated into Council-wide Business Continuity Plan – Corporate (BCC). (HoCP) ICT Business Continuity contract, inc. annual off-site rehearsal. (ICT) Perimeter network protection (Firewall, 2 Factor Authentication, Spam filter, Antivirus, etc.), including penetration testing. (ICT) Backup and recovery procedures. (ICT) Provision of Counter Terrorism training. (HoCP) Installation of Network Intrusion Detection/Intrusion Prevention solution. (ICT) Additional expert resource acquired to support organisation through alignment process and its implications on emergency preparedness. (HoCP)	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Corporate Governance Risks				
4. Risk of corporate governance arrangements not maintained effectively.	Ineffective political and senior management leadership. Complacent attitudes. Delays in making, or failure to make, key decisions by Council Members. Breakdown of member-officer relationships. Election of new members that may lack relevant experience and/or knowledge of local government. Delays in making decisions due to no overall political control. Major shock to the organisation due to a significant adverse national or international event.	Breakdown in internal controls leading to: non-achievement of objectives; high volumes of staff, customer, and contractor fraud; and loss of reputation. Decision-making open to less officer and member scrutiny. Decision-making postponed as organisation is not properly prepared.	Council's constitution. (DCE(AJ)) Council's strategies and policies, including Code of Financial Practice and Code of Procurement Practice. (JMT) Strong scrutiny arrangements. (JMT) Effective internal audit function. (HoFSS) Annual Governance Statement. (DCE(AJ)) Codes of Conduct. (Members) Effective Political Group discipline. (Group Leaders) Councillor training (CMT) New Member/Officer Protocol introduced. (DCE(AJ)) Local Code of Corporate Governance adopted. (DCE(AJ)) CMT/Group Leaders meetings.	

Risk Description	Possible Triggers	Possible Consequences	Risk Mitigation / Control / Future Action (in bold)	Residual Risk Rating
Information Management Risks				
12. Risk of ineffective utilisation of information and communications technology.	Poor management of IT function. Lack of specialist staffing. Lack of finance. Poor training of new and existing staff on ICT systems. Poor data quality. Resistance to change from various stakeholders.	Costly services. Inefficient services. Poor customer service. Data disclosures.	ICT Strategy and Digital Transformation Strategy. (DCE(AJ)) Fully-resourced, effective and secure IT function. (DCE(AJ)) Training for staff. (DCE(AJ)) Monitoring of service plan and operational service reviews by JMT. (JMT)	

Key:

New narrative (since previous quarter)

Narrative transferred (since previous quarter)

~~Deleted narrative~~ (since previous quarter)

Control/mitigation that had been, in previous quarter, recorded as an action.

Comment

O = Current risk score

① ② etc = Previous risk scores

↑ → etc = trail (direction) of changes

HoA	:	Head of Assets – Steve Partner
CE(SUADC)	:	Chief Executive Stratford Upon Avon Council – David Buckland
CE(WDC)	:	Chief Executive Warwick District Council – Chris Elliott
CMT	:	Corporate Management Team – Chief Executives and Deputy Chief Executives
DCE(AJ)	:	Deputy Chief Executive – Andrew Jones
DCE(TP)	:	Deputy Chief Executive - Tony Perks
HoCP	:	Head of Community Protection – Marianne Rolfe
HoCT&LS	:	Head of Cultural, Tourism and Leisure Services – Rose Winship
HoD	:	Head of Development – Robert Weeks
HoE&OS	:	Head of Environmental and Operational Services – Julie Lewis
HoFSS	:	Head of Financial Services (and S151 Officer) – Mike Snow
HoH	:	Head of Housing – Lisa Barker
HoICT:	:	Head of ICT – David Elkington
HoL&G	:	Head of Law and Governance – Phil Grafton
HoP&C	:	Head of People & Communications – Tracy Dolphin
HoP&E	:	Head of Place & Economy – John Careford
HoR&CS	:	Head of Revenues and Customer Services – David Platts
JMT	:	Joint Management Team – CMT and Heads of Services
PDfCC	:	Programme Director for Climate Change – Dave Barber

Appendix 2

Summary of Significant Business Risks

Consequences ⇩	Probability of Occurrence				
	Low	**Low-Medium**	**Medium**	**Medium-High**	**High**
High		Risk 3	Risks 13, 16 & 17	Risks 2, 6 & 18	
Medium-High		Risks 10, 11 & 15	Risks 1, 5, 7 & 8		
Medium		Risks 4 & 12	Risks 9 & 14		
Low-Medium					
Low					

Appendix 3

Methodology for assessing risk: Criteria for scoring residual risk rating

Probability of Occurrence

Estimation	Description	Indicators
5: High (Probable)	Likely to occur each year (e.g. considered as more than 50% chance of occurrence in any year).	• Potential of it occurring several times within the specified period (for example - ten years). • Has occurred recently.
4: Medium to High	Apply judgement	Apply judgement
3: Medium (Possible)	Likely to occur during a 10-year period (considered as between 5% and 25% chance of occurrence in any year).	• Could occur more than once within the specified period (for example - ten years). • Could be difficult to control due to some external influences. • There's a history of occurrence
2: Low to Medium	Apply judgement	Apply judgement
1: Low (Remote)	Not likely to occur in a 10-year period (considered as less than 2% chance of occurrence in any year).	• Has not occurred. • Unlikely to occur.

Consequences

Estimation	Description
5: High	• Major impact on the organisation – e.g. financial impact in excess of £500K, significant damage to reputation, severe health and safety implications, substantial impact on delivery of key services, major adverse legal consequences.
4: Medium to High	Apply judgement
3: Medium	• Moderate impact on the organisation – e.g. financial impact likely to be between £100K and £250K, medium adverse consequences in respect to reputation, health and safety, delivery of key services, legal matters.
2: Low to Medium	Apply judgement
1: Low	• Minor impact on the organisation – e.g. financial impact likely to be below £10K, small adverse consequences in respect to reputation, health and safety, delivery of key services, legal matters.

Agenda Item No 9
Cabinet
20 April 2022

Title: HEART Shared Service Partnership
Lead Officer: Nick Cadd (07976 918632)/Lisa Barker
Portfolio Holder: Councillor Jo Barker / Jan Matecki
Wards of the District directly affected: All

Summary

This report summarises the evaluation of the Home Environment Assessment and Response Team service's delivery of Disabled Facilities Grants and related services and proposes that the district council remain a partner in the service for the next 12 months with a view to establishing revised shared service arrangements, which address the performance concerns previously raised.

Recommendation(s)

(1) To approve the recommendations proposed by the HEART Board:

a. That the progress to provide one, consistent service to deliver Disabled Facilities Grants and a Home Improvement Service for the whole County be noted; and

b. That there is agreement that 2022/23 be used as a transitional year to allow Authorities to refresh key aspects of the Partnership, act to strengthen it and consider how full-service integration could be achieved; and

c. That the strategic objectives of the HEART Board be confirmed (s2.1 Appendix 2); and

d. That the Board's intention to draw on the expertise of Foundations to support it to innovate and develop HEART be welcomed; and

e. That the implications of the White Paper for Social Care for arrangements to deliver Disabled Facilities Grants be acknowledged; and

f. That the recommendation of the HEART Board to continue to build the partnership during 2022/23 with a view to creating a new legal agreement for a five-year Partnership from April 2023 be supported.

(2) To note that a further report will be submitted later in the year with proposals for the service beyond 2022/23

1 Background/Information

1.1 Since 2017 the five District and Borough Councils in Warwickshire and the County Council have delivered equipment and adaptations funded by Disabled Facilities Grants, addressed housing conditions and provided associated financial support through the Home Environment Assessment and Response Team (HEART). HEART is a shared service hosted by Nuneaton and Bedworth Borough Council (NBBC) and leadership and oversight is secured through the

HEART Board, whose membership is formed from all of the Warwickshire District and Boroughs and Warwickshire County Council.

1.2 The key function of the HEART Service is to deliver Disabled Facilities Grants to fund adaptations to enable people live independently in their own homes. These are typically property adaptations, including stair lifts, level access showers and similar, that enable older or disabled individuals to live in their own homes and avoid admittance to hospital or care facilities as a result of frailty or accident.

1.3 The initial HEART Shared Service agreement was set to expire in early 2022, however for a variety of reasons including the disruptions experienced as a result of the COVID-19 pandemic, a further 12-month extension was agreed by all authorities, a to enable some reflection on the delivery of the service by HEART and the Board's leadership.

1.4 All partners felt that securing the 12 month extension, afforded the opportunity to consider in detail, the two external reviews that have been undertaken, the views of each partner, the recent 2021 White Paper for Social Care and obtain specialist input from Foundations to ensure that decisions surrounding the future of this important provision were strategic, well informed and focused on the best interests of local residents.

1.5 This report summarises key aspects of the above to enable Members to consider the options that exist in terms of the future delivery Disabled Facilities Grants with a recommendation of the HEART partnerships preferred option.

1.6 **Evaluation of the HEART Service**
The delivery of Disabled Facilities Grants (DFGs) and the service HEART offers has been heavily scrutinised since its inception. Regular reporting has been received by the HEART Board. Stratford-on-Avon DC Overview and Scrutiny and Cabinet and Warwick District Councils Overview and Scrutiny Committee have received a number of reports examining the work undertaken and how effectively the host delivers the service.

1.7 Previous reports to committees have considered the most appropriate measures to evaluate the performance of HEART in delivering its key function – DFGs to fund adaptations.

1.8 Stratford-on-Avon DC agreed that the measures noted below and the performance against these stretching back more than a decade (**Appendix 1**) would represent an appropriate degree of analysis:

- PSHT 5b (Average wait between first contact to County Council (Enquiry Date) and practical completion – Value less than £5,000 (Level Access Showers and Ramps)
- PSHT 5c (Average wait between first contact to County Council and practical completion – Value more than £5,000)
- PSHT 6a (Number of DFG surveys completed)
- PSHT 7 (Number of DFG completed)

- PSHT 8 (Number of people on waiting list for DFG)

1.9 In order to gain a similar picture of performance for Warwick DC a similar set of measures has been provided by the HEART Service (**Appendix 1**). It is considered that these are sufficiently reflective of the performance of HEART to be used for the required analysis, they include:

- Average end to end time (all DFGs) – similar to PSHT 5b and 5c (above)
- Number of DFG completed
- Number of people on waiting list for DFG
- Budget v's Approvals for DFGs

1.10 Whilst these measures are not an exact mirror of one another and the Warwick DC data only exists for the period 2017 to current, they are considered sufficient to measure the direction of travel in terms of performance.

1.11 **Service / Performance Evaluation**
As can be seen in the reported figures in **Appendix 1**, performance has been mixed during the period HEART has existed. In addition, since March 2019 the impact of the COVID-19 pandemic can be seen. It is difficult to disentangle the impact of the pandemic from other challenges the service has faced.

1.12 On a positive note, there is some evidence of reducing waiting lists for Stratford and Warwick areas and a small reduction over the last 12 months in the time it takes for adaptations to be completed.

1.13 On a less positive note, the number of DFG's completed in Warwick DC seems to be low in comparison with historic averages. Furthermore, the figure for the value of work approved against the budget is at its lowest point for some years.

1.14 In terms of direction of travel, it would be reasonable to say in performance terms the picture is mixed, with some indications of an improving service, but at this stage it is impossible to say, with total certainty, that this will continue.

1.15 Further to the issue of performance, there is the need to consider resilience and 'reach' of the HEART service. Prior to the establishment of HEART both Stratford-on-Avon DC and Warwick DC possessed very small teams that whilst operating well, did experience issues with resilience due to the limited number of staff within the respective operations. HEART does offer resilience and over the past five years has never experienced interrupted service availability due to staff shortages, which did hamper our previous standalone provisions.

1.16 In terms of the 'reach' of the HEART service, it can definitely be regarded as a broader provision than the previous in-house services. HEART has introduced a number of additional facilities to enable people to continue to live at home including the DFG Top-Up and Hospital Discharge Grant, the Home Safety Grant and the Warm and Safer Home Grant.

1.17 HEART has achieved all of the above during a period of significant turbulence. Not only has the service been impacted by COVID-19 but it is also experiencing increasing demand as the population ages and life expectancy increases in cases of injury / illness.

1.18 **Options Appraisal Future Delivery Model of HEART Service**
The HEART Board have considered whether the delivery model still represents the most effective method of delivery of Disabled Facilities Grants and related services. The Board met on the 18 November 2021 to consider the options proposed by Foundations the national body for Home Improvement Agencies. The options considered were:

- Retain HEART 'as is' – host remains the same
- Develop a segregated Partnership Model within HEART
- Move HEART service to a new Host authority
- Demobilise HEART, which had two sub-options (create two separate services covering North and South and each authority creates its own individual service)

1.19 Having reviewed all those proposed by Foundations and detailed at **Appendix 3** the unanimous view was that the option offering the most for local residents was to retain the HEART Partnership as is with the existing host and continue to drive performance improvement through the various priorities outlined in the Report of the HEART Board (**Appendix 2**).

1.20 **Report of the HEART Board**
Accompanying this report at **Appendix 2** is the Report of the HEART Management Board. The report provides a detailed account of the HEART Board's recommendation in terms of the further development of the HEART project, commentary on the strategic direction and an outline of the importance of the content of the Social Care White Paper 2021.

1.21 The recommendations of the HEART Board are mirrored in the recommendations (above). The importance of the continuation of the direction of travel established through the first HEART Review (2019) is noted and reinforced with the recent Foundations work and the principal objectives being to continue progress against the previously identified priorities and heighten the focus on the HR work stream to resolve some of the staffing/management issues.

1.22 The Report of the HEART Management Board expresses a preference for the 2022/23 year to be treated as a period of transition, followed by a further five-year period of operation of the HEART Partnership.

1.23 During the transitional year the key tasks for the HEART Board to direct the strategic purpose for the partnership are to:

- Refresh the Business Plan to ensure it reflects current intent and purpose
- Ensure the service delivery model reflects the Business Plan objectives and meets all partners requirements
- Update the staff structure to provide for sufficient capacity to meet the needs of the service and act to develop HR policies which support the team to be effective and efficient

- Complete the installation of the case management and reporting software
- Reflect on the leadership and governance requirements of the HEART Board and update the Partnership Agreement with any changes. Considerations will include appointing an independent Chair to the Board.
- Consider options for reporting customer satisfaction to the Board and key partners.
- Update the Housing Assistance Policy when the Business Plan and service delivery model are signed off

1.24 The planned effect of these steps will be to liberate the service from some of the factors that are causing a degree of drag, in turn, freed of this drag the host will be held to account, by the HEART Board, for the delivery of the core activity.

1.25 The Board acknowledge that whilst significant progress has been made, continued attention is still required to stabilise the HEART service and secure the potential that is available. After considerable debate, the preference of HEART Board is to extend the current agreement, with revisions to the Business Plan and Partnership Agreement for a period of 5 years from 2023/24 to 2027/28. This is reflected in the recommendations above.

1.26 **National Context and Future Contribution of DFG Interventions**
Probably the most significant factor other than performance and the review recommendations in the Boards considerations is the recent Social Care White Paper 2021. The White Paper makes it clear that there will be a growing role for the DFG process in maintaining people's independence as they age. It is the Boards and Foundations view that the growing contribution of DFGs is best facilitated through a countywide delivery mechanism.

1.27 The DFG is funded by the Department of Health and Social Care as part of the Better Care Fund and it is very clearly considered a key element in tackling the challenges presented by an ageing population.

1.28 Funding for DFG's has grown slightly faster than inflation over the past decade with all Warwickshire authorities receiving approximately 45% higher allocations in 2021/22 than they received in 2016/17. This represented an increase from £3.5m (2016/17) to £5.1m (2021/22).

2 Alternative Options available to Cabinet

2.1 There are three options as outlined below:

2.2 **Option 1** – To support the recommendations of the HEART Board and treat the current (2022) year as a transitional year to allow Authorities to refresh key aspects of the Partnership, act to strengthen it and consider how full-service integration could be achieved. Assuming this achieved, follow this by becoming a party to a new legal agreement for a 5-year Partnership from April 2023.

2.3 **Option 2** – To support the recommendations of the HEART Board and treat the current (2022) year as a transitional year to allow Authorities to refresh key aspects of the Partnership, act to strengthen it and consider how full service integration could be achieved. Once progress against these aspirations can be measured revisit the question of whether to remain in the HEART Partnership by becoming a party to a new legal agreement for a 5 year period from April 2023.

2.4 **Option 3** – To leave the HEART Partnership and create a new platform for the delivery of DFG's and aligned services.

3 Consultation and Member's comments

3.1 The Portfolio Holders comments have been absorbed into the body of the report.

4 Implications of the proposal

4.1 **Legal/Human Rights Implications**

4.1.1 Stratford-on-Avon & Warwick

4.1.2 DFG is a mandatory grant and local authorities are legally required to provide help to those who meet the eligibility criteria, regardless of whether the authority has sufficient budgets to meet the requests. The Housing Grants, Construction & Regeneration Act 1996 sets out the purposes for which a DFG can be provided and this is summarised as the works being necessary and appropriate to meet the needs of the individual, whilst being reasonable and practicable given the age and condition of the property..

4.1.3 The Regulatory Reform Order 2002 added flexibility to the above as it gave local authorities the power to determine their own policy and use their DFG 'allocation' to provide other forms of assistance to support people in their homes.

4.1.4 There are no immediate legal implications arising from this report. However, further legal advice may be required in relation to future proposals and the form they take. This may include the governance arrangements, wider consideration of powers and it is also important that equalities implications under the Equalities Act 2010 are carefully considered (and demonstrably so).

4.2 **Financial**

4.2.1 Stratford-on-Avon – There is a permanent established post dedicated to this role at grade I which is currently filled. There is a revenue budget of £28,000 to meet ongoing costs of the partnership.

4.2.2 Warwick -

4.3 **Council Plan**

4.3.1 In respect of the Stratford-on-Avon Council Plan the recommendations above support the key theme of enhancing the quality of Stratford-on-Avon as a place by improving the health and wellbeing of all residents.

4.3.2 In respect of Warwick District Council Business Plan the recommendations above support the key themes of People in terms of Health, Homes and Communities, Service in terms of Maintain or Improve Services and Money - Firm Financial Footing over the Longer Term.

4.4 **Environmental/Climate Change Implications**

4.4.1 There are limited environmental considerations, although the work around housing standards and general health and wellbeing does have regard for a warm and safe home which could include measures such as efficient central heating and appropriate insulation.

4.5 **Analysis of the effects on Equality**

4.5.1 There are no equality implications to be considered as part of this report although the provision of DFG's enables the quality of life of vulnerable and disabled people to be improved.

4.6 **Data Protection**

4.6.1 There are no data protection implications to be considered as part of this report although the subject will be considered in any future extension to the Partnership Agreement that governs the shared service arrangements.

4.7 **Health and Wellbeing**

4.7.1 The provision of a holistic and speedy DFG installation is critical to the dignity and independence of those needing this type of adaptation to their home. A good example would be the benefits in terms of reductions in falls by the provision of a stair lift. The DFG programme is considered to be a contributor to improved health and wellbeing as a result of this and the faster an appropriate adaptation is delivered the better in terms of the health and wellbeing of the recipient and their family/carers.

5 Risk Assessment

5.1 There are risks associated with the range of options that currently exist. If we work within HEART to build the Partnership with a view to renewing the agreement from 2023 (recommendation 6), there is the risk that whilst being a resilient service with a broad 'reach' it does not continue to improve in terms of performance. If we leave the service and establish an alternative provision for the South Warwickshire geography, this comes with the types of risk associated with delivering a new service from conception including the potential for additional cost.

In terms of the questions of likelihood of failure to address the performance challenges and impact should this be the case, there are some mitigations to be considered.

Firstly, a great deal of work has been undertaken over the last 12 months to establish the primary causes of the performance issues. A new service improvement plan seeks to address significant issues around HR, performance measurement, learning processes, IT and several other factors. This is a significant mitigation against continuing performance challenges. In addition, the Board is now operating in a more supportive capacity to the host, and has commissioned support in the form of a new independent chair (Paul Smith – Director, Foundations - National Body for Home Improvement Agencies) and funded expert support on the development of the service from Foundations.

These resources and the understanding we have developed over the last five years, need to be balanced against the limited resources and budget envelope that exists, particularly as it is considered that the resource requirements for developing a district only or south Warwickshire service would exceed current budgetary provision.

Balanced against this there are four other Warwickshire authorities within the HEART Partnership and expert input/resources. The operational and strategic risks contingent with the continuation of the HEART service, will be managed by the host and board.

6 Conclusion/Reasons for the Recommendation

6.1 The HEART Board are making a number of recommendations for their respective governing bodies to consider including the substantive recommendation that we continue to work to improve the service offered by the existing HEART countywide shared service and, subject to ongoing good progress, in 12 months' time create a new five-year legal agreement to continue the HEART Partnership.

6.2 It is considered that given the limited and risky alternatives, current financial challenges within the Housing Service, early signs of improving HEART performance, clear plans for improvement, service resilience and breadth of the HEART offer that this is a viable option with more merits and fewer risks than the alternatives.

Background papers:

Appendix 1 – Performance Analysis

Appendix 2 - Report of the HEART Management Board

Supporting documents:

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	20 April 2022
Title of report	HEART Shared Service Partnership

Consultations undertaken		
Consultee *required	**Date**	**Details of consultation /comments received**
Ward Member(s)	N/a	
Portfolio Holder WDC & SDC *	27.3.22	All comments absorbed into the body of the report.
Financial Services *	23.3.22	All comments absorbed into the body of the report.
Legal Services *	23.3.22	All comments absorbed into the body of the report.
Other Services	14.3.22	All comments absorbed into the body of the report.
Chief Executive(s)	14.3.22	All comments absorbed into the body of the report.
Head of Service(s)	14.3.22	All comments absorbed into the body of the report.
Section 151 Officer	14.3.221	All comments absorbed into the body of the report.
Monitoring Officer	14.3.22	All comments absorbed into the body of the report.
CMT (WDC)	14.3.22	All comments absorbed into the body of the report.
Leadership Co-ordination Group (WDC)	29.3.22	All comments absorbed into the body of the report.
Other organisations	N/a	

Final decision by this Committee or rec to another Ctte/Council?		Recommendation to :Cabinet / Council ……………………………Committee
Contrary to Policy/Budget framework		No/Yes
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No/Yes, Paragraphs :
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		No/Yes, Forward Plan item – scheduled for ……………………..…… (date)
Accessibility Checked?		File/Info/Inspect Document/Check Accessibility

Addendum to Item No 9
Cabinet
20 April 2022

Title: HEART Shared Service Partnership - Addendum
Lead Officer: Nick Cadd (07976 918632)/Lisa Barker
Portfolio Holder: Councillor Jo Barker / Jan Matecki
Wards of the District directly affected: All

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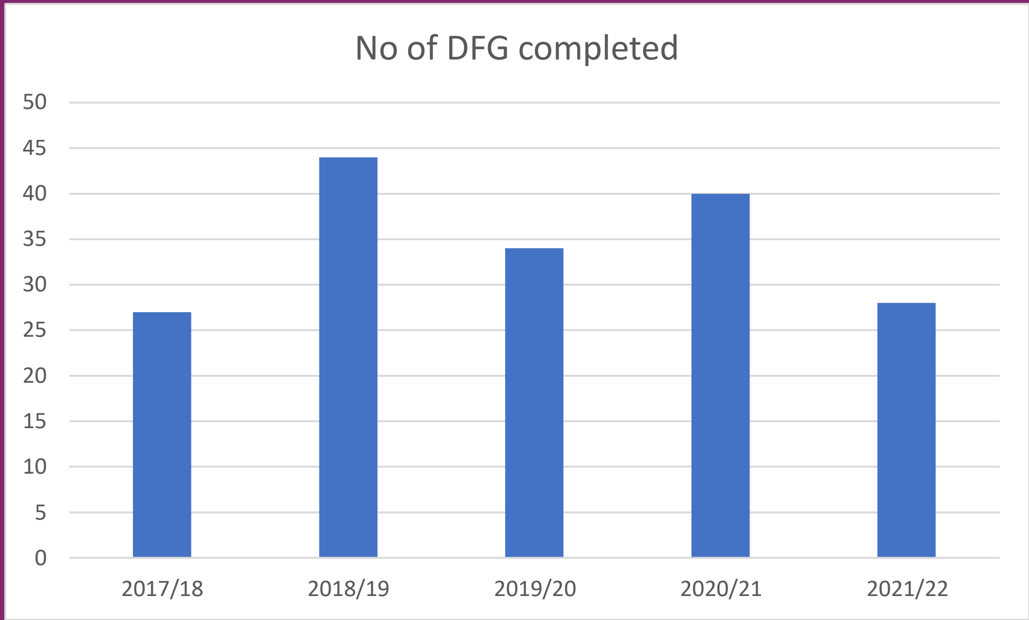
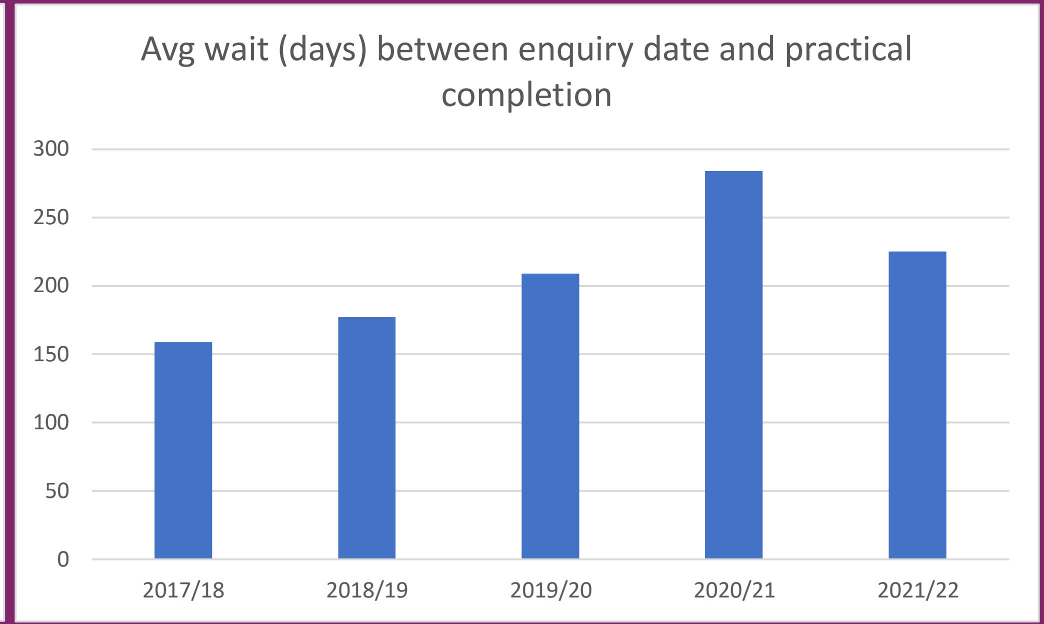
1. Addendum

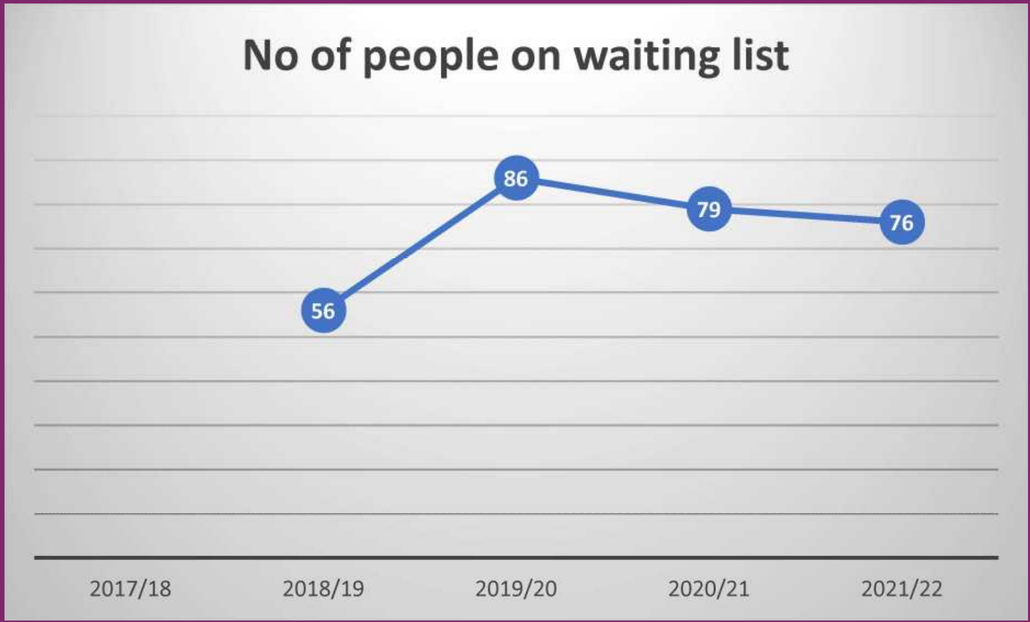
1.1. A very minor amendment has been made to the section of appendix 1 that refers to HEART Performance. All charts have been amended to ensure that the unit of measurement is shown (days/£).

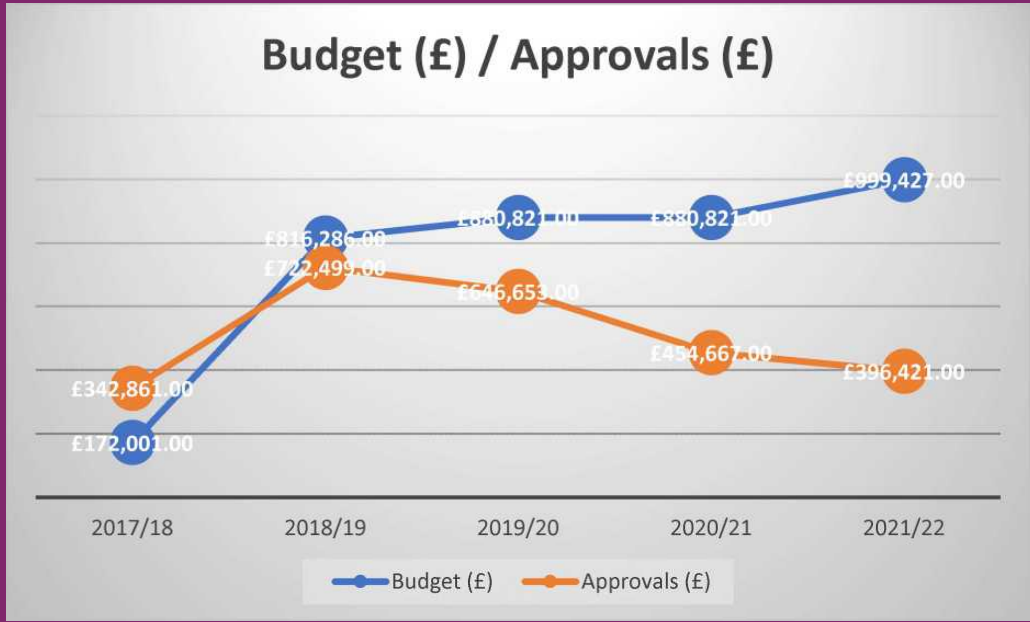
Disabled Facility Grant Performance - Warwick District Council

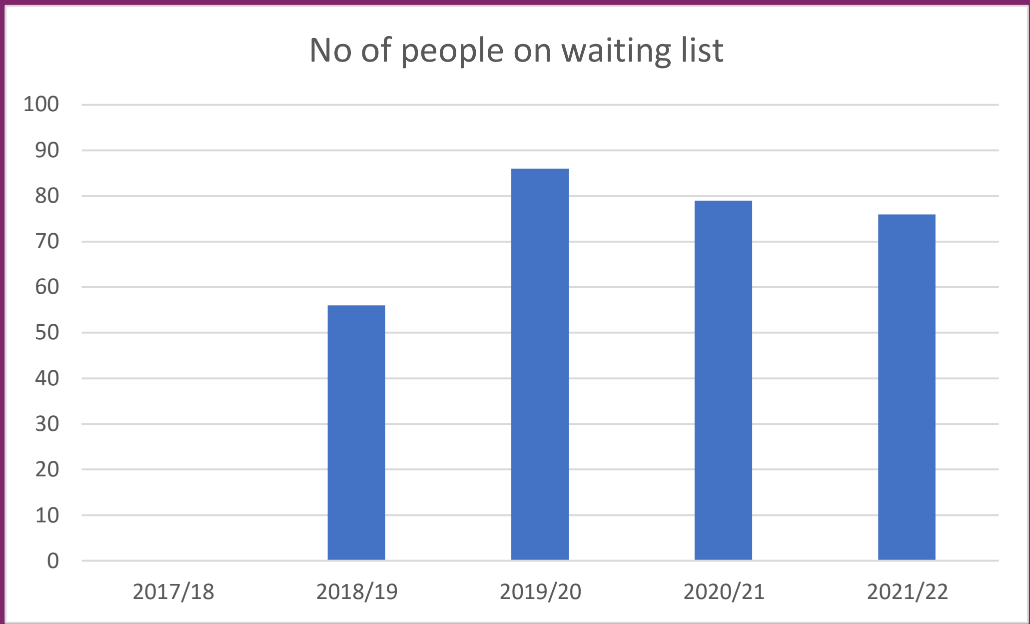


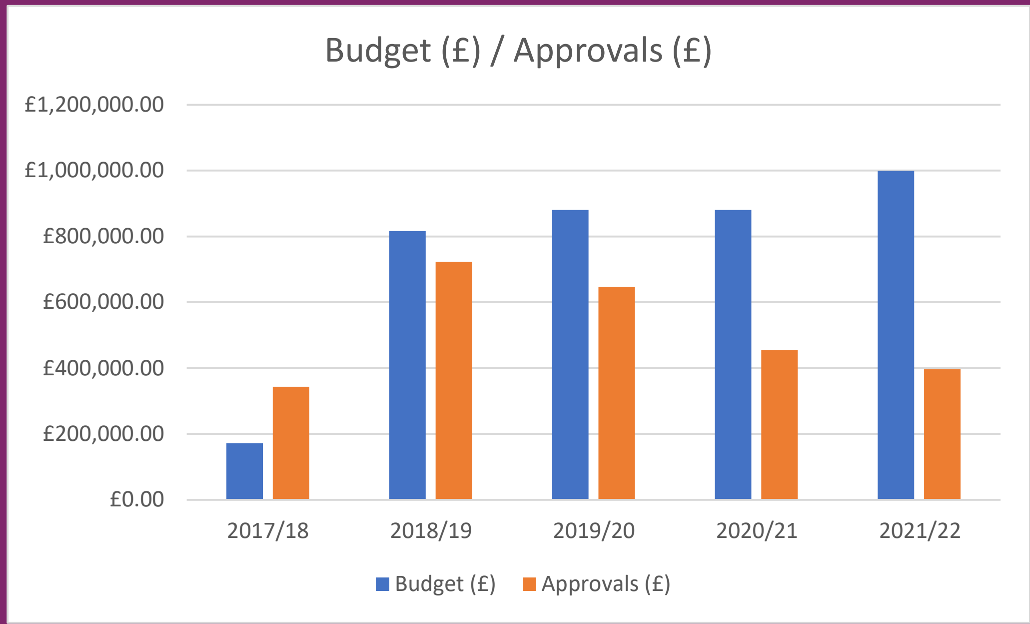


Disabled Facility Grant Performance - Warwick District Council

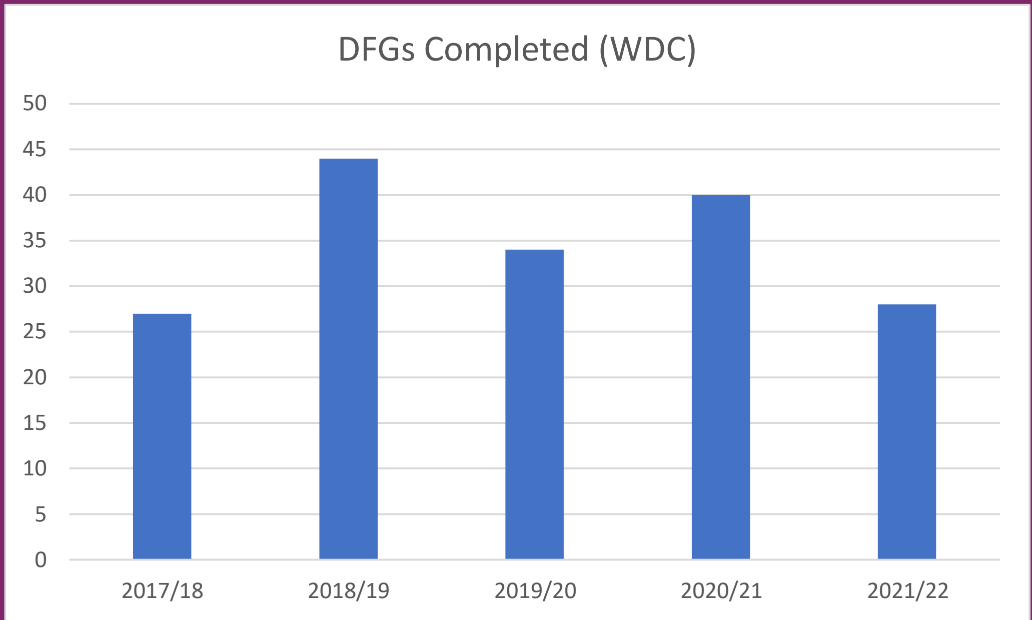


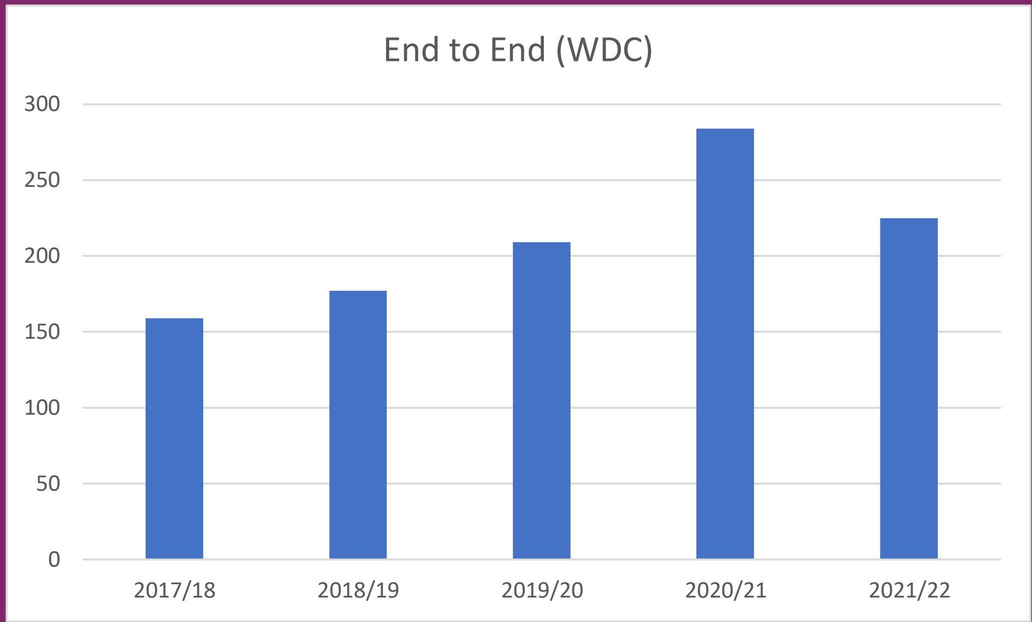




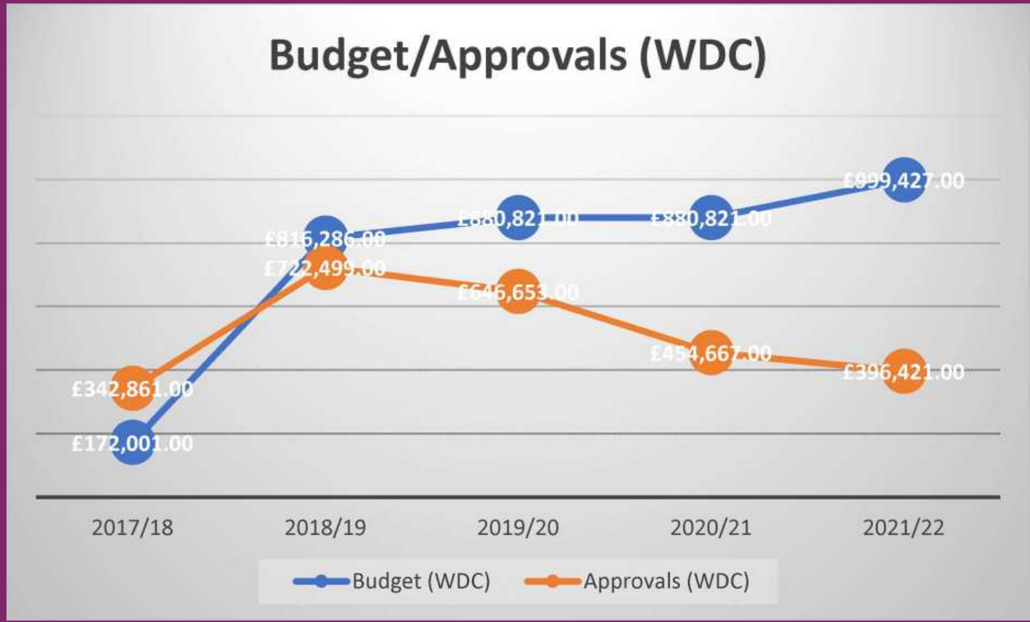


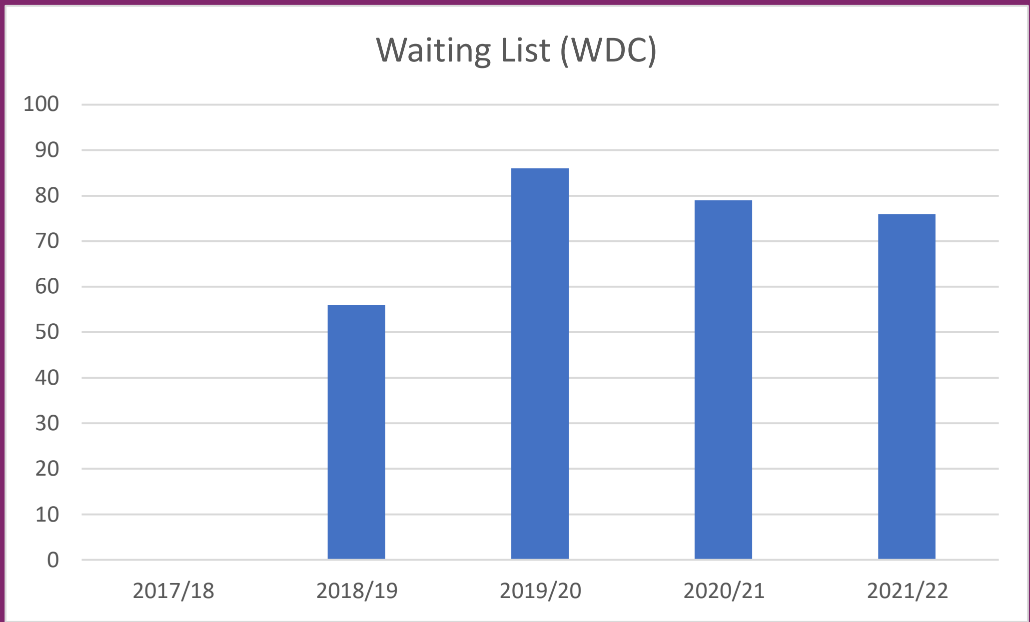
Disabled Facilty Grant Performance - Warwick District Council

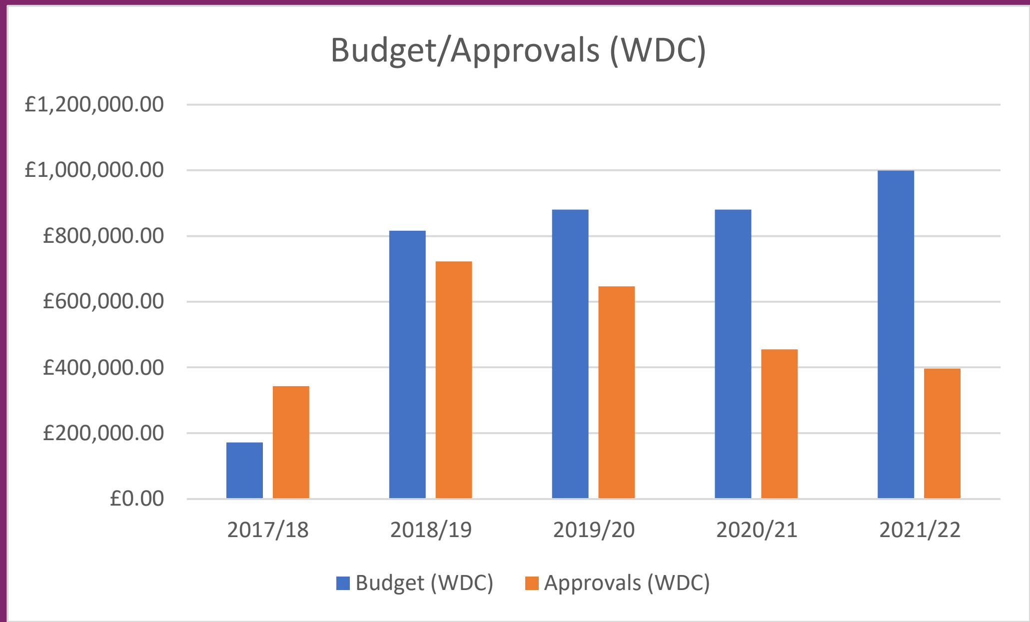




Disabled Facilty Grant Performance - Warwick District Council







***DRAFT* – HEART Management Board – Strategic Review**

January 2022

1 Introduction

1.1 This report provides information about the HEART shared service Partnership. The Partnership was set up to improve the delivery of mandatory grants provided by Borough and District Councils to provide for adaptations for private householders (Disabled Facilities Grants). The system awards grants to tenants of Housing Associations. The service provides assessment recommendations for Local Authority tenants with an expectation that the landlord Council fund and deliver the adaptation. The aim of HEART is to deliver holistic home assessments and interventions to enable applicants to remain independent at home.

1.2 The shared service Partnership has been in place for 5 years and is subject to a legal contract which reflects the arrangements agreed by the six Councils in Warwickshire. It has one host – Nuneaton and Bedworth Borough Council. The service is delivered by two teams – one in the north and one in the south – with the host providing a single line managed staff structure. The HEART Management Board oversees the partnership arrangements and has representation from all 6 authorities involved.

1.3 The contract required an oversight review two years into the Partnership. Although the review report and the initial action plan were presented in February 2020 progress was interrupted by the necessity on partners to address and work within COVID-19 safety requirements. The requirements had an impact on the capacity of the HEART Board and service delivery.

1.4 Whilst the constraints were unavoidable progress was made against the action plan. More recently the Board has engaged Foundations, the national body for home improvement agencies for England, in advisory capacity to help it to review the focus and objectives for the Partnership so that it can continue to build a successful service for residents. This relationship is ongoing as the Board refreshes the strategic objectives for HEART and starts to understand the implications of the 2021 White Paper for Social Care. Foundations will support the Board to deliver the key tasks required to provide a sound basis for HEART as the Partnership looks to recommend the development of integrated arrangements from April 2023.

1.5 This report sets out the key tasks that need to be undertaken by the HEART Board over the next 12 months to provide assurance that the Partnership will be effective. The Board is intent on building on the ambition shown in the original project aims in order to deliver a fully integrated and efficient service.

Recommendations

a That the progress to provide one, consistent service to deliver Disabled Facilities Grants and a Home Improvement Service for the whole County be noted; and

b That there is agreement that 2022 acts as a transitional year to allow Authorities to refresh key aspects of the Partnership, act to strengthen it and consider how full service integration could be achieved; and c That the strategic objectives of the HEART Board be confirmed; and

d That the Board's intention to draw on the expertise of Foundations to support it to innovate and develop HEART be welcomed; and

e That the implications of the White Paper for Social Care for arrangements to deliver Disabled Facilities Grants be acknowledged; and

f That the recommendation of the HEART Board to continue to build the partnership during 2022 with a view to creating a new legal agreement for a 5 year Partnership from April 2023 be supported.

2 Strategic Direction

2.1 As part of the two year review report a number of key strategic objectives were agreed in order to develop a robust and efficient partnership. These included:

- Specifying and procuring a bespoke IT system to support the case management and reporting undertaken by the service. To include in the project a review of the performance data provided to the Board.
- Using budget reserves to increase the staff establishment and recruit dedicated duty officers support customer assessments and release other staff to undertake home visits.
- Reviewing the level of fee charges in order to revise the staff structure and meet current demand
- The appointment of an experienced consultant to review and recommend efficiencies in systems of work and in accordance with recommendations update procedures.
- The revision of procedures to enable the team to assess the need for urgent action and fast track interventions for customers at an early stage

Progress has been made to deliver all of these objectives however there was a notable task to update and revise the staff structure. This included ensuring HR policies support the team. Unfortunately pressures on HR Teams and the Board members over the last 2 years have meant that this objective has not been met. It will be prioritized during the first part of 2022.

2.2 The current five year Partnership Agreement expires at the end of March 2022. Following meetings supported by Foundations the HEART Board will be recommending that 2022 is a transitional year which will allow it to take stock of the purpose of HEART and seek to complete key tasks to move the service forward towards full integration. The move is supported as best practice by Foundations and reflects the ambitions set out in the Social Care White Paper for this type of service.

2.3 During the transitional year the key tasks for the HEART Board to direct the strategic purpose for the partnership are to:

- Refresh the Business Plan to ensure it reflects current intent and purpose
- Ensure the service delivery model reflects the Business Plan objectives and meets all partners requirements
- Update the staff structure to provide for sufficient capacity to meet the needs of the service and act to develop HR policies which support the team to be effective and efficient

- Complete the installation of the case management and reporting software
- Reflect on the leadership and governance requirements of the HEART Board and update the Partnership Agreement with any changes. Considerations will include appointing an independent Chair to the Board.
- Consider options for reporting customer satisfaction to the Board and key partners.
- Update the Housing Assistance Policy when the Business Plan and service delivery model are signed off

2.4 Underpinning the completion of these tasks will be considerations about how changes are reflected in the Partnership Agreement from April 2023 and clarity about financial arrangements and how costs of delivery are met. In addition the Board will need to set a clear direction for the service with regard to the level of performance it requires in addressing both demand and the quality of delivery.

2.5 The strategic objectives which will define the purpose of the HEART partnership and set a policy context will be reported through the relevant Governance procedures of each Authority.

2.6 Whilst the HEART Board will offer leadership to deliver these objectives it should be noted that the Local Authorities involved act as a Partnership and delivery will depend on the support and capacity in departments such as Finance, HR and Legal to provide advice and information.

2.7 The performance of the HEART Partnership will continue to be reflected in the Warwickshire Cares Better Together arrangements because the services provided can act to improve outcomes for well being. This recognizes the role of HEART in enabling residents to remain independent at home. Interventions include reducing non elective admissions to hospital, reducing delayed transfers of care from hospital, reducing permanent admissions to residential and nursing care and help to increase the effectiveness of re-ablement services

3 Social Care White Paper 2021

3.1 The Social Care White Paper has implications for the HEART Partnership. The Government intends to undertake a public consultation with regard to the legislation which underpins the provision of Disabled Facilities Grants during 2022. Nonetheless the Warwickshire partnership which started to come together in 2011 and culminated in the HEART Partnership anticipates the Government's future requirements for these services. There will be encouragement for Housing Authorities to take advantage of the opportunities for coordination and collaboration that the Better Care Fund offers to "make sure that people can quickly access the adaptations they need, in a way that is coordinated with other practical support they receive."

3.2 The future of services to deliver adaptations referred to in the White Paper is being influenced by Foundations as the representative body for home improvement services. This will continue as Disabled Facilities Grant legislation is updated and guidance is developed to ensure that Local Authorities can meet the needs of their residents and provide efficient and effective delivery of Grant related services.

3.3 Whilst the policy framework set out by the White Paper is developed the Government has committed to fund £570 million per year (2022–23 to 2024–25) for local areas to deliver the Disabled Facilities Grants. The Grant for Warwickshire is currently £4.4m.

3.4 The White Paper also indicates an intention to provide a fund to deliver new minor repairs and adaptations (effectively funding for handyperson services).

3.5 The public consultation on the recommendations of the 2018 Disabled Facility Grant Review is planned for 2022 and will look at:

- The allocation of DFG funding to local authorities.
- The maximum amount a DFG can pay for a single adaptation.
- How best to align the means test with the social care charging announced in the Health and Social Care Levy in September 2021.

3.6 The HEART Management Board will act to incorporate any new legal requirements brought forward by Government however it will also anticipate any changes that will enhance the service for customers.

Options for the future of HEART

This section presents the work of Foundations the national body for Home Improvement Agencies, on delivery model options regarding the future delivery of the HEART service, and some of the ‘for’ and ‘against’ arguments for each:

1. Retain ‘as is’ – HEART host remains the same

This option would see the service and governance arrangements remain as they currently are. With a shared service improvement plan and support for the Board to agree a shared vision for the service as well as the ICT and reporting improvements this option could deliver the outcomes that partners wish for.

However if the service remains ‘as is’ without any form of structured service improvement plan and support for the Board then it is unlikely that the service will deliver the service improvements required and there is a significant possibility that the HEART partnership will not be able to continue in its current form.

If the service is to remain as is then it is strongly recommended that the actions listed within this report are taken forward as a priority to enable the service to be clearly defined and deliver for all partners.

2. Develop a segregated Partnership Model within HEART

This model would see WCC staff remain within the HEART service but their primary focus would be to deliver the requirements of the County Council under its Care Act obligations.

This model is unlikely to be effective and would potentially lead to a significant reduction in the delivery of DFG services across the County as staff who currently provide significant support to the delivery of that service are transferred to a different focus.

Whilst this model could be made to work it would require significant resource to develop a successful operating model and would require all partners to agree to the change. At the current time it is not anticipated that this model would provide an effective delivery model for the HEART service.

3. Move HEART service to a new Host authority

To transfer the HEART service ‘as is’ to a new Host authority without implementing the strategic and operational recommendations as outlined in this report is unlikely to achieve any significant service improvement or achieve the outcomes required by all partners. There is a high risk that the transfer of host authority would become the primary focus of the partnership at the expense of the service improvements required.

None of the District/Borough partners stated a desire to host the service and the County stated that whilst they may have the capacity as the larger authority to host the service they did not feel that they were the correct host given that the DFG is a housing function, and this and other housing measures form the majority of the ‘in reality’ delivery outcomes for HEART clients.

Therefore, at the current time the proposal to simply transfer HEART to a new Host would appear to offer limited, if any, benefits.

4. Demobilise HEART

The final option available to partners is to demobilise the HEART Partnership. This option may be one that is considered if agreement cannot be reached regarding what the purpose of HEART is and how the service can fulfil the requirements of all partners.

To demobilise a service such as HEART is not a quick process and has significant implications at both a political, strategic, and operational level. The principle of the model that HEART operates - co-location, single service pathway, shared policy and ‘one-stop shop’ - is considered by Foundations as the model of Best Practice and the integration of housing and social care services to provide a seamless service is one which many Home Improvement Agency and DFG support services across the country aspire to.

If partners decide that the difficulties faced are too significant to be overcome in the time available then any service demobilisation should be accompanied by a comprehensive mobilisation plan for a new service model.

From an initial desktop analysis there would appear to be two alternative models of provision for Housing Support Services across the County, to create two separate HIA type services across the North and South of the County or for each authority to develop and deliver its own ‘in house’ service.

Create 2 separate services – North and South

This would see the HEART service split into two distinct services which could be developed along a similar model to HEART but on a smaller scale. Discussion would need to take place with the County regarding whether or not they would wish to second their staff into this type of service or whether they would return their staff back to a single centralised service.

Each authority creates its own individual service

This would require each authority to establish its own in-house HIA service and is likely to be significantly more expensive than being part of a wider service. Secondment of county-staff to individual authorities is not guaranteed, although this model has been adopted elsewhere in the Country. In Norfolk there are Independent Housing Assessment Teams located within each local authority's DFG delivery team, where Occupational Therapists are seconded into each individual authority, which has had mixed levels of success.

Agenda Item No 10
Cabinet
20th April 2022

Title: Masterplanning framework for land to the north & east of Kenilworth/South of Coventry
Lead Officer: Andrew Cornfoot 01926 456203; Philip Clarke 01926 456518
Portfolio Holder: Councillor John Cooke
Wards of the District directly affected: Kenilworth Abbey and Arden; Kenilworth Park Hill; Cubbington and Leek Wootton

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Summary

This report highlights the committed developments and significant development pressures in the area to the north of the District and immediately to the south of Coventry. The report proposes an approach by which the Council works collaboratively with key partner organisations to better understand opportunities and challenges in the area and develop a masterplan framework. The masterplanning, whilst not predetermining any decisions relating to the development strategy in the emerging South Warwickshire Local Plan, will provide useful evidence to inform the preparation of the Plan.

Recommendation(s)

(1) That Cabinet notes the progress to date in discussing the desirability and potential benefits of this work with partner organisations.

(2) That Cabinet agrees to the Council progressing the masterplanning work with the three partner organisations stated in this report and agrees to delegate agreement of the study area (broadly in accordance with the area shown in appendix 1 attached), detailed scope, and governance arrangements to the Head of Place & Economy in consultation with the Portfolio Holder and Council's Monitoring Officer, noting that there will need to be mutual agreement of these matters with the partner organisations through a Project Board that will be formed.

(3) That Cabinet agrees to release an initial £56,000 from the Community Project Reserve to meet the costs of the Council's contribution to this work and notes that this will, in part, be used to create a Site Delivery Officer post within the Place & Economy service area on a 2-year fixed-term contract.

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1 Background/Information

1.1 The area immediately to the south of Coventry has experienced significant development pressures in the recent past and is expected to do so in the future.

1.2 At the present time there are many developments that are being implemented and new potential projects emerging. These include several major housing and employment sites allocated through the adopted Warwick District Local Plan (2011-2029) and major employment sites/institutions with growth aspirations (University of Warwick and Stoneleigh Park) as well as HS2.

1.3 There are also several planned or potential schemes under consideration including the Gigafactory at Coventry airport and the A46 strategic link road and sustainable transport proposals.

1.4 Furthermore, there is considerable growth pressure in this area, and this can be seen in sites that are already being promoted in the South Warwickshire Local Plan (SWLP) being prepared jointly by Warwick and Stratford District Councils.

1.5 It is important to explore with partner organisations how we can work together to better understand and plan this important area. We are proposing that we work collaboratively with partners to develop a strategic masterplan framework for the area.

1.6 The masterplanning work will enable all parties to collectively understand and consider the significant opportunities as well as challenges in the area. This will include how improvement and linkages can be made to green infrastructure across the area and how more robust business cases for projects and proposals which local authorities are seeking to deliver (particularly in terms of infrastructure) can be developed.

1.7 Moreover, should the SWLP process identify this as a potential area for further growth, the masterplan framework will provide a place where the evidence for this can be gathered and considered.

1.8 **Discussions with partner organisations**

1.9 Senior officers at the Council have discussed the desirability and potential benefits of this work with three key partner organisations: Coventry City Council, Warwickshire County Council and University of Warwick.

1.10 In January of this year a proposal to develop a masterplanning framework was circulated to each Council for consideration. Senior management representatives of each organisation have subsequently expressed their support for undertaking this work and have committed to financially contribute to the work.

1.11 It is envisaged that a Project Board will be formed (likely to involve member and senior officer representation) and that will agree the detailed scope of the work and a timetable for delivery.

1.12 **Purpose of the masterplan**

1.13 The purpose of the masterplanning process can be kept under review by all the participants and is yet to be formally agreed. However, officers have proposed to partners that it might be as follows:

1. To map and understand the various planned and emerging developments in the area
2. To explore how to maximise community benefits including through improvements to green and blue infrastructure and connectivity

3. To assist partner organisations in preparing their own masterplans for specific sites and to reflect their aspirations in the wider planning of the area
4. To understand how the climate emergencies declared by Warwick District Council, Warwickshire County Council, the West Midlands Combined Authority and the University of Warwick should inform the future planning of this area
5. To provide a focus for considering how best to engage with HS2 in terms of how this project can bring improvements to the area (including by linking with the HS2 Context Integration Study)
6. To provide a context for considering travel and transport improvements in the area, which should prioritise active and sustainable travel but also consider the purpose, justification and business case for the A46 Strategic Link Road
7. To provide a framework and rationale for future business cases and bids to deliver transport infrastructure projects (e.g. road, VLR, South of Coventry/University of Warwick Railway Station)
8. To enable, subject to wider work on growth options across South Warwickshire and any agreement within the South Warwickshire Local Plan as to the development strategy, consideration of whether, where and how this area may be suitable for further growth as part of the Local Plan.

1.14 **Extent of study area**

1.15 The suggested study area would be agreed by the key partners and kept under review. Broadly it incorporates all land to the immediate north and east of Kenilworth/south of Coventry, lying predominantly within the administrative boundary of Warwick District. It will be important that the area includes the following:

- All sites allocated in the current Warwick District Local Plan on the south side of Coventry (land at Kings Hill and Westwood Heath) and the safeguarded land which has been removed from the Green Belt to the east of the Westwood Heath allocation
- University of Warwick land within Warwick District
- The area being considered for various local transport infrastructure proposals within Warwick District
- Coventry airport, Whitley South sub-regional employment site and Middlemarch Business Park
- Stoneleigh Park and Abbey Park (Stareton)
- Land safeguarded for the delivery of HS2 within Warwick District in this general area.

1.16 It is proposed that Kenilworth is not included within the study area, however the masterplan will need to recognise the relationship between proposals in this area and Kenilworth and any opportunities and benefits that could be realised in Kenilworth. Similarly, it is not proposed that the area includes land within Solihull MBC although there needs to be recognition of the wider impact of possible links to the HS2 Interchange Station.

1.17 A plan showing the suggested extent of the masterplan area is shown in Appendix 1. However, please note that it is envisaged that the precise boundaries of the subject area will be agreed by the key partners.

1.18 **Key stakeholders, governance and timescales**

1.19 It is proposed that the key stakeholders form a Project Board (PB) to oversee the management of this project. These stakeholders will all be funding contributors to the cost of the work (see resourcing below).

1.20 Membership of the PB is suggested to be as follows:

- Warwick District Council
- Coventry City Council
- Warwickshire County Council
- University of Warwick.

1.21 The Terms of Reference of this PB will be agreed by all partners, however it is proposed that the PB operates in a simple streamlined way to oversee the project, ensure that any key agreed deadlines are met and monitor the use of resources invested in it. It is not suggested that the PB will be delegated any decisions that should properly rest with their parent bodies. The PB will have the authority to determine how any resources allocated to the project are spent (see section on resourcing below).

1.22 Representation at the PB is proposed to be at member and senior officer level.

1.23 Beyond the PB it is likely that a wider stakeholder group(s) would be involved at key stages in a consultative role. This may include local parish councils, residents groups, Stoneleigh Park, HS2, local major landowners/developers and Solihull MBC and Rugby BC.

1.24 It is envisaged that Terms of Reference will be agreed by the key stakeholders prior to the first meeting of the PB. Then, once the PB is formed, detailed discussion will take place to consider in more detail the scope of the work, outputs and timetable for delivery. However, it is hoped that significant progress will be achievable during 2022, albeit this is subject to being able to commit appropriate staff resource to the project swiftly.

1.25 The timetable for the SWLP, recently approved by the Joint Cabinet/Executive Committee on 10th March indicates an Issues and Options consultation will be held in Autumn 2022, a Preferred Options consultation in summer 2023 followed by further consultation and an examination in public leading to adoption by the end of 2025. The Issues and Options consultation will develop initial options for growth in South Warwickshire following the earlier Scoping Consultation. It is then envisaged that at the Preferred Options stage officers will have a clearer understanding of the likely growth strategy for the Plan and therefore at that stage we will better understand whether the area that is subject to this masterplanning work is deemed appropriate for growth through the Plan. As indicated earlier in this report, the masterplanning work can provide useful evidence to inform the SWLP process.

1.26 **Resourcing the masterplanning work**

1.27 The Council does not have the capacity or budget within existing resources to undertake this work. For this reason, and to provide collective ownership of the masterplan, each of the four stakeholders will be funding contributors to the cost of the work.

1.28 It is anticipated that there will be several technical studies that will need to be commissioned to develop the evidence base and there will need to be a budget for these. An initial budget of £100,000 has been identified for this although it may be necessary to request further contributions if this proves insufficient.

1.29 In order to provide the capacity to drive this work forward, a full-time officer resource is also required. It is proposed that this is hosted by Warwick District Council and funded from all Board member partners. Warwick District Council has already developed the role of 'Site Delivery Officer' within Place & Economy. This is a senior post and would be ideally suitable for undertaking the range of duties and responsibilities of this role.

1.30 The annual cost of the Site Delivery Officer role (including all on-costs) is £53,000. It is proposed that the post is created as a 2-year fixed term contract.

1.31 In addition to the Site Delivery Officer leading on this work, it is likely that support and involvement from management tiers will be required, including involvement on the PB.

1.32 In total it is anticipated that delivery of this work may cost in the region of £206,000 (£100,000 for technical studies; £106,000 staffing costs). Officers have requested that Coventry City Council, Warwickshire County Council and University of Warwick all make a contribution of £50,000 to this work. Senior management at each partner organisation has agreed to this level of contribution subject to obtaining the relevant approvals. This leaves a balance of £56,000 for Warwick District Council to contribute and given that the study area will be primarily within Warwick District this slight uplift above the contributions requested from partners is considered to be reasonable.

2 Alternative Options available to Cabinet

2.1 Alternative Option 1 – No masterplanning of area

Cabinet could determine that they do not wish to support the masterplanning work as set out in this report and ask officers to 'do nothing' with regards to comprehensively considering the challenges and opportunities in this area.

2.2 This, however, would potentially result in missed opportunities to better understand the potential of the area for connecting green and blue infrastructure, for biodiversity enhancements, for transport connectivity and infrastructure and for considering what development might be suitable, where and how it might relate to other development in the area.

2.3 A masterplan framework for the area will provide a stronger case for infrastructure funding bids as it will demonstrate that the area has been positively planned.

2.4 Without a masterplan, should preferred options for growth in the South Warwickshire Local Plan suggest that this may be a suitable area for growth, there will not have been any initial comprehensive work undertaken looking at whether, where and how this area might be suitable for further growth.

2.5 Alternative Option 2 - Masterplanning without involvement of key partners

2.6 Cabinet could decide that they wish for officers to prepare a masterplan without the input and direct involvement of the three key partners.

2.7 However, given the location of the study area and its relationship to the city of Coventry, the importance of transport infrastructure and connectivity and the presence of Warwick University, a major institution in the area, it is logical and sensible to undertake this work with the three partners identified. The involvement of each party also ensures buy in to the process and eventual outputs of the work.

2.8 Furthermore, were the Council to undertake this work in isolation, then the financial resources that would need to be found by this Council would be significantly higher (roughly four times the amount currently requested).

2.9 **Alternative Option 3 - Masterplanning involving more partners**

2.10 Cabinet could decide that a greater number of parties should be part of the Project Board and take a key role in the delivery of this work.

2.11 As previously identified, it is likely that a wider stakeholder group would be involved at key stages in a consultative role. However, to bring more parties, with potentially disparate aims, into the core group, this would make governance of the project more challenging and most likely extend the timescales for delivery of the work. There would also be challenges around the extent of financial contributions each organisation would be prepared or able to contribute.

2.12 **Alternative Option 4 – Masterplanning only once spatial growth strategy of SWLP has been determined**

2.13 Cabinet could conclude that to undertake the masterplanning work at this stage is premature and might unduly lead or prejudice work to determine the growth strategy of the SWLP.

2.14 Officers are of the view that this work can be undertaken in tandem with progression of the SWLP and that the growth strategy for the local plan will be arrived objectively based on various layers of evidence. This work does however have the benefit of helping identify the potential for development or challenges in bringing forward further development in this area, which will be useful evidence to inform the SWLP.

3 Consultation and Member’s comments

3.1 Whilst there has been no wider consultation to date with members about the content of this report, the Leader of the Council and Portfolio Holder for Place & Economy have both expressed their support to officers for an approach that positively plans and considers the development of this area in a comprehensive manner and explore opportunities and challenges.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 There are no legal or human rights implications of the proposal.

4.2 Financial

4.2.1 As set out in paragraphs 1.25-1.31 in the section titled ‘Resourcing the masterplanning work’ the proposal, it is estimated that there will be costs associated with staffing a position to lead on this work and further costs associated with undertaking technical work as part of the masterplanning exercise.

4.2.2 In total it is anticipated that the work will cost a little over £200,000 over a two year period. However, as set out in the aforementioned paragraphs, officers have agreed a position with other key stakeholders that will mean that this Council will require £56,000 of this to deliver the proposal. This contribution, combined with contributions of £50,000 from each of the other partners, will enable the Council to create a two year fixed term Site Delivery Officer position and also provide funds to commission work as part of the masterplanning process.

4.2.3 The staffing structure within Place & Economy currently includes three permanent Site Delivery Officer posts. However, one post has remained vacant since summer 2020 and that is a post that previously had focussed geographically on the proposed area for study. The salary saving from that post is now committed to part fund this Council's contribution to the South Warwickshire Local Plan team, formed in September 2021. Therefore, whilst the current structure suggests three Site Delivery Officer posts, there is only sufficient budget available for two of these positions.

4.2.4 The Council's 2022/23 budget created a Community Project Reserve of £300,000 of which £25,000 has been committed, leaving a balance of £275,000. It is proposed that officers draw down £56,000 from this account to contribute towards the delivery of this work. This draw down would only take place in the event that the other funding partners noted in this report make a contribution to enable to project as a whole, to proceed.

4.2.5 Whilst the contributions of all parties are likely to provide sufficient funding to deliver the masterplanning work, it is possible that the Project Board during the course of the project collectively decide that a further contribution is needed to deliver the outputs that may be required. Should that be the case, then officers may bring a report to Cabinet requesting additional resource if there are no suitable existing sources of funding available.

4.3 **Council Plan**

4.3.1 **Fit for the Future (FFF)**

4.3.2 The Council's FFF Strategy is designed to deliver the Vision for the District making it a great place to live, work and visit. The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found on the Council's website. The section below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

4.3.3 **FFF Strands: External Impacts**

4.3.4 **People – Health, Homes, Communities**

4.3.5 The masterplanning work will look at opportunities for sustainable travel in the area, for the creation of greenspaces and will also consider opportunities for new homes (including affordable homes) and the creation of new communities.

4.3.6 **Services – Green, Clean, Safe**

4.3.7 The masterplanning work will be undertaken in the context of the Climate Emergency declaration made by the Council in June 2019 and this will be a key consideration in the delivery of this work stream.

4.3.8 **Money – Infrastructure, Enterprise, Employment**

4.3.9 The delivery of this workstream seeks to positively plan for potential infrastructure delivery and growth in the area and will cover the sites of major employers.

4.3.10 **FFF Strands: Internal Impacts**

4.3.11 **People – Effective Staff**

4.3.12 The appointment of an additional Site Delivery Officer will provide an opportunity to ensure that staff can be effectively utilised to support this work.

4.3.13 **Services – Maintain or Improve Services**

4.3.14 Undertaking this work will support and improve the delivery of services in this area by identifying opportunities for improvements to support communities in this part of the district.

4.3.15 **Money – Firm Financial Footing over the Longer Term**

4.3.16 No impact.

4.4 **Environmental/Climate Change Implications**

4.4.1 A key consideration in the masterplanning exercise will be the Climate Emergency declaration made by this Council. Two of the other key partners have also declared such emergencies, further emphasising the importance of this issue to the partner organisations.

4.4.2 Any decisions relating to the growth strategy for the SWLP and future growth in this area will be taken through the Local Plan process and the strategy will be developed with tackling climate change as being an overarching objective.

4.5 **Analysis of the effects on Equality**

4.5.1 There are no equality impacts associated with the proposals in this report.

4.6 **Data Protection**

4.6.1 There are no Data Protection implications associated with the proposals in this report.

4.7 **Health and Wellbeing**

4.7.1 The proposed masterplanning of this area will help best consider how developments and communities can be best connected, including through sustainable travel. Well designed and planned communities can also have positive impacts upon health and wellbeing.

5 Risk Assessment

5.1 Section 2 of this report considered alternative options to undertaking the masterplanning exercise that is currently proposed. However, each of the alternatives were considered to be less preferable than the proposal in this report for the reasons set out in Section 2.

5.2 A risk is that this work could be seen to be pre-determining whether this area should be supported for growth through the emerging SWLP. However, as explored in paragraph 2.14, it is considered that this work can be undertaken without unduly predetermining the SWLP and it has the potential to provide useful evidence to inform the preparation of the Plan.

5.3 There is a financial risk that the initial contributions from the Council and other parties may be insufficient to deliver a meaningful output which may result in further request for funding. However, if the project is well managed through the Project Board, this will reduce the likelihood of this risk becoming a reality.

6 Conclusion/Reasons for the Recommendation

6.1 This report highlights the committed developments and significant development pressures in the area to the north of the district and immediately to the south of Coventry. The report proposes that the Council works collaboratively with key partner organisations to better understand opportunities and challenges in the area and develop a masterplan framework.

6.2 Officers have sought the input and views of key partners on the progression of this work, its possible scope, governance, and cost. All three partner organisations (Coventry City Council, Warwickshire County Council and University of Warwick) have agreed in principle to take part in the masterplanning work and have confirmed that the financial contributions sought are acceptable.

6.3 Officers request that £56,000 is released from the Community Project Reserve to meet the Council's contribution to this work. It is also proposed that a Site Delivery Officer post within Place & Economy is created, on a two year fixed term contract, to lead on this work.

Appendices:

Appendix 1: Proposed study area

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	20/04/2022
Title of report	Masterplanning framework for land to the north & east of Kenilworth/South of Coventry

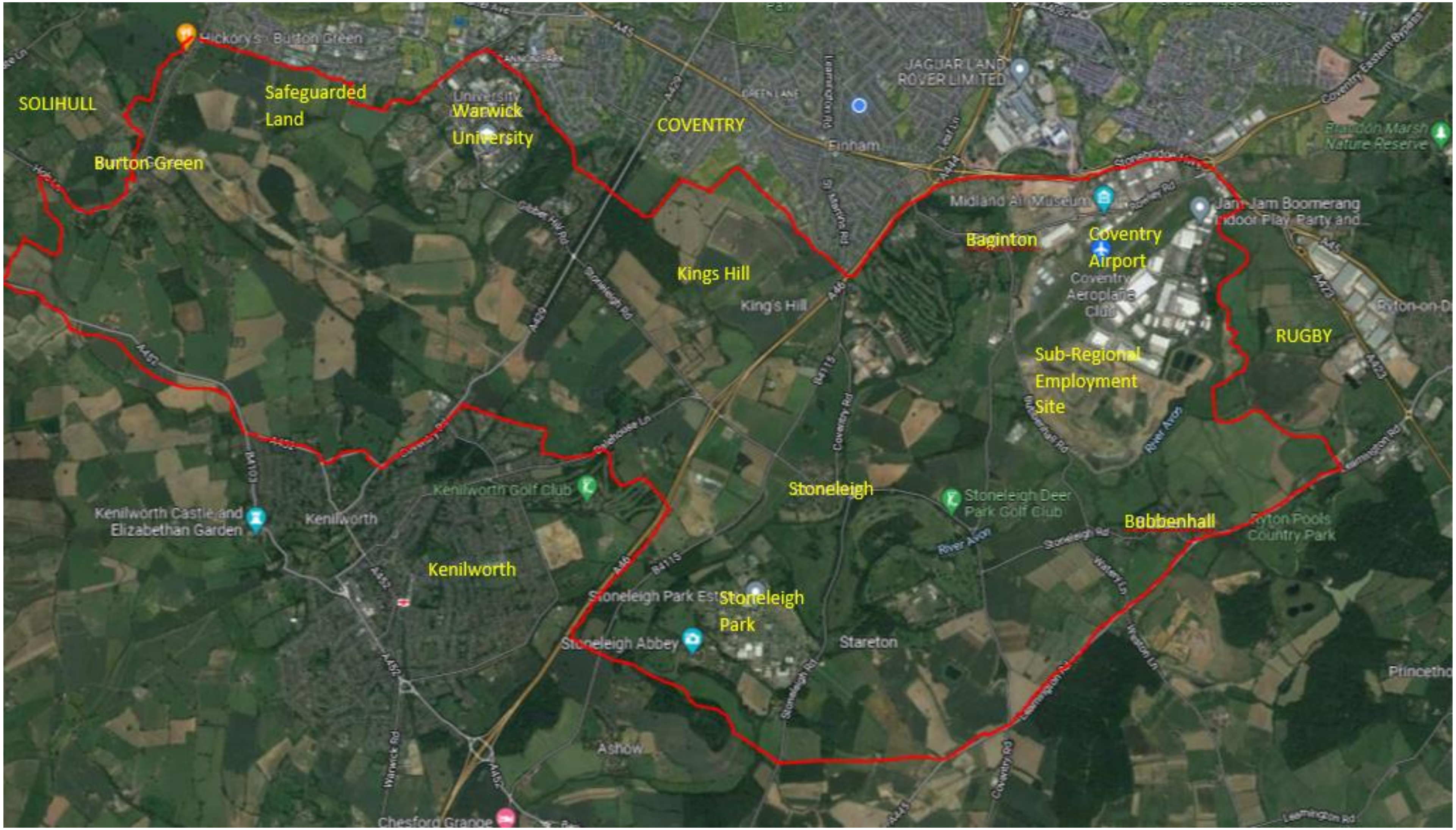
Consultations undertaken		
Consultee *required	**Date**	**Details of consultation /comments received**
Ward Member(s)	N/A	
Portfolio Holder WDC & SDC *	18/3/22	Happy with report
Financial Services *	11/3/22	
Legal Services *	11/3/22	No notable legal implications
Other Services	11/3/22	
Chief Executive(s)	11/3/22	Various comments made
Head of Service(s)	11/3/22	Comments made relating to recommendations and the relationship to the SWLP
Section 151 Officer	11/3/22	
Monitoring Officer	11/3/22	Comments made relating to recommendations and governance arrangements
CMT (WDC)	11/3/22	Various comments made including regarding financial information
Leadership Co-ordination Group (WDC)	28/3/22	
Other organisations	18/03/22	Report sent to 3 partner organisations (WCC, CCC, University of Warwick). CCC - Comments relating to study area; University – support given for report

Final decision by this Committee or rec to another Ctte/Council?		Final decision
Contrary to Policy/Budget framework		No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No

Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		Yes, Forward Plan item 1278 – scheduled for Cabinet April 2022
Accessibility Checked?	Yes	File/Info/Inspect Document/Check Accessibility

Appendix 1: Broad extent of the study area

Note: This is a rough plan of the proposed study area and detailed boundary alignments would be decided by the Project Board. The land is predominantly within Warwick District Council's administrative area, although small pockets are within Coventry City Council's administrative boundary.



Agenda Item No 11
WDC Cabinet
20 April 2021

Title: Exemption From Procurement / Contract Standing Orders – Housing First Support Service

Lead Officer: Nicholas Cadd (07976 918632)
Portfolio Holder: Councillor Jan Matecki
Wards of the District directly affected: N/a

Summary

The purpose of this report is to request an exemption from the Warwick District Council Code of Procurement Practice and Financial Regulations to enable the swift appointment of a competent and experienced provider of 'Housing First' support services to a number of vulnerable former rough sleepers and the ensure that funding won from central government is spent in accordance with their delivery time frame expectations.

Recommendation(s)

That an exemption from the Code of Procurement Practice is permitted to enable the rapid award of a contract to Brighter Futures to deliver a Housing First service to former rough sleepers in Warwick District for a period of 12 months**.**

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1 Background/Information

1.1 Warwick District Council and our local partners have worked hard to reduce the number of people sleeping rough on the streets of Leamington Spa and Warwick. The challenge now is to sustain these individuals in a range of different forms of accommodation.

1.2 Funding has been secured from the Department for Levelling Up, Housing and Communities to deliver support for up to 16 of the most challenging and disadvantaged of this group and through this report we are seeking permission to directly engage a highly regarded provider of these services, who are able to mobilise swiftly and who already have a local presence.

1.3 Housing First

1.3.1 Housing First is an innovative technique for delivery of services aimed at sustaining the challenged individuals in self-contained accommodation. Put simply it represented a shift from 'treatment first' approaches, by placing chronically homeless people in to ordinary accommodation, rather than offering housing as a reward for progress in treatment. Evaluations have indicated high rates of housing sustainment, and cost offsets from reduced demand for emergency medical services and other public sector provisions.

1.3.2 Stratford-on-Avon DC have operated a service for over five years and have had significant success in sustaining tenancies that would otherwise have failed, leading to repeat homelessness and rough sleeping.

1.4 DLUHC Funding Award

1.4.1 The Rough Sleeper Initiative (RSI) funding programme sits alongside the government's aspirations and manifesto commitment to end rough sleeping.

1.4.2 Warwick DC was awarded £108,000 in 2020 to introduce a Housing First Service. Unfortunately for a variety of reasons this work has not progressed as swiftly as would have been desired and we now need to be able to move quickly and appoint a provider. We have an estimated contract value of £91,000 for a 12 month provision. A contract of this value would be considered a formal Tender opportunity and therefore need to be advertised exclusively via the e-tendering portal. This process would be likely to take several months and given the short duration and relatively modest contract value there is no certainty that we would receive any tenders.

1.4.3 A delay of this nature would extend any potential start date to late 2022, assuming that providers tender and that they can mobilise reasonably swiftly. This may result in DLUHC requiring the funding be returned.

1.5 **Proposed Steps to Secure Service Provider**

1.5.1 Given the pace that this needs to move at, discussions have taken place with Brighter Futures who are an established Housing Association that specialise in delivering services to individuals with more complex needs. They have experience of operating Housing First services and have recently had Staffordshire University review their Stoke-on-Trent service with positive findings revealed.

1.5.2 Brighter Futures currently operate in Coventry and we have received positive feedback on their contract delivery. They have significant experience in the delivery of Housing First, they are able to mobilise a service within three months, they have a local service which aids mobilisation but also helps with service resilience and in comparison with the Stratford Service, the service costs provided benchmark well.

1.5.3 Give all of the above, and the potential that a full tender exercise may prove fruitless (and putting the funding at risk of being returned), we request permission from Cabinet for an exemption.

1.6 **Future Procurement of Housing First**

1.6.1 The closer working between Stratford and Warwick is already revealing potential efficiencies. It is our intention to commission any future Housing First service jointly between the two authorities with a joint bid to the next round of DLUHC's RSI 2022 – 2025 programme underway.

1.6.2 If successful we will jointly procure the service in the future and this will be tendered jointly to ensure that full procurement norms are adhered to and we avoid the need for any further exemptions.

1.7 **Procurement**

1.7.1 The contract sum of £91,000 is below the Public Contract Regulations 2015 threshold for formal tendering.

1.7.2 The Public Contract Regulations defer to the Councils standing orders (Code of Procurement Practice) within its constitution, for below threshold procurement activity.

1.7.3 To direct award this contract without competition through a low value tender will require an exemption from the Councils Code of Procurement Practice.

2 Alternative Options available to Cabinet

2.1 Other than the recommended exemption from tender, several options exist:

2.1.1 We can choose to run a low value tender exercise which will take approximately 3 months with no certain outcome. If a provider were appointed, additional time would be required to set up (mobilise) the new arrangements. This and will incur delays and create risk of being unable to complete the work required by the grant funding within the designated timescales. Consequently, some or all of the funding may be at risk of clawback.

2.1.2 We can stand down the proposed Housing First service and await a potential future award of RSI funding, although a future award is not assured at this stage.

3 Consultation and Member's comments

3.1 The Portfolio Holders comments have been absorbed into the body of the report.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 The position is set out correctly in paragraphs 1.7 and 5.2, although the risk of challenge and of such a challenge being successful is low. The award of the contract must be publicised in due course. Whilst funding from the RSI is often awarded on a short-term basis, the joint and longer- term approach set out in paragraph 1.6 is an important approach to secure value and continuity – and to provide the opportunity to the market. Potential providers are often reassured by the availability of future opportunities i.e. that they do not fear being excluded over a longer term.

4.2 Financial

4.2.1 The DLUHC have awarded funding to Warwick DC with the expectation that this will be deployed swiftly to reduce rough sleeper numbers and to sustain them in accommodation. The swift allocation of this to a Housing First provision will ensure that the risk or this funding being clawed back from the Council is avoided.

4.3 Council Plan

4.3.1 In respect of Warwick District Council Business Plan the suggested introduction of a Housing First service meets the aspirations around improved health and meeting housing needs of some of the most disadvantaged members of the community.

4.4 Environmental/Climate Change Implications

4.4.1 There are no environmental implications of the proposal.

4.4.2 This activity has not been subjected to an Equality Impact Assessment, however if approved the Housing First work will address the needs of some of the most disadvantaged members of the community.

4.5 Data Protection

4.5.1 There are no data protection implications of the proposal.

4.6 Health and Wellbeing

4.6.1 The health outcomes for people who have slept rough are known to be very poor. On average people who sleep rough have significantly shorter lives than the wider population. Recent ONS data indicates an average life expectancy of a male at 44 and a female 42. Often contributing to this situation is a disengagement from primary care (GPs) and unhealthy behaviours including drug and alcohol dependencies. Without stable housing the treatment of these conditions is significantly hampered and greater use of A&E and secondary care services required.

5 Risk Assessment

5.1 The principle risk in the case of the proposal is that the DLUHC clawback funding already awarded to Warwick DC. A further risk is that delays may cause DLUHC to look less favourably on bids being prepared for the RSU 2022-2025 funding round. If either of these were the case and reduced funding awards were received, this would hamper efforts over the next three years to keep rough sleeping numbers at the very low levels recently experienced and meet the governments aspirations around the eradication of rough sleeping.

5.2 Although the contract value is below the thresholds published within the Public contract regulations 2015; there is a small risk of challenge through the civil courts by suppliers who believe they could have tendered for the work. Although unlikely to be legally successful, there could be reputational damage.

6 Conclusion/Reasons for the Recommendation

6.1 In summary, we have the opportunity to engage a trusted provider to deliver a Housing First service. If we receive a tender exemption we can progress this at pace, and start delivering improved outcomes for former rough sleepers later in Spring. If we have to pursue the tender process we will incur a degree of delay and potentially run the risk of DLUHC requesting the return of funds allocated to Warwick DC to achieve this.

Background papers:

None

Supporting documents:

None

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	20 April 2022
Title of report	Exemption From Procurement / Contract Standing Orders – Housing First Support Service

Consultations undertaken		
Consultee *required	**Date**	**Details of consultation /comments received**
Ward Member(s)	N/a	
Portfolio Holder WDC & SDC *	27.2.22	All comments absorbed into the body of the report.
Financial Services *	8.3.22	All comments absorbed into the body of the report.
Legal Services *	8.3.22	All comments absorbed into the body of the report.
Other Services	8.3.22	All comments absorbed into the body of the report.
Chief Executive(s)	8.3.22	All comments absorbed into the body of the report.
Head of Service(s)	8.3.22	All comments absorbed into the body of the report.
Section 151 Officer	8.3.22	All comments absorbed into the body of the report.
Monitoring Officer	8.3.22	All comments absorbed into the body of the report.
CMT (WDC)	8.3.22	All comments absorbed into the body of the report.
Leadership Co-ordination Group (WDC)	29.3.22	All comments absorbed into the body of the report.
Other organisations	N/a	
Final decision by this Committee or rec to another Ctte/Council?		Recommendation to :Cabinet / Council ……………………………Committee
Contrary to Policy/Budget framework		No/Yes
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No/Yes, Paragraphs :
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		No/Yes, Forward Plan item – scheduled for ……………………..…… (date)
Accessibility Checked?		File/Info/Inspect Document/Check Accessibility

Agenda Item No 12
WDC Cabinet
20th April 2022

Title: Proposed Use of Community Projects Reserve
Lead Officers: Chris Elliott – Chief Executive
Portfolio Holder: Councillors Day and Cooke
Wards of the District directly affected: Leamington Clarendon, Leamington Brunswick, Leamington Willes; Warwick Aylesford, Warwick Emscote and Fosse (?);

Summary

The budget agreed in February included a provision of £300,000 for Community Project Reserves. This report sets out a variety of proposals which take forward the Council's priorities in respect of its communities. There are two other reports on this agenda which also seek to use part of this reserve.

Recommendations

(1) That Cabinet notes the existing commitment to contribute toward Hill Close Gardens as agreed in February 2022 and the use of the Chief Executive's Emergency powers to acquire land at Villiers Street, Leamington, and the proposals on other agenda items in respect of the Strategic Planning Infrastructure Network Masterplan and Creative Quarter.

(2) That Cabinet approves the schedule of allocations to community projects as set out in paragraph 1.3 of this report and as subsequently detailed in paragraph 1.4.

(3) That Cabinet agrees that additional provision for one off items totalling £100,000 will need to be made for 2023/24 adding to the additional savings/income total.

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1 Background/Information

1.1 The Council agreed as part of its budget for 2022/23 a Community Project Reserve of £300,000. This is to assist the Council and the wider community to deliver a range of the Council's community related projects.

1.2 At the same time, in February 2022, the Council agreed a one-off grant to Hill Close Gardens Trust of £25,000 funded from the Community Projects Reserve and that a longer-term grant (5 years) will be considered separately in the context of the receipt of a Business Plan. Group Leaders also agreed as an emergency decision that the Chief Executive should seek to achieve the purchase of a small part of the open space at Villiers Street that a company was selling off (even though it has been managed by the Council for 50 years or so). It has been agreed that a local resident that had bid for the land and was accepted, will complete the purchase, and will then sell it to the Council for the same price and including legal fees so he is not out of pocket. This is estimated at £10k.

1.3 There are two other reports on this Cabinet agenda also proposing the use of the Community Projects Reserve - one for £56,000 for the preparation of a Strategic Planning and Infrastructure Network Masterplan, the other for £30,000 for masterplan work around Court Street/Althorpe Street/Canalside. Assuming that these proposals are agreed and noting the above commitment then a total of £121,000 of the £300,000 has been committed before the consideration of this report.

Effectively Committed Items (assuming the latter two are agreed):

Hill Close Gardens		£25k
Purchase of Land at Villiers Street, Leamington		£10k
Strategic Planning and Infrastructure Network Masterplan		£56k
Masterplan for Court Street/Althorpe Street and canalside area, Leamington		£30k

Additional Items:

Feasibility Work for Leamington Town Centre		£10k
Community Masterplan work for Christchurch Gardens, Leamington		£5k
Feasibility work for Spencer Yard footbridge		£50k
St Marys Lands Next Steps	£50k over 2 years/£25k each pa	£25k
St Mary's Church Tower Restoration	£100k over 2 years/£50k each pa	£50k
Sustrans phase 2	£50k over 2 years/£25k each pa	£25k
Total for 22/23		**£286k**

1.4 Each of the additional items are discussed below.

1.4.1 Feasibility Work for Leamington Town Centre £10k

WCC and WDC are expecting a formal announcement on some transport related funding shortly but have a level of confidence that the bid submitted will be successful. It is likely however that the allocated funding will not be sufficient to ensure that the feasibility study considers the wider aspirations of the emerging Leamington Town Centre Transformation Framework. Therefore, it is proposed that WDC and WCC each contribute £10k towards the feasibility study and that this Council's contribution comes from the Community Projects Reserve.

This work is a key part of a wider Transformation Framework currently being developed under a Board consisting of all three levels of local authority at County, District and Town levels with an Advisory Group. Similar work has already been progressed in part by WCC Highways, funded by WDC Community Infrastructure Levy (CIL) in the south of the town centre around Bath Street.

The feasibility work will assist further funding bids to various sources including but not exclusively the Levelling Up Fund Round 2 bids which are to be submitted by 6th July.

1.4.2 Community Masterplan work for Christchurch Gardens, Leamington £5k

A Friends Group has developed around the Christchurch Gardens area of Leamington Town Centre. The group is formally affiliated to the Leamington Society and has been raising funds to undertake various small-scale improvements to the Gardens. They wish to take this further and develop a community masterplan and have asked the Council for some support to do this.

It is proposed that a grant of £5k be made which the Friends group will match with £1k which they will use to procure advice to help them undertake a process that will engage the community to work up an achievable plan for this valuable open space. It is an area that represents a significant opportunity to contribute to the transformation of the town centre.

1.4.3 Pump Rooms/Spencer Yard Bridge Feasibility - £50K

The proposal is to appoint a consultant team using open procurement (up to £50K) to prepare a feasibility report for a new pedestrian footbridge as a critical part of the movement network in the Creative Quarter project. The bridge will improve pedestrian connectivity between the Old Town (including the station) and New Town, traversing the River Leam from the Pump Rooms to Spencer Yard. This will be part of improved activation along the north and south banks of the River Leam in this area and will increase footfall to surrounding businesses and venues whilst delivering a visually striking and beautiful destination in its own right – it will be more than just a functional bridge/connection, maximising the visitor experience around the Spa water drinking fountain and enhancing Leamington's riverside heritage.

The span of the bridge will be approximately 30m and the width of the bridge approximately 3m to accommodate two-way pedestrian movement. A bespoke design is anticipated, not an off the shelf solution, with an approximate budget in the order of £2m inc. all fees and implementation. Upon receipt of the completed Feasibility Report, avenues of funding will be explored e.g., Government Funding Bids such as the Levelling Up Fund and there is the potential to procure via design competition (possibly with public involvement) which will be explored further. This will offer new opportunities for the town as part of the wider Transformation Framework as well as supporting the local regeneration via the Creative Quarter.

1.4.4 St Marys Lands Next Steps - Project Management and Design Work

It is proposed that to complete the next steps of the St Mary's Lands Masterplan that Plincke's commission is extended to undertake the following over the next two years at a cost of £25k per annum. This will include:

1. A developed feasibility study for the golf course and golf centre pavilion. This is likely to include a preliminary design proposal for re-working the current golf course to achieve a reduced size but enhanced quality to create a more commercially appealing entry level, turn-up and play facility. As part of the feasibility, the value of any eco-credits for 're-wilding' of the surplus

area will be calculated alongside an assessment of community value. The proposals would link into the Council's climate change commitments and biodiversity gains. The cost of replacing the driving range would be assessed, linked to a market appraisal to review whether a 'competitor analysis' would support the investment needs. An outline design proposal would be drawn for the golf centre building, including its size, form, function, and materials for discussion with the Working Party members. Undertake pre-application discussion with the Planning Team. (Note that architectural and cost consultancy fees would be procured separately.)

2. Prepare a play area proposal for the site next to the replacement golf centre / hub building, including a low-cost, temporary summer play scheme for 2022 to trial the locations popularity as a play destination. Following the outcome of the trial play project, develop a natural play scheme for further consultation. Liaise with the Council's play strategy team over design and maintenance. Develop the trial scheme to detailed proposal and the final scheme to RIBA Stage 3, outline proposals.
3. Agree a maintenance specification for the cycle track and undertake 2-observational inspections throughout the year, one summer and one winter inspection. Agree with the Jockey Club / County Council the commissioning and installation of the additional signage.
4. Assist with the commissioning and installation of the bird-nesting protected areas, including commissioning of ecological supervision.
5. Undertake a wider public consultation process via the Council's website and a virtual Q&A session. The purpose of the consultation will be to feedback on outcomes to date and set out the next stages of the project development. Assist the Council with other awareness raising opportunities such as newsletter content and press releases.
6. Provide project liaison and coordination services including 2 - working party meetings and general advice in response to stakeholder engagement / FoSML.

1.4.5 St Mary's Church Tower Restoration

The Church Tower of St Marys Church in Warwick is a significant and place defining landmark. Sadly, the fabric of the tower has deteriorated significantly and now needs £1.8m of work to restore it. The Council has been asked to contribute as has the Town and County Council. The Town Council is to contribute of £15k but the County Council will not contribute. The contribution is only toward the heritage of the church and not to the running of it as a religious facility. There is no legal impediment to the Council in this respect.

A business plan has been prepared by volunteers to help raise funds for the works. A copy of that business plan is attached at Appendix 1 to this report. The plan has been assessed as is usual for community projects that this Council considers and is rigorous. Clearly construction costs are a challenge for all projects, but this Council's exposure can be limited to the sum it is prepared to contribute only. It is suggested that a contribution of £100k over 2 years is meaningful and is of a similar scale as the contribution made toward the successful Lottery bid for the Lord Leycester Hospital.

1.4.6 Sustrans phase 2

The Council had previously given support to Sustrans bid to the Department of Transport (DfT) to improve the Lias Line – the old Leamington to Rugby railway line as a footpath and cycleway connecting the existing greenway at Radford Semele to Long Itchington via a new bridge over the Fosse Way and a tunnel under the Offchurch Road that HS2 is to implement next year. The support – advice and £50k helped to lever in almost £3m. Sustrans are bidding for an additional £800,000 or so to improve the old railway line spur to Draycote Water. This proposal will also include acquiring a short but important section of the old line. If successful it will enable residents to cycle off road all the way from Leamington to Draycote Water. When connected to the cycling facilities planned elsewhere in Leamington and Warwick this will represent a significant leisure facility for local people.

2 Alternative Options available to Cabinet

2.1 The Cabinet could decide to vary or to not agree the proposals, but the proposals put forward are a reasonable cost if the items are to be undertaken and the items support the Council's ambitions.

3 Consultation and Member's comments

3.1 Some of these items have come via the Leamington Transformation Board and or the Creative Quarter Project Board which are populated by Members. Some community groups have made requests to the Council.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 There are no legal or human rights implications of the proposals.

4.2 Financial

4.2.1 As set out in this report the proposals can be funded form the Community Project Reserve but provision for £100k for 23/24 only will be needed. This will have the result of there needing additional savings required of an equivalent scale.

4.3 Council Plan

4.3.1 **People - Health, Homes, Communities** – This proposal will make a direct contribution to supporting health and well-being, community cohesion and activity and in some case housing provision.

4.3.2 **Money – Infrastructure, Enterprise, and Economy** – The proposals will make a very significant contribution toward improving the infrastructure of the District, its town centres and support for enterprise.

4.3.3 **Services – Green, Clean, Safe** – The proposals will contribute toward open space improvements and toward improvements in the quality of the environment generally.

4.4 Environmental/Climate Change Implications

4.4.1 The proposals would all have a positive impact in terms of encouraging a more active lifestyle, improving open spaces and town centres.

4.5 Analysis of the effects on Equality

4.5.1 No effects on equality.

4.6 Data Protection

4.6.1 There are no data protection implications of the proposal.

4.7 **Health and Wellbeing**

4.7.1 The proposals all aim to improve the quality of life in the District and to that end they will all contribute to the health and well being of the local community. The Sustrans proposal if successful will have a particular benefit as it will encourage safe off-road cycling opportunities for families. The Christchurch Gardens proposal could help improve a valuable open space in the centre of Leamington.

5 Risk Assessment

5.1 The risks involved in these proposals are whether the costs involved are realistic for the task and whether where commissions are proposed that there is the capacity to meet the Council's needs. On the cost side for construction projects as the Council is not the direct project owner its financial contribution can be limited to what it agrees to contribute. On the Commissioning aspect the budgets identified have been soft market tested to suggest that they are reasonable.

6 Conclusion/Reasons for the Recommendation

6.1

Background papers: None

Supporting documents: None.

Please complete and submit to Democratic Services with draft report

Committee/Date	20.04.2022	
Title of report	Creative Quarter / Future High Streets Fund – Old Post Office / Former Stoneleigh Arms	
Consultations undertaken		
Consultee *required	**Date**	**Details of consultation /comments received**
Ward Member(s)		
Portfolio Holder WDC & SDC *		
Financial Services *		
Legal Services *		
Other Services		
Chief Executive(s)		
Head of Service(s)		
Section 151 Officer		
Monitoring Officer		
CMT (WDC)		
Leadership Co-ordination Group (WDC)		
Other organisations		
Final decision by this Committee or rec to another Ctte/Council?		Recommendation to: Cabinet
Contrary to Policy/Budget framework		No/Yes
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		No
Accessibility Checked?		Yes

ST MARY'S CHURCH TOWER PROJECT
Business Plan – March 2022

CONTENTS:

Executive Summary

The Collegiate Church of St Mary has been serving the people of Warwick for nearly 900 years. Alongside its role as a place of worship, it hosts civic events, school visits, concerts and lectures and is the only significant tourist attraction which is free to visit. It is a place where all residents can find respite from hectic everyday life, and where in times of national mourning or celebration, people of all faiths and none very often turn.

St Mary's landmark tower, destroyed in the Great Fire of Warwick in 1694 and rebuilt in 1704, is over 130ft (40m) high. Visible from every direction, for centuries it has been the focal point for travellers approaching Warwick and offers spectacular views of the surrounding Warwickshire countryside. Yet this tower is in urgent need of repair and restoration. It is now listed by Warwick District Council as Potentially Dangerous under Section 77 of the Building Act 1984. This is clearly a major health and safety concern for church and townspeople alike and St Mary's PCC with its architect has identified a contractor through tender to complete the necessary repairs and restoration. We aim to begin work as soon as possible in the Summer of 2022, once sufficient funds have been raised and complete it the following Summer. This business plan sets out a range of marketing and business development plans, which will support this aim.

1. Introduction/overview

1.1 Brief history / background:

In his book, *England's Thousand Best Churches* Simon Jenkins writes:

"*Warwick church rises over the roofs of the old town, higher even than the castle.*" Of the tower, he writes, *"It projects from the west front, rising sheer from the pavement above an open arch. The composition forms a magnificent climax to views from all over the town."*

Thanks to its long association with the Earls of Warwick, it is a treasure house of medieval and Tudor art. The church resonates with extraordinary names from history. It houses the tombs of men who were at Poitiers and Crécy and who advised and served the Black Prince and the Tudor monarchs – Beauchamp, Greville, Dudley – and their wives and children.

St Mary's landmark tower, destroyed in the Great Fire of Warwick in 1694 and rebuilt in 1704, is over 130ft (40m) high. Visible from every direction, for centuries it has been the focal point for travellers approaching Warwick. The tower offers spectacular views of the surrounding Warwickshire countryside. It houses a ring of ten bells, three of them dating from the original casting of 1701. Every three hours, on the hour, the bells are played as a carillon and each day of the week has its own tune.

Just above the balustrade, the tower features an inscribed Latin text; it begins on the north face and, where it stops in mid-sentence, a hand engraved in the stone directs the reader around the corner to the continuation on the west face. In due course another hand points round to the south face, where the inscription ends. The text reads:

"St Mary's Collegiate Church was first established by Roger de Newburgh, Earl of Warwick, in the time of King Stephen; then, under Thomas Beauchamp, Earl of Warwick, ..." "... in the year 1394 it was completely rebuilt, and on the 5th of September 1694 it was reduced to ruins by an amazing fire that spared nothing in its path…" "…The new church was built by charity, public to begin with, royal in the later stages, and was completed, under the happy auspices of Queen Anne, in the memorable year of 1704."

A later inscription in the archway under the Tower reads:

"This tower was restored in 1885 A.D. There being no funds available to finance the work, Louisa Ann Ryland generously provided the necessary means."

The 18th century nave, built with the tower after the destruction of the 1694 fire, is elegant, restrained, high-roofed and light. To one side is the Chapel of the Royal Warwickshire Regiment, hung with the regimental colors. The nave also houses the memorial to its 11,454 members who fell in the 1914-18 war and the organ which is suspended over the West door in a magnificent 18th century case. The width and high ceilings of the nave at St Mary's create a glorious acoustic for musical performances of all kinds.

Nine Centuries of Music at St Mary's:

Since the first choir was founded in 1123, music has filled this magnificent church; from Gregorian plain chant, Mediaeval and Renaissance polyphony through to the modern day, St Mary's has played host to an uninterrupted nine centuries of glorious music. Choral

singing is one of Britain's richest traditions and a vibrant, living heritage which is often the preserve of our great cathedrals. The professionally directed choirs of St Mary's can rival those of many cathedrals; they transform and inspire worship and enrich the community of Warwick. The English choral tradition remains central to music at St Mary's and today's flourishing choirs enjoy an international reputation.

Enhanced and assisted by its generous acoustic, St Mary's Church is a popular venue for a range of high-quality concerts and other events, welcoming performers from across the UK and the world, attracting audiences from far and wide, well beyond its local catchment and congregation.

Community:

To enhance its appeal as a community venue for diverse projects, St Mary's has made several recent investments; modern and flexible seating, a scalable and adaptable sound system and "in-church" hospitality facilities.

The pivotal and varied role St Mary's plays in the life of the community is illustrated by some statistics from 2019:

- Average Sunday attendances of 170 adults and 28 children
- A 600-strong congregation for Remembrance Sunday (both inside and outside the church)
- 8 weddings, 1 blessing, 12 baptisms or thanksgivings and 9 funerals
- A combined congregation of 1,310 people across our three Carol Services

- 1,400 people attending Midnight Mass or Christmas Day services
- 6,000 visitors climbing to the top of the tower
- Hosting a variety of “in-house” events, such as the VE75 dinner held in 2021 for 120 people
- Two highly successful live performances of The Snowman; full capacity of 600 people
- Fortnightly lunchtime recitals, with an average of 35 people attending
- Victorian Evening event and Christmas Tree Festival
- 7 school services and visits
- 34 concerts; mix of amateur and professional, choral, and instrumental
- BBC Television Easter Day service

1.2 Current position:

The pandemic has had a severe impact on worship and the commercial operation of St Mary’s; whilst services have continued for streamed transmission to the congregation online, lockdowns and the subsequent closure of the church, meant a dramatic drop in commercial income. The loss of casual footfall meant donation boxes in church remained empty. The church estimates the impact of Covid on its income to be a loss of approximately £60,000 between April 2020 and June 2021. As a result, St Mary’s was forced to lay off several paid reception staff who welcomed visitors. The church and facilities remain closed, although St Mary’s is open for services.

1.3 Aims & objectives:

We aim to keep St Mary’s church in good repair, to enable its welcome to and service of the people of Warwick and visitors.

- Future sustainability: The pandemic-enforced closures which resulted in the loss of significant commercial income and the redundancies of our entire Visitor Team make it impossible for us to reopen for visitors. More specifically, this means that we have been unable to earn ticket income from people climbing the tower. The sooner the restoration is complete, and the church can reopen, the sooner St Mary’s can resume generating commercial income and move towards a sustainable business model

- A church building that is in a good state of repair: Care of the building entrusted to us is essential both for aesthetic reasons and for public safety

- A range of different ways that the people of Warwick can enjoy the heritage encompassed by the church and activities put on or promoted by the church: These include activities and interpretation of the history of the church, services of worship, occasional offices such as funerals, baptisms and weddings, civic events, concerts, performances, lectures and talks, social outreach for the public benefit of the people of Warwick.

1.4 Planned development:

Our plans include a range of initiatives including:

- A more sustainable way of keeping the church open, through recruitment, management, and deployment of volunteers

- A programme of events to celebrate the 900th anniversary of the foundation of the church

- Repairs, the most pressing of which is the repair of the landmark tower

1.5 Management / governance and organisation:

St Mary's Church operates as a member of a Team Ministry together with St Nicholas', St Paul's, and All Saints' Emscote and in conjunction with St Michael's Budbrooke & Chase Meadow. The Warwick Team Ministry is part of the Warwick and Leamington Deanery in the Church of England Diocese of Coventry.

The method of appointment of Parochial Church Council (PCC) members is set out in the Church Representation Rules and the membership consists of the incumbent (our Rector), churchwardens and other members elected by congregation members who are on the Electoral Roll of the church. All those who attend our services are encouraged to register on the Electoral Roll and stand for election to the PCC. In addition, any Deanery Synod Representatives are automatically members of the PCC. The PCC is responsible for making decisions on all matters of general concern and importance to the parish. While our operations manager oversees the day-to-day running of the material side of church life, it is the PCC that determines general policy and decides how the funds of the PCC are to be spent.

The PCC operates several sub-committees to deal with individual aspects of parish life. These sub-committees include a Standing Committee to manage day-to-day fabric and finance matters, and committees looking at items such as Ministry, Safeguarding and Pastoral Care. In October 2021, we also formed a Project Team to oversee the tower works, including delivery and fundraising; this is chaired by John Edwards. All sub-committees regularly report back to the PCC with minutes or reports of their deliberations and decisions, and these are then discussed and reviewed by the full PCC as necessary. In addition, the PCC has responsibilities for managing policies and risks related to Health and Safety, Safeguarding, Employment Regulations and Discrimination.

All these areas are reviewed regularly, policies updated, and training put in place for key staff. The PCC reviews pay and remuneration for all employees on an annual basis, considering the annual rate of inflation, the prevalent minimum and living wage levels and any changes in job description and responsibility.

2. Project Proposal

This business plan is to apply for a Warwick District Council (WDC) grant of £100,000 split over the next two financial years: £50,000 in 2022/23 and £50,000 in 2023/24.

2.1 Description of project:

a) The Tower: The scope of the works covers the full tower elevations of all four external walls including the reveals and internal roof parapet, stair turret and the underside/inside of the base of the tower. Much of the exterior stonework is eroded and historic carved detail is being lost.

   In practical terms the restoration work includes re-pointing, pointing, repairing and, in some instances, replacing the eroded stonework. It will make the tower secure and protect the original masonry for the future. It is vital to preserve all the original stonework now whilst it can still be conserved.

The church is generally constructed of Triassic Bromstone sandstone, a local stone that is no longer quarried. This porous stone will be conserved, or replaced where appropriate, with cream Hollington from Staffordshire Stone (UK) Ltd with exposed details in Darney from Hutton Stone Co Ltd.

b) Clock Faces: The stone cherub above the east tower clockface will be repaired and refixed and all four clock faces will be cleaned and repainted.

c) Heraldic Shields: All 12 painted stone heraldic shields at the top of the tower will be taken down, repaired, cleaned, redecorated to match the original colour schemes and refixed. It is anticipated that four heraldic shields will be replaced entirely with new shields carved in stone to match the original.

d) Other repair and restoration works will be carried out to the shutters and windows, weathervanes, tower roof door, railings, and the entrance ceiling at the church entrance at the base of the tower.

2.2 Rationale for project:

St Mary's Church is a site of huge historical and architectural importance. The support of past generations has left the Warwick community with an ever-present and irreplaceable reminder of its history; however, the reality is that this presence is fragile.

In October 2016 Historic England published a report, *Sustaining Major Parish Churches*, identifying the current challenges of this specific group of buildings, of which St Mary's Warwick is one. Major churches are not cathedrals but represent some of the most unique, significant, and well-loved places of worship in England. The challenge for a major church such as St Mary's is managing a "cathedral-like" church and the demands upon it, with the organisation and financial structure of a parish church, a huge undertaking for the highly committed staff and volunteers alike.

If the church is to continue to play its central role in the community, our actions over the next decade are crucial. As well as continuing with our ministry and musical activities, we must complete a series of essential projects; most pressing amongst these is the urgent repair of the tower.

Over the last few years an increasing number of relatively small pieces of stone have fallen from the tower as the original mortar has turned to dust or been washed away by rainwater. This has been almost exclusively evident on the east face of the tower, with masonry falling onto the roof of the nave, causing no consequent safety concerns. In April 2021, a substantial piece of masonry fell from the west face on to the road beneath; fortunately, nobody was hurt, or vehicles damaged, but the tower is now listed by Warwick District Council as Potentially Dangerous under Section 77 of the Building Act 1984. This is clearly a major health and safety concern for church and townspeople alike.

Steps were taken to safeguard the public and a fully netted scaffold was put in place around the base of the tower which will remain until repair and restoration work is completed.

Screening is now in place to protect the public from falling masonry. This has been paid for from reserves and generous donations from several local trusts. No repair or restoration can be started until funds have been secured and this needs to be achieved as quickly as possible; hire and maintenance costs are charged for each week that the scaffolding remains in place. Additional charges beyond those of the original, time-limited contract are now being incurred from January 2022 onwards.

2.3 Phases / works programme:

The tower project is divided into 3 phases:

- Phase 1 – Public Protection (underway)

  St Mary's sits on a major but narrow thoroughfare in the heart of Warwick. The tower physically stands outside the main walls of the church and marks the spot where three roads join (Northgate Street, Old Square and Church Street). These roads form part of the one-way system introduced by Warwickshire County Council to ease the flow of traffic and improve air quality.

  

  It is a busy junction for pedestrians and vehicles alike; consequently, our immediate priority was to protect the public from falling masonry by erecting netted scaffolding to around half the height of the tower. To do this, it was necessary to implement a comprehensive and costly traffic management programme for the duration of the scaffold build. Under this programme, all three roads were temporarily closed to through traffic.

  No restoration work is being undertaken during phase 1; the scaffold is in place purely as a safety measure and is not yet high enough to enable full tower repair to take place. It now remains in place awaiting sufficient funds to commence phase 2.

- Phase 2 - Repair and restoration

  Once the full funds have been secured, the scaffold will be raised to the full height of the tower, with a repeated traffic management programme in place. As soon as the scaffold build is complete the roads will be reopened to the public.

  With the full scaffold in place, the major works will commence. The existing sandstone blocks will be conserved or replaced as appropriate, and the whole tower repointed with breathable lime mortar. Drainage will be improved to limit the volume of water entering the masonry.

  Repair and renewal of the clock faces, heraldic shields, weathervanes, shutters and windows, tower roof door, metalwork, and the ceiling of the church entrance at the base of the tower will also fall into this phase, which is expected to take around eleven months to complete.

- Phase 3 – Completion

  When the works have been completed, the final 8-week phase will be instigated to dismantle the scaffolding. A third traffic management programme will be required to protect the public during the dismantling.

2.4 Key partners

Our key partners are:

- Warwick District Council
- Warwick Town Council
- The Diocese of Coventry
- The King Henry VIII Charity
- The Lord Leycester Hospital

2.5 Milestones

- Faculty approval is granted on the condition that 85% of required funds are raised before works commence.
- 30 June 2022 Fundraising target expected to be reached
- 04-07-22 Road closures; upper-half scaffold construction; telecoms antennas move to scaffold
- 22-08-22 Repair works begin
- 10-07-23 Road closures; return of telecoms antennas to bell chamber; removal of all scaffolding.
- 08-09-23 Completion

2.6 Outcomes

- Heritage and Aesthetics: The tower of St Mary's is an important focal point of the town and surrounding areas and its history and heritage need to be maintained and protected for future generations. The people of Warwick collectively own the local heritage and rightly take great pride in it. The tower currently looks like a construction site, covered in scaffolding, corrugated metal, plastic sheeting, and protective netting; this will have to remain in place for as long as the mortar and stonework are unsafe. It is simply inconceivable that the tower, looking like it does today, should remain the face of Warwick forever.

- Benefit to the Community: St Mary's church plays a pivotal role in Warwickshire's cultural and social infrastructure. Apart from Sunday and seasonal worship, civic services, (for example, the High Sheriff's legal service and Remembrance Sunday) funerals, baptisms, weddings and far beyond its catchment and congregation, St Mary's plays host to musical and theatrical performances, recitals, school visits, clubs and a variety of festivals and charitable activities. Restoration will not only protect the fabric of the tower, but it will also restore the residents' pride in the place where they live.

- Warwick Town Centre as a visitor destination: A restored, and splendid looking, St Mary’s will attract tourists and visitors from far and wide to the town centre and boost the local economy. This is particularly important now that another heritage asset in the town centre, the Lord Leycester hospital, will be closing for 18 months. If St Mary’s isn’t available to tourists, it will leave Warwick Castle as the only major heritage attraction in Warwick, diverting tourist away from the town centre. We also have a national profile as host to TV and radio special services (for example, Easter Day service in 2019)

3. Marketing and Promotion

3.1 Current marketing:

St Mary’s currently markets its activities through its website, newsletters, leaflets, posters, and social media, notably Twitter and Facebook. It also works closely with the Warwick Information Centre, which holds information about the church and its activities. St Mary’s is a member of Shakespeare’s England, which actively promotes visits to the church.

The Director of Music proactively promotes concerts and other musical events on the choir’s Facebook page.

3.2 Future offers and target audiences:

St Mary’s has several annual events, which over the years have built up a loyal following. Over the period of COVID many of these have not been able to take place, but it is our intention that these should continue:

- The Folk Festival services
- High Sheriff’s service for start of legal year
- High Sheriff’s Multi Faith service 24th March
- Remembrance Sunday
- Advent carol service
- Christmas carol service
- The mayor-making ceremony
- Christmas Tree Festival, pencilled in for end Nov into Dec as usual
- Schools’ summer art exhibition
- Police and High Commissioners Service in memory of traffic victims
- Amnesty International concert
- Annual service for the Order of St Mary

The church is also used extensively for concerts and other music events, for school services and graduation ceremonies.

In 2023, we plan to build on all these connections and programmes to create a cohesive programme of celebration for the church’s 900th anniversary of becoming a collegiate church. This will include history lectures and a wide ranging and inclusive programme of cultural activities involving schools and local groups. It will also include national TV and radio broadcasts of services from the church.

Our target audiences are:

- The resident community of Warwick
- Visitors
- Primary and secondary schools
- Arts and music enthusiasts
- Community organisations
- The congregation
- Historical groups

3.3 Competition:

While other churches in Warwick District hold services and events, St Mary's holds a unique position as both the main venue for civic events and services, and a leading player in Warwick's emerging history. St Mary's is in effect the cathedral of the county.

Other Warwick based potential competitors for visitors are the Lord Leycester Hospital and Warwick Castle. Both charge for entry and the former is closed until Summer 2023. St Mary's is the only substantial visitor attraction in Warwick that is free to enter, though a small charge is made for entry to the tower.

Although most other churches in the county have a need for additional funds arising from Covid closures and for repairs, Coventry Cathedral is the main competitor in terms of civic and historic importance and in the task of raising funds needed.

3.4 Community engagement and consultation:

We are currently conducting a survey of church users and local residents to identify how important St Mary's church is to them. To date we have received 115 responses and are analysing responses. In the Spring the church will be launching a major campaign, '*St Mary's the Tower and Me'* and as part of this, will be inviting local people and visitors to express why the tower is so important to them. There are also plans for further consultation leading up to the finalisation of the programme for the Anniversary year in 2023.

3.5 Planned marketing activities:

- *'St Mary's, the Tower and me'* will be a lively marketing campaign deploying social media, the website, receptions for local residents, gift days, an exhibition, and leaflets. This will be supplemented by a press and media campaign. This will run from March until the works on the tower are complete.

  Objectives:

  - To raise the profile of the tower and the need for repairs
  - To engage local people and establish their sense of ownership of the church
  - To raise funds

- Marketing the re-opening of the church to visitors post-COVID. Currently the church is only open for services and events. This is scheduled to take place at Easter 2022, supported by a co-ordinated team of volunteers. We will market this through the website, social media, and press and media releases and in partnership with the Warwick Visitor Centre.

  Objectives:

  - To rebuild the profile of St Mary's as a visitor attraction
  - Increased income from visitor donations

- A legacy marketing campaign to run from Autumn 2022- the end of 2023.

  Objectives:

  - To raise funds for the ongoing repair of St Mary's and for its cultural programmes

- Marketing associated with the 900th Anniversary of the church in 2023; this will be marketed through e-mailings to schools and other local organisations, leaflets, posters, the website, social media, press and media releases and exhibition. This will take place from Summer 2022 and throughout 2023.

  Objectives:

  - To increase the number of visitors to the church
  - To increase children's understanding of the historic importance of St Mary's
  - To engage local people and establish their sense of ownership of the church
  - To raise funds

3.6 Agreements already in place:

Agreements are already in place for 2022 with St James Singers, Warwick and Kenilworth Choral Society, Armonico, Learn Music, Sing it Loud, Collegium, Warwickshire Symphony Orchestra, Orchestra of the Swan and Amnesty International.

4. Financial Plan

4.1 Present financial situation:

See section 4.5.

4.2 Estimated project costs:

Project costs		
Construction	1,250,184	Agreed contract sum
Architect	46,000	Time charge
QS	15,000	Time charge
CDM-PD	1,351	Fixed fee
Telecoms surveyor	2,500	Time charge
Ecologist	1,000	Time charge
Insurance	4,255	Fixed cost
Sub total	**1,320,290.00**	Excluding VAT
Project contingency	66,014	at 5%.
Total	1,386,304	

4.3 Funding plan:

Craigmyle Fundraising Consultants are working with the church to coordinate an urgent fundraising campaign comprising:

- Approaches to individuals
- Approaches to Grantmakers and Lottery bodies
- A broad-based fundraising campaign across the wider community.

The status of applications and plans are shown below:

Source	Amount	Status
Agreed		
Reserves	200,000	Agreed
St Mary's Hall Trust	250,000	Agreed
King Henry VIII project pools	150,000	Agreed - £100k this year and £50k next year. More may be forthcoming if needed.
Warwick Town Council	15,000	Verbally agreed with Clerk and supported by the mayor. This will be spread over three years
Donations from individuals	22,750	
TOTAL	**637,750**	
Targets		
King Henry VIII (town funding)	100,000	Proposal is for £50k a year for two years. Application will be considered in March.
Warwick District Council	100,000	Subject of current proposal.
NLHF	200,000	This is the least secure target amount. A survey (underway)will help to demonstrate community consultation and support and we plan to put in a project enquiry shortly. Should our bid be unsuccessful, we will make up the rest of the amount through other donations, from the community and grants.
Applications to major Trusts	200,000	Garfield Weston - £75k; Allchurches - £75,000; National Churches Trust -£50,000
Other Trusts	100,000	
Community Campaign	48,554	Congregation, neighbours, wider community.
TOTAL	**748,554**	
GRAND TOTAL	**1,386,304**	

4.4 VAT status of project:

The figures quoted are exclusive of VAT; all VAT incurred is eligible for recovery through the Listed Places of Worship scheme.

4.5 Income & expenditure forecast:

I&E and P&L	2018 Actual	2019 Actual	2020 Actual	2021 Provisional	2022 F'cast	2023 F'cast	2024 F'cast	2025 F'cast
Income								
Operational Income								
KHVIII (agreed formula)	97,484	156,902	107,976	164,445	156,693	159,827	163,024	166,284
Worship	115,496	184,647	87,731	81,483	92,000	99,500	106,000	111,000
Music	9,241	11,973	28,257	54,897	15,000	15,000	15,000	15,000
Visitors	37,927	29,770	4,293	4,864	20,000	44,000	33,000	33,000
Shop	79,302	50,161	7,890	1,058	1,000	1,000	1,000	1,000
Investments/Mast	25,360	26,031	35,923	28,236	22,500	22,500	22,500	22,500
*Other ***	19,875	22,703	35,349	21,384	16,000	18,000	18,000	18,000
*Specific Projects ****	3,366	3,127	55,807	167,544	50,000	400,000	400,000	-
Total Operational Income	**388,051**	**485,314**	**363,226**	**523,911**	**373,193**	**759,827**	**758,524**	**366,784**
C2023 Income (Tower)	**44,927**	**6,729**	**73,899**	**217,429**	**1,150,000**	**430,000**	**20,000**	**20,000**
Total Income	**432,978**	**492,043**	**437,125**	**741,340**	**1,523,193**	**1,189,827**	**778,524**	**386,784**
Expenditure								
Operational Expenditure								
Worship	42,975	42,550	23,549	17,768	20,600	21,600	21,600	22,600
Parish Share	38,400	39,202	39,968	40,930	41,000	41,820	42,656	43,510
Music	70,638	88,541	72,665	76,737	81,703	82,937	86,196	87,480
Visitors	25,056	24,000	14,332	8,068	9,000	24,000	24,000	24,000
Shop	64,411	55,231	15,961	1,107	700	700	700	700
Church Operating Costs	61,665	79,730	54,350	53,077	65,000	70,000	72,000	74,000
'Regular' Maintenance	38,790	101,566	58,000	39,799	50,000	50,000	50,000	50,000
Administration	47,873	47,680	50,396	58,110	56,000	56,000	56,000	56,000
Specific Projects	-	11,130	85,690	234,765	50,000	400,000	400,000	-
Total Operational Expenditure	**389,808**	**489,630**	**414,911**	**530,361**	**374,003**	**747,057**	**753,152**	**358,289**
C2023 Expenditure (TOWER)	**77,965**	**-**	**-**	**183,000**	**1,060,000**	**530,000**	**-**	**-**
Total Expenditure	**467,773**	**489,630**	**414,911**	**713,361**	**1,434,003**	**1,277,057**	**753,152**	**358,289**
Profit and Loss								
Operational Profit/Loss	**(1,757)**	**(4,316)**	**(51,685)**	**(6,450)**	**(810)**	**12,770**	**5,372**	**8,495**
Overall Profit / Loss	**(34,795)**	**2,413**	**22,214**	**27,979**	**89,190**	**(87,230)**	**25,372**	**28,495**

** increase of visitor income in 2023 arising from 900th anniversary events and increased profile*

***legacies/donations/rents*

**** funds raised for repairs and other works not covered in general maintenance, including projects identified in the quinquennial inspection.*

4.6 Sensitivity analysis:

Year	-10% Variance £	Projected Profit/Loss £	+10% Variance £
2022	80,271	89,190	98,109
2023	-95,953	-87,230	-78,507
2024	22,835	25,372	27,909
2025	25,645	28,495	31,345

5. Risks and Issues

Risk:	Mitigation:	Level of risk:	Effect of risk:
The church is unable to secure statutory consents	○ The proposed works have been granted a faculty. ○ The proposed traffic management plan for the road closures has been agreed with the highway authority. No other statutory consents are required.	Low	Low
The condition of the building deteriorates increasing repair costs	○ The last quinquennial inspection was undertaken in November 2021 and the scope of necessary works was reassessed.	Low	Low
The condition inaccessible parts of the tower are in a worse condition than allowed for increasing repair costs	○ 40% of the tower has a protective scaffold that has been accessed by the architect ○ The architect has previously undertaken similar repairs with the specific stone type (Triassic sandstone) on this church and is experienced in assessing the potential issues	Low	Low
Construction costs increase	○ The works have been the subject of competitive tender ○ The costs are agreed with the contractor and are held until a start date of January 2023	Medium	Low
Commencement of the project is delayed beyond 2023:	○ None	Low	Medium

○ Costs would need to be negotiated and are likely to increase with inflation ○ The ongoing scaffold charge for the protective scaffold at £1,934/week will have an impact on the money the church has for match funding			
Adverse weather during construction delays completion of the works	○ Whilst this may delay the works, the building contract excludes the contractor's loss and expense where an extension of time is granted for adverse weather	Low	Low
The contractor becomes insolvent	○ A financial risk assessment has been undertaken and the contractor represents a normal level of risk for the industry	Low	Medium
The quality of the contractor's work is poor	○ The contractor has previously worked on the church to a very high standard	Low	Low
The contractor is unable to secure materials to undertake the works	○ The main materials are scaffold, stone, and mortar. All of which have been set aside by the contractor in preparation of their undertaking the works	Low	Low

Agenda Item No 14
WDC Cabinet
20th April 2022

Title: Creative Quarter / Future High Streets Fund – Old Post Office / Former Stoneleigh Arms
Lead Officers: Chris Elliott – Chief Executive, John Careford – Head of Place & Economy, Philip Clarke – Policy & Projects Manager, Martin O'Neill – Projects & Economic Development Business Manager, Mark Brightburn – Programme Co-ordinator
Portfolio Holder: Councillor Cooke
Wards of the District directly affected: Leamington Brunswick and Leamington Willes

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Summary

***Following further review by officers, it has been agreed that this report can be a public report in its current format – 13/04/2022**

A report was presented to a meeting of Full Council on 5th August 2020 outlining the Final Business Case submission for the Future High Streets Fund (FHSF). The Council was seeking funding of £14million from the fund to facilitate the delivery of a number of projects.

Full Council approved the list of projects to be included as part of the bid as follows;

- Spencer Yard
- Town Hall
- Royal Mail Old Post Office and
- One further confidential site which is not subject to any of the recommendations in this report

Since the successful award of £10million to Warwick District Council from the FHSF, significant efforts have been made to secure a lease on the former Old Post Office in Leamington Spa for use as part of the Creative Quarter. Royal Mail Group are however now not in a position to release this lease and so an alternative building within WDC ownership which can be redeveloped to deliver the same outputs is proposed in the form of the former Stoneleigh Arms public house on Clemens St.

As such, this report seeks approval to:

* confirm a project adjustment to the FHSF and Creative Quarter; and,

* agree, in principal and subject to appropriate permissions, the intended change of use for the former Stoneleigh Arms public house asset.

Recommendations

(1) That Cabinet notes the significant efforts that have been made to secure a lease on the Old Post Office from Royal Mail Group and that this building is now not available to the Creative Quarter as set out in paragraphs 1.2.1 and 1.2.2

below.

(2) That Cabinet approves the reallocation of FHSF funds amounting to £1.887million as well as the Warwick District Council co-funding of £1.123million (therefore a total of £3.01million) to the former Stoneleigh Arms public house in place of the now unavailable Old Post Office as set out in paragraphs 1.3.1 to 1.3.3.

(3) That Cabinet delegate authority to the Head of Service for Place and Economy in consultation with the Place and Economy Portfolio Holder to oversee the intended change of use of the former Stoneleigh Arms public house asset and to obtain the appropriate permissions as set out in paragraphs 1.4.1 and 1.4.2.

(4) That Cabinet delegates authority to the Chief Executive in consultation with the Head of Place and Economy, the Leader of the Council and the Place and Economy Portfolio Holder, to make any future decisions regarding the potential re-profiling of Future High Streets funding. Any such changes will also be subject to formal approval from the Section 151 Officer and the Department for Levelling Up Housing and Communities that administers and monitors the fund including formal change requests.

(5) That Cabinet delegates authority to the Head of Assets to agree appropriate terms with the Council's Creative Quarter Development Partner, Complex Development Projects (CDP), with regards to the freehold or leasehold transfer of the Stoneleigh Arms public house.

(6) That Cabinet approves the release of £30,000 from the Community Projects Reserve in order to commission a master plan study of the potential for wider development opportunities for the area around the Stoneleigh Arms including the Court Street Car Park area, the Althorpe Street industrial area and the canalside.

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1 Background/Information

1.1 This section sets out the background to each of the recommendations.

1.2 **Recommendation 1**

1.2.1 Discussions have been progressing with Royal Mail Group (RMG) on the use of the Old Post Office within the Creative Quarter since the successful award of FHSF. RMG had indicated that a lease could be drawn up to enable this use and this was underway. However, RMG have now decided that they want to keep their options open with regard to the use of the Old Post Office and so have withdrawn the property from the market.

1.2.2 In order to meet the defined spend deadline for FHSF funding, it is therefore pragmatic to move the funding from the Old Post Office to an alternative site, which can deliver the same outputs with a similar development. This is preferable rather than to risk waiting in case the Old Post Office becomes available again by which time we may not have enough time to carry out the development and utilise the funds. Any unspent FHSF monies would then need to be returned to Government.

1.3 **Recommendation 2**

1.3.1 The WDC owned assets Court Street Car Park, former Stoneleigh Arms fronting onto Clemens Street and the former Old School fronting onto Court Street form an area of consideration for redevelopment for new creative uses within the Creative Quarter project.

1.3.2 The former Stoneleigh Arms public house is currently unused and derelict and forms an eyesore at the mid-point of Clemens Street which is a busy local centre serving the wider residential area. Redevelopment of this asset is a priority for the Creative Quarter and the Creative Quarter Partnership Board have agreed that this should be utilised to deliver the same outputs as those envisaged at the Old Post Office, utilising the FHSF award of £1.887million plus the Council's co-funding of £1.123million in line with the agreed funding criteria.

1.3.3 Given that this asset is in WDC ownership, it is available immediately to ensure that the timescales associated with the spend of the FHSF can be met, thus reducing any risk of losing this funding.

1.3.4 Early discussions have been held with the Department for Levelling Up, Housing and Communities (DLUHC) in respect of this proposal to re-assign the funding. Indications from the Department are that this is merely a change of site and will not impact upon the Full Business Case that was submitted to the FHSF. As such, formal change request documents have been submitted in tandem with this Cabinet report with a view to progressing swiftly should approval be given by Cabinet and formal approval from DLUHC.

1.4 **Recommendation 3**

1.4.1 The proposed use of the former Stoneleigh Arms will be in line with that set out in the FHSF bid which secured the funding for the former Old Post Office. It is important that these outputs are not changed in order to continue to use the funding for this purpose. The use will be led by new creative business enterprise providing flexible office accommodation and meeting spaces with other complementary uses.

1.4.2 The redevelopment of the building will work up options which may include retaining the façade onto Clemens Street to retain the historic interface, but then a more major restructuring to the rear to enable new modern floorspace to be created, given the poor condition of the existing building.

1.5 **Recommendation 4**

1.5.1 As part of the Full Business Case development for the FHSF, a formal Governance arrangement needed to be put in place. There is currently a Creative Quarter Partnership Board (CQPB) established to oversee that Programme and all of the FHSF projects are linked closely to the Creative Quarter. The exception to that is the Sustainable Movement Networks. It was therefore sensible for the formal Governance of the FHSF to also sit under the CQPB, including the Sustainable Movement Network.

1.5.2 Whilst it is not envisaged, nor preferable, for other significant alterations to the funding profiles or the projects within the FHSF, there may be instances when future changes are required as a result of, for example, changes in project delivery timescales, market conditions or other previously unforeseen circumstances.

1.5.3 In order that any future potential changes that may need to be made are not required to be reported to Cabinet, it is recommended that changes are approved by the Chief Executive, as the Project Sponsor, along with the Head of Place and Economy, in conjunction with the Leader of the Council and the Place and Economy Portfolio Holder in the first instance. Following on from that, any proposed changes will still require the approval of the Section 151 Officer (as prescribed by DLUHC) and then final approval will need to be sought from DLUHC themselves through a formal change request process. Any changes will only be approved if the proposal does not impact adversely on the stated outcomes and outputs from the original Full Business Case that was submitted and resulted in a successful award of funding to WDC.

1.6 **Recommendation 5**

1.6.1 As the Stoneleigh Arms is within the Creative Quarter boundary, the redevelopment of the building will be led by the Council's Creative Quarter Development Partner, CDP.

1.6.2 As part of the development process, CDP will need to work with the Council's Head of Assets to negotiate and agree the potential transfer of the council owned asset whether that be the freehold or an agreed leasehold term.

1.7 **Recommendation 6**

1.7.1 Cabinet approved the Community Projects Reserve as part of the 2022/23 General Fund Budgets and Council Tax report presented to the February 2022 meeting.

1.7.2 The Community Projects Reserves is designed to provide finance for various district wide projects. The projected balance of the reserve as at 1st April 2022 is circa £300,000.

1.7.3 The area surrounding the Stoneleigh Arms provides the potential for a significant level of commercial and residential development, particularly the current industrial area of Althorpe Street and the Court Street car park.

1.7.4 The approval to release £30,000 from the Community Projects Reserve will enable an independent study to be commissioned which will inform the Council of the most viable options in terms of this development opportunity as well as the future demand and market predications in terms of those options. This will result in the most appropriate options appraisal to be further developed with a view to the redevelopment of the wider site around the Stoneleigh Arms.

2 Alternative Options available to (name of Committee/Cabinet etc.)

2.1 There are no other suitable WDC assets within the town centre and within the Creative Quarter area that are available to deliver this output.

3 Consultation and Member's comments

3.1 There have been no comments made on this report.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 There are no legal or human rights implications of the proposal.

4.2 Financial

4.2.1 This is a straight switch from utilising the budget available from the FHSF for the Old Post Office, to using it for the same at the former Stoneleigh Arms public house and so there are no additional costs above those covered by the Future

High Street Fund.

4.2.2 The total amount of investment available for the project is £1.887million from Future High Streets Fund and co-funding from Warwick District Council Reserves amounting to £1.12million. The WDC contribution was approved as part of the budget setting process in February 2020.

4.3 **Council Plan**

4.3.1 The development of the Creative Quarter will provide additional opportunities for the promotion of the district as a destination for visitors and for their spending power to be harnessed to the benefit of the local economy. Cultural tourism in the region is expected to grow following the City of Culture year in 2021 and the Commonwealth Games in 2022. To maximise the economic impact of this upon Warwick District the Council must intervene and use its thriving creative sector to ensure that there is a competitive offer to bring visitors to the town and the development of the Creative Quarter and the preparations for the Commonwealth Games will significantly assist the achievement of that goal.

4.3.2 The Creative Quarter is a key initiative to support the local economy to provide high quality jobs and increase the prosperity of the town in line with the Business Strategy 2020-23.

4.3.3 The Council's Climate Emergency Action Programme is evidence of its commitment to become a net zero carbon organisation by 2025 and to facilitate reducing the District's carbon emissions as close to zero by 2030. The design of the projects will include as many energy efficient features as possible to help the Council to achieve their aim whilst allowing the projects to be financially viable.

4.4 **Environmental/Climate Change Implications**

4.4.1 This change of building to be used for regeneration purposes, will bring back a currently derelict building into productive use thus using less materials and energy than a new build.

4.4.2 All renovation and building works will be carried out utilising sustainable construction methods where it is practical to do so.

4.5 **Analysis of the effects on Equality**

4.5.1 No effects on equality.

4.6 **Data Protection**

4.6.1 No data protection implications of the proposal.

4.7 **Health and Wellbeing**

4.7.1 The change could bring new vibrancy and activity to a currently derelict part of Clemens Street which could have health and wellbeing benefits for the people who utilise this area.

5 Risk Assessment

5.1 The switch of building to a WDC asset minimises any further risk to the Future High Street Fund timescales for delivery by using a WDC asset which is available for development immediately. The Future High Street Fund money must be spent by the end of March 2024, or it will need to be returned to the Government.

6 Conclusion/Reasons for the Recommendation

6.1 This is a practical change which utilises one of WDC's derelict and un-used assets to ensure delivery of outputs for both the Future High Street Fund and the Creative Quarter.

Background papers:

No background papers but for information, contact has been made with colleagues in Assets and Finance to provide latest valuations for The Stoneleigh Arms.

Estimated current land of £120,000, and a likely Gross Development Value of £400,0000 for a suitable new development on the site valued at Market Value.

These figures are the latest recoded by the Council in 2019. They may alter significantly in current market conditions and subject to the development proposal for the site which will be produced by the Creative Quarter Development Partner, CDP.

Supporting documents:

None.

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	20.04.2022	
Title of report	Creative Quarter / Future High Streets Fund – Old Post Office / Former Stoneleigh Arms	
Consultations undertaken		
Consultee *required	**Date**	**Details of consultation /comments received**
Ward Member(s)		
Portfolio Holder WDC & SDC *	10.03.22	
Financial Services *	10.03.22	
Legal Services *	10.03.22	
Other Services		
Chief Executive(s)	10.03.22	
Head of Service(s)	10.03.22	
Section 151 Officer	10.03.22	
Monitoring Officer	10.03.22	
CMT (WDC)		
Leadership Co-ordination Group (WDC)		
Other organisations		
Final decision by this Committee or rec to another Ctte/Council?		Recommendation to: Cabinet
Contrary to Policy/Budget framework		No/Yes
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		No
Accessibility Checked?		Yes