Democratic Services
Andrew Jones – Deputy Chief Executive & Monitoring Officer

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25 March 2020

Cancellation Notice
Meeting of Warwick District Council, 25 March 2020

Please be advised that due to the Coronavirus outbreak, the meeting of Warwick District Council scheduled for 25 March 2020 has now been cancelled.

The items will be considered by the Chairman of the Council in consultation with Group Leaders and any decisions will be ratified as soon as a meeting of Council can be held.

Kind regards,

Graham Leach
Democratic Services Manager & Deputy Monitoring Officer

George Illingworth
Chairman of the Council

Council meeting: Wednesday, 25 March 2020

Notice is hereby given that an ordinary meeting of Warwick District Council will be held at the Town Hall, Royal Leamington Spa on Wednesday, 25 March 2020 at **6.00pm**.

Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

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 entered on the form to be circulated with the attendance sheet and declared 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 of the Council held on 26 February 2020. **(Pages 1 to 20)**

4. **Communications and Announcements**

5. **Petitions**

6. **Notices of Motion**

7. **Public Submissions**

8. **Leader's and Portfolio Holders' Statements**

9. **Questions to the Leader of the Council & Portfolio Holders**

10. **Appointments**

To note the appointment by the Leader of Councillor Luckhurst as the substitute for this Council on the Warwickshire Police & Crime Panel.

11. **Changes to the Constitution**

To amend the Constitution of the Council as follows:

(a) Quorum for Council to be reduced to the minimum legal limit of 11;

(b) The following items be removed from the Council agenda until further notice: Petitions, Public Submissions, Leader's and Portfolio Holders' Statements and Questions to the Leader of the Council & Portfolio Holders

(c) That until further notice, Council Procedure Rule 34 regarding public speaking at Council, Executive, Committee and Sub-Committee meetings be suspended, with the exception of Licensing Panels;

(d) That until further notice, the Executive are not required to make recommendations to Council on those items listed in Section 3 Executive functions page C8 of the Constitution;

(e) To revise the Officer Delegations DS (70) for the determination of planning applications until further notice, so that for applications that fall within clauses i, ii, iii, v, vi, vii, viii (below), applications will be determined by the Head of Development Services in consultation with the Chair of Planning Committee (or in his absence the Vice-Chair of Planning Committee). For applications that fall within clauses iv and ix, applications will be referred to Planning Committee for determination.

"Determine all applications submitted to Warwick District Council as required by the Town and Country Planning Act 1990 (as amended), Town and Country Planning (Control of Advertisement) Regulations 1992, and Planning (Listed Buildings and Conservation Areas) Regulations 1990, with the exception of the following:

(i) Applications where a written request is received from a member of Warwick District Council within the specified consultation period i.e. 21 days. that Committee referral is required. Such requests should clearly state the reasons why a Committee referral is required

(ii) Applications where 5, or more valid representations are received where these are contrary to the officers' recommendation unless the Head of Development Services is satisfied that the plans have been amended to address the concerns raised so that there are no more than four contrary representations.

(iii) Applications where the recommendation of the Head of Development Services i.e. Grant/Refuse is contrary to the representations made by a Parish/Town Council, i.e. Object/Support, except in the following circumstances:

a. the Head of Development Services is satisfied that the plans have been amended to address the concerns of the Parish/Town Council;

b. where the representations made by the Parish/Town Council do not raise any issues which are material to the planning assessment of the particular application; or

c. where the concerns of the Parish/Town Council have been previously considered as part of the assessment of an extant permission on the site and there has been no change in circumstances

(iv) Applications where the principle of development would represent a material departure from any policy within the Development Plan.

(v) Applications known to be submitted by or on behalf of a Warwick District Councillor, Warwick District Council employee or former employee of the Council, or the spouse/partner of any such person.
(vi) Applications submitted by Warwick District Council or Warwickshire County Council, other than for approval of routine minor developments.
(vii) Where applications are to be refused and enforcement action is being recommended, following consultation with the Chair and Vice Chair of the Committee and the relevant ward member(s) except in the circumstances where the Head of Development Services considers it appropriate for that matter to be determined by Planning Committee.
(viii)Applications where an Environmental Impact Assessment has been provided.
(ix) Any application which raises significant issues such that in the opinion of the Head of Development Services, it would be prudent to refer the application to Planning Committee for decision."

12. **Decisions to be taken**

(a) Pay Policy 2019-2020 **(Pages 1 to 15)**
(b) Treasury Management Strategy 2020/21 **(Pages 1 to 44)**

13. **Public & Press**

To consider resolving 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 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

14. **Confidential Decisions to be taken**

(a) Purchase of Land at Waverly Riding Stables, Coventry Road, Cubbington, Leamington, Warwickshire **(Pages 1 to 8)**
(b) Affordable Housing Purchase – Oakley Grove, Phase 2D **(Pages 1 to 7)**
(c) Forward funding for the Relocation of Kenilworth School **(Pages 1 to 17)**

15. **Common Seal**

To authorise the affixing of the Common Seal of the Council to such deeds and documents as may be required for implementing decisions of the Council arrived at this day.

Christopher Elliott

Chief Executive
Published Tuesday 17 March 2020

For enquiries about this meeting please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ.
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Details of all the Council's committees, councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 456114 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

The agenda is also available in large print, on request, prior to the meeting by calling 01926 456114.

MEETING CANCELLED

WARWICK DISTRICT COUNCIL

Minutes of the meeting held on Wednesday 26 February 2019, at the Town Hall, Royal Leamington Spa at 6.05pm, which will be considered by Council on 25 March 2020.

PRESENT: Councillor Illingworth (Chairman); Councillors Ashford, Bartlett, Boad, Cooke, Cullinan, Davison, Day, A Dearing, J Dearing, K Dickson, R Dickson, Evans, Falp, B Gifford, C Gifford, Grainger, Hales, Heath, Jacques, Kennedy, Kohler, Leigh-Hunt, Luckhurst, Mangat, Margrave, Matecki, Milton, Morris, Murphy, Nicholls, Noone, Norris, Redford, Rhead, Russell, Skinner, Syson, Tracey, Weber and Wright.

47. **Apologies for Absence**

Apologies for absence were received from Councillors Roberts and Tangri.

48. **Declarations of Interest**

Minute 56 – Excerpt of Executive report of 18 December 2020

Councillor Norris informed Council that he rented a garage from the Council but he was of the view that this was such a small part of setting the budget for the Housing Revenue Account and that he would participate in this matter but would listen to the views of others before voting.

49. **Minutes**

The Minutes of the meeting of the Council held on the 20 November 2019 were proposed by Councillor Day, duly seconded by Councillor Read and signed by the Chairman as a correct record.

50. **Communications and Announcements**

The Chairman welcomed Councillor Grey who had been elected to the Council on 12 December 2019 to represent the Myton & Heathcote Ward.

The Chairman informed Council that since its last meeting, former Councillors Heather Calver, Peter Barton and Stanley Birch had all passed away. He provided the opportunity for Councillors to pay testament to their work on the Council and then led the Council in a moment of reflection as a mark of respect to them.

The Chairman informed Council that Councillor Heath had now completed over 20 years of service as a Councillor. He took the opportunity to thank Councillor Heath for his work and presented him with a long service certificate.

The Chairman informed Council that:

(1) there would be a presentation for all Councillors about HS2 and the implications for the District of HS2 prior to Group meetings on 16 March 2019;

(2) he had attended the WAGS Gangshow this week which was excellent and not only showed the talents within the Scout and Guide movement, but also the technical capabilities of the equipment within the Spa Centre;

(3) there was a meeting of the Licensing & Regulatory Committee after the conclusion of the Council meeting and therefore those Members who were on the Committee needed to stay behind; and

(4) there was no business to be considered under agenda items; 5 Petitions, 6 notices of motion and 7 public submissions.

51. Leader's & Portfolio Holders' Statements

The Portfolio Holder for Culture, Councillor Grainger, informed Council that:

(a) the Spark event, operated by the Arts Team, at the Spa Centre had been attended by over 300 delegates who attended workshops from experts within the creative industries;

(b) proposals would be brought forward later this year to rebuild, rather than redevelop, the leisure facility in Abbey Fields using sustainable building materials. This would allow the building size to be reduced, with a simplified design that would complement its setting and would bring a reduction in light pollution; and

(c) it was intended to submit the planning application for Castle Farm in May. This was dependent on completion of traffic monitoring which had been impacted by the recent bad weather which had seen many events at Castle Farm. The design team were now considering how the building could be made to be powered by electricity and therefore to make it more sustainable.

The Portfolio Holder for Health & Community Protection, Councillor Falp, informed Council that the CCTV team had played a key role in the arrest of one of the suspects in the recent murder on Tachbrook Road in Leamington.

The Portfolio Holder for Environment & Business, Councillor Rhead:

(a) thanked the Councillors on the Climate Change Working Party for their work and dedication in bringing forward the proposed action plan for the Executive and the Council to consider in such a short space of time;

(b) highlighted the slow speed at which the Government was working to introduce new building regulations to improve the efficiency and sustainability of all new builds and as a result the Council was having to bring forward its own Development Plan Document in this area to help make development more sustainable, especially at this time when the District had seen more than 2,300 homes built in the last 12 months.

The Portfolio Holder for Development, Councillor Cooke:

(a) highlighted the letter of congratulations received from the Minister for Housing Communities and Local Government because the Council had exceeded its planned development within the Local Plan for the last 12 months;

(b) there was now a change in the Local Plan that would see an increase from a to delivering over 3,300 homes built per annum and with this there would be work to ensure applications were not only viable but also sustainable;

(c) there would be a report to March Executive outlining the proposed expenditure of £5.5million funding received through the Community Infrastructure Levy including destination parks, Bath Street improvements, Emscote Road multi model transport scheme, Kenilworth Leisure Phase 2, way finding signs and Whitnash Civic Centre; and

(d) it was estimated there would be circa £30million received through the Community Infrastructure Levy over the next five years.

The Portfolio Holder for Finance, Councillor Hales, informed Council that the Executive had considered and approved 11 applications under the Rural/Urban Capital Initiative Scheme within the last 12 months and there had been a good response to the new criteria to provide greater funding for those schemes which brought forward environmental/sustainable developments.

The Portfolio Holder for Housing, Councillor Matecki:

(a) took the opportunity to thank those officers, on behalf of the Council, who provided an out of hours service for the Council. In the recent storms, a tree fell on a Council building and the team helped the occupiers to find emergency accommodation that night and then temporary accommodation while the repairs were undertaken; and

(b) informed Council that with the support of the developers for little extra cost it had been possible to improve the efficiency rating of the new Council properties in Radford Semele from B to A.

The Portfolio Holder for Neighbourhood, Councillor Norris;

(a) thanked the officers involved in producing the tender specification for the new major contract award which saw 30% of the scoring allocated to sustainability;

(b) informed Council that; most contractors had been supportive of moving the vehicles to electric power; the Council was working with businesses in Leamington to reduce waste and was working with Warwickshire County Council on potential changes to the Government's recycling credit and deposit schemes;

(c) informed Council that the Rangers had taken delivery of their second electric vehicle and were looking at E-bikes to make some harder to access areas of their routes more accessible;

(d) informed Council that the next round of consultation on Newbold Comyn would be launched in the near future which would look in more details at the proposals; and

(e) informed Council that there had been significant uptake on the Council's initiative of offering free parking to electric cars.

The Leader, Councillor Day, reminded Council that a good emergency should never be wasted and this was never more appropriate than the Climate Emergency. The Council had achieved so much since it declared a Climate Emergency eight months ago and took the opportunity to thank all Councillors for putting politics aside and working together to deliver the proposed action plan and budget. He took the opportunity to thank the Chief Executive and his officers who had worked above and beyond because without them the Council could not have achieved half of what had been delivered.

52. **Questions to the Leader of the Council & Portfolio Holders**

Councillor Boad asked the Portfolio Holder for Neighbourhood, as per his email to him, what actions the Council were proposing to support the 5,300 registered electors who were EU citizens within the District, some of which were Council staff, in terms of signing up to have settled or pre-settled status; and help the voluntary sector to support these people as well?

In response, the Portfolio Holder for Health and Community Protection, Councillor Falp, explained that this was a matter for her service area and she had not seen the questions. She asked Councillor Boad to forward the questions to her and she would ensure a response was circulated to all Councillors.

Councillor Kennedy asked the Portfolio Holder for Housing if the bids made to the Minister for Housing Communities and Local Government and Warwickshire County Council to help meet the Council's commitment to eradicate rough sleeping had been successful?

In response, Councillor Matecki explained that the Council had been successful with both bids for funding and these would help the Council with the challenge of rough sleepers. The P3 outreach team had undertaken a survey last week and identified six rough sleepers, all of which could have been accommodated within the Council's hostel. Therefore, the challenge for the Council was not only to have the resources to help people but also to help the individuals change, especially those who entrenched as being homeless.

Councillor Wright asked the Portfolio Holder for Finance if he could confirm that if the proposed Council Tax Referendum was undertaken the Council would apply all the suggested controls from the Finance and Audit Scrutiny Committee; and the outcome was "No" that the Council would apply the reduced budget, as recommended to Council and refund any excessive payment?

In response, Councillors confirmed that this was correct.

Councillor Luckhurst asked the Leader if the Council would be participating in the 50 th anniversary of Earth Day on 22 April 2020 and supporting events within the District?

In response, Councillor Day explained he was not aware of this but agreed the Council should be participating and supporting events and asked to work with all Councillors to develop ideas for this.

Councillor Ashford asked the Portfolio Holder for Environment & Business what steps were being taken to introduce technology in the District to support electric vehicles across the District?

In response, Councillor Rhead explained that the Council would be working with Warwickshire County Council over the next five years and beyond to develop the infrastructure.

Councillor Kohler asked the Portfolio Holder for Health & Community Protection what plans the Council had in place under the Civil Contingencies Act for the Coronavirus?

In response, Councillor Falp explained that, like with Brexit, there was a need to prepare and prepare again but plans were being formalised.

Councillor Redford asked the Portfolio Holder for Neighbourhood how communities and parishes could become involved in the planting of the planned 168,000 trees across the District?

In response, Councillor Norris explained that the Neighbourhood Services team had engaged an officer for the delivery of this project and there was an information page available on the Council's website. There would also be a consultation on the Tachbrook Community Park which would involve a significant number of trees being planted.

Councillor A Dearing asked the Portfolio Holder for Environment & Business that as there were some simple way finding signage improvements required to cycleways in Kenilworth could Warwickshire County Council be encouraged to introduce these now?

In response, Councillor Rhead explained the County Council had been asked to develop a new sustainable transport plan for District and would be delivering way marking improvements in the next 12 months.

Councillor J Dearing asked the Portfolio Holder for Finance that, following questions from his residents, why was the Government not funding the climate change emergency, as it had declared this as well; and what other avenues of funding had been considered ahead of proposing the increase in Council Tax?

In response, Councillor Hales explained that the budget had been scrutinised in great detail but to make the significant changes required in the District, significant investment was needed, which could not be found without impacting on Council services. There were Government grants available but these would require match funding to release them and therefore the Council would need funds available to bid for the grants.

Councillor Jacques asked the Portfolio Holder for Environment & Business if he could confirm that it was the intention that savings made within Council services as a result of the dedicated climate emergency fund, if it was approved, would be ring-fenced back into the fund and not used as savings within the wider Council budget?

In response Councillor Rhead confirmed that this was correct.

53. **Appointments**

It was proposed by Councillor Day, seconded by Councillor Murphy and

Resolved that:

(1) Councillor Grey be appointed to the Licensing & Regulatory Committee;

(2) Councillor Jacques be replaced on Finance & Audit Scrutiny Committee with Councillor Grey;

(3) Councillor Jacques be appointed to the Overview & Scrutiny Committee;

(4) Councillor Grey be appointed to Standards Committee;

(5) Councillor Jacques be appointed to Planning Committee;

(6) Councillor Grey be appointed as substitute for Planning Committee and Overview & Scrutiny Committee;

(7) Councillor Jacques be appointed as a substitute for Finance & Audit Scrutiny Committee; and

(8) Councillor Boad be appointed to the CWLEP Scrutiny Committee.

54. **Setting of the Council Tax 2019/20**

(a) The recommendations from the meeting of the Executive held on 12 February 2020 in Minute 108 were proposed by Councillor Hales and seconded by Councillor Margrave.

Councillors Davison, Cullinan, Falp, Matecki, Boad, Nicholls, Gifford, Heath, Wright, Murphy, Milton, Day, Margrave and Hales addressed the Council on this item.

The Chairman, with the agreement of Councillors, asked for the thanks of the Council to officers be recorded in the minutes. This was in recognition of all the work that officers had undertaken since the election in May.

Resolved that the recommendations contained in minute 108 headed "Budget 2020/21 – General Fund Revenue and Capital" as set out in the report of the Executive meeting held on 12 February 2020, be approved and adopted.

By law, a recorded vote was required on this matter. The votes on this were as follows:

For: Councillors Ashford, Bartlett, Boad, Cooke, Cullinan, Davison, Day, A Dearing, J Dearing, K Dickson, R Dickson, Evans, Falp, B Gifford, C Gifford, Grainger, Hales, Heath, Illingworth, Jacques, Kennedy, Kohler, Leigh-Hunt, Luckhurst, Mangat, Margrave, Matecki, Milton, Morris, Murphy, Nicholls, Noone, Norris, Redford, Rhead, Russell, Skinner, Syson, Tracey, Weber and Wright.

There were no votes cast against the recommendations or abstentions from voting.

(b) The report of the Responsible Financial Officer.

The report set out the Council Tax for the area of Warwick District, incorporating its own budget which was formed by Council Tax, along with the precepts from the other authorities within the area.

The report set the overall Council Tax levels for 2020/21 including the proposed "excessive" increase by Warwick District Council, which if approved would be subject to a local referendum.

The report also set out "substitute" Council Tax Levels that would apply if the higher increase for Warwick District was not agreed in the local referendum.

The Executive papers for 12 February 2020 contained the background information on the budget in Item 4, '2020/21 General Fund Budget and Council Tax'. The recommendations in the report combined Warwick District Council's element of the Council Tax, with Council Tax levels agreed by Warwickshire County Council, Warwickshire Police and Crime Commissioner, and the town/parish councils for 2020/21. With all these constituent parts, the Council should now be in a position to set the overall levels of Council Tax for the District.

The Council's Executive proposed an increase in the District Council's share of the Council Tax by a value deemed as "excessive", being above the limits of the greater of up to 2% or £5 per band D dwelling. Therefore, it would be necessary for the Council to hold a referendum and obtain a YES vote before being able to maintain the increase for future years. If the Council was to agree the excessive increase in Council Tax, it was required to agree substitute calculations to be adopted if the result of the referendum vetoed the proposed excessive Council Tax increase. The Substitute Budget and Council Tax from these calculations would be implemented after the referendum if the result was a NO vote and Council Tax bills would be re-issued as soon as reasonably practicable at the substitute level. The implications of the Council agreeing an excessive Council Tax increase were discussed within the February 2020 Executive report "2020/21 General Fund Budget and Council Tax".

Resolved that

(1) the following, as set out in the budget report (Executive recommendations, 12 February 2020 Minute 108) and 2020/21 Budget Book, forming the Revenue Budgets for 2020/21 and the Capital Programme for 2020/21, be approved;

(2) **Warwick District Tax Base** - the following amounts for the year 2020/21, in accordance with regulations made under Section 31B (5) of the Local Government Finance Act 1992, be noted:-

(a) 55,851.37 being the amount calculated, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended, as its Council Tax base for the year.

(b) part of the Council's Area -

Parish / Town Council	**Tax Base 2020/21**
Baddesley Clinton	116.12
Baginton	316.61
Barford, Sherbourne & Wasperton	957.17
Beausale, Haseley, Honiley & Wroxall	364.94
Bishops Tachbrook	1,412.44
Bubbenhall	318.00
Budbrooke	752.52
Burton Green	467.25
Bushwood Not got a Parish Council	14.23
Cubbington	1,498.47
Eathorpe, Hunningham, Offchurch, Wappenbury	331.23
Hatton	947.34
Kenilworth	9,893.49
Lapworth	1,020.72
Leamington Spa	17,065.58
Leek Wootton	537.20
Norton Lindsey	227.66
Old Milverton & Blackdown	308.45
Radford Semele	1,011.70
Rowington	532.72
Shrewley	426.06
Stoneleigh & Ashow	540.38
Warwick	13,089.61
Weston-under-Wetherley	189.65
Whitnash	3,511.85

Total Warwick District Council Area	**55,851.37**

being the amounts calculated, in accordance with regulation 6 of the Regulations as amended, as the amounts of its council tax base for the year for dwellings in those parts of its area.

(3) Calculation of Warwick District Council's Council Tax, including parish/town council precepts - the following amounts be now calculated by the Council for the year 2020/21 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended:-

(a) £94,082,191.72 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2)(a) to (f) of the Act (*Gross Expenditure including parish/town council precepts*);

(b) £79,855,400.00 - being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act (*Gross Income*);

(c) £14,226,791.72 - being the amount by which the aggregate at 2.3(a) above exceeds the aggregate at 2.3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year;

(d) £254.73 - being the amount at 2.3(c) above divided by the amount at 2.2(a) above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its council tax for the year (*Average Warwick District Council Tax, including parish/town precepts*);

(e) £1,723,903.72 - being the aggregate amount of all special items referred to in Section 34(1) of the Act (*Total parish/town council precepts*);

(f) £223.86 - being the amount at 2.3(d) above less the result given by dividing the amount at 2.3(e) above by the amount at 2.2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates (*Warwick District Council Tax excluding parish/town council precepts*);

(g) part of the Council's Area - being the amounts given by adding to the amount at (3)(f) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above (3)(e) divided in each case by the amount at (2)(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate (*Warwick District Council plus parish/town council's Council Tax for each parish/town council at Band D*).

Parish / Town Council	**Band D 2020 /21 £**
Baddesley Clinton	254
Baginton	274
Barford, Sherbourne & Wasperton	277.8
Beausale, Haseley, Honiley & Wroxall	247.2
Bishops Tachbrook	276.8
Bubbenhall	280.5
Budbrooke	264.5
Burton Green	259.3
Bushwood	223.9
Cubbington	255.3
Eathorpe, Hunningham, Offchurch, Wappenbury	265.5
Hatton	238.3
Kenilworth	242.7
Lapworth	245.8
Royal Leamington Spa	247.3
Leek Wootton	258
Norton Lindsey	267.8
Old Milverton & Blackdown	248.2
Radford Semele	254.1
Rowington	262.2
Shrewley	241.8
Stoneleigh & Ashow	255.3
Warwick	260.7
Weston-under-Wetherley	281.6
Whitnash	285.4

(h) the amounts shown in Appendices 1 and 1a, attached to the minutes, being the amounts given by multiplying the amounts at (3)(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (*Warwick District Council plus parish/town council Council's Tax for each parish/town council for each Band)*;

(4) **Warwickshire County Council and Warwickshire Police and Crime Commissioner Precepts -** it be noted for the year 2020/21, Warwickshire County Council and Warwickshire Police and Crime Commissioner have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:-

Band	**Warwickshire County Council** £	**Warwickshire Police & Crime Commissioner** £
A	992.5800	158.646513
B	1,158.0100	185.087599
C	1,323.4400	211.528684
D	1,488.8700	237.969770
E	1,819.7300	290.851941
F	2,150.5900	343.734112
G	2,481.4500	396.616283
H	2,977.7400	475.939540

(5) **Total Council Tax for the District for each Band in each Parish/Town Council -** having calculated the aggregate in each case of the amounts at (3)(g) and (4) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the amounts shown in Appendix 2 as the amounts of council tax for the year 2020/21 for each of the categories of dwellings shown.

(6) **Calculation of Warwick District Council's Council Tax, including parish/town council precepts, as a substitute Council Tax in the event of a NO vote by the local electorate in the Council Tax Referendum on 7 May 2020 -** the following amounts be now calculated by the Council for the year 2020/21 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as a substitute to the amounts at (3), as amended:-

(a) £91,177,919.72 - being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2)(a) to (f) of the Act (*Gross Expenditure including parish/town council precepts*).

(b) £79,855,400.00 - being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act (*Gross Income*)

(c) £11,322,519.72 - being the amount by which the aggregate at (6)(a) above exceeds the aggregate at (6)(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year.

(d) £202.73 - being the amount at (6)(c) above divided by the amount at (2)(a) above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its council tax for the year (*Average Warwick District Council Tax, including parish/town precepts*).

(e) £1,723,903.72 - being the aggregate amount of all special items referred to in Section 34(1) of the Act (*Total parish/town council precepts*)

(f) £171.86 being the amount at (6)(d) above less the result given by dividing the amount at (6)(e) above by the amount at (2)(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates (*Warwick District Council Tax excluding parish/town council precepts*)

(g) part of the Council's Area - being the amounts given by adding to the amount at 2.6(f) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above (3)(e) divided in each case by the amount at (2)(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate (*Warwick District Council plus parish/town council's Council Tax for each parish/town council at Band D*).

Parish / Town Council	**Band D 2020 /21 £**
Baddesley Clinton	202.00
Baginton	222.01
Barford, Sherbourne & Wasperton	225.82
Beausale, Haseley, Honiley & Wroxall	195.15
Bishops Tachbrook	224.80
Bubbenhall	228.46
Budbrooke	212.52
Burton Green	207.33
Bushwood	171.86
Cubbington	203.33
Eathorpe, Hunningham, Offchurch, Wappenbury	213.52

Hatton	186.32
Kenilworth	190.69
Lapworth	193.84
Royal Leamington Spa	195.34
Leek Wootton	205.98
Norton Lindsey	215.79
Old Milverton & Blackdown	196.18
Radford Semele	202.09
Rowington	210.21
Shrewley	189.83
Stoneleigh & Ashow	203.28
Warwick	208.65
Weston-under-Wetherley	229.60
Whitnash	233.43

(h) the amounts shown in Appendices 3 and 3a, attached to these minutes, being the amounts given by multiplying the amounts at (6)(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (*Warwick District Council plus parish/town council Council's Tax for each parish/town council for each Band)*.

(7) **Total Council Tax for the District for each Band in each Parish/Town Council, as a substitute in the event of a NO vote by the local electorate in the Council Tax Referendum on 7 May 2020 -** having calculated the aggregate in each case of the amounts at (6)(g) and (4) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the amounts shown in Appendix 4 to the minutes as the amounts of council tax for the year 2020/21 for each of the categories of dwellings shown, as substitute to the amounts at (5).

By law, a recorded vote was required on this matter, the votes on this were as follows:

For: Councillors Ashford, Bartlett, Boad, Cooke, Cullinan, Davison, Day, A Dearing, J Dearing, K Dickson, R Dickson, Evans, Falp, B Gifford, C Gifford, Grainger, Hales, Heath, Illingworth, Jacques, Kennedy, Kohler, Leigh-Hunt, Luckhurst, Mangat, Margrave, Matecki, Milton, Morris, Murphy, Nicholls, Noone, Norris, Redford, Rhead, Russell, Skinner, Syson, Tracey, Weber and Wright.

There were no votes cast against the recommendations or abstentions from voting

55. **Housing Rent & Housing Revenue Account Budget 2019/20**

Councillor Matecki proposed and it was duly seconded by Councillor Jacques, the recommendations of the Executive as set out in Minute 109 of 12 February 2020 and those contained in the addendum circulated to all Councillors following publication of the agenda and prior to the meeting be approved.

The addendum on this matter brought forward proposed revisions to the rents for tenants at William Wallsgrove House Hostel for 2020/21.

> **Resolved** that the recommendation of the Executive of 12 February 2020 as set out in Minute 109, subject to the revisions within the addendum, be approved and adopted.

56. Executive report

It was proposed by Councillor Day, seconded by Councillor Cooke and

> **Resolved** that the recommendation from the 18 December 2019, and recommendations within minutes 107, 110, 111, and 112 of 12 February 2020 Executive meetings, be approved.

(The Chairman highlighted that recommendation 106 related to the appointment of Chairman and Vice-Chairman of the Council which was a matter to be considered by Council at its Annual meeting in May)

57. Employment Committee Report

Councillor Margrave proposed, Councillor Wright seconded and

> **Resolved** that the recommendations from Employment Committee of 10 December 2019, be approved.

58. Public & Press

As laid out on the agenda, it was proposed by the Chairman, duly seconded and

> **Resolved** that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

59. Confidential Executive Report

It was proposed by Councillor Day, seconded by Councillor Cooke and

> **Resolved** that the confidential recommendations from 18 December 2019 and 12 February 2020, including the addendum to minute 122 circulated before the meeting, be approved.

60. **Common Seal**

Resolved that the Common Seal of Warwick District Council be affixed to such documents as it may be required for implementing decisions of the Council arrived at this day.

(The meeting ended at 8.06pm)

CHAIRMAN
26 March 2020

Appendix 1

Budget and Council Tax 2020/21
Calculation of Warwick District Council Element including Special Expenses

	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Warwick District Council	**149.24**	**174.11**	**198.99**	**223.86**	**273.61**	**323.35**	**373.10**	**447.72**
PARISH/TOWN COUNCIL								
Baddesley Clinton	169.33	197.55	225.78	254.00	310.45	366.89	423.33	508.00
Baginton	182.67	213.12	243.57	274.01	334.90	395.79	456.68	548.02
Barford, Sherbourne & Wasperton	185.21	216.08	246.95	277.82	339.56	401.29	463.03	555.64
Beausale, Haseley, Honiley & Wroxall	164.77	192.22	219.69	247.15	302.08	356.99	411.92	494.30
Bishops Tachbrook	184.53	215.29	246.05	276.80	338.31	399.82	461.33	553.60
Bubbenhall	186.97	218.13	249.30	280.46	342.79	405.11	467.43	560.92
Budbrooke	176.35	205.73	235.13	264.52	323.31	382.08	440.87	529.04
Burton Green	172.89	201.70	230.52	259.33	316.96	374.58	432.22	518.66
Bushwood	149.24	174.11	198.99	223.86	273.61	323.35	373.10	447.72
Cubbington	170.22	198.59	226.96	255.33	312.07	368.81	425.55	510.66
Eathorpe, Hunningham, Offchurch, Wappenbury	177.01	206.51	236.02	265.52	324.53	383.53	442.53	531.04
Hatton	158.88	185.36	211.84	238.32	291.28	344.24	397.20	476.64
Kenilworth	161.79	188.76	215.73	242.69	296.62	350.55	404.48	485.38
Lapworth	163.89	191.21	218.53	245.84	300.47	355.10	409.73	491.68
Royal Leamington Spa	164.89	192.37	219.86	247.34	302.31	357.27	412.23	494.68
Leek Wootton	171.99	200.65	229.32	257.98	315.31	372.63	429.97	515.96
Norton Lindsey	178.53	208.28	238.04	267.79	327.30	386.80	446.32	535.58
Old Milverton & Blackdown	165.45	193.03	220.61	248.18	303.33	358.48	413.63	496.36
Radford Semele	169.39	197.62	225.86	254.09	310.56	367.02	423.48	508.18
Rowington	174.81	203.94	233.08	262.21	320.48	378.74	437.02	524.42
Shrewley	161.22	188.09	214.96	241.83	295.57	349.31	403.05	483.66
Stoneleigh & Ashow	170.19	198.55	226.92	255.28	312.01	368.73	425.47	510.56
Warwick	173.77	202.72	231.69	260.65	318.58	376.49	434.42	521.30
Weston-under-Wetherley	187.73	219.02	250.31	281.60	344.18	406.75	469.33	563.20
Whitnash	190.29	222.00	253.72	285.43	348.86	412.28	475.72	570.86
Proportion of Band D	**6/9**	**7/9**	**8/9**	**9/9**	**11/9**	**13/9**	**15/9**	**18/9**

Budget and Council Tax 2020/21
District and Parish/Town Council by Band

	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Warwick District Council	**149.24**	**174.11**	**198.99**	**223.86**	**273.61**	**323.35**	**373.10**	**447.72**
PARISH/TOWN COUNCIL								
Baddesley Clinton	20.09	23.44	26.79	30.14	36.84	43.54	50.23	60.28
Baginton	33.43	39.01	44.58	50.15	61.29	72.44	83.58	100.30
Barford, Sherbourne & Wasperton	35.97	41.97	47.96	53.96	65.95	77.94	89.93	107.92
Beausale, Haseley, Honiley & Wroxall	15.53	18.11	20.70	23.29	28.47	33.64	38.82	46.58
Bishops Tachbrook	35.29	41.18	47.06	52.94	64.70	76.47	88.23	105.88
Bubbenhall	37.73	44.02	50.31	56.60	69.18	81.76	94.33	113.20
Budbrooke	27.11	31.62	36.14	40.66	49.70	58.73	67.77	81.32
Burton Green	23.65	27.59	31.53	35.47	43.35	51.23	59.12	70.94
Bushwood								
Cubbington	20.98	24.48	27.97	31.47	38.46	45.46	52.45	62.94
Eathorpe, Hunningham, Offchurch, Wappenbury	27.77	32.40	37.03	41.66	50.92	60.18	69.43	83.32
Hatton	9.64	11.25	12.85	14.46	17.67	20.89	24.10	28.92
Kenilworth	12.55	14.65	16.74	18.83	23.01	27.20	31.38	37.66
Lapworth	14.65	17.10	19.54	21.98	26.86	31.75	36.63	43.96
Royal Leamington Spa	15.65	18.26	20.87	23.48	28.70	33.92	39.13	46.96
Leek Wootton	22.75	26.54	30.33	34.12	41.70	49.28	56.87	68.24
Norton Lindsey	29.29	34.17	39.05	43.93	53.69	63.45	73.22	87.86
Old Milverton & Blackdown	16.21	18.92	21.62	24.32	29.72	35.13	40.53	48.64
Radford Semele	20.15	23.51	26.87	30.23	36.95	43.67	50.38	60.46
Rowington	25.57	29.83	34.09	38.35	46.87	55.39	63.92	76.70
Shrewley	11.98	13.98	15.97	17.97	21.96	25.96	29.95	35.94
Stoneleigh & Ashow	20.95	24.44	27.93	31.42	38.40	45.38	52.37	62.84
Warwick	24.53	28.61	32.70	36.79	44.97	53.14	61.32	73.58
Weston-under-Wetherley	38.49	44.91	51.32	57.74	70.57	83.40	96.23	115.48
Whitnash	41.05	47.89	54.73	61.57	75.25	88.93	102.62	123.14
Proportion of Band D	**6/9**	**7/9**	**8/9**	**9/9**	**11/9**	**13/9**	**15/9**	**18/9**

Appendix 2

Council Tax Calculations 2020/21 Warwick District Council
Including Warwickshire County Council And Warwickshire Police and Crime Commissioner

PARISH/TOWN COUNCIL	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Baddesley Clinton	1,320.56	1,540.65	1,760.75	1,980.84	2,421.03	2,861.21	3,301.40	3,961.68
Baginton	1,333.90	1,556.22	1,778.54	2,000.85	2,445.48	2,890.11	3,334.75	4,001.70
Barford, Sherbourne & Wasperton	1,336.44	1,559.18	1,781.92	2,004.66	2,450.14	2,895.61	3,341.10	4,009.32
Beausale, Haseley, Honiley & Wroxall	1,316.00	1,535.32	1,754.66	1,973.99	2,412.66	2,851.31	3,289.99	3,947.98
Bishops Tachbrook	1,335.76	1,558.39	1,781.02	2,003.64	2,448.89	2,894.14	3,339.40	4,007.28
Bubbenhall	1,338.20	1,561.23	1,784.27	2,007.30	2,453.37	2,899.43	3,345.50	4,014.60
Budbrooke	1,327.58	1,548.83	1,770.10	1,991.36	2,433.89	2,876.40	3,318.94	3,982.72
Burton Green	1,324.12	1,544.80	1,765.49	1,986.17	2,427.54	2,868.90	3,310.29	3,972.34
Bushwood	1,300.47	1,517.21	1,733.96	1,950.70	2,384.19	2,817.67	3,251.17	3,901.40
Cubbington	1,321.45	1,541.69	1,761.93	1,982.17	2,422.65	2,863.13	3,303.62	3,964.34
Eathorpe, Hunningham, Offchurch, Wappenbury	1,328.24	1,549.61	1,770.99	1,992.36	2,435.11	2,877.85	3,320.60	3,984.72
Hatton	1,310.11	1,528.46	1,746.81	1,965.16	2,401.86	2,838.56	3,275.27	3,930.32
Kenilworth	1,313.02	1,531.86	1,750.70	1,969.53	2,407.20	2,844.87	3,282.55	3,939.06
Lapworth	1,315.12	1,534.31	1,753.50	1,972.68	2,411.05	2,849.42	3,287.80	3,945.36
Royal Leamington Spa	1,316.12	1,535.47	1,754.83	1,974.18	2,412.89	2,851.59	3,290.30	3,948.36
Leek Wootton	1,323.22	1,543.75	1,764.29	1,984.82	2,425.89	2,866.95	3,308.04	3,969.64
Norton Lindsey	1,329.76	1,551.38	1,773.01	1,994.63	2,437.88	2,881.12	3,324.39	3,989.26
Old Milverton & Blackdown	1,316.68	1,536.13	1,755.58	1,975.02	2,413.91	2,852.80	3,291.70	3,950.04
Radford Semele	1,320.62	1,540.72	1,760.83	1,980.93	2,421.14	2,861.34	3,301.55	3,961.86
Rowington	1,326.04	1,547.04	1,768.05	1,989.05	2,431.06	2,873.06	3,315.09	3,978.10
Shrewley	1,312.45	1,531.19	1,749.93	1,968.67	2,406.15	2,843.63	3,281.12	3,937.34
Stoneleigh & Ashow	1,321.42	1,541.65	1,761.89	1,982.12	2,422.59	2,863.05	3,303.54	3,964.24
Warwick	1,325.00	1,545.82	1,766.66	1,987.49	2,429.16	2,870.81	3,312.49	3,974.98
Weston-under-Wetherley	1,338.96	1,562.12	1,785.28	2,008.44	2,454.76	2,901.07	3,347.40	4,016.88
Whitnash	1,341.52	1,565.10	1,788.69	2,012.27	2,459.44	2,906.60	3,353.79	4,024.54
Proportion of Band D	**6/9**	**7/9**	**8/9**	**9/9**	**11/9**	**13/9**	**15/9**	**18/9**

Appendix 3

Budget and Council Tax 2020/21
Calculation of Warwick District Council Element including Special Expenses (Substitute)

	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Warwick District Council	**114.57**	**133.67**	**152.76**	**171.86**	**210.05**	**248.24**	**286.43**	**343.72**
PARISH/TOWN COUNCIL								
Baddesley Clinton	134.66	157.11	179.55	202.00	246.89	291.78	336.66	404.00
Baginton	148.00	172.68	197.34	222.01	271.34	320.68	370.01	444.02
Barford, Sherbourne & Wasperton	150.54	175.64	200.72	225.82	276.00	326.18	376.36	451.64
Beausale, Haseley, Honiley & Wroxall	130.10	151.78	173.46	195.15	238.52	281.88	325.25	390.30
Bishops Tachbrook	149.86	174.85	199.82	224.80	274.75	324.71	374.66	449.60
Bubbenhall	152.30	177.69	203.07	228.46	279.23	330.00	380.76	456.92
Budbrooke	141.68	165.29	188.90	212.52	259.75	306.97	354.20	425.04
Burton Green	138.22	161.26	184.29	207.33	253.40	299.47	345.55	414.66
Bushwood	114.57	133.67	152.76	171.86	210.05	248.24	286.43	343.72
Cubbington	135.55	158.15	180.73	203.33	248.51	293.70	338.88	406.66
Eathorpe, Hunningham, Offchurch, Wappenbury	142.34	166.07	189.79	213.52	260.97	308.42	355.86	427.04
Hatton	124.21	144.92	165.61	186.32	227.72	269.13	310.53	372.64
Kenilworth	127.12	148.32	169.50	190.69	233.06	275.44	317.81	381.38
Lapworth	129.22	150.77	172.30	193.84	236.91	279.99	323.06	387.68
Royal Leamington Spa	130.22	151.93	173.63	195.34	238.75	282.16	325.56	390.68
Leek Wootton	137.32	160.21	183.09	205.98	251.75	297.52	343.30	411.96
Norton Lindsey	143.86	167.84	191.81	215.79	263.74	311.69	359.65	431.58
Old Milverton & Blackdown	130.78	152.59	174.38	196.18	239.77	283.37	326.96	392.36
Radford Semele	134.72	157.18	179.63	202.09	247.00	291.91	336.81	404.18
Rowington	140.14	163.50	186.85	210.21	256.92	303.63	350.35	420.42
Shrewley	126.55	147.65	168.73	189.83	232.01	274.20	316.38	379.66
Stoneleigh & Ashow	135.52	158.11	180.69	203.28	248.45	293.62	338.80	406.56
Warwick	139.10	162.28	185.46	208.65	255.02	301.38	347.75	417.30
Weston-under-Wetherley	153.06	178.58	204.08	229.60	280.62	331.64	382.66	459.20
Whitnash	155.62	181.56	207.49	233.43	285.30	337.17	389.05	466.86
Proportion of Band D	**6/9**	**7/9**	**8/9**	**9/9**	**11/9**	**13/9**	**15/9**	**18/9**

Appendix 3a

Budget and Council Tax 2020/21
District and Parish/Town Council by Band (Substitute)

	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Warwick District Council	**114.57**	**133.67**	**152.76**	**171.86**	**210.05**	**248.24**	**286.43**	**343.72**
PARISH/TOWN COUNCIL								
Baddesley Clinton	20.09	23.44	26.79	30.14	36.84	43.54	50.23	60.28
Baginton	33.43	39.01	44.58	50.15	61.29	72.44	83.58	100.30
Barford, Sherbourne & Wasperton	35.97	41.97	47.96	53.96	65.95	77.94	89.93	107.92
Beausale, Haseley, Honiley & Wroxall	15.53	18.11	20.70	23.29	28.47	33.64	38.82	46.58
Bishops Tachbrook	35.29	41.18	47.06	52.94	64.70	76.47	88.23	105.88
Bubbenhall	37.73	44.02	50.31	56.60	69.18	81.76	94.33	113.20
Budbrooke	27.11	31.62	36.14	40.66	49.70	58.73	67.77	81.32
Burton Green	23.65	27.59	31.53	35.47	43.35	51.23	59.12	70.94
Bushwood								
Cubbington	20.98	24.48	27.97	31.47	38.46	45.46	52.45	62.94
Eathorpe, Hunningham, Offchurch, Wappenbury	27.77	32.40	37.03	41.66	50.92	60.18	69.43	83.32
Hatton	9.64	11.25	12.85	14.46	17.67	20.89	24.10	28.92
Kenilworth	12.55	14.65	16.74	18.83	23.01	27.20	31.38	37.66
Lapworth	14.65	17.10	19.54	21.98	26.86	31.75	36.63	43.96
Royal Leamington Spa	15.65	18.26	20.87	23.48	28.70	33.92	39.13	46.96
Leek Wootton	22.75	26.54	30.33	34.12	41.70	49.28	56.87	68.24
Norton Lindsey	29.29	34.17	39.05	43.93	53.69	63.45	73.22	87.86
Old Milverton & Blackdown	16.21	18.92	21.62	24.32	29.72	35.13	40.53	48.64
Radford Semele	20.15	23.51	26.87	30.23	36.95	43.67	50.38	60.46
Rowington	25.57	29.83	34.09	38.35	46.87	55.39	63.92	76.70
Shrewley	11.98	13.98	15.97	17.97	21.96	25.96	29.95	35.94
Stoneleigh & Ashow	20.95	24.44	27.93	31.42	38.40	45.38	52.37	62.84
Warwick	24.53	28.61	32.70	36.79	44.97	53.14	61.32	73.58
Weston-under-Wetherley	38.49	44.91	51.32	57.74	70.57	83.40	96.23	115.48
Whitnash	41.05	47.89	54.73	61.57	75.25	88.93	102.62	123.14
Proportion of Band D	**6/9**	**7/9**	**8/9**	**9/9**	**11/9**	**13/9**	**15/9**	**18/9**

Appendix 4

Council Tax Calculations 2020/21 Warwick District Council
Including Warwickshire County Council And Warwickshire Police and Crime Commissioner (Substitute)

PARISH/TOWN COUNCIL	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£	£	£	£	£	£
Baddesley Clinton	1,285.89	1,500.21	1,714.52	1,928.84	2,357.47	2,786.10	3,214.73	3,857.68
Baginton	1,299.23	1,515.78	1,732.31	1,948.85	2,381.92	2,815.00	3,248.08	3,897.70
Barford, Sherbourne & Wasperton	1,301.77	1,518.74	1,735.69	1,952.66	2,386.58	2,820.50	3,254.43	3,905.32
Beausale, Haseley, Honiley & Wroxall	1,281.33	1,494.88	1,708.43	1,921.99	2,349.10	2,776.20	3,203.32	3,843.98
Bishops Tachbrook	1,301.09	1,517.95	1,734.79	1,951.64	2,385.33	2,819.03	3,252.73	3,903.28
Bubbenhall	1,303.53	1,520.79	1,738.04	1,955.30	2,389.81	2,824.32	3,258.83	3,910.60
Budbrooke	1,292.91	1,508.39	1,723.87	1,939.36	2,370.33	2,801.29	3,232.27	3,878.72
Burton Green	1,289.45	1,504.36	1,719.26	1,934.17	2,363.98	2,793.79	3,223.62	3,868.34
Bushwood	1,265.80	1,476.77	1,687.73	1,898.70	2,320.63	2,742.56	3,164.50	3,797.40
Cubbington	1,286.78	1,501.25	1,715.70	1,930.17	2,359.09	2,788.02	3,216.95	3,860.34
Eathorpe, Hunningham, Offchurch, Wappenbury	1,293.57	1,509.17	1,724.76	1,940.36	2,371.55	2,802.74	3,233.93	3,880.72
Hatton	1,275.44	1,488.02	1,700.58	1,913.16	2,338.30	2,763.45	3,188.60	3,826.32
Kenilworth	1,278.35	1,491.42	1,704.47	1,917.53	2,343.64	2,769.76	3,195.88	3,835.06
Lapworth	1,280.45	1,493.87	1,707.27	1,920.68	2,347.49	2,774.31	3,201.13	3,841.36
Royal Leamington Spa	1,281.45	1,495.03	1,708.60	1,922.18	2,349.33	2,776.48	3,203.63	3,844.36
Leek Wootton	1,288.55	1,503.31	1,718.06	1,932.82	2,362.33	2,791.84	3,221.37	3,865.64
Norton Lindsey	1,295.09	1,510.94	1,726.78	1,942.63	2,374.32	2,806.01	3,237.72	3,885.26
Old Milverton & Blackdown	1,282.01	1,495.69	1,709.35	1,923.02	2,350.35	2,777.69	3,205.03	3,846.04
Radford Semele	1,285.95	1,500.28	1,714.60	1,928.93	2,357.58	2,786.23	3,214.88	3,857.86
Rowington	1,291.37	1,506.60	1,721.82	1,937.05	2,367.50	2,797.95	3,228.42	3,874.10
Shrewley	1,277.78	1,490.75	1,703.70	1,916.67	2,342.59	2,768.52	3,194.45	3,833.34
Stoneleigh & Ashow	1,286.75	1,501.21	1,715.66	1,930.12	2,359.03	2,787.94	3,216.87	3,860.24
Warwick	1,290.33	1,505.38	1,720.43	1,935.49	2,365.60	2,795.70	3,225.82	3,870.98
Weston-under-Wetherley	1,304.29	1,521.68	1,739.05	1,956.44	2,391.20	2,825.96	3,260.73	3,912.88
Whitnash	1,306.85	1,524.66	1,742.46	1,960.27	2,395.88	2,831.49	3,267.12	3,920.54
Proportion of Band D	**6/9**	**7/9**	**8/9**	**9/9**	**11/9**	**13/9**	**15/9**	**18/9**

WARWICK DISTRICT COUNCIL	**Council 25th March 2020**	**Agenda Item No.** 12(a)

Title	Pay Policy 2019-2020
For further information about this report please contact	Elaine Priestley Senior HR Officer 01926 456682 Victoria Bamber Principal Accountant (Revenues) 01926 456800 Tracy Dolphin HR Manager 01926 456350
Wards of the District directly affected	None
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	None
Background Papers	None

Contrary to the policy framework:	~~Yes~~/No
Contrary to the budgetary framework:	~~Yes~~/No
Key Decision?	~~Yes~~/No
Included within the Forward Plan? (If yes include reference number)	~~Yes~~/No
Equality & Sustainability Impact Assessment Undertaken	Yes/~~No~~ (If No state why below)

Officer/Councillor Approval

Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	27.2.20	Chris Elliott/Bill Hunt/Andy Jones
Head of Service	27.2.20	Chris Elliott
CMT	27.2.20	As above
Section 151 Officer	27.2.20	Mike Snow
Monitoring Officer	27.2.20	Andy Jones
Finance	27.2.20	Mike Snow
Portfolio Holder(s)	27.2.20	Cllr Day

Consultation & Community Engagement

Final Decision?	No

Suggested next steps (if not final decision please set out below)

If this is approved it will form recommendation to Council in April.

1. **SUMMARY**

1.1 The report presents the Council's Pay Policy Statement for 2019-2020 as required under the Localism Act 2011.

2. **RECOMMENDATIONS**

2.1 That the Employment Committee recommends that Council approves the Pay Policy Statement for the 2019-20 financial year, as set out at Appendix A, for publication.

3. **REASONS FOR THE RECOMMENDATIONS**

3.1 The Council is required to publish a Pay Policy Statement which is a requirement under the Localism Act 2011. The statement needs to be formally adopted by the Council each year.

3.2 The Pay Policy Statement gives a definition of chief officers and lowest paid employees. It covers different elements of remuneration and outlines the guidelines and policies that govern remuneration. It also sets out the authority's policies for the financial year relating to the remuneration of chief officers, the remuneration of the lowest paid employees and the relationship between the remuneration of its chief officers and its employees that are not chief officers.

4. **POLICY FRAMEWORK**

4.1 **Fit for the Future (FFF) -** The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy

FFF Strands		
People	**Services**	**Money**
External		
Health, Homes, Communities	**Green, Clean, Safe**	**Infrastructure, Enterprise, Employment**
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Becoming a net-zero carbon organisation by 2025 Total carbon emissions within Warwick District are as close to zero as possible by 2030 Area has well looked after public spaces All communities have access to decent open space Improved air quality	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy Increased employment and income levels

	Low levels of crime and ASB	
Impacts of Proposal		
None	None	None
Internal		
Effective Staff	**Maintain or Improve Services**	**Firm Financial Footing over the Longer Term**
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
To ensure we are monitoring and reviewing management information associated with effective staffing	None	None

4.2 **Supporting Strategies -** The People Strategy, is a supporting Strategy of Fit for the Future, outlines the future needs of our workforce to enable us to attract, recruit and retain the right people; provide the development they need to allow them to grow and progress; manage potential and plan for the future. The way in which we lead and support our people is key to the successful delivery of quality services. Monitoring data related to pay and management information are key measurements aligned to the People Strategy.

4.3 **Changes to Existing Policies –** The report does not bring forward any changes to proposed Council Policies as this is a formal statement of pay made by the Council.

4.4 **Impact Assessments** – No impact assessment has been undertaken because the reporting is required by law on a factual basis.

5. BUDGETARY FRAMEWORK

5.1 There is not an impact on the Budgetary Framework. The costs of the Pay Policy are all reflected within the Council's agreed Budget.

6. RISKS

6.1 Agreeing and publishing the Pay Policy Statement is a legal requirement. By complying, this should remove any risk of external challenge to the Council.

7. ALTERNATIVE OPTION(S) CONSIDERED

7.1 None considered – it is required by law

8. BACKGROUND

8.1 Agreeing and publishing the Pay Policy is a legal requirement. This is the seventh year this has been in place.

8.2. The Pay Policy Statement must be prepared on an annual basis beginning with 2012-2013 financial year and each subsequent year as set out in the Localism Act 2011.

8.3 The statement must contain details of the authority's policies in relation to remuneration for its chief officers

8.4 It must also include a definition of its lowest paid workers and the policy in relation to their remuneration.

8.5 It must include the relationship in remuneration between chief officers and lowest paid workers; this has been illustrated by ratios.

8.6 The statement also includes levels and elements of remuneration for chief officers, remuneration for the recruitment of chief officers, increases and additions to chief officers, performance related or other bonuses for chief officers, the approach to chief officer remuneration if they cease to hold office or cease employment and the publication of and access to information relating to chief officer remuneration.

8.7 The statement must be published once it has been approved, this will be on the Council's website.

8.8 Pay Policy Reporting – It is positive to note that the measures that Warwick District Council has undertaken to combat low pay has resulted in an incrementally decreasing ratio of highest to lowest earnings that is well within the tolerances recommended by the Hutton report (20x).

WARWICK DISTRICT COUNCIL	**Council 25th March 2020**	**Agenda Item No.** 12(a)

Title	Pay Policy 2019-2020
For further information about this report please contact	Elaine Priestley Senior HR Officer 01926 456682 Victoria Bamber Principal Accountant (Revenues) 01926 456800 Tracy Dolphin HR Manager 01926 456350
Wards of the District directly affected	None
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	None
Background Papers	None

Contrary to the policy framework:	~~Yes~~/No
Contrary to the budgetary framework:	~~Yes~~/No
Key Decision?	~~Yes~~/No
Included within the Forward Plan? (If yes include reference number)	~~Yes~~/No
Equality & Sustainability Impact Assessment Undertaken	Yes/~~No~~ (If No state why below)

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	27.2.20	Chris Elliott/Bill Hunt/Andy Jones
Head of Service	27.2.20	Chris Elliott
CMT	27.2.20	As above
Section 151 Officer	27.2.20	Mike Snow
Monitoring Officer	27.2.20	Andy Jones
Finance	27.2.20	Mike Snow
Portfolio Holder(s)	27.2.20	Cllr Day
Consultation & Community Engagement		
Final Decision?		No
Suggested next steps (if not final decision please set out below) If this is approved it will form recommendation to Council in April.		

1. **SUMMARY**

1.1 The report presents the Council's Pay Policy Statement for 2019-2020 as required under the Localism Act 2011.

2. **RECOMMENDATIONS**

2.1 That the Employment Committee recommends that Council approves the Pay Policy Statement for the 2019-20 financial year, as set out at Appendix A, for publication.

3. **REASONS FOR THE RECOMMENDATIONS**

3.1 The Council is required to publish a Pay Policy Statement which is a requirement under the Localism Act 2011. The statement needs to be formally adopted by the Council each year.

3.2 The Pay Policy Statement gives a definition of chief officers and lowest paid employees. It covers different elements of remuneration and outlines the guidelines and policies that govern remuneration. It also sets out the authority's policies for the financial year relating to the remuneration of chief officers, the remuneration of the lowest paid employees and the relationship between the remuneration of its chief officers and its employees that are not chief officers.

4. **POLICY FRAMEWORK**

4.1 **Fit for the Future (FFF) -** The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy

FFF Strands		
People	**Services**	**Money**
External		
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	Low levels of crime and ASB	
Impacts of Proposal		
None	None	None
Internal		
Effective Staff	**Maintain or Improve Services**	**Firm Financial Footing over the Longer Term**
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
To ensure we are monitoring and reviewing management information associated with effective staffing	None	None

4.2 **Supporting Strategies -** The People Strategy, is a supporting Strategy of Fit for the Future, outlines the future needs of our workforce to enable us to attract, recruit and retain the right people; provide the development they need to allow them to grow and progress; manage potential and plan for the future. The way in which we lead and support our people is key to the successful delivery of quality services. Monitoring data related to pay and management information are key measurements aligned to the People Strategy.

4.3 **Changes to Existing Policies –** The report does not bring forward any changes to proposed Council Policies as this is a formal statement of pay made by the Council.

4.4 **Impact Assessments** – No impact assessment has been undertaken because the reporting is required by law on a factual basis.

5. BUDGETARY FRAMEWORK

5.1 There is not an impact on the Budgetary Framework. The costs of the Pay Policy are all reflected within the Council's agreed Budget.

6. RISKS

6.1 Agreeing and publishing the Pay Policy Statement is a legal requirement. By complying, this should remove any risk of external challenge to the Council.

7. ALTERNATIVE OPTION(S) CONSIDERED

7.1 None considered – it is required by law

8. BACKGROUND

8.1 Agreeing and publishing the Pay Policy is a legal requirement. This is the seventh year this has been in place.

8.2. The Pay Policy Statement must be prepared on an annual basis beginning with 2012-2013 financial year and each subsequent year as set out in the Localism Act 2011.

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8.5 It must include the relationship in remuneration between chief officers and lowest paid workers; this has been illustrated by ratios.

8.6 The statement also includes levels and elements of remuneration for chief officers, remuneration for the recruitment of chief officers, increases and additions to chief officers, performance related or other bonuses for chief officers, the approach to chief officer remuneration if they cease to hold office or cease employment and the publication of and access to information relating to chief officer remuneration.

8.7 The statement must be published once it has been approved, this will be on the Council's website.

8.8 Pay Policy Reporting – It is positive to note that the measures that Warwick District Council has undertaken to combat low pay has resulted in an incrementally decreasing ratio of highest to lowest earnings that is well within the tolerances recommended by the Hutton report (20x).

WARWICK DISTRICT COUNCIL	**Executive** **18 March 2020**	**Agenda Item No.** **12(b)**

Title	Treasury Management Strategy 2020/21
For further information about this report please contact	Richard Wilson, Principal Accountant (Capital & Treasury) 01926 456801 or email richard.wilson@warwickdc.gov.uk
Wards of the District directly affected	N/A
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	N/A
Background Papers	Treasury Management Information via External Advisers, Brokers, External Investment Agents etc.

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes Ref # 1116
Equality Impact Assessment Undertaken	No – not relevant

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive	3/3/20	Andrew Jones
Head of Service	19/2/20	Mike Snow
CMT		
Section 151 Officer	19/2/20	Mike Snow
Monitoring Officer	3/3/20	Andrew Jones
Finance	18/2/20	Richard Wilson
Portfolio Holder(s)	5/3/20	Cllr Richard Hales
Consultation & Community Engagement		
None		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

MEETING CANCELLED

1. Summary

1.1. This report details the strategy that the Council will follow in carrying out its treasury management activities in 2020/21.

1.2. Activities in pursuance of the Climate Emergency declaration will inform and direct the treasury management function until at least 2024/25.

2. Recommendation

2.1. That the Executive notes:

The minor changes to the Treasury Management Practices as detailed in paragraph 3.2.

2.2. That the Executive recommends to Council:

a) The Treasury Management Strategy for 2020/21 as outlined in paragraph 3.2 and contained in Appendix A,

b) The 2020/21 Annual Investment Strategy as outlined in paragraphs 3.3 and contained in Appendix B including the following changes:

   1. That the Council divests from funds that contain direct ownership of fossil fuel extraction companies, or commingled funds that include fossil fuel public equities and corporate bonds, by no later than the end of 2025, and ideally by the end of 2022, as outlined in paragraph 3.7.

   2. That a separate non-Treasury Management ‘Investment Regeneration Strategy’ is brought to the Executive during the first quarter of 2020/21.

c) The Minimum Revenue Provision Policy Statement as outlined in paragraph 3.5 and contained in paragraphs 5.1 to 5.4 of Appendix C.

d) The Prudential Indicators as outlined in paragraph 3.6 and contained in Appendix D.

3. Reasons for the Recommendations

3.1. The Council’s treasury management operations are governed by various Treasury Management Practices (TMPs) that the CIPFA Treasury Management Code requires be produced by the Council and adhered to by those officers engaged in the treasury management function. These TMPs have previously been reported to the Executive and are subject to periodic Internal Audit review.

3.2. There have been two changes to the TMPs, as outlined below, which is effectively one change that impacts on two TMPs:

TMP 1 – Risk management

Paragraph 3.5 – Adjusted to reflect the impact of the risk-based audit approach required by the Internal Audit Charter.

TMP 7 – Budgeting, accounting and audit arrangements

Paragraph 2.1 – Adjusted to reflect the impact of the risk-based audit approach required by the Internal Audit Charter.

3.3. Under CIPFA's updated *Treasury Management in Public Services Code of Practice* the Council continues to be required to have an approved annual *Treasury Management Strategy*, under which its treasury management operations can be carried out. The proposed Strategy for 2020/21 is included as Appendix A.

3.4. This Council has regard to the Government's Guidance on Local Government Investments. The guidance states that an *Annual Investment Strategy* must be produced in advance of the year to which it relates and must be approved by the full Council. The Strategy can be amended at any time and it must be made available to the public. The *Annual Investment Strategy* for 2020/21 is shown as Appendix B.

3.5. The Council has 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 requires that a statement on the Council's *Minimum Revenue Provision (MRP) Policy* should be submitted to full Council for approval before the start of the relevant financial year. This is contained in Appendix C.

3.6. The *Prudential Code for Capital Finance in Local Authorities* was last revised in 2018 and introduced new requirements for the way that capital spending plans are considered and approved, in conjunction with the development of an integrated Treasury Management Strategy. The Prudential Code requires full Council to approve a number of Prudential Indicators, set out in Appendix D, which must be considered when determining the Council's Treasury Management Strategy for a minimum of the next three financial years.

3.7. The Executive requested that this Treasury Management Strategy Statement consider the policy of investing in fossil fuels. The investments over which the Council has any direct control of investments to fossil fuel extraction companies are the two corporate equity funds. By the nature of the existing pooled funds they invest around 5-10% in fossil fuel companies and the Council is unable to elect to exclude this. Therefore, the recommendation is to divest from these two funds no later than the end of 2025, and ideally by the end of 2022. The earlier date for divestment will need to have regard to market conditions and the resources within the Finance Team. Subject to the immediate financial needs of the Council, this money would then be re-invested in non-carbon or ESG equity funds or alternative investments in-line with the Investment Strategy.

4. Policy Framework

4.1. Fit For the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit and be carbon neutral by 2030. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has three strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	**Services**	**Money**
External		
Health, Homes, Communities	**Green, Clean, Safe**	**Infrastructure, Enterprise, Employment**
<u>Intended outcomes:</u> Improved health for all. Housing needs for all met. Impressive cultural and sports activities. Cohesive and active communities.	<u>Intended outcomes:</u> Area has well looked after public spaces. All communities have access to decent open space. Improved air quality. Low levels of crime and ASB.	<u>Intended outcomes:</u> Dynamic and diverse local economy. Vibrant town centres. Improved performance / productivity of local economy. Increased employment and income levels.
Impacts of Proposal		
No direct impact	Potential impact from divesting in fossil fuel equities	No direct impact
Internal		
Effective Staff	**Maintain or Improve Services**	**Firm Financial Footing over the Longer Term**
<u>Intended outcomes:</u> All staff are properly trained. All staff have the appropriate tools. All staff are engaged, empowered and supported. The right people are in the right job with the right skills and right behaviours.	<u>Intended outcomes:</u> Focusing on our customers' needs. Continuously improve our processes. Increase the digital provision of services.	<u>Intended outcomes:</u> Better return / use of our assets. Full cost accounting. Continued cost management. Maximise income earning opportunities. Seek best value for money.
Impacts of Proposal		
No impact	No impact	To continue to maximize the income earned on our investments whilst first ensuring security and appropriate levels of liquidity.

4.2. **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies. The Treasury Management function is consistent with the relevant supporting strategies.

4.3. **Changes to Existing Policies**

The Treasury Management function is in accordance with existing policies, save for the recommendation to divest from direct ownership of fossil fuels companies or commingled funds that include fossil fuel public equities and corporate bonds by no later than 2025, in pursuance of the Council's Climate Emergency Declaration.

4.4. The Council will be considering a *Investment Regeneration Strategy* during the early part of 2020/21, which may have an impact on the Council's increased use of non-specified investments.

4.5. **Impact Assessments**

There are no impacts of new or significant policy changes proposed in respect of equalities.

5. Budgetary Framework

5.1. The Treasury Management Strategy has a significant impact on the Council's budget through its objective of maximising investment income and minimising interest payable whilst ensuring the security and liquidity of financial resources.

The 2020/21 budget for investment income, after inclusion of growth items, is as follows:

2020/21 Budget	£'000
External investment income	693.3
Deferred capital receipts interest	17.7
Long-term debtor loans	233.6
less : HRA allocation	-436.5
Net interest to General Fund	508.1

5.2. Divesting from the current two equity funds and the re-procurement of suitable alternative funds will incur an additional cost. Any costs will be included in a future budget report, before a re-procurement.

6. Risk Management

6.1. Investing the Council's funds inevitably creates risk and the Treasury Management function effectively manages this risk through the application of the SLY principle. Security (S) ranks uppermost, followed by Liquidity (L) and finally Yield (Y). Social impact will be an underlining principle. It is accepted that longer duration investments increase the security risk within the portfolio; however this is inevitable in order to achieve the optimal return and still comply with the SLY principle which is a cornerstone of treasury management within local authorities.

6.2. Section 1 of Appendix B (the annual *Treasury Management Investment Strategy*) provides more detail on how the risk is mitigated.

6.3. The Council does not have a specific risk register for Treasury Management but it does feature within the Finance risk register.

6.4. By engaging with our treasury management consultants, Link Asset Services (Link), the Council is able to minimise the risks to which it is exposed. Link provide regular briefings, alerts and advice in respect of the Council's portfolio. They also provide training for Members and officers responsible for the Council's treasury management function, to ensure they are informed and competent.

6.5. The strategies outlined in this report are based on an orderly exit from the European Union at the end of December 2020, with a trade deal. There is significant risk to counterparty creditworthiness, interest rate assumptions and the economic should a trade deal not be agreed by that date. The treasury management function will keep this under review, and bring forward modified strategies for approval should the need arise.

7. Alternative Option(s) considered

7.1. An alternative to the strategy being proposed for 2020/21 would be to not alter the current strategy to invest without specific reference to any Environmental, Social and Governance (ESG) issues. Keeping the existing equity funds, which invest in fossil fuels, may provide higher returns than the alternative of divesting these funds and investing in non-carbon or ESG equity funds.

8. Background

8.1. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are 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).

8.2. The second main function of the treasury management service is the funding of the capital plans, which provide a guide to the Council's overall borrowing requirement. This is longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

8.3. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will 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 result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

8.4. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities. These will be considered under the forthcoming *Investment Regeneration Strategy*.

8.5. CIPFA defines 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."*

8.6. Revised reporting is required for the 2020/21 reporting cycle due to revisions of the MHCLG *Investment Guidance*, the MHCLG *Minimum Revenue Provision (MRP) Guidance,* the CIPFA *Prudential Code* and the CIPFA *Treasury Management Code*.

9. Treasury Management reporting

9.1. The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals:

a. **Prudential and treasury indicators and treasury strategy** (within this report at Appendix D) - The first, and most important, report is forward looking and covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

9.2. The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Finance and Audit Scrutiny Committee.

9.3. In addition, the revised CIPFA Prudential and Treasury Management Codes required, for 2019/20, all local authorities to prepare a **Capital Strategy** report, which provides the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability.

9.4. The aim of the Capital Strategy is to ensure that all elected members on full Council understand the overall long-term policy objectives and the resulting capital strategy requirements, governance procedures and risk appetite.

9.5. This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under Security, Liquidity and Yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);

- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

9.6. Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

9.7. As reported in the February 2020 *2020/21 General Fund Budget and Council Tax* report, the Capital Strategy that was approved for 2019/20 will be updated during 2020/21 to reflect significant new policies and strategies, including the Climate Emergency Declaration, the *Asset Management Strategy* and a pending *Investment Regeneration Strategy*.

9.8. Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

9.9. Non-treasury investments that are for Investment Regeneration purposes will be subject to the new *Investment Regeneration Strategy*.

9.10. If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy, i.e. through the budget monitoring process and reports to members.

9.11. To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report, where appropriate.

Appendices

A	Treasury Management Strategy
B	Annual Investment Strategy
	Annex 1 - Types of Investment Annex 2 - Counterparty Limits Annex 3 - Approved Countries for Investment
C	Minimum Revenue Provision Policy
D	Prudential Indicators
E	Link Economic Background

Treasury Management Strategy for 2020/21

The strategy for 2020/21 covers two main areas:

A. Capital issues

- the minimum revenue provision (MRP) policy – see Appendix C.
- the capital expenditure plans and the associated prudential indicators – included in Appendix D.

B. Treasury management issues

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

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG 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 Asset Services (Link) delivered training to Members of the Finance and Audit Scrutiny Committee and other interested Members in November 2019. 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 contracts

2.1 The Council uses Link Asset Services, Treasury Solutions (Link) as its external treasury management advisor. The option to extend the contract with Link by two years has been exercised taking the current agreement to January 2022.

2.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times 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 in order 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 London Interbank Bid Rate (LIBID) of a similar duration (LIBID refers to the average interest rate which major London banks are willing to borrow from each other).

5 Prospects for interest Rates

5.1 As part of their service, Link assists the Council to formulate a view on interest rates. The following table gives Link's central view as at 4 February 2020, before the impact of the Coronavirus (Covid 19) on finance markets worldwide:

Link Asset Services Interest Rate View	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	0.90	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.30	2.40	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.50	2.50	2.60	2.60	2.70	2.80	2.90	3.00	3.10	3.10	3.20	3.20	3.30
25yr PWLB Rate	3.00	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.80	3.90	3.90
50yr PWLB Rate	2.90	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.80
Bank Rate													
Link Asset Services	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
Capital Economics	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	-	-	-	-	-
5yr PWLB Rate													
Link Asset Services	2.30%	2.30%	2.40%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%
Capital Economics	2.40%	2.50%	2.50%	2.60%	2.60%	2.80%	2.80%	2.90%	-	-	-	-	-
10yr PWLB Rate													
Link Asset Services	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%
Capital Economics	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.00%	3.10%	-	-	-	-	-
25yr PWLB Rate													
Link Asset Services	3.00%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%
Capital Economics	3.10%	3.10%	3.20%	3.20%	3.20%	3.30%	3.30%	3.40%	-	-	-	-	-
50yr PWLB Rate													
Link Asset Services	2.90%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.80%
Capital Economics	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.40%	3.50%	-	-	-	-	-

5.2 The above forecasts are based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the General Election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the Prime Minister has pledged.

5.3 2019 was a year of weak UK economic growth as political and Brexit uncertainty depressed confidence. It was, therefore, no surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% during the year. However, during January 2020, financial markets were predicting a 50:50 chance of a cut in Bank Rate at the time of the 30 January MPC meeting. There had been some downbeat UK economic news in December and January which showed that all the political uncertainty leading up to the General Election, together with uncertainty over where Brexit would be going after that Election, had depressed economic growth in quarter 4 of 2019. However, that downbeat news was backward looking; more recent economic statistics and forward-looking business surveys, all pointed in the direction of a robust bounce in economic activity and a recovery of confidence after the decisive result of the general election removed political and Brexit uncertainty. The MPC clearly decided to focus on the more recent forward-looking news, rather than the earlier downbeat news, and so left Bank Rate unchanged. Provided that the forward-looking surveys are borne out in practice in the coming months, and the March Budget delivers with a fiscal boost, then it is expected that Bank Rate will be left unchanged until after the December trade deal deadline. However, the MPC is on alert that if the surveys prove optimistic and/or the Budget disappoints, then they may still take action and cut Bank Rate in order to stimulate growth.

5.4 **Bond yields / PWLB rates**. There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

5.5 During the first half of 2019/20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. (See paragraphs 6.2 and 7.7 for comments on the increase in the PWLB rates margin over gilt yields of 100bps introduced on 9 October 2019.) There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

5.6 One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

5.7 Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential 'doom loop'[1]. In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

[1] A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.

5.8 The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

5.9 In addition, PWLB rates are subject to ad hoc decisions by **H.M. Treasury** to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H.M. Treasury would remove the extra 100 bps margin implemented on 9 October 2019.

5.10 Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

6 Investment and borrowing rates

6.1 Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.

6.2 Borrowing interest rates were on a major falling trend during the first half of 2019/20 but then PWLB borrowing rates jumped up by 100 bps on 9 October 2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years, with this Council deciding to draw down £12 million in September 2019 as the optimum balance of risk in upward movements versus the higher short-term carrying costs. The unexpected increase of 100 bps in PWLB rates required a major rethink of local authority treasury management strategy and risk management.

6.3 While this authority will not be able to avoid borrowing to finance new capital expenditure, particularly for the HRA or to fund any Investment Regeneration opportunities (to replace the rundown of reserves), there will be a cost of carry, (the difference between higher borrowing costs and potentially lower investment returns[2]), to any new short or medium-term 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 Council's current long-term borrowing portfolio consists of £136.157 million HRA and £12 million General Fund PWLB debt.

7.2 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

[2] It is anticipated that new HRA and commercial investments would only take place if the scheme has a positive net return, including the borrowing costs

scheduled to be repaid on 28 March 2053 with the final loan being repaid on 28 March 2062.

7.3 £12 million was borrowed in September 2019, for repayment at maturity on 28 August 2059, with the interest borne by the General Fund.

7.4 The Council is currently maintaining an under-borrowed position, despite the borrowing referred to in paragraph 6.2, which means that the capital borrowing need (the Capital Financing Requirement), 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 is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

7.5 The borrowing undertaken in 2019 has reduced the under-borrowed position of the previous two financial years. That strategy is prudent while investment returns are low and counterparty risk is present but the position is not sustainable in the longer-term, as (1) the Council will eventually need to replenish the cash backing the Reserves and Balances in order to pay for future developments, and (2) the upside risk of PWLB and other borrowing rates as a result of economic factors make it prudent to consider "externalising" more of the internal borrowing by taking PWLB loans during 2020/21. Additionally, there are a number of potential HRA capital schemes that would requires considerable external borrowing in 2020/21 and beyond, as could a new Investment Regeneration Strategy.

7.6 Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then borrowing will be postponed;
- if it was felt that there was a significant risk of 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.

7.7 The major source of long-term borrowing for local authorities has been the PWLB. Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following, especially as Link expect the underlying PWLB rates (see the table in paragraph 5.1) to rise:

- Local authorities - primarily shorter dated maturities
- Financial institutions - primarily insurance companies and pension funds but also some banks, out of spot or forward dates
- Municipal Bonds Agency (MBA) – the first issuance is expected in April or May 2020.

7.8 **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	●	-
Local authority bills	●	●
Overdraft		●
Negotiable bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial paper	●	-
Medium term notes	●	-
Finance leases	●	●

7.9 The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but the Council's advisors will keep officers informed. Financial institutions and the Municipal Bond Agency (MBA) are likely to have significantly more complex administration and legal arrangements than PWLB loans.

7.10 However, the 100bp increase in their rates in October 2019 may have made it effectively the 'lender of the last resort' in some circumstances, especially for short to medium-term loans. The Council will consider other sources of external finance, including the MBA, as they are expected to provide a lower rate of interest than comparable PWLB loans, for periods up to 15 years. However, these loans could introduce a risk in terms of a bond issuers defaulting, which does not exist with the PWLB. Link will provide advice on the most cost effective option.

7.11 The Council will use short-term borrowing (up to 365 days), if necessary, in order to finance temporary cash deficits. However, proactive cash flow management will keep these to a minimum and, wherever possible, the loan would be taken out for periods of less than 7 days in order to minimise the interest payable. The Council has not incurred any short term borrowing in 2019/20 to date and is not expecting to during 2020/21.

7.12 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 in order 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 January 2020 are summarised below:

Type of Investment	31 Jan 20 £'000	30 Sep 19 £'000	31 Mar 19 £'000
Money Markets incl. CD's & Bonds	42,000	41,900	35,500
Money Market Funds	40,988	29,786	25,345
Business Reserve Accounts incl. call accounts	6,551	6,551	1,295
Total In House Investments	**89,539**	**78,237**	**62,140**
Corporate Equity Funds (nominal)	6,000	6,000	6,000
Total Investments	**95,539**	**84,237**	**68,140**

9.2 The market valuations of the two equity funds, as opposed to the nominal value included above, are shown below:

Equity Fund	31 Jan 20 £'000	30 Sep 19 £'000	31 Mar 19 £'000
Royal London UK Equity Fund	3,478	3,377	3,202
Columbia Threadneedle UK Equity Income Fund	3,299	3,203	3,031
Total	**6,777**	**6,580**	**6,233**

9.3 These equity fund valuations at 31 January 2020 include unrealised capital gains and accrued interest. The amount of ‘extraction of fossil fuel’ related investments within the two funds is (a) Royal London – 9.5% and (b) Columbia Threadneedle – 4.3%. The Council does not have any influence over where these pooled equity funds invest.

9.4 Alternative ESG (Environmental, Social and Governance) equity funds are available, which operate with either negative (‘avoiding’) screening or positive screening. The appropriateness of these ESG funds will be considered in conjunction the consideration of the planned increase in borrowing need.

9.5 The borrowing position is shown below:

External Borowing	31 Jan 20 £'000	30 Sep 19 £'000	31 Mar 19 £'000
Public Works Loan Board	148,157	148,157	136,157
Total	**148,157**	**148,157**	**136,157**

10 Debt rescheduling

10.1 Rescheduling of borrowing in the Council’s debt portfolio is unlikely to occur as the September 2019 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

10.2 The Council's treasury advisors will 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 will be reported to the Finance and Audit Scrutiny Committee, at the earliest meeting following its action.

Appendix B

Annual Treasury Management Investment Strategy

1 Investment policy – management of risk

1.1 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:

- MHCLG'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.

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 above guidance from the MHCLG 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:

1.4.1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

1.4.2. **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.

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

1.4.4. 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.

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

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of 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.
- **Commercial investments** are outside the Council's treasury management strategy and will be subject to the development of a new Investment Regeneration Strategy.

1.4.5. **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.

1.4.6. **Commercial investments limit**. The Council will determine the maximum exposure to commercial investments (including loans to third parties at commercial rates of interest), expressed as a percentage of the total investment portfolio, as part of the development and approval of the new Investment Regeneration Strategy.

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

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

1.4.9. 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).

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

1.4.11. 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.

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

1.4.13. As a result of the change in **accounting standards** for 2019/20 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 applies to the Council's equity funds and will be a factor in their appropriateness after 2022/23.

1.5 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.

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[5] In November 2018, the Ministry of Housing, Communities and Local Government, [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

2. Changes in risk management policy from last year

2.1 The above criteria are unchanged from last year.

3. Creditworthiness policy

3.1 The Council relies on credit ratings published by the three main Credit Rating agencies, Fitch Ratings, Moody's Investor Services and Standard & Poor's which are supplied to it by its treasury advisers. These ratings are used to establish the credit quality of counterparties and investment schemes. These institutions also issue regular ratings watch bulletins and where these are negative and affect one of our counterparties this will be taken into account when deciding whether or not to place future investments with them.

3.2 The Council also utilises elements of the creditworthiness service provided by Link in determining the duration of its investments with certain counterparties. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

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

3.3 All credit ratings will be monitored routinely and will inform every investment decision. The Council is alerted to changes to ratings of all three agencies through its use of the 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 credit default swap spreads and other market data on a daily basis.

3.4 All investments in property, corporate bond and corporate equity funds will be supported by the advice of Link, the Council's treasury advisors.

3.5 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.

3.6 In order 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:

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

3.7 The Council has both cash flow derived and core balances available for investment. Investment decisions will be made with regard to cash flow requirements, core cash balances and the outlook for short term interest rates.

3.8 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 will be invested in a combination of corporate equity funds and the financial markets.

3.9 The Council has two corporate equity fund managers, Royal London Asset Management and Columbia Threadneedle, the performance of which are kept under review. Currently the funds are expected to make returns of around 3.75% in 2020/21, although this is at risk from the economic impact of Covid 19. These funds do invest in companies extracting fossil fuels and the recommendation is to divest from these funds by the end of 2025, and ideally before the end of 2022, as part of the Council's Climate Emergency Declaration. Options include closing these funds or re-investing in ESG (Environmental Social & Governance) equity funds. Any new fund manager appointments would be made in conjunction with Link and would be in adherence with the Council's procurement rules. Re-procuring to invest these reserves is likely to incur an additional cost.

3.10 Based on its cash flow forecasts (subject to any 'internal borrowing' pending borrowing for new capital expenditure, including commercial investment), the Council anticipates that its investments in 2020/21 on average will be in the region of £69m, of which £28m will be "core" investments i.e. made up of reserves and balances which are not required in the short term.

3.11 The maximum percentage of its 'core' 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%. 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.

3.12 The 2020/21 interest rate outlook is for Bank Rate to start the year at 0.75% and rise to 1.25% by the final quarter of the year. Based on current investment policies and interest rate projections, it is currently estimated that the overall

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

portfolio will achieve a 0.98% return for 2020/21.

4. Investments that are not part of treasury management activity

4.1 Where, in addition to treasury management investment activity, the Council invests in other financial assets and property primarily for financial return, 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, thus requiring careful investment management. Such activity includes loans supporting service outcomes and commercial investments, which are taken for mainly financial reasons.

4.3 The Council's framework to consider such non treasury management investments will be reflected within the Capital Strategy and a new Investment Regeneration Strategy. All such investment proposals will be considered on their own merits, 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

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	364 days	In house & EFM*	
UK Govt. / local authorities / public corporations / nationalised industries	n/a		High		£9m	364 days	In house & EFM*	11
Bank - part nationalised UK	F1	A		AA-	£9m	364 days	In house & EFM*	1 & 2
Bank - private (includes fixed term deposits, CDs and category 1 FRNs & bonds)	F1	A		AA-	£5m	364 days	In house & EFM*	1 & 2
	F1	A+		AA-	£7m	364 days	In house & EFM*	1 & 2
	F1	AA- & above		AA-	£8m	364 days	In house & EFM*	1 & 2
Other private sector financial institutions (includes category 1 FRNs & bonds)	F1	A		AA-	£4m	364 days	In house & EFM*	1 & 2
	F1	A+		AA-	£6m	364 days	In house & EFM*	1 & 2
	F1	AA- & above		AA-	£7m	364 days	In house & EFM*	1 & 2
Corporates (category 3 FRNs & bonds)	F1	A		AA-	£4m	364 days	In house & EFM*	1 & 2
	F1	A+		AA-	£5m	364 days	In house & EFM*	1 & 2
	F1	AA- & above		AA-	£6m	364 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	364 days	In house & EFM*	1a.
Building societies - category B	F1			AA-	£2m	364 days	In house & EFM*	1a.
Corporate bonds - category 2		A			£9m	364 days	In house & EFM*	5
Covered bonds - category 2		A			£9m	364 days	In house & EFM*	12
Bonds - supranational / multi-lateral development banks	AAA / Govt Guarantee				£5m	364 days	In house & EFM*	
Floating Rate Notes (FRN) - category 2		A			£9m	364 days	In house & EFM*	6
Eligible bank bills	n/a			Determined by EFM	£5m	364 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 is based on those countries which have sovereign ratings of AA- or higher, (based on the lowest rating from Fitch, Moody's and S&P.

Based on lowest available rating

AAA

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

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- U.K.

AA-

- Belgium
- Qatar

Minimum Revenue Provision Policy

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).

1.2 MHCLG regulations have been issued which require 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*[8] 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[9]. 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.

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 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

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[8] Guiance 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.

[9] The Council had no debt at this date

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 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.

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

4 Voluntary Revenue Provision (VRP)

4.1 MHCLG 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 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.

Prudential and Treasury Indicators

1. 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.

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.

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, 2019/20, where appropriate and setting them for future years.

2. 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 2018/19 (a single value) and the ratios proposed for the General Fund, HRA and Overall as required by the Prudential Code. These figures exclude unapproved schemes, other than HRA schemes subject to approval at the same March Council meeting as this report.

Table 1

Year	General Fund	Housing Revenue Account	Overall
2018/19	-1.21%	41.65%	24.05%
2019/20	-2.00% to 3.00%	38.00% to 42.00%	20.00% to 25.00%
2020/21	-2.00% to 3.00%	38.00% to 50.00%	23.00% to 33.00%
2021/22	-2.00% to 3.50%	38.00% to 58.00%	24.00% to 39.00%
2022/23	-2.00% to 3.50%	38.00% to 58.00%	24.00% to 39.00%

2.5. The ratio for estimates is a range rather than a single figure, to allow for both the uncertain amount of borrowing that will take place for more commercial investments and developments by the General Fund and HRA, and the possible movements in long-term interest rates, as a relatively small variation 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 – currently unapproved - borrowing for increasing the supply of dwellings. 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 leisure centres, long-term loans to third parties and commercial investment.

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.

3. Prudence - Gross Debt and the Capital Financing Requirement

3.1 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.

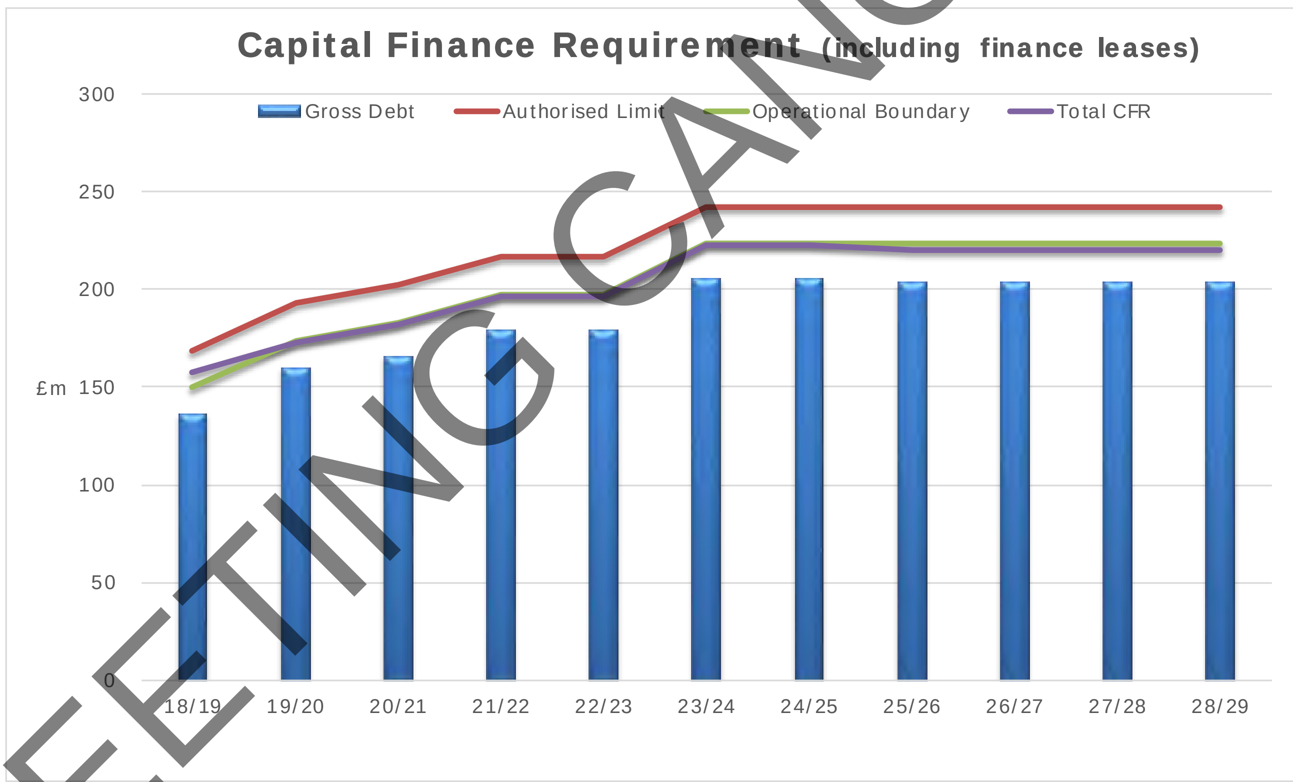
3.2 Table 2 shows the longer term projections, compared with total debt and the Authorised Limit and Operational Boundary from sections 6 and 7 respectively:

Table 2

Capital Financing Requirement (including finance leases)											
£m	**Actual 18/19**	**Est 19/20**	**Est 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**
HRA CFR	136.2	150.5	157.1	170.5	170.5	196.5	196.5	196.5	196.5	196.5	196.5
GF CFR	16.7	16.5	29.2	31.3	31.4	35.8	35.8	35.8	35.8	35.8	35.8
Commercial activity / non-financial investments	5.0	6.0	7.9	6.9	6.9	2.4	2.4	0.4	0.4	0.4	0.4
Total CFR	**157.8**	**172.9**	**194.2**	**208.8**	**208.8**	**234.8**	**234.8**	**232.8**	**232.7**	**232.7**	**232.7**
External borrowing - HRA	136.2	139.7	141.9	155.4	155.4	181.4	181.4	181.4	181.4	181.4	181.4
External borrowing - GF	-	20.0	35.3	35.4	35.4	35.4	35.3	33.3	33.3	33.3	33.3
Other long term liabilities	0.0	0.0	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Gross Debt	**136.2**	**159.8**	**178.3**	**191.9**	**191.9**	**217.9**	**217.9**	**215.9**	**215.9**	**215.9**	**215.9**
Internal borrowing - HRA	-	10.8	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2
Internal borrowing - GF	21.6	2.4	0.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
WDC internal borrowing	**21.6**	**13.2**	**15.9**	**16.9**	**16.9**	**16.9**	**16.9**	**16.9**	**16.9**	**16.9**	**16.9**
Authorised Limit	168.9	192.8	214.9	229.2	229.0	255.0	255.0	255.0	255.0	255.0	255.0
Operational Boundary	150.0	173.8	195.8	210.0	209.8	235.8	235.8	235.8	235.8	235.8	235.8

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

Table 3



3.4 The value of gross debt excludes unapproved borrowing for HRA developments and commercial investment, other than HRA schemes being considered in the same Council meeting.

4. Capital Expenditure

4.1 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.

4.2 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.

4.3 Table 4 shows the Council's estimated capital expenditure on the General Fund and HRA for the next four years, including any potential but currently unapproved 'development' from 2020/21:

Table 4

Capital expenditure	**2018/19 Actual £'000**	**2019/20 Estimate £'000**	**2020/21 Estimate £'000**	**2021/22 Estimate £'000**	**2022/23 Estimate £'000**	**2023/24 Estimate £'000**
General Fund	9,805	12,811	8,703	2,821	615	487
HRA (HIP)	11,086	40,250	15,088	6,798	8,803	7,809
HRA development	-	3,540	2,237	13,445	-	25,993
Commercial activities (including development) / non-financial investments*	5,573	651	12,600	100	-	-
Total (A)	**26,464**	**57,252**	**38,628**	**23,164**	**9,418**	**34,289**

* - loans to third parties

5. Capital Financing Requirement

5.1 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.

5.2 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.

5.3 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	**2018/19 Actual £'000**	**2019/20 Estimate £'000**	**2020/21 Estimate £'000**	**2021/22 Estimate £'000**	**2022/23 Estimate £'000**	**2023/24 Estimate £'000**
HRA:						
Capital receipts	611	3,577	-	1,500	-	-
Capital grants and contributions	311	-	-	-	-	-
Reserves	10,086	25,724	11,084	6,027	8,680	7,686
Revenue contributions	78	122	123	123	123	123
Total HRA	**11,086**	**29,423**	**11,207**	**7,650**	**8,803**	**7,809**
General Fund:						
Capital receipts	1,202	454	257	-	-	-
Capital grants and contributions	1,011	10,317	2,389	1,192	-	-
Reserves	1,803	1,797	2,837	574	459	407
Revenue contributions	88	156	80	80	80	80
Total GF	**4,104**	**12,724**	**5,563**	**1,846**	**539**	**487**
Combined:						
Capital receipts	1,813	4,031	257	1,500	-	-
Capital grants and contributions	1,322	10,317	2,389	1,192	-	-
Reserves	11,889	27,521	13,921	6,601	9,139	8,093
Revenue contributions	166	278	203	203	203	203
Subtotal (B)	**15,190**	**42,147**	**16,770**	**9,496**	**9,342**	**8,296**
Net borrowing need for the year (A – B)	**11,274**	**15,105**	**21,858**	**13,668**	**76**	**25,993**

5.4 The net financing need for commercial activities / non-financial investments included in table 5 against expenditure is shown in table 6:

Table 6

Commercial activities / non-financial investments £'000	**2018/19 Actual**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
Capital expenditure	5,573	651	12,600	100	-	-
Financing costs	40	10	879	4	-	-
Net financing need for the year	**5,613**	**661**	**13,479**	**104**	**-**	**-**
Percentage of total net financing need %	49%	4%	58%	1%	0%	0%

5.5 These figures are illustrative at this point and are subject to the Council's approval of a *Investment Regeneration Strategy*, which is expected to be considered during 2020/21.

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

5.7 This Council has four CFRs:

(a) the HRA

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

(c) 'commercial activities / non-financial investments' (which have, to date, been loans to third parties at commercial rates of interest), and

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

5.8 The estimated CFRs at the end of 2019/20 and each of the next three years are based on the Council's latest capital programme and exclude any unapproved 'commercial 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.

Table 7

Capital Financing Requirement **Year**	**(a)** **HRA** **£'000**	**(b)** **General Fund** **£'000**	**(c)** **Commercial activities / non financial investments** **£'000**	**(d)** **Total** **£'000**
2018/19 Actual	136,157	16,186	5,484	157,827
2019/20 Latest	150,524	16,460	5,961	172,945
2020/21	157,088	29,211	7,945	194,244
2021/22	170,533	31,290	6,929	208,752
2022/23	170,533	31,385	6,910	208,828

5.9 The opening HRA CFR at 1 April 2019 was the HRA self-financing debt settlement of £136.157 million.

6. External Debt - Authorised Limit

6.1 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).

6.2 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 in excess of the limits set.

6.3 The recommended Authorised Limit is as shown in table 8:

Table 8

Authorised Limit	**2019/20 Latest £'000**	**2020/21 Estimate £'000**	**2021/22 Estimate £'000**	**2022/23 Estimate £'000**
Debt including HRA settlement	189,188	195,546	196,307	196,107
Other long-term liabilities	29	1,112	1,200	1,200
HRA developments	3,540	5,777	19,221	19,221
Commercial activities / non-financial investments	-	12,500	12,500	12,500
Total Authorised Limit	**192,757**	**214,935**	**229,228**	**229,028**

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

6.5 The Authorised Limit takes account of the HRA Housing Improvement Programme (HIP) and the General Fund capital programme. The figures for 'HRA developments' 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.

6.6 The debt figure provides for the potential borrowing liability of vehicles under the combined waste collection / street cleansing / grounds maintenance contract that will commence on 1 April 2021, as the Council is able to borrow more cheaply than most contractors. The requirement for this borrowing, which would result in reduced payments to the contractor(s), will be known by mid-2020.

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

7. External Debt - Operational Boundary

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

7.2 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.

7.3 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.

7.4 The recommended Operational Boundaries are as shown in table 9. It should be noted that the figures for each year are cumulative. They are based on the same assumptions outlined in paragraph 6.5 above.

Table 9

Operational Boundary	2019/20 Latest £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Debt including HRA settlement	170,188	176,546	177,307	177,107
Other long-term liabilities	29	1,012	1,000	1,000
HRA developments	3,540	5,777	19,221	19,221
Commercial activities / non-financial investments	-	12,500	12,500	12,500
Replacement of internal borrowing		15,900	16,900	16,900
Total Operational Boundary	**173,757**	**211,735**	**226,928**	**226,728**

8. Treasury Indicators

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

8.2 Maturity structure of borrowing:

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

Table 10

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 11

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 12

Year	Upper Limit - Fixed Rate	Upper Limit - Variable Rate
2020/21	100%	30%
2021/22	100%	30%
2022/23	100%	30%

8.3 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

Note:

- Since the information below was written by the Council's treasury advisers the world economy has been rocked by the outbreak of the Coronavirus, which will dampen financial performance for 2020 world-wide. A number of national banks have cut their Base Rate as part of managing their economy.

UK

- **General election** December 2019 returned a large Conservative majority on a platform of getting Brexit done. UK left the EU on 31 January 2020.
- There is still considerable uncertainty about whether the UK and EU will be able to agree the details of a **trade deal** by the deadline set by the prime minister of December 2020. This leaves open the potential risks of a no deal or a hard Brexit.
- **GDP growth** has been weak in 2019 and is likely to be around only 1% in 2020.
- **November MPC meeting and Bank of England quarterly Monetary Policy Report** (formerly called the Inflation Report). MPC voted 7-2 to keep rates on hold. Increase in concerns among MPC members around weak UK growth caused by weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery.
- **MPC meeting on 30 January 2020** again voted 7-2 to keep rates on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months.
- If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with **Bank Rate** still only at 0.75%. It would, therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** e.g. tax cuts, infrastructure spending etc.
- **CPI inflation** has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to, or under 2% over the next two years and so it does not pose any immediate concern to the MPC. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.
- **Labour market.** Employment growth has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8%. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA

- **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession in 2020 have largely dissipated.
- The strong growth in **employment numbers** during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening.
- **CPI inflation** rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.
- **The Fed** finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%.
- At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. In the first month, it will buy $60bn, whereas it had been reducing its balance sheet by $50bn per month during 2019.
- The Fed left rates unchanged in **December.** However, the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.
- **Trade war with China.** The trade war is depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China. However, progress has been made in December on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE

- **Growth** has been slowing from +1.8 % in 2018 to around half of that at the end of 2019; there appears to be little upside potential in the near future.
- **The European Central Bank (ECB)** ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt.
- However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it announced a **third round of TLTROs**; this provides banks with cheap borrowing.
- However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period.**

- At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this very limited loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by 'growth friendly' fiscal policy.
- There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She also announced a thorough review during 2020 of how the ECB conducts monetary policy, including the price stability target.
- Several EU countries have **coalition governments.** More recently, Austria, Spain and Italy have been in the throes of trying to form coalition governments with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU.

CHINA

- Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN

- It has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH – reversal of globalisation

- Until recent years, world growth has been boosted by **increasing globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, 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. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

- **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates in 2020 and beyond**.
- The trade war between the US and China has been during 2019, and still is, a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, (though such fears have largely dissipated towards the end of 2019).
- These concerns resulted in **Government bond yields falling in 2019** in the developed world. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

Council meeting, 25 March 2020

Treasury Management Strategy 2020/21

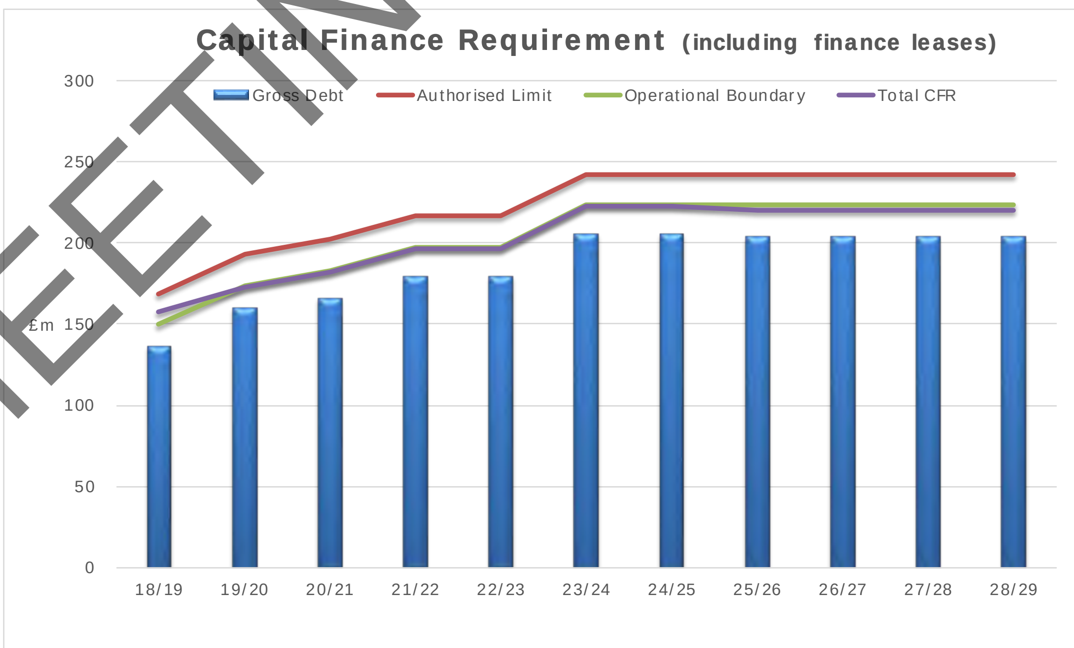
Further to the briefing provide for F&AS on 17 March 2020, the points below are a summary of changes necessary to include the Kenilworth School REFCUS grant of £12.5m (assumed 2020/21) and HRA construction of Leyes Lane (£25.993m in 2023/24)

Key points:

- The changes required are to Appendix D, pp35-39, Tables 2 to 9 inclusive
- **Table 2, p35** – increases in the GF, HRA and overall Capital Financing Requirements

Capital Financing Requirement (including finance leases)											
£m	**Actual 18/19**	**Est 19/20**	**Est 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**
HRA CFR	136.2	150.5	157.1	170.5	170.5	196.5	196.5	196.5	196.5	196.5	196.5
GF CFR	16.7	16.5	29.2	31.3	31.4	35.8	35.8	35.8	35.8	35.8	35.8
Commercial activity / non-financial investments	5.0	6.0	7.9	6.9	6.9	2.4	2.4	0.4	0.4	0.4	0.4
Total CFR	**157.8**	**172.9**	**194.2**	**208.8**	**208.8**	**234.8**	**234.8**	**232.8**	**232.7**	**232.7**	**232.7**
External borrowing - HRA	136.2	139.7	141.9	155.4	155.4	181.4	181.4	181.4	181.4	181.4	181.4
External borrowing - GF	-	20.0	35.3	35.4	35.4	35.4	35.3	33.3	33.3	33.3	33.3
Other long term liabilities	0.0	0.0	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Gross Debt	**136.2**	**159.8**	**178.3**	**191.9**	**191.9**	**217.9**	**217.9**	**215.9**	**215.9**	**215.9**	**215.9**
Internal borrowing - HRA	-	10.8	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2	15.2
Internal borrowing - GF	21.6	2.4	0.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
WDC internal borrowing	**21.6**	**13.2**	**15.9**	**16.9**	**16.9**	**16.9**	**16.9**	**16.9**	**16.9**	**16.9**	**16.9**
Authorised Limit	168.9	192.8	214.9	229.2	229.0	255.0	255.0	255.0	255.0	255.0	255.0
Operational Boundary	150.0	173.8	195.8	210.0	209.8	235.8	235.8	235.8	235.8	235.8	235.8

- **Table 3, p35** – the chart rises in conjunction with Table 2



- **Table 4, p36** – increased capital expenditure for these two items

Capital expenditure	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
General Fund	9,805	12,811	8,703	2,821	615	487
HRA (HIP)	11,086	40,250	15,088	6,798	8,803	7,809
HRA development	-	3,540	2,237	13,445	-	25,993
Commercial activities (including development) / non-financial investments*	5,573	651	12,600	100	-	-
Total (A)	**26,464**	**57,252**	**38,628**	**23,164**	**9,418**	**34,289**

- **Table 5, p37** – resultant net borrowing requirement increases for these items

Financing of capital expenditure	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
HRA:						
Capital receipts	611	3,577	-	1,500	-	-
Capital grants and contributions	311	-	-	-	-	-
Reserves	10,086	25,724	11,084	6,027	8,680	7,686
Revenue contributions	78	122	123	123	123	123
Total HRA	**11,086**	**29,423**	**11,207**	**7,650**	**8,803**	**7,809**
General Fund:						
Capital receipts	1,202	454	257	-	-	-
Capital grants and contributions	1,011	10,317	2,389	1,192	-	-
Reserves	1,803	1,797	2,837	574	459	407
Revenue contributions	88	156	80	80	80	80
Total GF	**4,104**	**12,724**	**5,563**	**1,846**	**539**	**487**
Combined:						
Capital receipts	1,813	4,031	257	1,500	-	-
Capital grants and contributions	1,322	10,317	2,389	1,192	-	-
Reserves	11,889	27,521	13,921	6,601	9,139	8,093
Revenue contributions	166	278	203	203	203	203
Subtotal (B)	**15,190**	**42,147**	**16,770**	**9,496**	**9,342**	**8,296**
Net borrowing need for the year (A – B)	**11,274**	**15,105**	**21,858**	**13,668**	**76**	**25,993**

- **Table 6, p37** – the School grant appears as commercial activity with financing costs

Commercial activities / non-financial investments £'000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Capital expenditure	5,573	651	12,600	100	-	-
Financing costs	40	10	879	4	-	-
Net financing need for the year	**5,613**	**661**	**13,479**	**104**	**-**	**-**
Percentage of total net financing need %	49%	4%	58%	1%	0%	0%

- **Table 7, 38** – the School REFCUS increases the 2020/21 **CFR**

Capital Financing Requirement Year	(a) HRA £'000	(b) General Fund £'000	(c) Commercial activities / non financial investments £'000	(d) Total £'000
2018/19 Actual	136,157	16,186	5,484	157,827
2019/20 Latest	150,524	16,460	5,961	172,945
2020/21	157,088	29,211	7,945	194,244
2021/22	170,533	31,290	6,929	208,752
2022/23	170,533	31,385	6,910	208,828

- **Table 8, p38** – the 2020/21 **Authorised Limit** (important to enable borrowing)

Authorised Limit	2019/20 Latest £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Debt including HRA settlement	189,188	195,546	196,307	196,107
Other long-term liabilities	29	1,112	1,200	1,200
HRA developments	3,540	5,777	19,221	19,221
Commercial activities / non-financial investments	-	12,500	12,500	12,500
Total Authorised Limit	**192,757**	**214,935**	**229,228**	**229,028**

- **Table 9, p39** – the 2020/21 **Operational Boundary**

Operational Boundary	2019/20 Latest £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Debt including HRA settlement	170,188	176,546	177,307	177,107
Other long-term liabilities	29	1,012	1,000	1,000
HRA developments	3,540	5,777	19,221	19,221
Commercial activities / non-financial investments	-	12,500	12,500	12,500
Replacement of internal borrowing		15,900	16,900	16,900
Total Operational Boundary	**173,757**	**211,735**	**226,928**	**226,728**

Richard Wilson

Principal Accountant (Capital & Treasury)

Appendix C (revised)

Minimum Revenue Provision Policy

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).

1.2 MHCLG regulations have been issued which require 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*[1] 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[2]. 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.

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

[1] 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.
[2] The Council had no debt at this date

is directly related to building up the 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 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.

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

4 Voluntary Revenue Provision (VRP)

4.1 MHCLG 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 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.

Council 25 March 2020	Agenda Item No. **Urgent Item 1**

Title	Minor Amendments to the Scheme of Delegation – To include The Health Protection (Coronavirus, Business Closure) (England) Regulations 2020
For further information about this report please contact	Marianne Rolfe 01926 456700 marianne.rolfe@warwickdc.gov.uk
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	NA
Background Papers	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive		Chris Elliott
Head of Service		Marianne Rolfe
CMT		
Section 151 Officer		Andrew Jones
Monitoring Officer		
Finance		Mike Snow
Portfolio Holder(s)		Judy Falp
Consultation & Community Engagement		
Final Decision?		No
Suggested next steps (if not final decision please set out below)		
If approved Council will need to amend the Constitution.		

1. **Summary**

1.1 The report brings forward minor amendments to the Officer Scheme of Delegation to reflect the Regulations brought in on 21 March 2020 to enforce closure of premises due to the Covid-19 pandemic.

2. **Recommendation**

2.1 The Executive note the Secretary of States Designation letter (Appendix 2)

2.2 The Executive approves the revisions to the scheme of delegation as set out at Appendix 1 to the report and recommends to Council that it amends the Constitution to reflect these new delegations.

3. **Reasons for the Recommendation**

3.1 Regulations to enforce closure of premises have been made under Public Health (Control of Disease) Act 1984. These are called the Health Protection (Coronavirus, Business Closure) (England) Regulations 2020).

3.2 They provide a criminal sanction (unlimited fine) and enforcement powers to ensure the closure of bars, pubs, restaurants, nightclubs, theatres, cinemas, gyms, museums, spas, massage parlours, bingo, concert halls, casinos, betting shops, indoor skating rinks and swimming pools and leisure centres.

3.3 As of 2pm on 21 March 2020, closures are now enforceable by law in England and Wales due to the threat to public health. A business operating in contravention of the Health Protection (Coronavirus, Business Closures) Regulations 2020 will be committing an offence.

3.4 The current closure lasts until a direction is given by the Secretary of State and will be reviewed every 28 days to consider their necessity and effectiveness, in light of changing circumstances.

3.5 The new Regulations expire at the end of the period of six months.

3.6 Designated local authority officer will monitor compliance with these regulations, with police support provided if appropriate. Businesses that breach them will be subject to prohibition notices, and potentially unlimited fines. As a further measure, and if needed, businesses that fail to comply could also face the loss of their alcohol licence.

3.7 It is proposed to introduce delegation A (15) to The Head of Health and Community Protection, as set out in Article 12.

4. **Policy Framework**

4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report forms part of this process as part of the changes made to bring forward the Council's new Business Plan.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	**Services**	**Money**
External		
Health, Homes, Communities	**Green, Clean, Safe**	**Infrastructure, Enterprise, Employment**
Intended outcomes: Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	Intended outcomes: Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	Intended outcomes: Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy Increased employment and income levels
Impacts of Proposal		
None	None	None
Internal		
Effective Staff	**Maintain or Improve Services**	**Firm Financial Footing over the Longer Term**
Intended outcomes: All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	Intended outcomes: Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	Intended outcomes: Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
The revisions will ensure that the appropriate delegations are in place for the new Heads of Service to use when they start their new roles.	None	None

4.2 **Supporting Strategies** - this report does not directly contribute to any supporting policies.

4.3 **Changes to Existing Policies** – This report brings forward minor revisions to the scheme of delegation which forms part of the Constitution.

4.4 **Impact Assessments** – These have not been undertaken because there is no direct impact of any changes in respect of protected characteristics.

5. **Budgetary Framework**

5.1 This report does not impact on the Budgetary Framework or the Budget of the Council.

6. Risks

6. There are no significant risks associated with the report.

7. Alternative Option(s) considered

7.1 The Executive could decide not to amend the scheme of delegation as proposed. This would mean the Council would not have the powers to close business that refuses to comply, thus frustrating the limitation of spread of the COVID-19 disease.

Appendix 1

Delegation to multiple but not all Chief Officers as set out in Article 12:

A (15)	to act under the Health Protection (Coronavirus, Business Closure) (England) Regulations 2020	Head of Health & Community Protection & Head of Neighbourhoods.

Appendix 2

Department of Health & Social Care

1. The Secretary of State makes the following designations in exercise of the powers conferred by regulation 4(1) and (2) of the Health Protection (Coronavirus, Business Closure) (England) Regulations 2020 ("the Business Closure Regulations ").
2. An officer appointed by a local authority to enforce the Business Closure Regulations is designated by the Secretary of State, to take such action as is necessary to enforce a closure or restriction imposed by those regulations.
3. All police constables are designated by the Secretary of State, to take such action as is necessary to enforce a closure or restriction imposed by the Business Closure Regulations.
4. All Local authorities and all police forces are designated by the Secretary of State as able to bring proceedings for any offence under the Business Closure Regulations.

MATT HANCOCK

Secretary of State for Health and Social Care

22 March 2020

Matt

WARWICK DISTRICT COUNCIL	**Council** **25 March 2020**	**Agenda Item No.** **Urgent Item 2**

Title	Minor Amendments to the Scheme of Delegation
For further information about this report please contact	Chris Elliott 01926 456000 chris.elliott@warwickdc.gov.uk
Wards of the District directly affected	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	
Background Papers	

Contrary to the policy framework:	Yes
Contrary to the budgetary framework:	Yes
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes 1122
Equality Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	**Date**	**Name**
Chief Executive/Deputy Chief Executive		Chris Elliott
Head of Service		
CMT		
Section 151 Officer	18/3/2020	Mike Snow
Monitoring Officer		Andrew Jones
Finance		
Portfolio Holder(s)		Andrew Day
Consultation & Community Engagement		
Tracy Dolphin – HR Manager Steve Partner - Assets Manager		
Final Decision?		No
Suggested next steps (if not final decision please set out below) If approved Council will need to amend the Constitution.		

1. **Summary**

1.1 The report brings forward minor amendments to the Officer Scheme of Delegation to reflect the new Heads of Service.

2. **Recommendation**

2.1 The Leader of the Executive approves the revisions to the scheme of delegation as set out at Appendix 1 to the report and recommends to Council that it amends the Constitution to reflect these revised delegations.

2.2 The Leader asks Council to amend the list of Chief Officers in Article 12 of the Constitution so that it includes reference to the Head of ICT, Head of Assets and Head of People & Communications and Part 7 the Structure Chart be amended to reflect this.

3. **Reasons for the Recommendation**

3.1 Employment Committee in December 2019 agreed to a revised Senior Management Team Structure with three new Heads of Service. As part of those changes, it is appropriate that they have the necessary delegations in place to undertake their roles.

3.2 There are no new delegations proposed, the delegations being transferred to the new Heads of Service or revised to provide more effective service delivery or support.

3.3 Any amendments are shown with new text in *italics* and removed text ~~struck through~~.

3.4 It is proposed to refine the delegation CE(16) so that it is a single clause because the Council's interest is far reaching and negated the need for the other two clauses. In respect of the Financing of such an agreement, if it was necessary, conversations will include the relevant Head of Service, HR and Finance to review necessity and that funds are available. Agreement on where the funding would come from e.g. Salaries or Early Retirement Reserve will be between Chief Executive and Leader and budget monitoring would disclose transparency for both situations. Where funds are not available, a report to Executive would need to be brought forward on how the agreed amount would be paid for.

3.4 It is proposed that delegation CE(26) be removed as the Council has not operated this scheme for over three years and is therefore redundant.

3.5 It is proposed that delegation CE(12) regarding honorariums is moved so that it can be approved by any individual Chief Officer (Chief Executive, Deputy Chief Executives and Heads of Service), as these are funded from their individual budgets. A letter of appreciation will be sent from the Chief Executive, to the member of staff, to provide formal notification of an honorarium and more importantly, to recognise the work they have undertaken.

3.6 It is proposed to revise CE(15), regarding market premiums so that it refers to the current Market Forces Supplement Policy adopted by the Council. Also, it is proposed that this should be available for any Chief Officer to apply rather than be reliant on the Chief Executive.

3.7 It is proposed to revise delegation CE(17) so all Heads of Service can use this delegation. Some aspects of this have been removed as are no longer in use by the Council, following previous decisions by members and the broader wording which remains and will enable the work to continue as required.

3.8 It is proposed that the second part of delegation CE(18) is removed as this service has not been offered by the Council for over 10 years.

3.9 Recommendation 2.2 is proposed so that the Constitution reflect the decisions of Employment Committee in December 2019 which come into effect from 1 April 2020.

4. Policy Framework

4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report forms part of this process as part of the changes made to bring forward the Council's new Business Plan.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	**Services**	**Money**
External		
Health, Homes, Communities	**Green, Clean, Safe**	**Infrastructure, Enterprise, Employment**
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy Increased employment and income levels
Impacts of Proposal		
None	None	None
Internal		
Effective Staff	**Maintain or Improve Services**	**Firm Financial Footing over the Longer Term**
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income

supported The right people are in the right job with the right skills and right behaviours		earning opportunities Seek best value for money
Impacts of Proposal		
The revisions will ensure that the appropriate delegations are in place for the new Heads of Service to use when they start their new roles.	None	None

4.2 **Supporting Strategies** this report does not directly contribute to any supporting policies.

4.3 **Changes to Existing Policies** – This report brings forward minor revisions to the scheme of delegation which forms part of the Constitution.

4.4 **Impact Assessments** – These have not been undertaken because there is no direct impact of any changes in respect of protected characteristics.

5. **Budgetary Framework**

5.1 This report does not impact on the Budgetary Framework or the Budget of the Council.

6. Risks

6. There are no significant risks associated with the report.

7. Alternative Option(s) considered

7.1 The Executive could decide not to amend the scheme of delegation as proposed. This would cause no overall impact on the delivery of services as those with delegated authority can authorise any officer to undertake the work for them. However, from a transparency perspective and to ensure recognition of the new roles this is advised against.

Appendix 1

General delegations to all Chief Officers as out lined in article 12 of Constitution:

~~CE (12)~~ *G(17)*	Grant honoraria to staff in accordance with the National Scheme of Conditions of Service.
~~CE (15)~~ *G (18)*	Apply market forces supplement ~~premiums~~ for staff as *in line with the Market Forces Supplement Scheme* ~~considered necessary~~.
~~CE(17)~~ *G(19)*	~~(i)~~ in consultation with the Head of People & Communications to approve the grant of loans under Assisted Car Purchase Scheme. ~~(ii) Approve members of staff as essential car users.~~ ~~(iii) Enter into car leasing arrangements in accordance with the Council's scheme.~~ (iv~~) Approve any changes to the contribution made by the Council in respect of a loan granted under the assisted car purchase scheme following a review of the car lease prices.~~

The Chief Executive shall have authority to:

CE (16)	Approve severance payment, up to the equivalent of 12months salary for the post, which ~~either:- (i)~~ ~~are~~ is, in their opinion, in the Council's interests. *(With notification to Group Leaders and relevant Portfolio Holders and Shadow Portfolio Holders of the decision)*
	~~(ii) result in savings which recoup all initial costs of severance, subsequent staff regradings and any other consequential cost increases, within a period of 12 months of the severance; and~~
	(iii) ~~result in a post being deleted from the establishment though not necessarily the same post as the one from which the person was severed~~. ~~(NB the value of the payment must be agreed in line with the requirements of the Chief Executives delegated authority to determine urgent items between meetings CE(4))~~
~~CE(23)~~	~~The membership of the Panel(s) identified in the recruitment, disciplinary and grievance process for officers (excluding Statutory and Chief Officers) be appointed by the Chief Executive in consultation with the Chairman of the Employment Committee.~~
~~CE (26)~~	~~Issue Concessionary Travel Tokens in accordance with the Council Scheme.~~

The **Head of People & Communications** shall have authority to:

~~CE (10)~~ PC(1)	Exercise the Council's powers relating to people management in accordance with the ~~personnel handbook and the~~ policies agreed by the Employment Committee.
~~CE~~(11) PC(2)	Approve advancement of increments to all staff.

~~CE (18)~~ PC(3)	~~(i)~~ Approve the payment of removal and relocation expenses in accordance with the scheme adopted by the Council.
	~~(ii) Approve any changes to the relocation and mortgage subsidy when the schemes are reviewed.~~
~~CE (19)~~ PC(4)	Nominate first aiders in accordance with the First Aid at Work Regulations 1981.
~~CE (22)~~ PC(5)	In liaison with the Monitoring Officer, provide appropriate practical and financial support to proceedings which employees, who have suffered violence in the course of their employment, might wish to bring.
~~CE(27)~~ PC(6)	implement national wage and salary awards and conditions of service, except where discretion is to be exercised on assimilation of revision of scales.

The **Head of ICT** shall have authority to:

~~MO(11)~~ *ICT* (1)	Act under the provisions of either the Public Health Act 1925 or Town Improvement Clauses Act 1847 to (i) deal with the numbering and re-numbering of properties; (ii) approve the naming of streets following consultation with the appropriate Parish or Town Council.

The **Head of Assets** shall have authority to:

AST~~DCE~~(1)	operate the Secure Tenants of Local Housing (Right to Repair) Regulations 1994 (including service of Notices and acceptance or refusal of claims).
AST~~DCE~~ (2)	negotiate and agree enhanced rates to existing contracts under the Local Government (Direct Services Organisation) (Competition) Regulations 1993 and the Council Directive 92/50/EEC.
AST~~DCE~~ (3)	deal with applications for the assignment of tenancy or sub-letting of shops provided under the Housing Acts.
AST~~DCE~~ (4)	Grant wayleaves and easements across Council owned land to other public organisations for both HRA and non HRA properties.
AST~~DCE~~ (5)	Following consultation with ward councillors and the relevant Head of Service of the service area owning the land, dispose of other interests in land including its sale where the consideration does not exceed £20,000 and also to accept the Surrender of leases where the value does not exceed £20,000.
AST~~DCE~~ (6)	in consultation with ward councillors and the relevant Head of Service of the service area owning the land, to initiate proceedings for forfeiture of Leases.
AST~~DCE~~ (7)	Agree rent reviews, for non HRA properties, where agreement on the new rent has been reached without recourse to arbitration.

AST~~DCE~~ (~~7~~ *17*)	Grant new leases, for non HRA properties, where statutory renewal rights exist.
DCE(8)	Grant terminable licences, for non HRA properties, for access and other purposes.
AST~~DCE~~ (9)	Manage and control properties acquired by the Council in advance of requirements (other than those held under Part V of the Housing Act 1957 where consultation with the Head of Housing Services is required).
AST~~DCE~~ (10)	Deal with applications for the assignment of a tenancy or the sub-letting of a shop, provided under the Housing Acts
AST~~DCE~~ (11)	Serve Notices to Quit in respect of shops and other accommodation provided under the Housing Acts.
AST~~DCE~~ (12)	Following consultation with a solicitor acting for the Council, enter into miscellaneous agreements of a minor nature affecting any land and/or property not provided for elsewhere.
AST~~DCE~~ (13)	Following consultation with a solicitor acting for the Council, consent to assignment and other consents required under leases granted by the Council.
AST~~DCE~~ (14)	Following consultation with a solicitor acting for the Council, complete the purchase of property comprised in a confirmed Compulsory Purchase Order on the terms negotiated by the District Valuer and to make any relevant statutory payments in connection with acquisitions, such as well-maintained and home loss and disturbance payments.
AST~~DCE~~ (15)	In consultation with the Head of Finance, decline offers of property not recommended for acquisition.
AST~~DCE~~ (16)	to approve a rental holiday for any non HRA property subject to either a maximum of 12 months or £20,000 whichever is the lowest and the holiday being reported in the quarterly budget monitoring report to Executive.

Delegation to multiple but not all Chief Officers as set out in Article 12:

A (11)	Grant new leases on vacant properties, excluding HRA properties.	The ~~Deputy Chief Executive (BH)~~ *Head of Assets* and Head of Development