Cabinet
Wednesday 6 March 2024

A meeting of the Cabinet will be held at Shire Hall, Market Place, Warwick on Wednesday 6 March 2024 at 6.00pm.

Councillor I Davison (Chair)

Councillor E Billiald	Councillor C King
Councillor J Chilvers	Councillor W Roberts
Councillor J Harrison	Councillor J Sinnott
Councillor J Kennedy	Councillor P Wightman

Also attending (but not members of the Cabinet):

Chair of the Overview & Scrutiny Committee	Councillor A Milton
Liberal Democrat Group Observer	Councillor A Boad
Conservative Group Observer	Councillor A Day
Whitnash Residents Association Group Observer	Councillor J Falp

Emergency Procedure

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

Agenda

1. **Apologies for Absence**

2. **Declarations of Interest**

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

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

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

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

3. **Minutes**

   To confirm the minutes of the 8 February 2024 Cabinet meeting. **(To follow)**

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

4. **Treasury Management Strategy 2024/25**

   To consider a report from Finance. **(Pages 1 to 60)**

5. **Revisions to the Constitution**

   To consider a report from the Head of Governance & Monitoring Officer. **(Pages 1 to 5)**

6. **Housing Revenue Account Business Plan Review 2024**

   To consider a report from Housing. **(Pages 1 to 14 & Appendices 1 to 6)**

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

7. **West Midlands Investment Zone**

   To consider a report from the Chief Executive **(To follow)**

8. **University of Warwick Campus Framework Masterplan Supplementary Planning Document (SPD)**

   To consider a report from Place, Arts & Economy **(Pages 1 to 55)**

9. **Local Development Scheme (LDS)**

   To consider a report from Place, Arts & Economy. **(Pages 1 to 21)**

10. **Future Homes Standard Consultation – Warwick District Council Response**

    To consider a report from the Programme Director for Climate Change. **(Pages 1 to 20)**

11. **Change Programme – Case for Change**

    To consider a report from the Deputy Chief Executive. **(Pages 1 to 22)**

12. **Introduction of a Customer Relationship Management System**

    To consider a report from Customer and Digital Services. **(Pages 1 to 15)**

13. **Q3 Budget Update 2023/24**

    To consider a report from Finance **(Pages 1 to 20)**

14. **Annual Governance Statement 2022/23**

    To consider a report from Finance **(Pages 1 to 6)**
    (Appendix A to follow)

15. **Public and 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 paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006, as set out below.

Item Numbers	Paragraph Numbers	Reason
16, 17, 18	3	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

16. **Land at Fusiliers Way**

To consider a confidential report from the Chief Executive **(Pages 1 to 10)**
(Not for publication)

17. **Confidential Appendix to Item 5 - Changes to the Constitution**

To note the confidential appendix. **(Page 1)**
(Not for publication)

18. **Minutes**

To consider the confidential minutes of the 8 February 2024 Cabinet meeting.
(To follow)
(Not for publication)

Published Tuesday 27 February 2024

General Enquiries: Please contact the Committee Services team via email at committee@warwickdc.gov.uk. Alternatively, you can contact us at:

Warwick District Council, Town Hall, Parade, Royal Leamington Spa, CV32 4AT or telephone 01926 456114.

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

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Agenda Item No 4
Cabinet
6th March 2024

Title: Treasury Management Strategy 2024/25
Lead Officer: Richard Wilson, Principal Accountant (Capital & Treasury)
01926 456801 or email richard.wilson@warwickdc.gov.uk
Portfolio Holder: Councillor Jonathan Chilvers
Wards of the District directly affected: All

Approvals required	**Date**	**Name**
Portfolio Holder		Cllr Jonathan Chilvers
Finance	1/2/24	Richard Wilson
Legal Services		N/A
Chief Executive	5/2/24	Chris Elliott
Head of Service(s)	2/2/24	Andrew Rollins
Section 151 Officer	2/2/24	Andrew Rollins
Monitoring Officer	6/2/24	Graham Leach
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	No Recommendation to: Council	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1,429 scheduled for 6 March 2024	
Accessibility Checked?	Yes/No	

Summary

This report details the strategy that the Council will follow in carrying out its treasury management activities in 2024/25

Recommendations

That the Cabinet recommends to Council the approval of:

(1) The Treasury Management Strategy for 2024/25 as outlined in paragraph 1.9 and contained in Appendix B.

(2) The 2024/25 Annual Investment Strategy as outlined in paragraphs 1.10 and contained in Appendix C.

(3) The Minimum Revenue Provision Policy Statement as outlined in paragraph 1.11 and contained in paragraphs 5.1 to 5.5 of Appendix D.

(4) The Prudential and Treasury Indicators as outlined in paragraph 1.18 and contained in Appendix E, including the amount of long-term borrowing required for planned capital expenditure.

1 Reasons for the Recommendations

1.1 The Authority is required to operate a balanced revenue 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 Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

1.2 The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it 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 risk or cost objectives.

1.3 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.

1.4 The Chartered Institute of Public Finance and Accountancy (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."

1.5 This definition is included within this Council's Treasury Management Policy Statement 2024/25, at Appendix A.

1.6 While 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.

1.7 The Council's treasury management operations are governed by various Treasury Management Practices (TMPs) that the CIPFA Treasury Management Code requires to 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 Cabinet and are subject to periodic Internal Audit review.

1.8 There were updates made to the TMPs before 1 April 2022, and a major re-write was undertaken to fully incorporate the 2021 CIPFA recommendations.

1.9 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 2024/25 is included as Appendix B.

1.10 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 2024/25 is shown as Appendix C.

1.11 The Council must make provision for the repayment of specified outstanding debt and other forms of borrowing such as finance leases. Statutory guidance issued by DLUHC 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 D.

1.12 On 30 November 2021 DLUHC issued "*Consultation on changes to the capital framework: Minimum Revenue Provision*", to last for 10 weeks until 8 February 2022. Then on 21 December 2023, the Government launched the final consultation on changes to the MRP regulations and statutory guidance.

1.13 The consultation will close on 16 February 2024, with Link releasing their response to assist clients to respond. All authorities are encouraged to respond.

1.14 The draft legislation in the Consultation says that the changes will take effect from 1 April 2024, impacting on the year 2024/25 and the MRP Policy contained in Appendix D of this report.

1.15 The Government is concerned that all councils comply with the duty to make a prudent minimum revenue provision.

1.16 The latest Consultation acknowledges that councils believe that a prudent MRP policy should enable them to elect to use capital receipts from capital loan repayments to be put aside to repay debt in place of the revenue charge. This had major implications for Warwick District Council, particularly for the housing joint venture, so along with many councils, we responded against the removal of this discretion.

1.17 The recommended MRP Policy at Appendix D would still enable the MRP to exclude such loan repayments, subject to full repayment of the loans. It incorporates several changes recommended by Link (paragraphs 5.4 and 5.5) as part of a report commissioned on the impact of loans to Milverton Homes Limited.

1.18 The Council is required to approve an Annual Treasury Management Strategy, an Annual Investment Strategy, and a Minimum Revenue Provision Policy Statement before each financial year. These strategies and policy for 2024/25 are contained in Appendices B, C and D, respectively. This meeting is on 20 March 2024, ahead of the statutory deadline of 31 March 2024. Therefore recommendations 1 to 3 would ensure compliance with these requirements.

1.19 The Council is also required to publish and monitor Prudential and Treasury Indicators. This is covered by recommendation 4.

1.20 The Prudential Code requires full Council to approve several Prudential and Treasury Indicators, including amounts of borrowing required to support capital expenditure, set out in Appendix E, which must be considered when determining the Council's Treasury Management Strategy, which should assess the risks and rewards of significant investments over the *long-term*, as opposed to the usual three to five years that most local authority financial planning has been conducted over, to ensure the long-term financial sustainability of the authority. (CIPFA has not defined what longer-term means, but it is likely to infer 20-30 years in line with the financing time horizon and the expected life of the assets, while medium-term financial planning, at a higher level of detail, is probably aimed at around a 10-year timeframe and focuses on affordability in particular).

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

1.22 The key points were:

a) An authority must not borrow to invest primarily for financial return,

b) Revised definition of investments,

c) Quarterly monitoring and reporting of Performance Indicators,

d) New performance indicator for net income from commercial and service investments as a percentage of net revenue stream,

e) New performance indicator for the 'liability benchmark[1]',

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[1] a projection of the amount of loan debt outstanding that the Council needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows.

f) Capital Finance Requirement includes heritage assets,

g) Annual strategy review of divesting commercial activities,

h) Objectives must include the need for plans and risks to be proportionate,

i) New definitions of prudence,

j) Reference to Environmental Sustainability in the Capital Strategy,

k) Production of an annual Capital Strategy. Link recommends that this should be a separate high-level corporate document.

1.23 Point d) above introduced a new distinction of service investments.

1.24 The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes:

1.24.1 **Treasury management** - Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

1.24.2 **Service delivery** - Investments held primarily and directly for the delivery of public services including housing, regeneration, and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is 'either related to the financial viability of the project in question or otherwise incidental to the primary purpose'.

1.24.3 **Commercial return** - Investments held primarily for financial return with no treasury management or direct service provision purpose[2].

1.25 The main requirements of the Prudential Code relating to service and commercial investments are:

1.25.1 The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e., that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services.

1.25.2 An authority must not borrow to invest for the primary purpose of commercial return.

1.25.3 It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.

1.25.4 An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt.

1.25.5 A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream.

[2] CIPFA has defined this as at least 50% of the purpose.

1.25.6 Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

1.26 As previously reported, this Council has no 'Commercial return' investments.

1.27 The recommendations will enable the Council to operate within the known budgetary framework to be set for 2024/25 but if the Prudential Indicators need to be adjusted during the year, a further report will need to be brought to Council for approval.

2 Alternative Options

2.1 This report sets out the capital spending and borrowing requirements for the financial year 2024/25 within the Prudential Indicators (PIs). The Council can increase or decrease these limits, provided that these PIs are within the envelope of what is affordable and prudent, taking account of interest costs and the Minimum Revenue Provision ("depreciation") requirements.

3 Legal Implications

3.1 None directly arising from the Council's Treasury Management activity.

4 Financial

4.1 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 = "SLY").

4.2 The second main function of the treasury management service is the funding of the capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially 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.

4.3 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 (i.e., the "S" in "SLY" above), as a loss of principal would result in a chargeable loss to the General Fund.

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

4.5 The 2024/25 budget for investment income is as follows:

Investment Income	23/24 Revised budget £'000	24/25 Original budget £'000	25/26 Original budget £'000
Recurring items:			
External investment income	2,085.3	1,625.7	1,625.7
Deferred capital receipts interest	8.3	8.3	8.3
Long-term debtor loans	3,045.2	2,957.9	2,484.5
add : HRA allocation#	2,218.1	2,754.7	2,754.7
Net interest to General Fund	7,356.9	7,346.6	6,873.2

- a charge to HRA for internal borrowing from the GF rather than the PWLB

4.6 The amount of interest that is to be credited or debited to the Housing Revenue Account as 'HRA allocation#' will vary depending on how the net balances and cashflow of the HRA changes. As the HRA's capital programme has begun to rely on external borrowing in recent financial years, due to interest rates and the Council's overall level of investments (of reserves and balances), this borrowing has been deferred, and the HRA has used 'internal borrowing', for which the interest is paid to the General Fund for that fund's share of the investments foregone.

4.7 Whilst any 'service' (not to be confused with commercial / primarily 'for yield') 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.

5 Corporate Strategy

5.1 The treasury management activity in this report applies to Warwick District Council, in accordance with the statutory framework and local Treasury Management Strategy and Treasury Management Practices.

5.2 The Treasury Management function enables the Council to meet its vision, primarily through having suitably qualified and experienced staff deliver the service in accordance with the Council's Treasury Management Practices and the national framework that local government operates.

5.3 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

5.4 **Delivering valued, sustainable services** – The Treasury Management function enables Council services to deliver these strategic aims, by minimising borrowing costs and maximising investment returns within the SLY principals outlined in this report.

5.5 **Low cost, low carbon energy across the district** – The Treasury Management function enables Council services to deliver these strategic aims, contributing to obtaining external borrowing for capital expenditure at the optimum time for the Council as a whole, within cash flow requirements.

5.6 **Creating vibrant, safe, and healthy communities of the future** - The Treasury Management function enables Council services to deliver these strategic aims, contributing to obtaining external borrowing for capital expenditure at the optimum time for the Council as a whole, within cash flow requirements.

6 Environmental/Climate Change Implications

6.1 The recommendation to divest from direct ownership of fossil fuels companies or commingled funds that include fossil fuel public equities by no later than 2025, in pursuance of the Council's Climate Emergency Declaration, was realised ahead of target in September 2021.

6.2 The Council updated its Treasury Management Practices in 2023, to incorporate references to Environmental Social and Governance (ESG) criteria, and this will be refined over time as CIPFA provides more guidance and the Council formally defines what ESG means in terms of Treasury Management.

6.3 As a development of future Treasury Management Strategies and Capital Strategies the Council will need to develop an understanding of the ESG 'risks' it is exposed to and evaluate how well it can manage these risks.

6.4 It is not the same as Socially Responsible Investing, (typically negative 'screens' are applied, e.g., no investing in fossil fuels), and equally, it is not the same as Sustainable Investing, (investing in products / companies based on expected sustainable and beneficial societal impact, alongside a financial return).

6.5 The Council would need to consider the risk limiting of potential counterparty options and decreasing diversification of investments.

6.6 The main rating agencies are now claiming that they incorporate ESG risks alongside more traditional financial risk metrics when assessing counterparty ratings.

6.7 The Council recognises that Governance is often the greatest risk to treasury investments because poor governance can have a more immediate impact on the financial circumstances of an entity and the potential for a default event that would impact the amount the local authorities receive back from their investments. Those financial institutions that are viewed as having poor or weak corporate governance are generally less well rated in the first instance or have a higher propensity for being subject to negative rating action. So, this element of ESG is of high importance to an investor that is following investment guidance with the Security, Liquidity and Yield (SLY) principle at its core.

6.8 Environmental & Social factors are important, but more for the long-term impact, unless the Council chooses to specifically go down the 'impact' / 'sustainable' type investment route, and currently there are not many options for that in respect of short-term investments that councils can use.

7 Analysis of the effects on Equality

7.1 Not applicable.

8 Data Protection

8.1 Treasury Management activity is compliant with Data Protection Act.

9 Health and Wellbeing

9.1 Not applicable.

10 Risk Assessment

10.1 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 to achieve the optimal return and still comply with the SLY principle which is a cornerstone of treasury management within local authorities.

10.2 Paragraph 6.7 refers to ESG risks.

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

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

10.5 By engaging with our treasury management consultants, Link Group ('Link'), the Council can 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.

11 Consultation

11.1 Not applicable.

12 Reporting requirements

12.1 Capital Strategy

12.1.1. The CIPFA 2021 Prudential and Treasury Management Codes requires 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.

12.1.2. 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.

12.1.3. CIPFA produced a document 'Capital strategy guidance 2021 - a whole organisation approach', which would need to be referenced during the production of the next update of the Council's 2019 document.

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

- 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.

12.1.5. 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.

12.1.6. Non-treasury investments that are for Investment Regeneration purposes would, eventually, be subject to an Investment Regeneration Strategy. Until such a strategy has been produced the Council will evaluate each opportunity on an ad hoc basis.

12.1.7. 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 (DLUHC) Investment Guidance and CIPFA Prudential Code have not been adhered to.

12.1.8. 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.

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

12.1.10. The Capital Strategy will be updated during 2024/25, to incorporate the best practice guidance referenced above, and reflect significant new policies and strategies, including the Corporate Strategy 2030, Climate Emergency Declaration, the Asset Management Strategy and the Environmental Social & Governance (ESG) requirements of the revised Prudential Code.

12.2 Treasury Management reporting

12.2.1. 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 E) - 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.

12.2.2. The above reports are required to be adequately scrutinised before being recommended to the Council. This role is currently undertaken by the Audit and Standards Committee. The Authority will also carry out quarterly reporting of treasury and prudential indicators as part of the budget monitoring process. These reports are not required to be taken to Council.

12.2.3. It should be noted that the Council did not produce an annual treasury report for 2022/23, primarily due to the impact of the pressures and priority of the external audit of the 2021/22, which for a variety of reasons, including some at a national audit level, has extended far beyond previous deadlines and absorbed all the time of officers involved in the production of this report.

12.2.4. The above reports are required to be adequately scrutinised before being recommended to the Full Council. This role is undertaken by the Audit and Standards Committee

Supporting documents:

Appendix A - Treasury Management Policy Statement

Appendix B - Treasury Management Strategy

Appendix C – Annual Investment Strategy

Annex 1 - Types of Investment

Annex 2 - Counterparty Limits

Annex 3 - Approved Countries for Investment

Appendix D – Minimum Revenue Provision Policy

Appendix E – Prudential and Treasury Indicators

Appendix F – Link Economic Background

Appendix G - Interest Rate Forecasts

Appendix A

Treasury Management Policy Statement

Warwick District Council defines its Treasury Management activities as:

1. The management of the local authority's borrowing, investments, and cash flows, including 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.
2. This Council regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is, therefore, committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Treasury investment policy objective for this Council is the prudent investment of its treasury balances. The Council's Treasury investment priorities are security of capital and liquidity of its investments so that funds are available for expenditure when needed. Both the CIPFA Code and the DLUHC guidance require the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield (the SLY principal).

Appendix B

Treasury Management Strategy for 2024/25

The strategy for 2024/25 covers two main areas:

A. Capital issues

- the capital expenditure plans and the associated prudential indicators – capital expenditure plans form part of the General Fund Budget report, and the prudential and treasury indicators are included in Appendix E.
- the Minimum Revenue Provision (MRP) policy – see Appendix D.
    - On 21 December 2023 the Government (DLUHC) launched the final consultation on changes to MRP regulations and guidance. The consultation was to run until 16 February 2024, with the intention that the regulations and guidance would come into force on 1 April 2024. The Council's MRP policy for 2024/25 in Appendix D has been drafted in accordance with this consultation and there are no further changes expected to be required to the policy for 2024/25 financial year.

B. Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Council (Appendix E)
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy (Appendix C)
- creditworthiness policy (Appendix C, section 3), and
- the policy on the use of external service providers.

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

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.

1.2 The Code state that they expect "all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making."

1.3 CIPFA acknowledges that the scale and nature of this will depend on the size and complexity of the organisation's treasury management needs, so that the Council should consider how to assess whether treasury management staff and Council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

1.4 As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training, and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and Council members.
- Require treasury management officers and Council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis."

1.5 In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.

1.6 Following the May 2023 Council elections, Link Group (Link) are scheduled to deliver introductory Treasury Management training to Members of the Audit and Standards Committee, other interested Members and senior officers on 28 February 2024. Further training on this topic is likely to be required to some members, as identified by their self-assessment after this training, which would be arranged at the earliest opportunity.

1.7 Officers directly involved in treasury management have received training from the Council's treasury consultants, CIPFA and other providers. 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.

1.8 The training needs of treasury management officers are periodically reviewed.

1.9 A formal record of the training received by officers central to the Treasury function will be maintained by the Strategic Finance Manager. Similarly, a formal record of the treasury management / capital finance training received by members will also be maintained by Democratic Services.

2 External service providers

2.1 The Council uses Link Group, Link Treasury Services Limited ('Link') as its external treasury management advisor. A 4-year contract was entered into in January 2023.

2.2 The Council recognises that responsibility for treasury management decisions always remains with it 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 the Council's treasury advisers.

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

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

3 Benchmarking

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

4 Performance

4.1 Performance of the treasury function is reported twice yearly to the Audit and Standards Committee, the performance for the first half of 2023/24 being reported on 9 January 2024.

4.2 The Treasury Management team will seek to achieve a return on its money market investments equivalent to the forward Sterling Overnight Index Average[3] (SONIA) of a similar duration.

4.3 As SONIA is higher than the previous 'LIBID' benchmark, the outperformance of this benchmark is lower than under LIBID.

5 Prospects for interest Rates

5.1 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Further information is contained in Appendix F and Appendix G, with more details on the economic background and Link's interest rate forecasts. Link provides regular updates to Council officers when these are updated.

5.2 The following table gives Link's central view at 8 January 2024.

5.3 These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps (base points)

Link Group Interest Rate View	08.01.24												
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.80	4.30	3.80	3.30	3.20	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.60	4.10	3.70	3.20	3.20	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

5.4 Link's central forecast for interest rates reflects a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least the second half of 2024. They do not think that the MPC will increase Bank Rate above 5.25%, but it is possible. Link expect rate cuts to

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

start when both the CPI inflation and wage/employment data are supportive of such a move, and that there is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent GDP releases have surprised with their on-going robustness.

5.5 Timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

5.6 In the upcoming months, Link's forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

5.7 On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, as noted previously, most of those excess savings are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

5.8 For comparison purposes, the rates assumed when setting the 2023/24 Treasury Management Strategy Statement are repeated below, illustrating the unexpected increases that have impacted on the current Strategy, increasing investment returns but increasing the cost of borrowing. This has widened 'the cost of carrying' new borrowing, leading to retaining 'internal borrowing' for longer than planned.

Link Group Interest Rate View 07.02.23													
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

5.9 **PWLB rates**

5.10 The short and medium part of the gilt curve has rallied since the start of November 2023 as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is around a 70 basis points difference between the 5 and 50 year parts of the curve.

5.11 The **overall balance of risks** to economic growth in the UK is even.

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

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** has acted too quickly and too far over recent months to raise Bank Rate and causes a deeper and longer UK recession than currently anticipated.
- **Geopolitical risks,** for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

5.13 **Upside risks** to current forecasts for UK gilt yields and PWLB rates include:

- Despite the recent tightening to 5.25%, the **Bank of England allows inflationary pressures to remain elevated** for a long period within the UK economy, which then necessitates Bank Rate staying higher for longer than currently projected.
- The **pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Projected **gilt issuance**, inclusive of natural maturities and QT, could be too much for the markets to comfortably digest without higher yields compensating.

5.14 **Borrowing advice**: Link's long-term (beyond 10 years) forecast for Bank Rate has increased from 2.75% to 3% and reflects Capital Economics' research that suggests artificial intelligence (AI) and general improvements in productivity will be supportive of a higher neutral interest rate. As all PWLB certainty rates are now above this level, the borrowing strategy will need to be reviewed in that context. Better value can be obtained at the shorter end of the curve and short-dated fixed council to council monies will be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to wait for inflation, and therein gilt yields, to drop back later in 2024.

5.15 Link's target borrowing rates are set two years forward (as they expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below:

PWLB debt	Current borrowing rate as at 08.01.24 p.m.	Target borrowing rate now (end of Q4 2025)	Target borrowing rate previous (end of Q3 2025)
5 years	4.53%	3.70%	3.80%
10 years	4.67%	3.90%	3.80%
25 years	5.19%	4.20%	4.20%
50 years	4.97%	4.00%	4.00%

5.16 As mentioned in paragraph 5.8, while Warwick District Council will not be able to avoid borrowing to finance new capital expenditure and the rundown of reserves, there will be a 'cost of carry', (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost. Further detail in included in the borrowing strategy in section 7.

5.17 Since November 2020 there has been a prohibition to deny any local authority access to borrowing from the PWLB where it had purchases of ***assets for yield*** in its three-year capital programme.

5.18 From 15 June 2023, the Government introduced the HRA rate which applies an interest rate of the gilt yield plus 40 basis points (0.40%). This rate is solely intended for use in Housing Revenue Accounts and primarily for new housing delivery.

5.19 The current margins over gilt yields are as follows:

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Rate** is gilt plus 40 basis points (G+40bps).

6 Investment rates

6.1 Investment returns are expected to fall from the peak of 2023/24. However, while markets are pricing in further Bank Rate increases, actual economic circumstances may see the MPC adjust for new or changing circumstances.

6.2 Link's suggested budgeted investment earnings rates for investments up to about three months' duration in each financial year are as follows:

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.70%	4.70%
2025/26	3.20%	3.00%
2026/27	3.00%	2.80%
2027/28	3.25%	3.05%
Years 6 to 10	3.25%	3.05%
Years 10+	3.25%	3.05%

6.3 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts, and the Council has used more prudent assumptions, particularly as the levels of investments are being reduced and kept relatively short, pending long-term borrowing. The Council's estimates are included at paragraph 3.14 of Appendix C, the Annual Treasury Management Investment Strategy.

6.4 For its cash flow generated balances, the Authority will seek to utilise its business deposit account, Money Market Funds, and short-dated deposits, in order to benefit from the compounding of interest. The Council's Treasury Management function operates to keep a minimum

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

7 Borrowing Strategy

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

7.2 The Council has no short-term borrowing, and residual finance leases having been repaid. An assessment is being made of 'embedded leases' within the Council's contracts as at 31 March 2024 for IFRS 16 reporting purposes.

7.3 The Council's current long-term borrowing portfolio consists of £136.157 million HRA and £68 million General Fund PWLB debt.

7.4 The **HRA loans** were taken out in 2012 to finance the HRA Self Financing settlement, and the interest paid on this debt is entirely borne by the HRA and is provided for as part of the HRA Business Plan. The first of these loans is scheduled to be repaid on 28 March 2053, with the final loan being repaid on 28 March 2062. Any new HRA loans would be 'laddered' to avoid these repayments.

7.5 The current HRA Business Plan from March 2024 includes substantial new PWLB borrowing, with the estimated interest costs based around current rates, which has been factored into this report. This is in addition to the recent borrowing requirement for the HRA, reflected by its Capital Financing Requirement (or CFR, the capital borrowing need) being £185.316 million at 31 March 2023, compared with the £136.157 million externally borrowed, with the difference of £49.159 million being temporary 'internal' borrowing, charged to the HRA by the General Fund.

7.6 Further analysis of this borrowing is included in Appendix E on the Prudential and Treasury Indicators. The new Liability Benchmark for the HRA shows the amount the HRA will soon be borrowing to finance the existing capital programme, peaking at £305.2 million, an increase of £85.5 million over the HRA's CFR in the previous paragraph.

7.7 **General Fund loans**, all from the PWLB, currently total £68 million.

7.8 £12 million was borrowed in September 2019, for repayment at maturity on 28 August 2059, with the interest borne by the General Fund, largely covering unfinanced capital expenditure in 2017/18 and 2018/19 (primarily relating to the Leamington and Warwick Leisure Centres).

7.9 A further £60 million was borrowed by the General Fund in 2021/22 for the Crewe Lane housing joint venture. These £60 million of loans comprise of six smaller amounts, with terms between 1½ and 5½ years, and the PWLB loans and the joint venture loans are coterminous. The first loan repayment of £5m was made by the joint venture to the Council at the end of September 2023, leaving a PWLB balance of £55 million at the start of October.

7.10 A loan of £1 m was taken by the Council (the General Fund) in April 2023 to finance a loan to Milverton Homes Limited, for the initial purchase of homes by the Council's arms-length housing company. Further loans will be required by Milverton Homes to meet its commitments to purchase more new-build homes, subject to financial viability and authorisation by the Council.

7.11 The Council has been maintaining an under-borrowed position, which means that the CFR has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure, i.e., borrowing has been deferred. This strategy has been prudent while investment returns remain low relative to borrowing costs, with counterparty risk being an important consideration, i.e., if borrowing is taken when investment levels are above the minimum necessary for liquidity, the new borrowing would result in increased borrowing, involving more counterparties.

7.12 The General Fund's CFR at 31 March 2023 was £107.999 million, and its Net Loans Requirement (NLR) was £29.768 million. The General Fund Liability Benchmark, the NLR, shows that based on the current approved capital programme the debt will increase by £14.859 million to a peak of £44.6 million, due to capital loan (housing joint venture) and MRP repayments.

7.13 The borrowing undertaken for the housing joint venture does not change the under-borrowed position of previous financial years. The position is not sustainable in the longer-term as (a) the Council will eventually need to replenish the cash backing the Reserves and Balances to pay for future developments and maintain liquidity, and (b) the upside risk of PWLB and other borrowing rates because of the risk of further economic shocks make it prudent to consider 'externalising' more of the internal borrowing by taking PWLB loans during 2024/25. This position is actively monitored.

7.14 Additionally, there remain several potentially very large housing-related and other capital schemes that would significantly deplete or extinguish investment balances unless considerable external borrowing in 2024/25 or 2025/26 and beyond is undertaken. Please see Table 4 and Table 5 in Appendix E for details of proposed capital expenditure and financing, including the borrowing requirement. **Approval of these within the borrowing limits does not commit the Council to progressing with these schemes**.

7.15 Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

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

- a sharp FALL in borrowing rates, then borrowing will be postponed for as long as liquidity makes practical;
- a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from a further global shock, or a sudden increase in inflation risks, then the portfolio position will be re-appraised.

Most likely, limited fixed rate funding will be drawn to maintain liquidity whilst interest rates are higher than they are projected to be in a few years.

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

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

7.18 The PWLB Certainty Rate parameters are given in paragraph 5.19, and are usually the most cost-effective option, particularly when costs are factored. However, consideration may still need to be given to sourcing funding from the following sources for the reasons below:

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

7.19 The degree which any of these options could prove cheaper than the PWLB Certainty Rate (the default source of borrowing) may vary, but the Council’s advisors will keep the Council informed as to the relative merits of each of these alternative funding sources. Financial institutions and the Municipal Bond Agency (MBA) are likely to have significantly more complex administration and legal arrangements than PWLB loans, even though those arrangements have become more exacting in recent years.

7.20 The Council will use short-term borrowing (up to 365 days), if necessary, to finance temporary cash deficits. However, proactive cash flow management will aim to keep these to a minimum and, wherever possible, the loan would be taken out for periods of less than 7 days to minimise the interest payable. The

Council has not incurred any short-term borrowing (or bank overdrafts) in 2023/24 to date and is not expecting to during 2024/25.

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

8 Policy on borrowing in advance of need

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

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

9 Current treasury position

9.1 The investments at 31 December 2023 are summarised below:

Type of Investment	31 Dec 23 £'000	30 Sep 23 £'000	31 Mar 23 £'000
Money Markets incl. CD's & Bonds	23,021	26,219	29,949
Money Market Funds	3,225	16,848	4,342
Business Reserve Account	2,794	3,399	3,941
Total In House Investments	**29,040**	**46,466**	**38,232**
Corporate Equity Funds (nominal value)	-	-	-
Total Investments	**29,040**	**46,466**	**38,232**

9.2 The corresponding borrowing position is summarised below, showing the split between the HRA and General Fund:

External Borrowing	31 Dec 23 £'000	30 Sep 23 £'000	31 Mar 23 £'000
Public Works Loan Board	204,157	209,157	208,157
Other	-	-	-
Total external borrowing	**204,157**	**209,157**	**208,157**
Split between:			
Housing Revenue Account	136,157	136,157	136,157
General Fund	68,000	73,000	72,000
Total	**204,157**	**209,157**	**208,157**

10 Debt rescheduling

10.1 Rescheduling of current borrowing in the Council’s debt portfolio could be considered while premature redemption rates remain elevated. However, that would rely on there being surplus cash to facilitate any repayment, and that not an option given the running down of investments to avoid new borrowing during higher interest rates.

10.2 The Council’s treasury advisors will continue to monitor the debt portfolio and identify any opportunities for debt restructuring but the options are limited for these reasons.

10.3 If rescheduling was done, it would be reported to the Audit and Standards Committee at the next meeting.

Appendix C

Annual Treasury Management Investment Strategy

1 Investment policy – management of risk

1.1 The Department of Levelling Up, Housing and Communities (DLUHC) – formerly the MHCLG[4]) - and CIPFA[5] have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

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

- DLUHC's Guidance on Local Government Investments ("the Guidance"),
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code"),
- CIPFA Treasury Management Guidance Notes 2021.

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

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

1.4 The Council's investment priorities will be security first, portfolio liquidity second and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and in line with the Council's risk appetite.

1.5 In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider 'laddering' investments for periods up to 12 months with high credit rated financial institutions, while investment rates remain elevated, as well as wider range fund options.

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

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

1.6.2. **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

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

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.

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

1.6.4. 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 or have less than a year left to run to maturity if, originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.
- **Non-specified investments** are those with less high credit quality, may be for periods more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

1.6.5. **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.

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

1.6.7. **Transaction limits** are not set for each type of investment, being subject to the lending limit.

1.6.8. This authority will set a limit for the amount of its investments which are invested for **longer than 365 days**. (70% - see paragraph 3.12 below).

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

1.6.10. This authority has engaged **external consultants**, (Appendix B 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.

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

1.6.12. As a result of the change in **accounting standards** for 2023/24 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[6]. This override applied to the Council's previously disposed equity funds and would be a factor in the appropriateness of

[6] In November 2018, the MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1 April 2018. DLUHC have confirmed that they will extend the IFRS9 Pooled Investment Fund statutory override to 31 March 2025.

Environmental, Social & Governance (ESG)[7] equity funds, given the uncertainty beyond 2024/25.

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

2. Changes in risk management policy from last year

2.1 The above criteria are unchanged from last year.

3. Creditworthiness policy

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

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

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

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

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

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

3.5 Sole reliance will not be placed on the use of this external service. In addition,

[7] ESG – which stands for environmental, social and governance – represents a form of investing that centres around companies that prioritise these three factors. ESG investing can also be known as 'social impact' or 'social responsibility' investing, as it aims to make ethical and impactful investment choices.

the Council will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

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

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

3.8 To provide flexibility and to continue to be able to invest in the highest quality counterparties, long-term credit rating of Fitch or equivalent, it is proposed to keep the counterparty limits for certain institutions as follows:

Institution Type	**Limit**
A rated private banks	£5m
A+ rated private banks	£7m
AA rated private banks	£8m
Government Debt CNAV MMFs[8]	£10m
LVNAV MMFs[9]	£10m

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

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

3.11 Based on its cash flow forecasts (subject to any 'internal borrowing' pending borrowing for new capital expenditure, including service investment), the Council anticipates that its investments in 2024/25 on average will be in the region of £42m, of which £21m will be 'core' investments i.e. made up of reserves and balances which are not required in the short term.

3.12 The maximum percentage of its investments that the Council will hold in long-term investments (over 365 days) is 70%. It follows therefore that the minimum percentage of its overall investments that the Council will hold in short term investments (365 days or less) is 30%, with the expectation that

[8] Constant Net Asset Value Money Market Funds
[9] Low-Volatility Net Asset Value Money Market Funds

this will be most investments in practice. Having regard to the Council's likely cash flows and levels of funds available for investment the amount available for long-term investment will be a maximum of 70% of the core investment portfolio subject to a total of £30 million at any one time in line with the Prudential Indicator covering this issue. These limits will apply jointly to the in-house team and any fund managers so that the overall ceilings of 70% and £30 million are not breached.

3.13 Based on current investment policies and interest rate projections at budget setting, it is currently estimated that the overall portfolio will achieve a 5.47% return for 2023/24, decreasing to 4.27% for 2024/25, based on expected movements in Base Rate and market forecasts.

4. Investments that are not part of treasury management activity

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

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

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

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

Schedule of specified and non-specified investments

Specified Instruments (365 days or less)

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

Non-Specified Investments

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

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

Counterparty Limits

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

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

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

Approved Countries for Investments

This list, as the end of December 2023, is based on those countries which have sovereign ratings of AA- or higher, based on the lowest rating from Fitch, Moodys and S&P, and also have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

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

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- Belgium
- France
- Qatar
- **U.K.**

Appendix D

Minimum Revenue Provision (MRP) Policy Statement

1 Background

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

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

1.3 The *Statutory Guidance on Minimum Revenue Provision*[10] 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[11]. It can also be used to calculate MRP on debt incurred under the new system, but which is supported through the annual SCE (Supported Capital Expenditure) allocation from DCLG (now DLUHC).

2.2 Option 2 – Capital Financing Requirement Method

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

2.3 Option 3 – Asset Life Method

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

[10] 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.
[11] The Council had no debt at this date

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

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

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

2.4 Option 4 – Depreciation Method

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

3 HRA

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

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

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

4 MRP Overpayments / Voluntary Revenue Provision (VRP)

4.1 MHCLG (DLUHC) issued revised MRP guidance in 2018 concerning Voluntary Revenue Provision. In future any VRP or overpayment of MRP, which has been disclosed in previous years' MRP statement, can be reclaimed and credited back to the General Fund in certain circumstances. An example would be a loan to a third party where during the duration of the loan MRP or VRP has been made but on full repayment of the loan the principal has been applied to pay down the Capital Financing Requirement. In this instance the VRP is no longer required and can be released back to the General Fund.

4.2 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 capital loans to third parties (including the Council's subsidiaries and joint ventures) the MRP policy is as follows:

- **For commercial loans** – where loan repayments are received in year then those capital receipts will be used in lieu of MRP and applied to write down the CFR.

In years where no capital receipt is received, or where future capital receipts are anticipated (including maturity loans) then MRP will be provided over a prudent period.

- **For service loans** - where loan repayments are received in year then those capital receipts will be used in lieu of MRP and applied to write down the CFR.

5.5 In years where no capital receipt is received, or where future capital receipts are anticipated (including maturity loans) then MRP will not be provided until the capital receipt is received, at which point the receipt will be applied to write down the CFR. The Authority can however choose to provide MRP if it considers this to be a more prudent approach (e.g. for longer term maturity loans).

- **For commercial & service loans** – where an actual or expected credit loss has been recognised then the MRP amount in the year will be equal to the amount of the credit loss. However, this amount can be reduced by any historic MRP made with respect to that loan.

Appendix E

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. This Prudential Code was revised in December 2021, mainly to stop further borrowing for 'commercial' investment, which CIPFA and the Government strongly believe is inappropriate for local government to pursue, given recent high-profile cases.

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

- affordable
- prudent and
- sustainable.

1.4. All Indicators must be included in the Council's annual Treasury Strategy and Outturn report. The reporting requirements for 2024/25 will be changing.

1.5. The Prudential and Treasury Indicators are divided into:

a) Prudential:

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

b) Treasury:

- Treasury Indicators (section 8).

1.6. This Appendix explains what the Prudential and Treasury Indicators are as well as revising them for the current year, 2023/24, 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 2022/23 and the ratios proposed for the General Fund, HRA and Overall, as required by the Prudential Code. These figures exclude unapproved schemes, other than schemes subject to approval at the same Council meeting as this report.

Table 1

Year	General Fund	Housing Revenue Account	Overall
2022/23	-7.8%	41.7%	26.9%
2023/24	-20.00% to 0.00%	40.00% to 50.00%	15.00% to 30.00%
2024/25	-25.00% to 0.00%	40.00% to 50.00%	25.00% to 35.00%
2025/26	-10.00% to 10.00%	40.00% to 55.00%	25.00% to 45.00%
2026/27	-10.00% to 10.00%	44.00% to 60.00%	30.00% to 50.00%

2.5. The ratio for estimates is a range rather than a single figure (except the 2022/23 actual), to allow for both the uncertain amount of borrowing that will take place for developments by the General Fund and HRA (such as the Housing Company and joint venture, which is a General Fund scheme), and the possible movements in long-term interest rates, as a relatively small variation from today's low level in borrowing costs could cause a ratio based on a precise percentage to be breached.

2.6. The significant size of the HRA ratio includes the HRA self-financing debt taken in 2012 and future borrowing included within the HRA Business Plan, including externalising 'internal borrowing' from the General Fund when interest rates improve, or it becomes necessary for the Council's overall cash flow requirements. If income increases at least much as the debt costs the ratio should not increase once the new rental properties are occupied – there will be a short-term cost during any acquisition and construction.

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

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

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 significantly lower than the CFR in future years due to internal borrowing.

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:

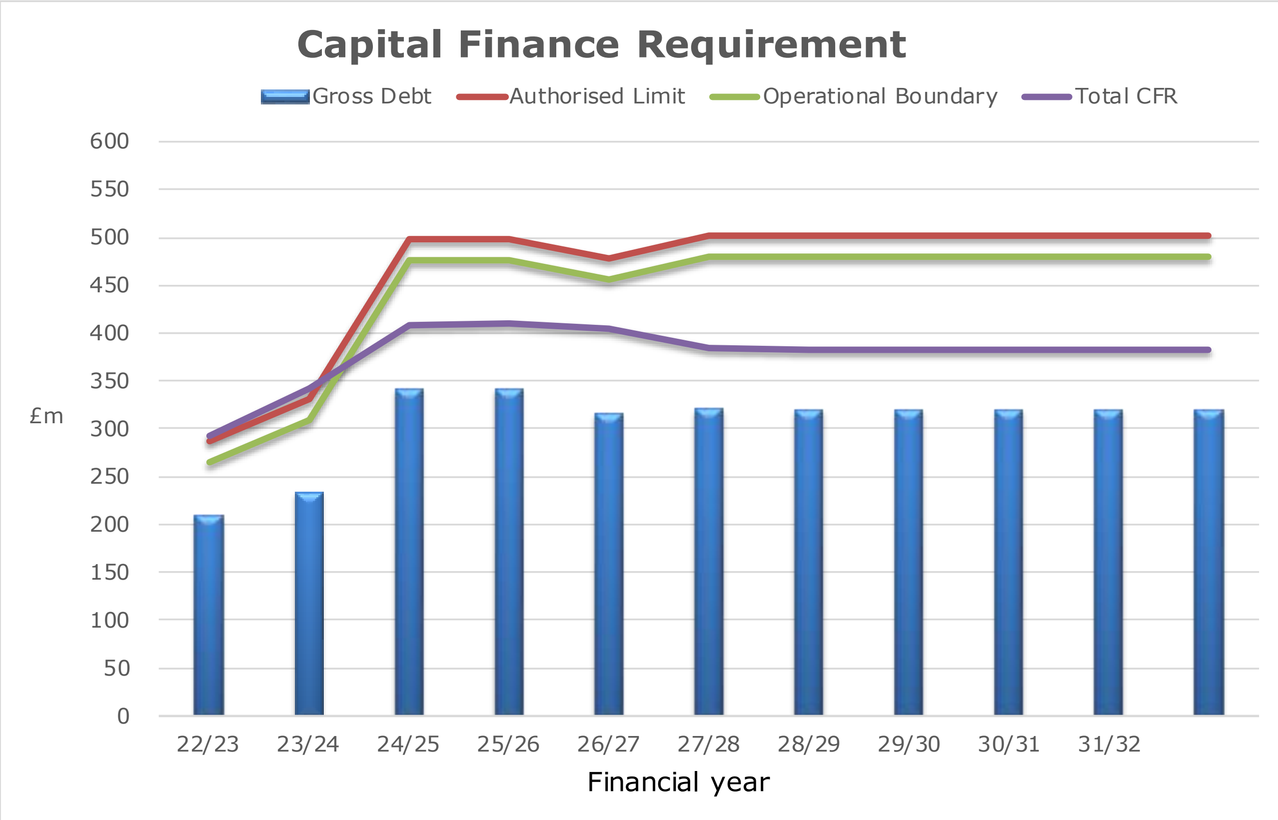
Table 2

£m	Actual 22/23	Est 23/24	Est 24/25	Est 25/26	Est 26/27	Est 27/28	Est 28/29	Est 29/30	Est 30/31	Est 31/32	Est 32/33
Capital Financing Requirement											
HRA CFR	185.3	223.2	285.3	292.8	300.7	308.7	308.7	308.7	308.7	308.7	308.7
GF CFR	42.3	56.2	66.1	68.9	68.4	52.9	52.9	52.9	52.9	52.9	52.9
Service activity / non-financial investments	65.7	61.9	56.8	48.3	35.2	22.0	20.9	20.9	20.9	20.9	20.9
Total CFR	**293.3**	**341.3**	**408.2**	**410.0**	**404.4**	**383.5**	**382.5**	**382.5**	**382.5**	**382.5**	**382.5**
External borrowing - HRA	136.2	163.2	279.6	292.0	293.9	295.9	295.9	295.9	295.9	295.9	295.9
External borrowing - GF	72.0	69.0	61.5	49.0	21.5	24.0	22.9	22.9	22.9	22.9	22.9
Other long term liabilities	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Gross Debt	**208.2**	**233.2**	**342.1**	**342.0**	**316.4**	**320.9**	**319.8**	**319.8**	**319.8**	**319.8**	**319.8**
Internal borrowing - HRA	49.2	60.0	5.7	0.8	6.8	12.8	12.8	12.8	12.8	12.8	12.8
Internal borrowing - GF	36.0	48.1	60.4	67.2	81.2	49.9	49.9	49.9	49.9	49.9	49.9
WDC internal borrowing	**85.2**	**108.1**	**66.1**	**68.0**	**88.0**	**62.7**	**62.7**	**62.7**	**62.7**	**62.7**	**62.7**
Authorised Limit	286.2	331.1	497.4	497.6	478.6	501.3	501.3	501.3	501.3	501.3	501.3
Operational Boundary	264.2	309.1	475.4	475.6	456.6	479.3	479.3	479.3	479.3	479.3	479.3

Internal borrowing in the table reflects the assumption that no new external loans are taken to replace that balance, and *External borrowing* is at an estimated level needed to bring *Internal borrowing* to a level sustained by expected reserves in future years.

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

4. Capital Expenditure

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

4.2 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.

4.3 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.

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

Table 4

Capital expenditure (£'000)	2022/23 Outturn	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
General Fund (non HIP)	28,628	24,468	24,678	2,913	1,365	460
Credit arrangements - finance leases	-	-	-	-	-	-
Housing Investment Programme:						
General Fund (HIP)	-	-	-	-	-	-
HRA	14,015	79,571	79,495	20,407	18,936	18,943
Other:						
'Service investment' activities / non-financial investments*	12,855	996	6,034	7,644	3,106	2,867
Total (A)	**55,498**	**105,035**	**110,206**	**30,963**	**23,407**	**22,270**

* - loans to third parties

4.5 The main item in 'service investment' for 2022/23 is the final £10 million of the £60 million joint venture funding outlined earlier, plus loans for the Sherbourne recycling centre, which is partly owned by Warwick District Council. The additional figures in 2023/24 to 2027/28 include loans to Milverton Homes Limited, with £0.9 million paid in 2023/24, and estimates of £6.0 million in 2024/25, £7.6 m in 2025/26, £3.1 m in 2026/27, and £2.9 m in 2027/28, subject to viability.

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. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The Minimum Revenue Provision (MRP) is chargeable on the General Fund underlying borrowing.

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

5.4 The CFR includes any other long-term liabilities (e.g., finance leases). Though these liabilities increase the CFR - and therefore, the Council's borrowing requirement - these types of schemes include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council had no such schemes within the CFR at the end of 2021/22.

5.5 *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). Due to the setting aside of the housing joint venture loan repayments – in lieu of MRP charges – the General Fund has a negative borrowing need in 2025/26 to 2027/28, noting that this does not represent monies available to finance capital expenditure a second time.

Table 5

Financing of capital expenditure (£'000)	2022/23 Outturn	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
HRA:						
Capital receipts	3,399	1,976	1,624	2,367	500	1,100
Capital grants and contributions	634	13,029	3,160	-	-	-
Reserves	6,554	24,555	9,865	9,397	9,402	9,408
Revenue contributions	-	2,162	2,715	1,135	1,135	478
Total HRA	**10,587**	**41,722**	**17,364**	**12,899**	**11,037**	**10,986**
General Fund:						
Capital receipts	4,463	56	3,360	-	-	-
Loan repayments set aside to repay debt	-	4,442	6,110	12,000	15,000	30,000
Capital grants and contributions	3,344	7,299	11,053	1,600	-	-
Reserves	1,458	2,295	4,050	1,233	1,285	380
Revenue contributions	549	100	80	80	80	80
Total GF	**9,814**	**14,192**	**24,653**	**14,913**	**16,365**	**30,460**
Combined:						
Capital receipts	7,862	2,032	4,984	2,367	500	1,100
Loan repayments set aside to repay debt	-	4,442	6,110	12,000	15,000	30,000
Capital grants and contributions	3,978	20,328	14,213	1,600	-	-
Reserves	8,012	26,850	13,915	10,630	10,687	9,788
Revenue contributions	549	2,262	2,795	1,215	1,215	558
Subtotal (B)	**20,401**	**55,914**	**42,017**	**27,812**	**27,402**	**41,446**
Net borrowing need for the year (A – B)	**35,097**	**49,121**	**68,189**	**3,151**	**-3,995**	**-19,176**
Split between:						
HRA net borrowing need	3,428	37,849	62,131	7,508	7,899	7,957
GF net borrowing need	31,669	11,272	6,058	-4,357	-11,894	-27,133

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

Table 6

'Service investment' activities / non-financial investments (£'000)	2022/23 Outturn	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital expenditure	12,855	996	6,034	7,644	3,106	2,867
Financing costs (incl MRP)	358	121	222	254	163	158
Net financing need for the year	**13,213**	**1,117**	**6,255**	**7,897**	**3,269**	**3,025**
Percentage of total net financing need %	37%	2%	9%	243%	n/a	n/a

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

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

5.9 This Council has four CFRs:

(a) the HRA,

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

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

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

5.10 The estimated CFRs at the end of 2023/24 and each of the next four years are based on the Council's latest capital programme and exclude any unapproved service investment / non-financial activities and additional HRA borrowing for schemes that are subject to viability appraisals, and which would be subject to future Council reports and revised Prudential Indicators, where appropriate. The General Fund CFR also includes the impact of the internal borrowing incurred to date, as well as the internal and external borrowing factored into the current 5-year General Fund Capital Programme.

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

Table 7

Capital Financing Requirement Year	(a) HRA £'000	(b) General Fund £'000	(c) Service investments / non financial investments £'000	(d) Total £'000
2022/23	185,315	42,347	65,651	293,313
2023/24	223,164	51,781	61,871	336,816
2024/25	285,295	55,531	56,776	397,602
2025/26	292,804	46,329	48,282	387,415
2026/27	300,703	30,873	35,247	366,823
2027/28	308,658	-14,676	22,009	315,991

Table 8

£m	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital Financing Requirement						
CFR – non housing	42.3	56.2	66.1	68.9	68.4	52.9
CFR – housing	185.3	223.2	285.3	292.8	300.7	308.7
CFR - service and non-financial investment activities	65.7	61.9	56.8	48.3	35.2	22.0
Total CFR	**293.3**	**341.3**	**408.2**	**410.0**	**404.4**	**383.5**
Movement in CFR	108.3	47.9	66.9	1.8	-5.6	-20.8
Service / non-treasury as % of Total CFR	22%	18%	14%	12%	9%	6%
Movement in CFR represented by						
Net financing need for the year ("A-B" above)	35.1	49.1	68.2	3.2	-4.0	-19.2
Less MRP/VRP and other financing movements	73.2	-1.2	-1.3	-1.4	-1.6	-1.6
Movement in CFR	**108.3**	**47.9**	**66.9**	**1.8**	**-5.6**	**-20.8**

5.12 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any 'non-financial activities' (noting that the Council does not enter 'for yield / commercial' activities) in relation to the authority's overall financial position. The capital expenditure figures shown in *Table 4* and the details above demonstrate the scope of this activity (up from 3% in 2020/21 to 22% in 2022/23, and remaining at an estimated 18% in 2023/24 and 14% in 2024/25, mainly due to the housing joint venture) and, by approving these figures, Members consider the scale proportionate to the Authority's remaining activity.

5.13 The opening HRA CFR at 1 April 2023 was £185.315 million, being the HRA self-financing debt settlement of £136.157 million from 2012 plus new borrowing since 2020/21, which is currently 'internal borrowing' (from the General Fund) at the time of writing. At 31 March 2028 the HRA CFR is predicted to have increased to £300.703 million, while the non-housing (General Fund) element would be £52.875 million and the 'non-financial activities' would be £22.009 million, a total General Fund CFR of £74.884 million, the sum of these two amounts.

5.14 Based on the figures in this report, the planned borrowing that would be submitted to the PWLB when applying for the Certainty Rate (a 0.2% reduction) for 2024/25 to 2025/26 would be as shown in Table 9 below.

Table 9

External borrowing (£m)	2022/23 Outturn	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Service spend	28,628	22,884	16,019	2,913	1,365
Housing	24,015	80,467	85,529	28,051	22,042
Regeneration	-	1,584	8,659	-	-
Preventative action	-	-	-	-	-
Treasury Management	2,855	100	-	-	-
Projects for yield	-	-	-	-	-
TOTAL	**55,498**	**105,035**	**110,207**	**30,964**	**23,407**

5.15 The Regeneration schemes in 2023/24 and 2024/25 include the Future High Street project.

6. Liability Benchmark

6.1 A key prudential indicator, first introduced for the 2023/24 Annual Treasury Management Strategy, is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and, as a minimum, the following two financial years. CIPFA strongly recommends that the LB is produced for at least 10 years and should ideally cover the full debt maturity profile of a local authority. This Council follows this latter standard.

6.2 There are four components to the LB:

1. **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.

2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

3. **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

4. **Liability benchmark (or gross loans requirement)**: this equals net loans requirement plus short-term liquidity allowance.

Chart 1 – Liability Benchmark – whole Council

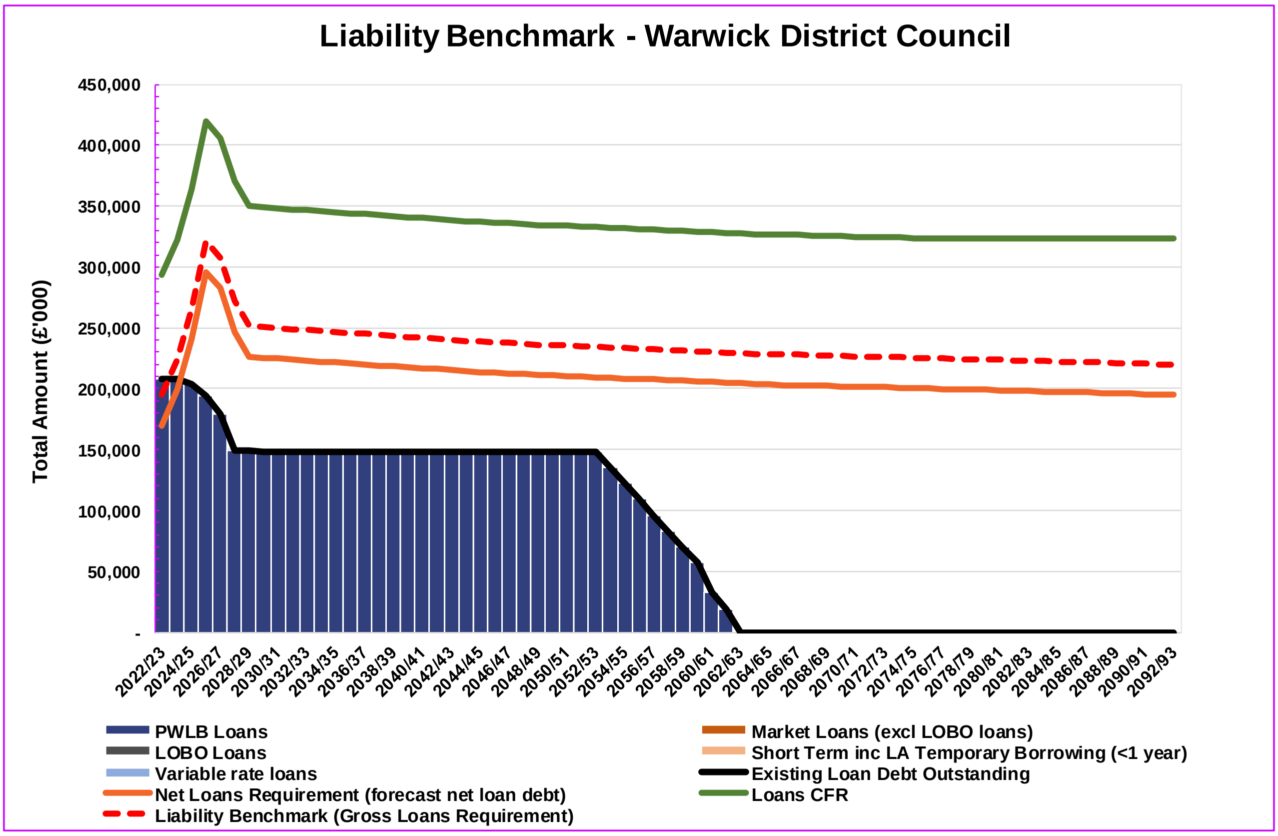


Chart 2 – Liability Benchmark – General Fund

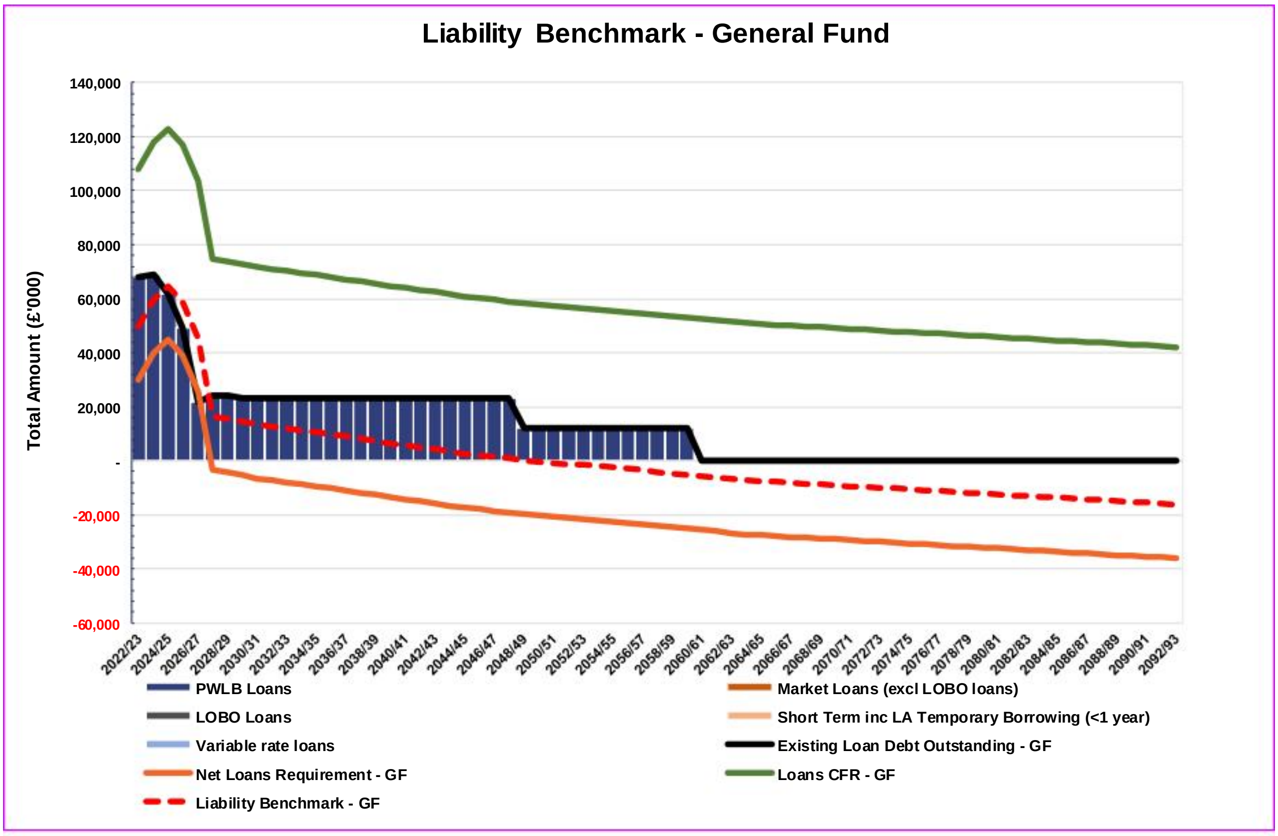
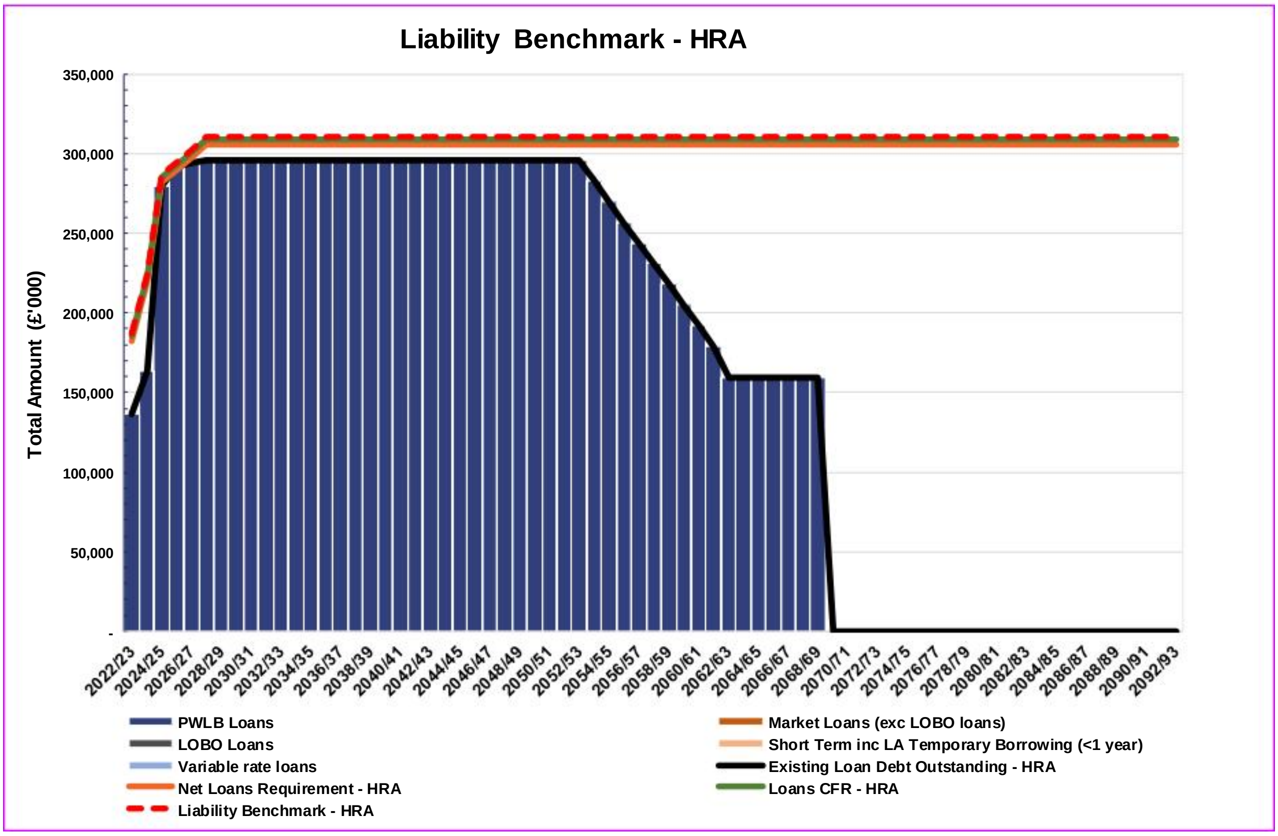


Chart 3 – Liability Benchmark – Housing Revenue Account (HRA)



6.3 CIPFA says, in the 2021 Treasury Management Code, "The liability benchmark should be analysed as part of the annual treasury management strategy, and any substantial mismatches between actual loan debt outstanding and the liability benchmark should be explained".

6.4 The liability benchmark charts above show that actual (PWLB) loans are significantly less than the benchmark, which indicate a future borrowing requirement, the Council having used 'internal borrowing' in recent years, and will need to borrow in future years, especially as investments are eroded by internal borrowing, and the use of reserves and balances, over time. They show that the Council is funding its CFR through a mixture of internal and external borrowing.

6.5 The treasury strategy of the Council will be to replace internal borrowing at the most opportune time, subject to overriding cash flow requirements. The Council is seeking to balance the wish to minimise 'cost of carry' of loans that are surplus to immediate cash requirements with the risk that when it does have to borrow, the costs will be higher than had it borrowed at the time of the capital expenditure being incurred. The Council's treasury advisers will help to determine the optimal balance between these two factors, which can change quickly within an uncertain economic environment.

6.6 The Net Loan Requirement (NLR – a solid orange line in these charts) shows how much the Council currently would need to borrow, based on approved capital budgets and financing. Chart 1 shows that this will peak at £296 million (in 2025/26), decreasing for the General Fund as the loan repayments from the housing joint venture are applied to repay debt. The HRA NLR is currently restricted by the HRA's ability to afford a higher level of debt than this.

6.7 The NLR for the General Fund is a composite of the prudential borrowing to support capital expenditure less the Minimum Revenue Provision and 'capital receipts set aside'. The latter are the repayments of the loans to the housing joint venture, where the Council's MRP policy is to set aside the loan repayments (capital receipts) in lieu of making MRP charges to the General Fund, which would be unaffordable. This results in significantly reduced or negative loans requirements in those financial years.

6.8 Consequently, the NLR for the General Fund, in Chart 2, peaks at £44.6 m, and for the HRA in Chart 3 the peak is currently £305.2 m.

7. External Debt - Authorised Limit

7.1 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).

7.2 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 more than the limits set.

7.3 The recommended Authorised Limit is as shown in *Table 10*:

Table 10

Authorised Limit	2022/23 Outturn £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Debt including HRA settlement	231,207	226,207	225,588	208,088	175,588	184,970
Other long-term liabilities	-	1,000	1,000	1,000	1,000	1,000
HRA HIP	24,156	62,005	221,636	229,145	237,043	244,999
General Fund HIP	-	-	-	-	-	-
Other General Fund capital programme	30,830	41,029	42,260	44,760	47,260	49,760
Service investment activities / non-financial investments	-	896	6,929	14,573	17,679	20,546
Total Authorised Limit	**286,193**	**331,137**	**497,413**	**497,566**	**478,570**	**501,275**

HIP = Housing Investment Programme

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

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

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

8. External Debt - Operational Boundary

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

8.2 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.

8.3 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.

8.4 The recommended Operational Boundaries are as shown in Table 11. It should be noted that the figures for each year are cumulative (for instance, the £6.9m shown in 2024/25 for service investment activities is the cumulative amount potentially reaching £20.5m in 2027/28, subject to feasibility and member approval). They are based on the same assumptions outlined in paragraph 6.5 above.

Table 11

Operational Boundary	2022/23 Outturn £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Debt including HRA settlement	209,207	204,207	203,588	186,088	153,588	162,970
Other long-term liabilities	-	1,000	1,000	1,000	1,000	1,000
HRA HIP	24,156	62,005	221,636	229,145	237,043	244,999
General Fund HIP	-	-	-	-	-	-
Other General Fund capital programme	30,830	41,029	42,260	44,760	47,260	49,760
Service investment activities / non-financial investments	-	896	6,929	14,573	17,679	20,546
Total Operational Boundary	**264,193**	**309,137**	**475,413**	**475,566**	**456,570**	**479,275**

9. Treasury Indicators

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

9.2 Maturity structure of borrowing:

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

Table 12

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 13

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 14

Year	Upper Limit - Fixed Rate	Upper Limit - Variable Rate
2024/25	100%	30%
2025/26	100%	30%
2026/27	100%	30%

9.3 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.

Appendix F

Economic Background (at 10 January 2024)

F1. The third quarter of 2023/24 saw:

- A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30 September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
- A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS "experimental" rate of unemployment has remained low at 4.2%;
- CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
- Core CPI inflation decreasing from April and May's 31-years' high of 7.1% to 5.1% in November, the lowest rate since January 2022;
- The Bank of England holding Bank Rate at 5.25% in November and December;
- A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.

F2. The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.

F3. However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.

F4. The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.

F5. Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with the Halifax house price index recently pointing to a 1.7% year on year increase whilst Nationwide's December data pointed to a -1.8% year on year decrease. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

F6. Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.

F7. The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.

F8. The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.

F9. CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.

F10. The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time". In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.

F11. Looking ahead, Link's colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why Link think the Bank of England won't feel comfortable cutting interest rates until the second half of 2024.

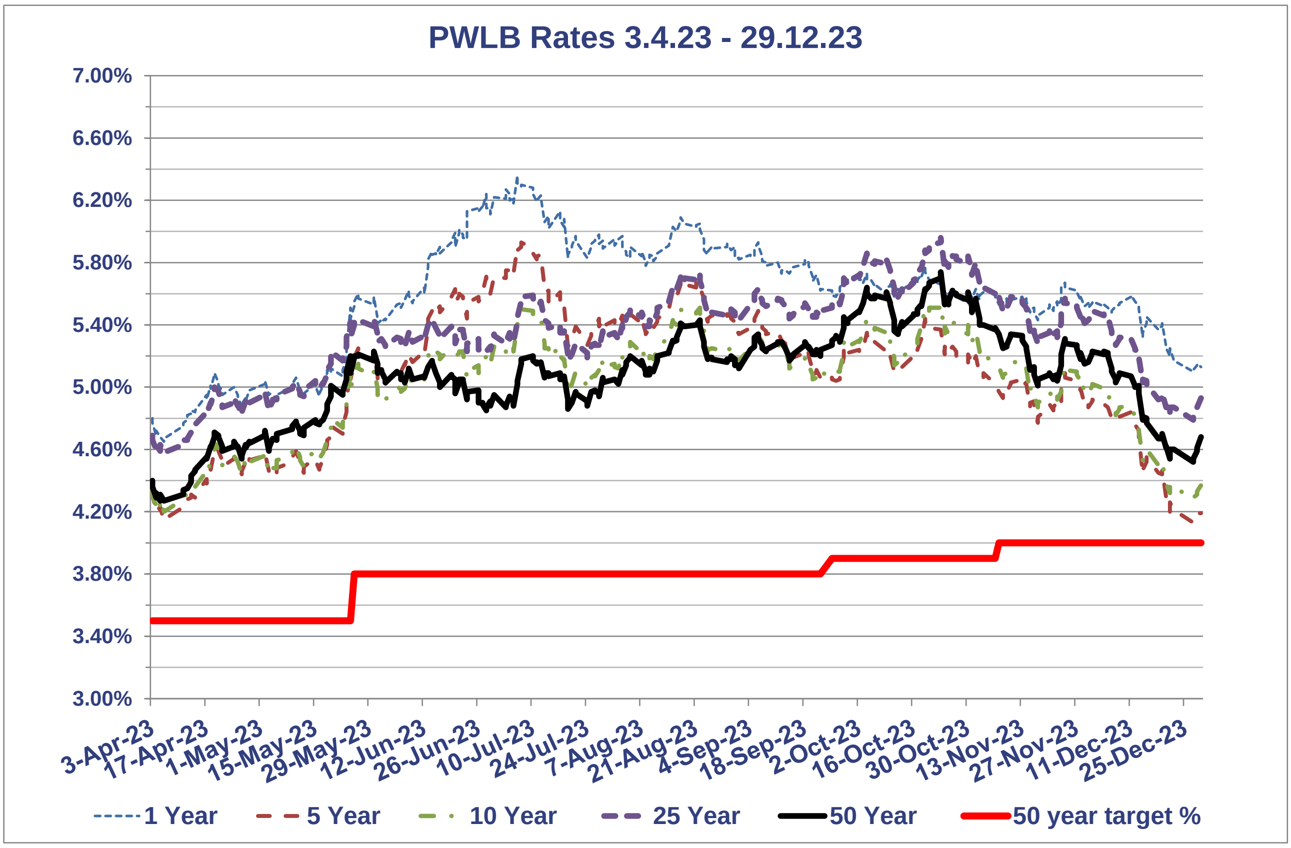
F12. The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% in early January, with further declines likely if the falling inflation story is maintained.

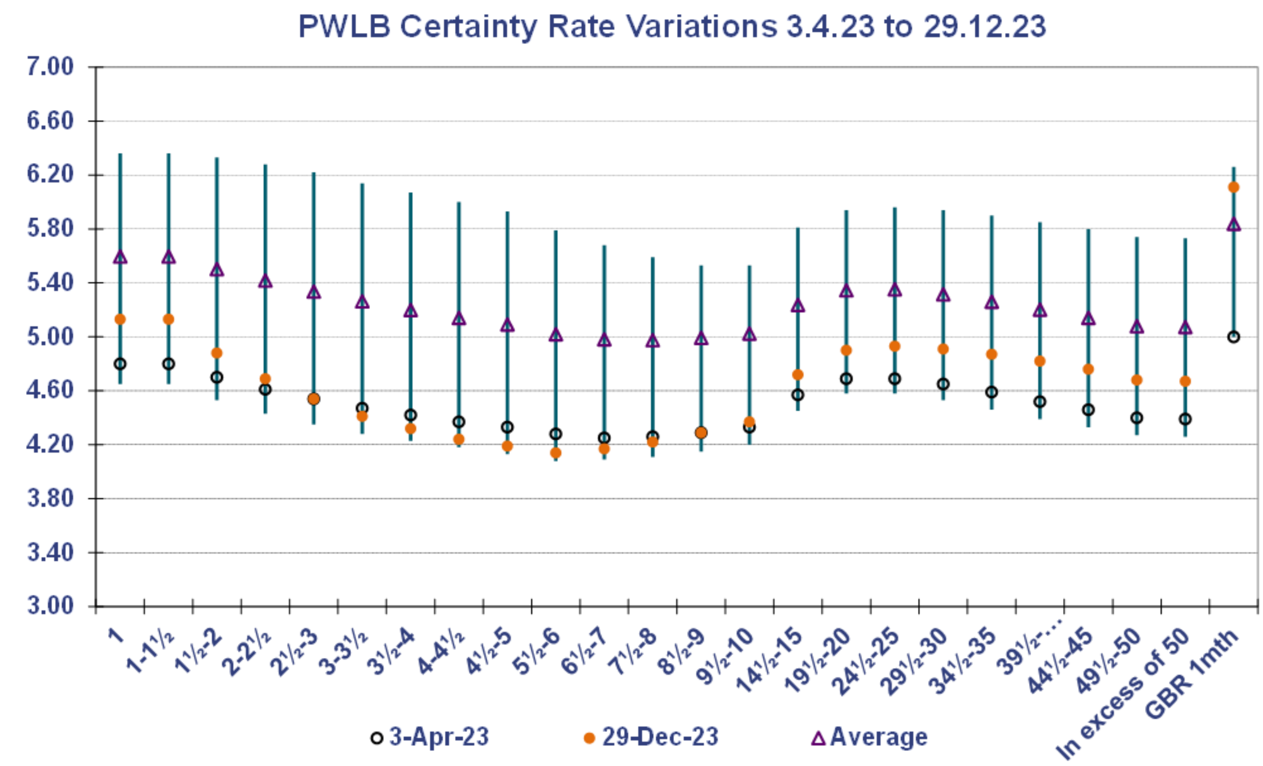
F13. Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from $1.21 in November to $1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.

F14. The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February 2023. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

F15. In the table below, the rise in gilt yields across the curve as a whole in 2023/24, and in PWLB rates, is clear to see.

PWLB RATES - 3 April to 29 December 2023





HIGH/LOW/AVERAGE PWLB RATES FOR 03.04.23 – 29.12.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.13%	4.20%	4.58%	4.27%
Date	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.53%	5.96%	5.74%
Date	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
Average	5.60%	5.09%	5.03%	5.35%	5.08%
Spread	1.71%	1.80%	1.33%	1.38%	1.47%

MPC meetings 2nd November and 14th December 2023

F16. On 2 November, the Bank of England's Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14 December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about "sticky" inflation remained in place.

F17. Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.

F18. In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.

INTEREST RATE FORECASTS

G1. The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since November 2012. The lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps).

Link Group Interest Rate View	08.01.24												
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.80	4.30	3.80	3.30	3.20	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.60	4.10	3.70	3.20	3.20	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

G2. LIBOR and LIBID rates ceased at the end of 2021. In a continuation of previous views, money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

G3. The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

G4. PWLB forecasts are based on PWLB certainty rates.

Link's latest forecasts at 16 January 2024

Interest Rate Forecasts								
Bank Rate	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Link	5.25%	5.25%	4.75%	4.25%	3.75%	3.25%	3.00%	3.00%
Cap Econ	5.25%	5.00%	4.50%	4.00%	3.50%	3.00%	3.00%	3.00%
5Y PWLB RATE								
Link	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.80%	3.70%
Cap Econ	4.50%	4.30%	4.20%	4.00%	3.90%	3.80%	3.80%	3.70%
10Y PWLB RATE								
Link	4.70%	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.90%
Cap Econ	4.50%	4.40%	4.20%	4.10%	4.10%	4.10%	4.10%	4.10%
25Y PWLB RATE								
Link	5.20%	5.10%	4.90%	4.80%	4.60%	4.40%	4.30%	4.20%
Cap Econ	5.10%	4.80%	4.60%	4.30%	4.40%	4.40%	4.50%	4.60%
50Y PWLB RATE								
Link	5.00%	4.90%	4.70%	4.60%	4.40%	4.20%	4.10%	4.00%
Cap Econ	4.70%	4.60%	4.50%	4.30%	4.30%	4.30%	4.40%	4.40%

Bank Rate	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
08.01.24	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00

G5. At its 14 December meeting, the Bank of England's Monetary Policy Committee (MPC) kept rates on hold for the third time in a row, pushing back against the prospect of near-term interest rate cuts. The vote in favour of keeping rates on hold was 6-3.

G6. However, recent softer wage and inflation data (annual CPI is currently 3.9%) mean that markets have moved significantly in the direction of Link's November interest rate forecast, pricing in a first rate cut in Q2 2024, a full quarter earlier than our own forecast which has only undergone a little fine-tuning today. Link now expects Bank Rate to be cut to 4.25% by the end of 2024 (4.5% previously) and 3% by the end of 2025. The low point of the interest rate cycle is also expected to be 3%.

G7. Regarding the Bank of England, it continued to sound hawkish in December. Indeed, the evidence of subsiding price pressures did not dissuade the more hawkish members of the MPC from again voting to raise interest rates by 25 basis points (bps). The MPC maintained its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it reiterated that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time".

G8. At the time of the meeting, the Bank did not appear to have taken any comfort from subsiding price pressures in the US and the Eurozone either, saying that measures of inflation persistence are higher in the UK than in other major advanced economies. And its statement that relative to developments in the US and the Eurozone "measures of wage inflation were considerably higher in the UK and services price inflation had fallen back by less so far". Nonetheless, even if the Bank would prefer to cut interest rates after the Fed and the ECB, Capital Economics' forecast for the CPI measure of inflation to drop below 2% by April, and for core inflation to drop below 2% only three months later, further convinces us that rates will be cut sharply in the second half of 2024 if not before.

G9. Since the December rate decision, the Bank's hawkish bias has also not prevented the markets from forming a view that rates will be falling soon. Accordingly, swap rates and gilt yields have reduced significantly over the past month despite a partial rebound upwards since the turn of the year. This will have the effect of ensuring upcoming mortgage rate resets (c400k per quarter) will be somewhat lower than they were through the second half of 2023. Indeed, it is noteworthy that the Halifax house price index has recently moved into positive territory after registering only a slight fall in house prices from their peak in the summer of 2022.

G10. Looking further afield, Link suspects the wider economy may only endure the lightest of recessions or, possibly, not at all. The Bank's November Quarterly Monetary Policy Report saw it revise down its Q3 and Q4 GDP forecasts for 2023 and its annual forecast for 2024 from 0.4% to 0.0% (2023 stayed at 0.5%). But it could be this outlook underestimates the robustness and resilience of the UK economy, particularly considering upward revisions to GDP stemming from the pandemic years.

G11. As outlined in November, there are, of course, significant risks to their central forecast. First, we are probably still in the early days of the Gaza-Israel conflict, and a meaningful and prolonged shift up in oil prices from $75 per barrel to something closer to $120 would keep inflation higher for longer. Furthermore, the UK domestic labour market is still having to contend with very low unemployment (4.2%) and the total number of job vacancies is only a little below one million. Even if Labour takes over the governmental reins in the next year or so, it is unlikely that a fundamental overhaul of immigration policy, with a view to addressing staff shortages in various sectors of the economy, is going to be a priority, so keeping a lid on wages is going to be a tough challenge even if some of the more recent signs are that wage growth is moderating (still c7% y/y).

G12. Regarding PWLB rates, movement in the short part of the curve has reflected the revised Bank Rate expectations to a large degree, whilst medium to longer-dated

PWLB rates will remain influenced not only by the outlook for inflation, but by the market's appetite for significant gilt issuance. Indeed, although Link has a slightly lower starting point for the envisaged reduction in short and medium dated gilts, they now forecast the 10, 25 and 50 years part of the curve to not fall quite as low as they thought in November.

G13. Furthermore, a General Election is expected in the next year, so Government fiscal policy may potentially loosen at the same time as the Bank's monetary policy is still trying to take momentum out of the economy. That may mean that Bank Rate stays elevated for a little longer than our central forecast.

G14. Of course, what happens outside of the UK remains critical to movement in gilt yields as well. The ECB has made it clear that policy tightening is at, or close to, the terminal rate (currently 4%), whilst the US FOMC has held its Bank Rate equivalent in the range of 5.25% - 5.5%.

G15. From a practical standpoint those clients looking to borrow will, most probably, need to continue to focus on borrowing temporarily from local authorities or with short-dated loans from the PWLB. You will see from our forecast that we still expect both short and longer-term rates to be somewhat lower over the duration of the forecast. Nonetheless, if certainty is paramount within your debt management strategy, we will help you to optimise any longer dated borrowing requirements you may have.

G16. On the flipside, if you are an authority that is fully funded or wishes to reduce its exposure to long-dated debt, the relatively high prevailing yields could provide further scope to repay loans prematurely (both market and PWLB) whilst discount rates are advantageous. Your Client Relationship Manager should be contacted if this is something you wish to look at.

G17. In terms of our forecast, our money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months. Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

A Summary Overview of the Future Path of Bank Rate

G18. Link's central forecast for interest rates was previously updated on 7 November 2023 (see above) and reflected a view that the MPC would be keen to underpin its anti-inflation credentials by keeping Bank Rate at 5.25% until at least the second half of 2024. They expect rate cuts to start when both the CPI inflation and wage/employment data are unequivocally supportive of such a move, and that there is a strong likelihood of the overall economy enduring tepid growth (at best) or a mild recession (at worst) over the coming months.

G19. Timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

G20. In the upcoming months, their forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

G21. On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing a little better at this stage of the economic cycle than may have been expected. Nonetheless, with approximately 400,000 households per quarter facing a mortgage interest reset at higher levels than their current rate, the economy will face on-going headwinds from that source, in addition to lower income households having to spend disproportionately on essentials such as food, energy and rent payments.

Agenda Item No 5
Cabinet
6 March 2024

Title: Revisions to the Constitution
Lead Officer: Graham Leach Head of Governance & Monitoring Officer
Portfolio Holder: Councillors Chilvers & Davison
Wards of the District directly affected: All

Approvals required	**Date**	**Name**
Portfolio Holder	26/2/2024	Cllrs Chilvers, Davison, J Harrison, Billiald, King, P Wightman and Roberts
Finance		
Legal Services		
Chief Executive	26/2/2024	Chris Elliott
Director of Climate Change	26/2/2024	Dave Barber
Head of Service(s)	26/2/2024	Graham Leach Andrew Rollins Phil Clarke Tracy Dolphin David Elkington Steve Partner Lisa Barker
Section 151 Officer	26/2/2024	Andrew Rollins
Monitoring Officer	26/2/2024	Graham Leach
Leadership Co-ordination Group	26/2/2024	

Final decision by this Committee or rec to another Cttee / Council?	No: 1 Recommendation to Council
Contrary to Policy / Budget framework?	No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	Yes, Appendix 1 confidential due to Paragraphs 3, as set out of the report.
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1435 – scheduled for 6 March 2024
Accessibility Checked?	Yes

Summary

The report brings forward proposals for consideration by the Cabinet in respect of two distinct areas of the Constitution Public Speaking at Planning Committee and clarification on the Code of Procurement Practice. Subject to the clarification on procurement it also seeks approval for procurement exercises in line with the Confidential appendix to the report.

Recommendation(s)

(1) That Cabinet recommends to Council that the public speaking procedure rules for Planning Committee in the Council's Constitution are amended to include the following revised Paragraph:

*"To ensure equity, applicants/supporters of the application will only be allowed to address the Committee if somebody has registered to speak **objecting to** ~~in the objectors category for~~ the application, except for cases where the recommendation is to refuse. An objector to the application may only address the Committee if an**yone** ~~Applicant/Supporter~~ is registered to speak **in support of** the application, except for cases where the recommendation is to grant."*

(2) That Cabinet recommends to Council that the Code of procurement Practice is revised so that the definition of substantial procurement is defined as procurement exercises equal to or above the values defined as a Key Decision in Article 13 of the Constitution.

(3) That Cabinet approves the procurement of the following, in line with the Confidential appendix 1 to the report, for the items listed below :

(a) Memorial Safety inspections
(b) WDC Corporate Cleaning
(c) Insurance coverage and associated Services
(d) Leaseholder Insurance coverage and associated Services
(e) Temporary accommodation DPS
(f) Water provider
(g) Leamington Seasonal lights
(h) Committee Management system
(i) Provision of Pantomime Production at Royal Spa Centre
(j) Supply and Delivery of Bulk Liquefied Petroleum Gas
(k) Parking machine supply and maintenance
(l) Hybrid Mail
(m) Maintenance and repairs on Cremator equipment at Oakley Wood crematorium

(4) That Cabinet notes ahead of new procurement regulations that are anticipated come into force in the next 8months there will be a wider review of the Council's Code of Procurement Practice and associated procedures that will be considered by the Procurement Champions and reported back to Cabinet.

1 Reasons for the Recommendation

1.1 The report brings forward several aspects for consideration by the Cabinet, and the reasons for these are set out below in the respective sections.

1.2 Public Speaking at Planning Committee

1.2.1 The current procedure rules for Planning Committee are worded so that supports/applicants may only address the Committee if speakers in the Objectors category are registered to speak. This may or may not have been the intention behind this proposal. However, on review by officers, this is considered to be unfair, in that the Applicant/Supporter does not have the ability to address the Committee if the Town/Council, Conservation Advisory Forum, or Ward Councillor speak against the application.

1.2.2 The proposal has been consulted on with the Chair and Vice-Chair of the Planning Committee who support the proposal.

1.3 Revision to the Code of Procurement Practice

1.3.1 The current procedure code of Procurement Practice says that Elected Members will "Consider initial business cases in relation to the Council's significant procurement project". This has been reviewed by officers following recent questions from Councillors and Officers on what and at what stage should Cabinet be approving procurement exercises.

1.3.2 There is no definition provided of significant and therefore, following discussions with Legal Services it was accepted the definition will therefore defers to that of Key Decisions which are set out within Article 13 of the Constitution, because Articles of the Constitution take precedent.

1.3.3 There are currently over 100 contracts that WDC holds in excess of the Key Decision Value of £150,000. Over the next 18 months it is excepted around 50, excluding those in this report, will need to be considered by Cabinet. Those 50 are not all renewals of current contracts but also new areas of work such as the Cabinet report in February regarding the paddling pools. The revision will mean that Cabinet have a report setting out procurement exercises at an early stage to approve the remit of the exercise and the budget for that specific exercise.

1.3.4 As part of the wider review of procurement procedures, officers will be bringing forward proposals to the procurement champions on when a more detailed business case and report will be required by Cabinet.

1.4 Procurement Exercises

1.4.1 As part of the review of procurement, following the advice on procurement exercises being defined as significant, a number were identified that need to be considered by Cabinet. These are set out in the Confidential appendix (due to the values associated and the Council not wanting to declare the anticipated budget) to the report for consideration. These items and the reason for their procurement are set out within the confidential appendix to the report, so as not to disclose the Council's position in respect of the Anticipated cost.

1.4.2 It should be noted that these exercises are at various stages of procurement, due to when the issue was identified, and in those instances the work on procurement has almost been completed and these are brought back for confirmation so as to enable the works to be completed.

1.5 Revision to the Procurement Regulations

1.5.1 There are significant changes to procurement regulations making their way through Parliament, the Procurement Act received Royal Ascent in October

2023. Secondary legislation is about to be launched and it is anticipated the implementation phase will start from April 2024.

2 Alternative Options

2.1 In respect of recommendation1 the Cabinet could decide to retain the procedure as at present however this is considered not to provide equal opportunity to address Council.

2.2 In respect of recommendation 2 the Cabinet could recommend a different or higher value. However in doing so it would also then require new procedures to be introduced for officers to take key decisions. In doing so this would require further decisions from Cabinet and Council. Therefore this is not recommended at this time but may be a consideration for the wider review of procurement policies.

2.3 In respect of recommendation 3 the Cabinet could decide not approve some or all of the proposed activities, however some of these have been identified at advanced stages and to pause or stop at this stage would significantly delay some of these activities were new contracts are required.

3 Legal Implications

3.1 There are legal implications when determining the financially sensitive Appendix to the report to the extent that the discussions on those appendices should be treated as confidential under (paragraph 3 under Local Government Act 1972 - Schedule 12A After the Local Government (Access to Information) (Variation) Order 2006). Following completion of any procurement each of the contracts for these products will be detailed on the Council's public contracts register.

4 Financial Services

4.1 The anticipated values of the contracts sought for procurement are built into the budget of the Council as agreed in February 2024.

5 Corporate Strategy

5.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation. The delivery of good procurement is a key aspect in in Delivering valued, sustainable services in order that the Council can continue to focus its efforts and activities on the needs of its residents, communities and businesses.

6 Environmental/Climate Change Implications

6.1 The environmental implications of the proposal in relation to the Council's policies and Climate Emergency Action Plan will be considered at early stage of procurement in line with the Council's current procurement code and with appropriate advice from officers.

7 Analysis of the effects on Equality

7.1 There are no direct Equality implications of the report and each procurement exercise will be required to complete Equality Impact Assessment a s part of the procurement exercise.

8 Data Protection

8.1 There are no specific data protection implications of the proposals as set out, but any procurement activity which will result in a change of how the Council handles personal data or security of personal data will be subject to a Data

Protection Impact Assessment being approved before the final contract is awarded.

9 Health and Wellbeing

9.1 There are no direct health and wellbeing implications of the proposal.

10 Risk Assessment

10.1 There are minimal risks associated directly with the report as the report introduces improved equity of speaking at Planning Committee and improved governance for procurement as an interim measure.

Background papers: None

Supporting documents:

Warwick District Council Constitution Article 13 & Code of Procurement Practice

Agenda Item No 6
Cabinet
6 March 2024

Title: Housing Revenue Account Business Plan Review 2024
Lead Officer: Lisa Barker/ Emma Leeming
Portfolio Holder: Councillor Wightman
Wards of the District directly affected: All

Approvals required	**Date**	**Name**
Portfolio Holder		Councillor Wightman
Finance	15/02/2024	Emma Leeming/Steven Leathley
Legal Services		N/A
Chief Executive		Chris Elliot
Director of Climate Change		Dave Barber
Head of Service(s)	14/02/24	Lisa Barker
Section 151 Officer	14/02/24	Andrew Rollins
Monitoring Officer		Graham Leach
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	No Recommendation to: Council due to Budget Values	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, partially Budget Setting Reports presented to February 2024 Cabinet	
Accessibility Checked?	Yes	

Summary

The Housing Revenue Account Business Plan (HRA BP) is reviewed annually and updated to reflect changes in legislation, the housing market and business assumptions.

The Council must present a 30-year HRA BP as a minimum but has adopted a 50-year HRA BP which must remain viable in line with the longer-term financial commitments, allowing the Council to manage and maintain its housing stock, to proceed with the projects already approved by Cabinet, to service the debt created by the HRA becoming self-financing, to service the debt from new borrowing and provide a financial surplus.

Recommendation(s)

(1) That the Cabinet approves the revised HRA BP assumptions, as set out at Appendix 1,

(2) The Cabinet approves the revised HRA BP projections for the 50-year period 2023/24 to 2072/73, as set out at Appendix 2.

(3) That Cabinet approve the revised 10 year Housing Investment Plan (HIP) capital budgets noted in appendix 4 for the construction and acquisition of new Council housing and funding for major works to housing stock.

1 Background/Information

1.1 The Housing Revenue Account (HRA) is the financial account used to record expenditure and income concerned with running the council's housing stock and closely related services or facilities. It is a ring-fenced account and can only be used to provide services to, or for the benefit of, Council housing tenants. The HRA BP is a key strategic document which sets out the Council's income and expenditure plans for delivering Council Housing Services.

1.2 The HRA BP is reviewed on a regular basis and the underpinning assumptions will require further annual revisions. Without regular reviews, the viability of the BP would be placed at risk and could result in the Council needing to curtail its ambitions. The proposals in this BP will allow for future policy changes, and their financial implications, to be managed within the existing plan, and for investment decisions to be made regarding the existing housing stock and future construction, acquisition, and service projects.

1.3 In April 2012 the national Housing Revenue Account Subsidy System (HRASS) was replaced and Council's operating a HRA were required to do so on a 'self-financing' basis. This required each such council to make a payment (and a few to receive a payment) to Government to secure release from the HRASS, each individually calculated and based on an assessment of the assumed payments that would otherwise have been made into the HRASS had it continued to operate for a further 30 years. In WDC's case this required a one-off payment of £136.2m which was loan financed using a mix of 40-50 years Public Works Loan Board Maturity Loans meaning the Interest of £4.765m would be serviced annually for 40-50 years until the £136.2m capital balance would need to be repaid.

1.4 On 6th March 2012 Cabinet approved a HRA BP for the period 2012/13 – 2061/62 which, based on the assumptions made at the time, ensured the Council would have a viable plan that provided for the £136.2 Self Financing loan to be repaid under the terms arranged, for the investment and management needs of the housing stock to be met and which provided financial headroom, through the accumulation of revenue surpluses. The historic 2012 plan was for the HRA BP to repay the self-financing debt repayments over a phased 10-year period from 2051/52 to 2061/62.

1.5 A revised HRA BP was approved in December 2020 Cabinet which changed the repayment plan for the £136.2m debt and instead a change of direction was taken with a new plan to refinance the loan capital repayment and repay them at a later point in time. As a result of this change the 40-50 Year Maturity Loan Interest payment will continue to be facilitated until 2051/52-2061/62 with a view of the capital repayments being re-financed in line with specialist treasury advice at that point in time.

1.6 The HRA Borrowing Cap was removed on 30th October 2018 resulting in greater flexibility for the Council to borrow monies (in full or part) to purchase and/or develop housing alongside utilising other funding sources, including reserves.

1.7 Where available, Grants will be actively sought in line with the Council's Affordable Housing Investment Partner Status with Homes England to support currently approved and future housing schemes to lessen the financial impact on the HRA BP.

1.8 Development and land purchase schemes approved in separate Cabinet and Council meetings since the HRA BP was last presented in March 2023 have been incorporated into the overall financial assumptions.

1.9 The Council declared a climate emergency in 2019. This declaration acted as a catalyst for change in the council and led to the development of a Climate Change Action Programme which has a target of a Net Zero Carbon Council 2025.

1.10 The Climate declaration impacts the HRA BP as the Councils Housing Stock needs to be decarbonised which in turn has material cost implications. Where Grant is available, it has been applied for to reduce the costs of these decarbonisation schemes and the forecast budgets can been viewed in Appendix 4 - Housing Investment Plan.

1.11 The budgets for key activities such as the Fire Safety and Climate Change works are listed in the HIP in Appendix 4.

1.12 After a short consultation, in the Autumn Statement on 17th November 2022 the Chancellor of the Exchequer announced that a one year 7% Rent Cap would be applied in the place of the National Rent Policy, using a Direction to the Regulator of Social Housing and advised this would support people in Social & Affordable Housing in England with the cost of living crisis by limiting the increase in their rents. However, on 4th January 2024, it was announced this would revert to the National Rent Policy (CPI)+1% for Social and Affordable Housing, meaning rents will increase to 7.7% from April 2024.

1.13 Shared ownership rents are currently increased once a year by the Retail Prices Index (RPI)+0.5%, meaning the total rent increase from April 2024 will be 5.8%. However, the government recognises that RPI is now an outdated measure of inflation, the government is committed to phasing out of usage by the end of the decade.

1.14 On 12th October 2023 it was announced, rents for new shared owners can instead be increased once a year by no more than the Consumer Prices Index (CPI)+1% meaning a total increase of 7.7% from April 2024. This reform brings shared ownership rents into line with the limit that normally applies to annual rent increases in other forms of social housing.

1.15 The Council will continue to use lease agreements based on the Homes England template lease for all new shared ownership tenancies which will be increased annually by (CPI)+1%, existing shared ownerships will remain (RPI)+0.5%.

1.16 Many of the HRA's Repairs & Maintenance and Major Capital Works Contracts are linked with annual inflation linked to Retail Price Indexation (RPI) which has meant that the budgets for these works have had to be inflated in line with 10-14% inflation which has been added to this HRA BP and has placed extra unexpected strain on the business model.

1.17 In 2023 the war in Ukraine and Costs of Living Crisis caused utility costs to also increase by huge and unexpected amounts. The Council sources its gas and electricity from a commercial energy broker ESPO to ensure best value is achieved. Energy price caps were implemented by central government to protect consumers and businesses from these extreme price rises. Because ESPO brokers commercial contracts for the Council, the caps are a lot higher than the actual usage so no benefit can be applied to the HRA budgets.

1.18 The Councils electricity contract was renewed in October 2023 and the gas contract is to be renewed in April 2024. At the end of 2023 we began to see prices stabilise and, in some cases, slightly decrease. As part of these contract renewals, it has been predicted that Gas will increase by 15% in the first 6 months of 2024 and then reduce by 25% in the remaining 6 months of 2024. Electricity is predicted to reduce by 15% in 2024, meaning gas and electricity remains high for 2024/25.

1.19 Reasons for the Recommendations

1.20 The HRA BP must remain robust, resilient, and financially viable. Revising the HRA BP annually ensures the Council's HRA is able to continue to maintain and improve its housing stock, take steps to tackle climate change and the cost of energy for tenants whilst also delivering much needed new social and affordable housing in the district and facilitate the re-financing of the £136.2m 2012 self-financing loan see paragraph 1.3-1.5.

1.21 The HRA details the plans for development and acquisition expenditure in the Housing Investment Plan (HIP) alongside its budgets for the major works of its housing stock and any capital grant related projects. In recent years there have been extra demands placed on the HIP from housing development schemes, but also from the requirement to complete increased levels of work and costs linked with maintaining and improving the housing stock in line with the Climate Emergency announcement in 2019 and increased levels of Fire Safety

Works. The HIP ensures the long-term planning of these costs, schedules of works and developments to ensure there are sufficient resources in place.

1.22 As shown in Appendix 2, the balance of the HRA CIR at the end of the current 2023/24 financial year is expected to be £10.2m and, based on current projections, will reduce annually until 2032/33. This will start to increase again when the model forecasts income, in particular that linked to an increase in our housing stock, comes on stream following upfront costs being incurred during the purchase and development phase.

1.23 The original self-financing plan was to service the PWLB Maturity Loan interest cost for 40 years and then begin paying the £136.2m debt capital back in intervals of £13m-£19m over a 10-year period from 2051/52-2061/62 using balances accumulated in the HRA CIR & MRR.

1.24 By 2061/62 there is a forecast capacity of £196.6m to pay off the outstanding debt of £136.2m made up of balances £172.9m in the CIR and £23.8m in the MRR. At this point the HRA has the option to refinance the loan repayments for the period 2051/52-2061/62 and repay some of the debt. Specialist advice was sought from Link Treasury Management, who confirmed that there is no legal requirement to repay the debt within the original timeframe linked with the Government's original Self-Financing legislation. It was advised that a number of other Local Authorities have taken the decision to refinance their self-financing debt to enable them to focus on house building and other priorities in the short term. Indeed, this is the financial model adopted by many housing associations. Link Treasury Management advised that a similar level of interest repayment should be assumed in the HRA BP for an indefinite period if the decision to refinance the repayment of Debt Capital is made.

1.25 Approval of any plans for the partial repayment of debt would need to be revised at that point in time alongside the assessment of further borrowing required. The HRA Business Plan remains viable when continuing to fund the annual £4.765m in self-financing interest payments for the 50-year plan.

1.26 The revised HRA BP will be able to maintain existing service provision, fully meet the responsive and cyclical repair needs of the HRA stock and continue to invest in refurbishment and improvement work to maintain the Decent Homes Standard through the HIP.

1.27 The removal of the HRA Borrowing cap on the 30th October 2018 by the Department for Levelling up, Housing and Communities (DLUHC), previously known as the Ministry of Housing Communities & Local Government (MCHLG) was implemented to enable Councils to build more homes. During MHCLG's consultation on the matter the borrowing cap was stated to be the biggest barrier to Councils building new homes and as such the cap was removed to "reaffirm the appetite to deliver a new generation of council homes".

1.28 From 15 June 2023, the Government introduced the 'HRA rate', which applies an interest rate of the gilt yield plus 40 basis points (0.40%) which is equivalent to the PWLB standard rate less 60 basis points (0.60%). This rate is solely intended for use in Housing Revenue Accounts and primarily for new housing delivery. This HRA Certainty Rate is currently available until June 2025, and although it may be extended, this cannot be assumed.

1.29 However, since 2020 the interest rate at which the Council can borrow for HRA Capital Works has increased significantly, in line with inflation and overall interest rate movements. The Council is no longer able to borrow at the pre-2022 level of interest rate, which were at a time that the Council still had significant levels of investments and could not justify the 'carrying costs' of borrowing from the PWLB then when it would have earned less from investing those funds in the short to medium term.

1.30 The Council's overall levels of investments have now reduced to a level where the 'internal borrowing' that the HRA has taken from the General Fund can no longer be maintained, and the Council has begun to externalize the borrowing by taking HRA rate loans from the PWLB, taking advantage of the 'HRA Certainty Rate' discount of 0.6%. A £5 million loan for 6 years was taken out on 7 February 2024 at 4.14% to cover the HRA capital expenditure from 21/22 that was reliant on internal borrowing. The longer term loans that the HRA would normally take are significantly higher than this, so loans are being kept shorted, on the expectation that they can be refinanced at maturity at lower interest rates and longer periods.

1.31 PWLB rates are expected to reduce the Councils Treasury Management. Link are predicting that borrowing rates will reduce by around 1% by the end of 2025 as long as the economy continues to recover. It is noted that long range PWLB borrowing forecasts to the HRA do not drop below 3.5% which is quite some way from pre-pandemic levels.

1.32 Details of all approved borrowing for such schemes and the subsequent timing of repayment of this debt are noted on Appendix 2 and also in the Financing section of the HIP in Appendix 4.

1.33 The underpinning HRA BP assumptions are set out in Appendix 1, with explanatory notes documenting all changes from the previous iteration of the HRA BP. These changes have then been applied to the HRA 50 year Plan set out in Appendix 2. A summary of the changes between the previously approved iteration of the HRA BP and the revised current year plan are set out in Appendix 3.

1.34 A 10-year HIP was adopted in the December 2020 Cabinet Report to enable the Climate Emergency and Fire Safety works to be completed and enables the HRA BP to remain financially viable as a result of phasing the expenditure across a longer period. The new HIP is noted in Appendix 4 and contains total costs amounting to £113.6m, the following costs are split over a 10-year period:

- £32.759m Stock Condition Survey Works
- £32.045m Climate Emergency works associated with the Council declaring a Climate Emergency
- £43.8m required for Fire Safety works in line with Fire Risk Assessments resulting from the Grenfell Tragedy and for the removal of Cladding.
- £5m Decarbonisation Grant funded works in line with central government partnership schemes.

1.35 The Councils housing construction and acquisition plans are also shown in the HIP and total £130m over the 10-year plan. Separate reports have been presented to Cabinet for each scheme accompanied by a full financial appraisal. Where there are reports being presented to Cabinet for approval in March

Cabinet the costs have been included in the HIP to ensure budget is consistent between all reports being considered.

1.36 The Financing of the development projects in the HIP are also noted in Appendix 4. The financing is generally funded from a mix of:

- External Borrowing from PWLB
- The HRA Capital Investment Reserve
- Right to Buy (RTB) receipts from the sale of council houses
- Homes England Capital Grant
- Other Grants
- Capital Receipts from Affordable Homes Shared Ownership sales

1.37 The HIP also contains the planned financing for the HRA's capital major improvement and renewal works to the Councils housing stock, these works are mainly funded by the Major Repairs Reserve (MRR) which is a ring-fenced account within the HRA for the purpose of maintaining and improving existing housing stock, other methods that can be used are a mix of:

- The Major Repairs Reserve
- Capital Grants
- Top ups from the HRA Capital Investment Reserve

1.38 The works funded using the MRR have been scheduled using separate stock condition surveys which were completed with a specialist housing consultancy, Michael Dyson Associates Ltd and that stock data is still available and has been updated with information of component renewals in the period since the original survey.

1.39 The Council then commissioned Pennington to carry out a new 100% stock condition survey which is underway, work should be completed by May 2024.

1.40 These surveys have provided information in respect of the condition of the main elements, known as stock attributes, of HRA homes. This survey information, complementing information from our in-house team of surveyors, enables a comprehensive picture of the current state of, and consequently the future investment needs, of a range of stock attributes such as kitchens, bathrooms, roof coverings, windows, doors and rainwater goods.

1.41 The surveys undertaken to date allow the Council to fix a baseline position for the entire HRA stock which, in turn, allows for the maintenance needs to be costed for the lifetime of the revised HRA BP. This baseline will continue to be refined in future years through a combination of in-house surveying and data analysis and has been updated to factor in the Climate Change and Fire Safety works. The existing 2024/25 HIP budget allocation will be directed to meet the most pressing needs, with a full revision of the profile of the future HIP to take place next financial year, to ensure that the properties with the poorest condition attributes are remedied as quickly as possible, and a tailored programme is put in place to replace items on a timely basis.

1.42 The balance of the MRR is increased annually by the amount of the annual depreciation charge to the HRA stock, which for 2024/25 is an estimated £6.9m. Based on current projections and the large financial strain on the HRA BP to deliver stock condition works, climate change works noted in Appendix 2, the MRR balance is expected to drop as low as £1.2m by 2030/31. It will however remain sufficient to fund the required level of improvements necessary.

1.43 The HRA Housing stock itself is re-valued annually and further confidence in the viability of the HRA BP can be derived from the current valuation noted in Appendix 5 of £455m based on the Existing Use Valuation methodology for social housing or £1.104bn based on an unrestricted use valuation as at 31 March 2023. These valuations are significantly higher than the peak projected total borrowing of £308.6m in 2028/29 resulting from a combination of the £136.2m self-financing debt and additional £172.4m debt resulting from further borrowing to finance housing acquisition schemes. The additional housing acquisition debt is fully serviced from the rents received from the new dwellings.

1.44 A number of housing acquisitions, development schemes and land acquisitions have been approved as noted in the HIP at appendix 4, some of which will be funded using borrowing from the PWLB to ensure that sufficient balances remain in the MRR and CIR. There are two historical material Land Purchases contained within the HIP which are yet to have the development plans approved. It is expected that these sites will warrant separate Cabinet approval with the Housing Strategy and Development Team working on the optimum development plan to ensure that these schemes are financially beneficial to the HRA. The cost of carrying these land acquisitions is one of the negative contributing factors to the HRA BP's reducing CIR and MRR balances up to 2025/26. It is expected that once the sites have been developed the rental income will improve the long-term projections for the HRA BP significantly and is likely to improve the capability to repay more of the Self-Financing Debts. Nevertheless, the short term negative financial impact on the HRA is material and must be noted where large parcels of land are purchased especially when there is a significant time lag between purchase and sales or occupation of homes taking place to generate rental income. Alternative delivery models are also being explored that may enable the land to be developed outside the limited capacity of the HRA BP or in partnership with other entities.

1.45 The ongoing construction and acquisition projects for new homes aim to offset the projected reduction in the HRA stock resulting from continuation of Right to Buy sales at current levels. The below table shows the anticipated total stock changes as at 2072/73 including potential additional dwelling acquisitions and developments being explored as part of the Councils ambitious housing development plan:

Term	Approved New Build Homes in the HIP & BP	Buy Back of Ex Council Homes	Right to Buy Sales & other Stock Loss	Net HRA stock reduction
2023/24 to 2072/73	+108*	+453	- 1617	-1056

* Assumes all ongoing and previously approved plans are maintained.

1.46 The model above demonstrates that even with the potential 561 additional dwellings the net HRA stock reduction is still 886 dwellings in deficit over the 50 year plan. To negate the losses from Right to Buy an additional 1056 dwellings would need to be acquired.

1.47 The Council entered the Right to Buy Capital Receipts Pooling arrangement with MCHLG in 2012 in line with HRA Self Financing legislation. As part of the agreement the Council is only able to retain a predetermined % of the Right to Buy Capital Receipts which is how the Council re-acquires replacement housing stock lost through Right to Buy. The level of an authority's retainable Right to Buy receipts in any year also known as 1-4-1 Capital Receipts is the total amount of its Right to Buy Sales receipts it can keep to buy replacement housing stock.

1.48 An extract of the Councils receipts retained in 2022/23 are noted below to demonstrate that in reality, these receipts are not adequate to enable the purchase of replacement housing at the rate it is lost.

RTB Pooling Summary	£	%
WDC HRA Transaction Cost	40,300	1
WDC HRA Debt Contribution	870,590	23
WDC General Fund Share (any purpose)	413,625	11
WDC Buy Back Allowance	102,907	3
WDC 1-4-1 Allowance	2,441,248	63
Cumulative Receipt	**3,868,670**	**100**

1.49

31 Properties Sold - Amount of buy backs and 1-4-1 receipts to purchase replacements per property	82,070

1.50 From 1 April 2021 the Ministry of Housing, Communities and Local Government (MHCLG) changed the rules in the Right to Buy (RTB) Pooling Receipts Retention Agreements between the Secretary of State and authorities under section 11(6) of the Local Government Act 2003 to enable them to retain increased RTB receipts and made amendments to the Local Authorities (Capital Finance and Accounting) Regulations 2003 that came into force on 30 June 2021.

A summary of the changes affecting the HRA BP are:

- The time frame local authorities must spend new and existing RTB receipts before they breach the deadline of having to be returned to Central Government has been extended from 3 years to 5 years on the understanding this will make it easier for local authorities to undertake longer-term planning.
- The percentage cost of a new home that local authorities can fund using RTB receipts was also increased from 30% to 40% to make it easier for authorities to fund replacement homes using RTB receipts, as well as making it easier to build homes for social rent.
- Authorities can use receipts to supply shared ownership and First Homes, as well as housing at affordable and social rent, to help build the types of home most needed in their communities.

1.51 The Councils Policy is to spend the 1-4-1 capital receipts in line with the new 40% rule within the 5-year deadline on housing acquisition and development schemes as the RTB pooling rules will allow. Prior to this policy change the Council always managed to meet the deadlines associated with the 3-year rule. Appendix 4 shows that the balance of any remaining receipts in the 5-year cycle will be used to support housing construction/acquisitions within the plan.

1.52 There is no such repayment time limit on the councils Buy Back capital receipts, the Council has ensured they are used annually in line with the 50% funding rule to reduce the cost of acquiring former Council Homes.

1.53 A number of options will continue to be considered to mitigate the reduction in HRA stock including:

- Acquisition of existing homes
- Acquisition of s106 affordable homes
- Redevelopment of existing HRA homes
- New build on Council owned land, including garage sites
- New build on acquired land
- Joint venture options
- Buy Back of Social Housing

1.54 The Council has officially been awarded "Affordable Housing Investment Partner" status from Homes England (HE) in 2020. Where available, grant will be sought to support currently approved and potential new housing schemes to lessen the impact on the HRA BP. Appendix 4 shows that £0.5m further grant will be received and this is on top of the £4.6 in grants already received in last financial year to support the funding of schemes.

1.55 Due to this new agreement with HE and to ensure that all future acquisitions remain viable, all future Affordable Housing Acquisitions linked with Homes England will need rents to be set at the national standard of Affordable rents which are 80% of local market rents. Existing Affordable Housing tenants housed in the HRA's current affordable schemes will continue to pay the historic "Warwick Affordable" rents for the remainder of their tenancy which are charged at a mid-point between Local Market Rent and Social Rent to buffer the impact of this change. This policy change was approved in the HRA Rent Setting report in February 2024 and is assumed in the HRA BP projections.

1.56 As part of the HE capital grant conditions, the Council has a new legal responsibility to maintain a recycled capital grant register in the case that the HRA ever disposes of any land or dwellings which were funded using HE Affordable Homes Grant. In the case of a RTB sale or sale of land the Council must either pay back the capital receipt to HE or recycle it and reinvest it by purchasing a replacement affordable home compliant dwelling. This register will be maintained in perpetuity for as long as the dwellings and land are held on the Council's HRA asset register. It is expected that Right to Buy sales to dwellings purchased using HE grant will only start in 7-15 years when the new build dwellings become affordable to tenants with longer RTB discounts.

1.57 It has recently been investigated that where HE grant is used to fund a affordable housing scheme an exemption from the RTB pooling agreement can be claimed to enable the Council to retain more of the capital receipt if RTB sales occur on new build stock. If this is found to be an exemption that the Council can claim, it is recommended that this is implemented to improve the financial viability of the HRA PB and its ability to purchase replacement housing stock lost though RTB.

1.58 The Council and registered providers can purchase affordable, social rent and shared ownership dwellings from developers at below market value as they are subsidised by the Homes England Affordable Homes Programme 2020-2024. It is usual for a mix of social, affordable, and shared ownership dwellings to be sold in a pre-agreed mix, in line with planning regulations. This enables the Council to increase stock numbers by enabling the dwellings to be purchased at below market value, allowing the Council's HRA to fund the purchase using the reduced levels of social and affordable rents which must be charged to tenants residing in social and affordable dwellings.

1.59 When shared ownership dwellings are purchased as part of affordable homes acquisitions the Council's HRA must find buyers to purchase between 10-25% of the dwelling initially and then pay a % of market rent for the remaining % of the dwelling. This initial % purchase in turn generates a capital receipt for the Council's HRA which is retained to cross subsidise the cost of the Council purchasing the dwellings in such schemes. The shared owners are then able to buy a further % of the dwelling known as "staircasing" until they own 100% or a locally capped % of the dwelling in some circumstances. There is no requirement for the owner to purchase latter % shares, Appendix 4 shows that £7.623m is anticipated from shared ownership sales in the 10-year HIP.

1.60 All shared ownership capital receipts must be retained by the Council's HRA to ensure the HRA BP remains viable and such receipts are reinvested to reduce acquisition expenditure.

1.61 Industry experts Savills advised the negative impact of the cost of living crisis and Covid-19 pandemic will be felt for 3-5 years due to fluctuating rent inflation and increased rent arrears due to the economic uncertainty. Appendix 6 shows an analysis of the changes in rent arrears from 2021/2022 to 2022/23 using an extract from the Council's Financial Statements. Net arrears have reduced by £187k, however, this has not negatively affected the bad debt provision which remains the same as last financial year.

1.62 During the Pandemic smart rent arrears software was purchased which has resulted in minimal arrears increases alongside introducing a number of approaches to reduce the levels of arrears caused by the Covid-19 pandemic. It is anticipated that this is a temporary increase in arrears will return to pre-pandemic levels in due course as the economy recovers.

1.63 The HRA BP will continue to be carefully monitored, the stock condition information maintained and improved, and an annual review of the underpinning assumptions undertaken to allow any further revisions to be reported to Cabinet as part of the HRA budget setting process. However, members will note that there is still a considerable level of uncertainty in respect of the current volatile economic conditions, high inflation and the costs of living crisis, prudent assumptions have been factored into this model as noted in Appendix 1 but if the economy does not recover fully in the next 3-5 years this could impact the BP further and may impact the HRA's ability to provide the same level of Climate Change and Stock Condition works.

2 Alternative Options

2.1 The assumptions underpinning the HRA BP could be left unchanged from those that underpinned the version approved by Cabinet in 2023. This has been rejected as it would result in the BP not reflecting the most up to date policies, strategies, and research on the conditions of the local housing and land markets. The plan would therefore not be able to deliver services in a way that is viable, maintain services and service the debts taken on by the Council.

2.2 Members could choose to vary the assumptions within the HRA BP or agree alternative policies, service standards and investment options. If these alternative options were financially viable and deliverable, the HRA BP could be amended. However, officers consider that, given the uncertainties around what will ultimately emerge into legislation from the Housing and Planning Act, it would be prudent to retain the current assumptions and policy positions that underpin the HRA BP at this stage.

3 Legal Implications

3.1 There are no Human Rights Act implications relating to this Business Plan. Legal implications and the associated financial cost of compliance to national housing standards and Government rent policy have been incorporated into the HRA BP.

4 Financial

4.1 Effective monitoring and forecasting of expenditure and income is a fundamental part of the proper financial management of the Council, enshrined within the Code of Financial Practice and the monthly Budget Review process.

4.2 Under the 'Self Financing' regime the Council took on £136.2m of debt in return for the ability to locally determine decisions on future investment in the housing stock, management services and building the financial capacity to provide new homes. It is essential to project income and expenditure over the full 50-year plan rather than the 5-year period used for the Medium-Term Financial Strategy, although actual investment programmes will continue to be managed and monitored on shorter periods.

4.3 A series of informed assumptions underpin the income and expenditure projections and changes to these provide the basis for revisions to the HRA BP. For example, at the 31st March 2023 the Council owned approximately 5,543 socially rented, affordable rent homes and shared ownership properties as shown in appendix 5. Sale of properties impacts on both income and expenditure – there is a marginal reduction in maintenance and improvement costs, which fluctuate through the plan period, and a more significant one in terms of lost rental income which is fixed throughout the plan period and projected to increase annually. It has been assumed that the number of RTB sales will stay at reduced levels of 28 units for the next 2 years, 30 units for 4 years after that. Then continue as per current levels at approximately 32 units per year. Sale levels are influenced by the discounts available to tenants, the availability of mortgage finance and the prevailing market prices of homes in the district.

4.4 The Housing (Right to Buy) (Limit on Discount) (England) Order 2014 (the Order) provides for an annual change to the maximum Right to Buy discounts. This change is calculated in line with the percentage change in the Consumer Prices Index (CPI) published by the Office of National Statistics (ONS) from the September before the previous year to the September of the previous year. This increase takes effect on 6 April each year.

4.5 The Department indicated it would inform Right to Buy landlords in January each year of the new maximum Right to Buy discounts for the following financial year, based on the relevant September CPI figure. In respect of the financial year 2023/24, the relevant September 2023 CPI figure is 6.7 per cent and the new maximum discounts for 2024/25 will be £102,400. The revised HRA BP set out at Appendix 2 shows that over the 50-year business plan the Council will suffer a net loss of properties through RTB even if the potential new build numbers, referred to in paragraph 1.46 and themselves dependent on a range of financial viability considerations and the availability of suitable development sites, are achieved. However, the viability of the HRA BP is not compromised by this potential net reduction in stock levels and, as options to replace the RTB losses are worked up, there will be a further revision to the BP.

4.6 The MRR is used to fund capital repairs of the HRA stock. The contributions to the reserve are based on depreciation calculations which fluctuate depending on overall HRA stock component values.

4.7 The HRA BP presents the financial position as at the date reported to Cabinet and includes all pre-approved housing acquisitions and development schemes to date.

5 Corporate Strategy

5.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation:

5.2 Delivering valued, sustainable services **–** Better return/ use of our assets. Full cost accounting, continued cost management. Seek best value for money, ensuring that the HRA is able to set a balanced budget whilst maintaining service provision.

5.3 Low cost, low carbon energy across the district - Where possible we have reduced the charges of energy to our tenants by spreading increases over an average of 3 years. In 2024/25 we also increased charges based on the actual cost on a property-by-property basis to keep increases to a minimum.

5.4 Creating vibrant, safe and healthy communities of the future - The HRA budgets provide the necessary resources to enable tenants' needs to be met and support improvement of services relating to Council Housing Stock. Setting sufficient budgets and planning for the future ensures the business plan remains viable to meet service provision and provide a safe environment for residents.

6 Environmental/Climate Change Implications

6.1 As part of the HRA repairs, maintenance, replacement and investment work, consideration is given to the environmental impact. The Council has a work programme for decarbonising and increasing the energy efficiency of the housing stock in response to the Climate Emergency declared by the Council. The Council is focused on delivering Council dwellings and services which enable them to meet their agreed strategic outcomes.

7 Analysis of the effects on Equality

7.1 Tenants of Council housing include some of the most marginalised and disadvantaged households within our communities. Providing tenants with a home that is built and maintained to a decent standard, is safe and energy efficient will improve the quality of life of occupants, enabling their home to be a springboard to achieve better health, education, and life outcomes.

8 Data Protection

9 Not Relevant **Health and Wellbeing**

9.1 See Paragraph 7.1

10 Risk Assessment

10.1 The HRA BP will continue to be regularly monitored and an annual update provided to Cabinet to ensure the financial model remains robust.

10.2 Inflation continues to be high due to the ongoing War in Ukraine and the Cost-of-Living Crisis still impacting on UK's economy. Prior to these fluctuations an expectation of CPI and RPI inflation was 1.5%-2.00% annually. In comparison CPI reached 11.1% and RPI 14.2% in 2022/23. Current inflation as per the most recent ONS published data is 4% as at Dec 2023, this is still higher than pre-pandemic levels.

10.3 Universal Credit mass migration is currently starting across the district with a view that all those on legacy benefits will need to apply by May 2024, when any current legacy benefits will end. There is a risk this mass roll out will affect arrears as those that don't apply or may not how to, could effectively have no income.

10.4 The bad debt provision within the HR BP will remain at 1.6%. This will be assessed regularly.

10.5 In respect to future borrowing to facilitate house building as per the October 2018 removal of the HRA Borrowing Cap there are risks relating to the % rate that the Council is able to borrow and the impact to the associated interest that must be paid alongside the repayment of the loan principal. This issue will be kept under close watch and Link Treasury Management will be consulted regularly for forecasts.

The interest rate charged by the PWLB fluctuates daily. If borrowing is assessed as the preferred method of funding each scheme will be evaluated on viability including the cost of borrowing and if PWLB rates are deemed to be too high alternative sources of borrowing from other reputable organisations will need to be considered.

11 Consultation

11.1 It is recommended the review of the HRA BP and HRA HIP are approved to enable the budgets to be revised accordingly.

11.2 It is recommended the HRA BP continues to be revised annually as a minimum.

Background papers:

- HRA Business Plan – Cabinet December 2023
- HRA Budget and Rent Setting Report – Cabinet – February 2024

Supporting documents:

- Appendix 1 HRA Business Plan Assumptions
- Appendix 2 HRA Business Plan Projections
- Appendix 3 HRA Business Plan Variances
- Appendix 4 Housing Investment Plan (HIP)
- Appendix 5 HRA Stock Valuations
- Appendix 6 HRA Rent Arrears and Bad Debts

Appendix One: Housing Revenue Account Business Plan Assumptions 2024

Assumption	2023 Business Plan	2024 Business Plan	Explanatory Notes
2012 Self Financing Borrowing	50 Year Maturity Loan Interest payment will continue to be facilitated until 2051/52 with a view to the Capital Repayment being re-financed in line with specialist Treasury Advice over a phased period of 2051/52-2061/62 resulting in the £136.2m Self Financing loan capital repayment fully or partially being profiled over a further Period with a view to the debt being fully repaid at a later date. This will be considered and reviewed in the next 30 years	No Change to 2023 Assumptions	A 50 Year Maturity Loan from the PWLB originally resulted in the £136m loan being settled in full by 2061/62. The debt profiling of the current PWLB maturity loan capital repayments in 2051/52-2061/62 was causing severe restrictions on the HRA Business Plan. Specialist Treasury Management Advice has been sought in relation to refinancing this debt to enable more flexibility in the Business Plan and to enable a further level of flexibility in relation to dealing with the unknown financial impacts of cost of living crisis that has seen inflation rise and the ability to continue to deliver the construction and purchase of Social and Affordable housing to meet local housing need during this period.
Warwick Affordable Rents	All new Affordable rents to be set at the National Rent Policy Levels of 80% of Market Rents. Existing tenants will not be affected by this change and will continue to pay rents calculated using the “Warwick Affordable Rents” Calculation. Prior to 2020 Affordable rents were set at a Special “Warwick Affordable Rent” which is calculated at a lower rate of affordable rent which is effectively the mid-point between affordable and social rent.	No Change to 2023 Assumptions	The National Rent Policy States Affordable Rents are to be set at 80% of market rents in line with being granted permission from Homes England to become an investment partner. Warwick Affordable Rents were historically set at a point where only relatively small levels of stock were given permission from Homes England to charge affordable rents, now that the council has achieved Homes England Investment Partner Status this policy is not deemed effective and reduces the viability of housing construction and acquisition schemes moving forwards.

Assumption	2023 Business Plan	2024 Business Plan	Explanatory Notes
	Where Benefit is used as payment for Affordable Rent (dependant on specific circumstances) 80% of Market Rate Rent can be claimed (Housing Benefit/Universal Credit) which in some cases will be in excess of the Local Housing Allowance (LHA) rates used for rent caps in the private sector		As this was a change to Rent policy in 2020 this request was included for authorisation in the HRA Rent Setting Report in February 2021 with Existing Tenants paying rents using the Warwick Affordable calculation being able to continue until their tenancy ceases in applicable housing stock. Where Benefit is used as payment for Affordable Rent (dependant on specific circumstances) 80% of Market Rate Rent can be claimed (Housing Benefit/Universal Credit) which in some cases will be in excess of the Local Housing Allowance (LHA). LHA rates are used for rent caps in the private sector and are not applicable to the Councils Social or Affordable Housing Rents as long as the rents are set in line with national rent policy then benefit will cover the cost of the weekly rent in most circumstances in line with DWP legislation.
General Inflation	Salary Inflation for the next year to be estimated at September 2020 CPI 1.5% +1% = 2.5% Contract Inflation Estimated at 2% Long Term Rents Inflation estimated over the remaining plan on average to be CPI + 1% = 2% p.a. Fuel Inflation – Fixed 3-year contract so not inflated.	Salary costs have been inflated in line with the Local government pay settlement announced in the Autumn Statement on 17th November 2022. Contract inflation for repairs and major works has increase significantly due to high inflation and where applicable has been inflated between 10-13% depending on the inflation indices generally linked to RPI at a certain month which differs in each contract.	The economic impact of high inflation, Cost of Living Crisis and economic instability, has seen CPI and RPI Increase significantly in at the beginning of 2023, this gradually reduced towards the end of 2023 but still remains higher than pre-pandemic levels. To ensure prudence an estimate of future salaries, contracts, rent and fuel inflation increases has been factored into the financial modelling to ensure that realistic assumptions have been built into the HRA BP.

Assumption	2023 Business Plan	2024 Business Plan	Explanatory Notes
		Long term Rent Inflation from years 5-50 of the HRA BP has been assumed at 2% Fuel Inflation – Electricity Costs have doubled, and Gas costs have quadrupled as per ESPO in line with a newly procured contract. All other general expenditure between 2023/24 & 2024/25 has been inflated by 2% as part of the Councils Budget setting process.	Housing Industry assumptions suggest a fluctuating economic impact with be felt for the next 3-5 financial years, in the prior business plan it was anticipated inflation would remain at very low levels however we have seen inflation rising and other costs increasing.
Homes England Grant	The Council has been awarded Home's England Investment Partner status and is able to bid for Affordable Homes Grant when considering the viability of housing construction and purchase schemes, where deemed viable Homes England Grant will be sought as a preferential means of financing schemes in line with applicable conditions attached. In Prior Business Plans only small or limited schemes have incorporated Homes England Grant subsidy.	No Change to 2020 Assumptions	Homes England are able to award the Council grant subsidy in the HRA in the form of a recyclable conditional capital grant which contributes to the cost of construction of Social, Affordable and Shared Ownership Housing which ensures the deliverability of much needed housing in the district and increases the viability of the HRA Business Model
Social & Affordable Dwelling Rents	CPI would have been 10.8% in September +1% meaning social and affordable rents would have to be increased by 11.8% which was considered unaffordable to tenants by central government.	From 2024/25 CPI+1 = 7.7%, based on September CPI being 6.7% using Office for Budgetary Responsibility Forecasts	From April 2020 the Government advised a new rents policy stating rents charged are to increase by CPI + 1% per year based on September CPI for a five-year period. However due to the cost-of-living crisis and CPI increasing to 11% in Q3 of the 2022/23 financial year the government announced a

Assumption	2023 Business Plan	2024 Business Plan	Explanatory Notes
	The Government instead has enforced a new 7% Rent Cap for 1 year in 2023/24 in place of national rent policy inflation.	From year three onwards it is assumed CPI will return to the 2% and continue at that level for the remainder of the business plan. All void properties rents will be revised to target social rent.	7% Rent Cap in the 17th of November Autumn Statement. The Cap is for 1 financial year. Following this the Office for Budgetary Responsibility is forecasting CPI at approximately 6.7% in September 2023 so if the Cap is removed and CPI+1% is allowed again as per the National 2020 Rent policy the rent inflation at CPI+1% in April 2024 a rent increase of 6.7% has been applied to the Business Model. After that point inflation is expected to return to 2.5% for longer term estimates. For void properties, the Council is able to set the base rent as the Target Social Rent (also known as Formula Rent).
Shared Ownership Dwelling Rents	In 2023/24 a 7% Rents Cap was applied to the Shared Ownership Rents in place of applying National Rent Policy of RPI+0.5% which in November 2022 was 14% so rents would have been inflated by 14.5%. Even though the 7% Cap was not specifically included in the rent cap legislation, the National Housing Federation advised registered providers to voluntarily adopt this cap due to the abnormally high RPI indices and in line with assisting tenants in the cost-of-living crisis.	On 12th October 2023 it was announced, rents for new Shared Owners will increase once a year by no more than the Consumer Prices Index (CPI+1%) meaning a total increase of 7.7% from April 2024 Existing Share Ownerships will remain on RPI+.05. In 2023/24 RPI had reduced to 5.3% by November 2023. Therefore, rent inflation of 5.8% has been applied for 2024/25. After this point a 2.5% long range estimate has been applied for the remainder of the business model	Existing shared ownership tenancies will continue to adopt lease agreements based on the existing Housing & Communities Agency (HCA) template lease with rents increased by RPI + 0.5% annually, new share ownership tenancies will go up by CPI +1%. The Impact the economic instability in 2022 has rapidly and unexpectedly increased RPI in such a short period of time. For modelling purposes these fluctuations have been fed into the HRA BP, in years 3-50 averaged out at 2.5% for the remainder of the business plan to reflect the economy recovering and to ensure prudence.

Assumption	2023 Business Plan	2024 Business Plan	Explanatory Notes
		which is in line with historic RPI levels.	
Garage Rents	Increase of 10% per year for 5 years from 2020/21. CPI + 1% for the remainder of the business plan following this 5-year period. Averaging at 2%	No Change to 2023 Assumptions	Garage rent increases are not governed by national guidance. Any increase that reflects costs of the service, demand, market conditions and the potential for income generation can be considered. In 2020 an Increase of 10% per year for 5 years was approved until 2025/26. CPI + 1% averaging at 2% is assumed for the remainder of the business plan after 2025 when CPI should return to normal levels. Historically 2018/19 incurred an Increase of 5% per year and prior to this an average £4 per garage increase was in place until 2017-18.
Rents Other	Increase by assumed long term CPI of 2% per year for the remainder of the business plan.	No Change to 2023 Assumptions Shop and commercial property rent reviews are undertaken upon the grant of a new lease/tenant using market commercial rent valuations.	Within the Housing Revenue Account, the Council has a number of shops and etc. which whilst still forming part of its Operational non-current assets are leased out on a commercial basis in order to derive rental income.
Bad Debts as a % of Gross Rents	In real terms in 2022/23 there was no change to the previous year contribution to the Bad debts provision and no further amounts were needed to be written off and	Due to the mass migration of the universal credit completing May 2024. The bad debt provision within the HR BP will remain at 1.6%. This will be assessed regularly.	The continuation of economic instability must be treated with caution so a prudent estimate of 1.6% is adopted.

Assumption	2023 Business Plan	2024 Business Plan	Explanatory Notes
	in the 2021/22 Outturn report presented to 29th September Cabinet this was presented in Item 4 Appendix B For prudence and in light of current economic instability and uncertainty of the future a 1.8% provision will be estimated for 2023/24. The remainder of the business plan will reduce to 1.6% in line with pre-Covid-19 economic conditions. Appendix 6 of this report shows that the balance of the Bad Debts Reserve of £1,980m has only slightly changed in comparison to the last financial year.		The Governments various tenant and rent protection schemes over the pandemic have ensured arears and bad debts have remained manageable. Prior to Covid-19 the Government began to introduce Universal Credit across the county in 2015. Initially it was expected that this change to Universal Credit would increase the level of bad debts significantly but the phasing of this roll out seems to have negated this assumption.
Void Rent Loss as a % of Gross Rents	0.7%. for housing rents. 26% for garage rents.	0.7%. for housing rents. 26% for garage rents.	Housing voids of 0.7% are driven by the need to repair and maintain stock in between tenancies, and an increased focus on ensuring tenants are in the most suitable housing stock. Approximately 26% of garage stock is vacant. Housing voids have not been negatively affected by the impact of Covid-19 so this assumption will not change.
No. of Garages Demolished	42 Garages were demolished in 2017/18. It is currently assumed	No Change to 2023 Assumptions	Garage sites are regularly reviewed to assess, where appropriate, sites to be

Assumption	2023 Business Plan	2024 Business Plan	Explanatory Notes
	no further garages will be demolished in the Business Plan		considered for future redevelopment and parking needs. A review is currently being undertaken and developments will be presented to Cabinet for approval.
Management Costs	No changes to overall structure agreed at Budget Setting. Costs to increase by CPI +1%. When homes sold, assume no saving in management costs.	No changes assumed to business plan other than specific inflation increases on specific costs that have been inflated as part of the budget setting process. When homes sold, assume no saving in management costs. When new dwellings are adopted increase management costs in line with average costs per dwelling	Staffing and newly adopted housing stock costs for future years will be updated on an annual basis as changes become apparent.
Revenue Repairs & Maintenance Costs	Assume a one off increases of 10-13% on Materials/Labour on specific Major works and repairs contracts for 2023/2024 When dwellings sold, save 100% of average unit repairs cost. When new dwellings are adopted increase using average costs per unit.	Annual costs increase of CPI + 1% assumed + additional 1% to take account of changes in building materials cost. When dwellings sold, save 100% of average unit repairs cost. When new dwellings are adopted increase using average costs per unit.	Moving to Schedule of Rates and prices will increase in line with RPI plus a percentage to reflect the increase in the costs of building materials. Dwellings lost through right to buy sales and acquisitions of social, affordable, and shared ownership dwellings will be adjusted for. When new dwellings are adopted increase using average costs per unit appropriately in line with new build guarantee timescales. All Repairs and works contracts have been assessed in line with high inflation and inflated appropriately.

Assumption	2023 Business Plan	2024 Business Plan	Explanatory Notes
Capital Maintenance Costs	A 10-year Housing Improvement Plan is in place assessing each of the 10 years independently in line with Stock Condition Survey, Climate Emergency Works, and Fire Safety works, alongside Grant funded works. After this 10-year period annual costs increases assumed at CPI + 1%. Assume a 1 off increases of 10-13% on Materials/Labour on specific Major works and repairs contracts for 2023/2024	A 10-year Housing Improvement Plan is in place assessing each of the 10 years independently in line with Stock Condition Survey, Climate Emergency Works, and Fire Safety works, alongside Grant funded works. After this 10-year period annual costs increases assumed at CPI + 1%.	Specialist Capital works such at Fire Safety and Climate Change works are accounted for separately in the business plan using an updated 10-year Housing Investment Plan. Dwellings lost through Right to buy sales and acquisitions of Social, affordable, and shared ownership dwellings will be adjusted for. All Capital Maintenance Contracts have been assessed in line with high inflation and inflated appropriately.
No. of Right-To-Buy Sales	1,636 total RTB sales are estimated over the full 50-year business plan	1617 total RTB sales, a small reduction on the previous business plan.	It is anticipated the current economic uncertainty will maintain a lower lever of sales for the next 2-5 years. A reduction of estimated sales to 28 units will be assumed in the next 2 years, 30 for the following 4 years, gradually returning to pre-covid levels of 32 sales per year from 2030/31 after this for the remainder of the business plan.
Income from RTB sales reserved for 1-4-1 replacement	£600k for the HRA and £450k for the GF in RTB receipts for 2022/23 and 2023/24 Assume an increase to pre-pandemic levels of sales and increase to £1.4m for the remainder of the BP.	£500k for the HRA and £450k for the GF in RTB receipts for 2023/24 and 2024/25 Assume an increase to pre-pandemic levels of sales and increase to £1.4m for the remainder of the BP.	The Council entered the Right to Buy Capital Receipts Pooling arrangement with MCHLG in 2012 in line with HRA Self Financing. As part of the agreement the Council is only able to retain a predetermined % of the Right to Buy Capital Receipts. The reduction in RTB Sales during the pandemic has resulted in a reduction in the

Assumption	2023 Business Plan	2024 Business Plan	Explanatory Notes
			sales receipts retained to support 1-4-1 replacement of sold homes. From 1 April 2021 (MHCLG) changed the rules in the Right to Buy (RTB) Pooling Receipts Retention Agreements. A summary of the changes affecting the HRA BP are: • The timeframe to spend increased from 3 years to 5 years. • The percentage to fund new homes increased from 30% to 40% • Authorities can use receipts for ownership and First Homes, affordable and social rent,
Income from RTB sales available for any purpose	£0	No Change to 2023 Assumptions	Assume council continues current policy of using such receipts to support General Fund Capital Financing in line with the Right to Buy Receipts Pool Legislation Local authority share - calculated to approximate to what authorities General Fund would have retained had the pre-2012 pooling system continued when they retained 17% of all net RTB receipts.
New Homes - Rents	A mix of Warwick Affordable, Social Rent, Shared Ownership.	A mix of "National" Affordable, National Affordable, Social Rent and Shared Ownership.	New properties will be let as specified in the mix at the time of acquisition or as per the Section 106 specification. A mix of Social Rent, Shared Ownership, and National Affordable and Affordable Rent will be applicable. Warwick affordable rents were historically set mid-way between Target Rent and National Affordable rent (80% of market

<table>
<tr><th>Assumption</th><th>2023 Business Plan</th><th>2024 Business Plan</th><th>Explanatory Notes</th></tr>
<tr><td></td><td></td><td></td><td>rent) however National levels of Affordable Rents were adopted on new Affordable Housing Stock from 2020 onwards.</td></tr>
<tr><td>Interest Rate on HRA Balances</td><td>0.7% over the life of the BP.</td><td>No Change to 2023 Assumptions</td><td>Income from Interest generated from HRA Balances</td></tr>
<tr><td>Interest Rate on HRA Debt</td><td>Actual rates for current debt (average 3.5%)</td><td>No Change to 2023 Assumptions</td><td>This is a fixed rate of interest on the HRA Self Financing debt over the life of the loan. Authorisation to refinance the repayment of the loan was ascertained in 2020 but the original loan agreement states the loan is due to be repaid in phases over a 10-year period annually from 2051/52 to 2061/62.</td></tr>
<tr><td>PWLB Borrowing Rates on New Borrowing</td><td>New PWLB Borrowing using Annuity Loans has been forecast at the interest rates as per the below table by Link Treasury Management Services. These percentages are net of the 0.2% certainty discount the council receives for providing an annual capital financing plan to the PWLB.
<table>
<tr><th>Year</th><th>%</th></tr>
<tr><td>2022/23</td><td>3.9</td></tr>
<tr><td>2023/24</td><td>3.7</td></tr>
<tr><td>2024/25</td><td>3.6</td></tr>
<tr><td>2025/26</td><td>3.5</td></tr>
<tr><td>2026/27</td><td>3.0</td></tr>
<tr><td>2027/28</td><td>3.0</td></tr>
<tr><td>2028/29</td><td>3.0</td></tr>
<tr><td>2029/30</td><td>3.0</td></tr>
<tr><td>2030/31</td><td>3.0</td></tr>
</table></td><td>Taking the 50-year rate average from the Link and Capital Economics as a proxy for the 40-year loans. The long-range forecast with economy recovering show the % will not drop below 3.5% or anywhere near pre-pandemic levels.
<table>
<tr><th>Year</th><th>%</th></tr>
<tr><td>2024/25</td><td>4.1</td></tr>
<tr><td>2025/26</td><td>3.9</td></tr>
<tr><td>2026/27</td><td>4.0</td></tr>
<tr><td>2027/28</td><td>3.5</td></tr>
<tr><td>2028/29</td><td>3.5</td></tr>
<tr><td>2029/30</td><td>3.5</td></tr>
<tr><td>2030/31</td><td>3.5</td></tr>
<tr><td>2031/32</td><td>3.5</td></tr>
</table></td><td>The Covid-19 pandemic saw Borrowing rates for the HRA in 2020-2021 drop as low as 0.6% and increase up to 6.5% in the recent economic instability.

Where new borrowing has already been secured for acquisition and developments the actual PWLB rate secured on that borrowing is included in the business plan.</td></tr>
</table>

Assumption	2023 Business Plan	2024 Business Plan	Explanatory Notes
	Long range forecast with economy recovering show the % will not drop below 3% or anywhere near pre-pandemic levels.		
Depreciation	75 Years	No Change to 2023 Assumptions	The depreciation policy for the life of the Housing Stock will be changed from 50 years to 75 years on 2019 as per consultation from property valuation experts Carter Jonas.

Appendix Two : HRA Business Plan Projections 2023/24-2072/73 (£m)

Year	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34
	1	2	3	4	5	6	7	8	9	10	11
Projected Net Revenue Expenditure											
Housing Rent	-29.3	-31.6	-35.9	-37.2	-38.5	-39.7	-40.7	-41.8	-42.8	-43.9	-44.9
Void Losses	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Service Charges	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9
Non-Dwelling Income	-1.1	-1.2	-1.5	-1.6	-1.6	-1.6	-1.6	-1.7	-1.7	-1.7	-1.8
Grants & Other Income	-0.5	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Total Income	**-31.5**	**-33.4**	**-38.0**	**-39.3**	**-40.7**	**-42.0**	**-43.0**	**-44.1**	**-45.2**	**-46.3**	**-47.4**
Premises	1.2	1.4	1.4	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.7
Supplies and Services	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Third Party Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services (Staffing)	12.5	8.7	9.0	9.3	9.5	9.8	10.1	10.4	10.7	11.1	11.4
Capital Charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	6.2	7.0	7.1	7.2	7.4	7.5	7.5	7.6	7.7	7.8	7.8
Bad Debt Provision	0.4	0.4	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.8
Responsive & Cyclical Repairs	8.5	8.9	9.3	9.7	10.1	10.5	10.8	11.2	11.5	11.8	12.2
Total Revenue Expenditure	**28.9**	**26.4**	**27.5**	**28.3**	**29.2**	**30.0**	**30.8**	**31.6**	**32.3**	**33.1**	**33.9**
Finance Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Borrowing Interest Paid	1.4	2.2	3.3	5.2	7.5	7.8	8.1	8.5	8.5	8.5	8.5
Interest Received	-0.1	0.0	-0.1	-0.1	-0.1	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0
Other Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Operating Income	**-1.3**	**-4.8**	**-7.3**	**-5.9**	**-4.1**	**-4.2**	**-4.1**	**-4.0**	**-4.3**	**-4.6**	**-5.0**
Pension IAS 19 /Other HRA adj	-0.2	0.0	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Self Financing Debt Interest Paid	4.8	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Other Appropriations	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution to / from reserves	-2.8	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
One Off Contribution from HRA CIR Reserve - Decants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution to HRA CIR	-0.6	0.0	2.7	1.3	-0.4	-0.3	-0.4	-0.5	-0.2	0.1	0.4
Total Appropriations	**1.3**	**5.0**	**7.3**	**5.9**	**4.1**	**4.2**	**4.1**	**4.0**	**4.3**	**4.6**	**5.0**
Net Revenue Exp/(Income)	**-0.0**	**0.2**	**0.0**	**-0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
HRA Closing Balance	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**
CIR Closing Balance	**10.2**	**7.2**	**6.9**	**5.2**	**1.8**	**1.5**	**1.0**	**0.5**	**0.3**	**0.5**	**0.9**
MRR Closing Balance	**5.6**	**6.0**	**6.4**	**7.0**	**7.7**	**5.8**	**4.0**	**3.0**	**3.7**	**4.3**	**5.0**
General Funds Share of RTB UCR Closing Balance	**0.0**	**0.4**	**0.7**	**1.1**	**1.4**	**1.8**	**2.1**	**2.5**	**2.8**	**3.2**	**3.5**
RTB 1-4-1 Closing Balance	**1.6**	**2.4**	**0.5**	**1.1**	**0.5**	**0.5**	**0.5**	**0.7**	**0.8**	**1.0**	**1.0**
Total HRA Balances & Reserves	**18.9**	**17.3**	**16.0**	**15.9**	**12.9**	**11.0**	**9.2**	**8.2**	**9.1**	**10.4**	**11.9**
Reserves available for Repayment of Self Financing Debt (CIR & MRR)	**15.8**	**13.1**	**13.3**	**12.2**	**9.5**	**7.3**	**5.0**	**3.5**	**4.0**	**4.8**	**5.9**
Construction/Acquisition of Homes	44.4	29.7	9.5	9.5	9.5	0.5	0.5	0.5	0.5	0.5	0.5
Capital Maintenance & Improvement	**24.1**	**16.0**	**9.6**	**9.7**	**9.7**	**9.4**	**9.4**	**8.6**	**7.0**	**7.1**	**7.2**
Total Capital Expenditure	68.5	45.7	19.2	19.2	19.2	9.9	9.9	9.1	7.5	7.6	7.7
Projected Borrowing											
Self Financing Maturity Loan Borrowing b/f	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2
Self Financing Loans Repaid	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Self Financing Borrowing c/f	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2
New Annuity Loan Borrowing	25.0	33.4	5.8	37.8	48.5	6.0	7.9	8.0			
Cumulative Borrowing Net Balance b/f	24.7	57.9	63.0	100.2	147.6	151.9	157.9	163.8	161.6	159.3	156.9
Capital Repayments	**-0.3**	**-0.6**	**-0.7**	**-1.1**	**-1.7**	**-1.9**	**-2.0**	**-2.2**	**-2.3**	**-2.4**	**-2.5**
New Borrowing c/f	24.5	57.3	62.3	99.1	145.9	150.0	155.9	161.6	159.3	156.9	154.4
Total Borrowing c/f	**161**	**193**	**199**	**235**	**282**	**286**	**292**	**298**	**296**	**293**	**291**

Year	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43	2043.44
	12	13	14	15	16	17	18	19	20	21
Projected Net Revenue Expenditure										
Housing Rent	-46.0	-47.2	-48.3	-49.5	-50.7	-52.0	-53.3	-54.6	-55.9	-57.3
Void Losses	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Service Charges	-0.9	-0.9	-1.0	-1.0	-1.0	-1.0	-1.0	-1.1	-1.1	-1.1
Non-Dwelling Income	-1.8	-1.9	-1.9	-1.9	-2.0	-2.0	-2.0	-2.1	-2.1	-2.2
Grants & Other Income	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Total Income	**-48.5**	**-49.7**	**-50.9**	**-52.2**	**-53.4**	**-54.7**	**-56.1**	**-57.4**	**-58.8**	**-60.2**
Premises	1.7	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.0	2.0
Supplies and Services	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Third Party Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services (Staffing)	11.7	12.1	12.4	12.8	13.2	13.6	14.0	14.4	14.9	15.3
Capital Charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	7.9	8.0	8.1	8.2	8.2	8.3	8.4	8.5	8.6	8.7
Bad Debt Provision	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	1.0
Responsive & Cyclical Repairs	12.6	12.9	13.3	13.7	14.1	14.6	15.0	15.4	15.9	16.4
Total Revenue Expenditure	**34.8**	**35.6**	**36.5**	**37.4**	**38.4**	**39.3**	**40.3**	**41.3**	**42.4**	**43.5**
Finance Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Borrowing Interest Paid	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Interest Received	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
Other Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Operating Income	**-5.3**	**-5.6**	**-5.9**	**-6.3**	**-6.6**	**-7.0**	**-7.4**	**-7.7**	**-8.1**	**-8.5**
Pension IAS 19 /Other HRA adj	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Self Financing Debt Interest Paid	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Other Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution to / from reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
One Off Contribution from HRA CIR Reserve - Decants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution to HRA CIR	0.8	1.1	1.4	1.8	2.1	2.5	2.9	3.3	3.6	4.0
Total Appropriations	**5.3**	**5.6**	**5.9**	**6.3**	**6.6**	**7.0**	**7.4**	**7.7**	**8.1**	**8.5**
Net Revenue Exp/(Income)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
HRA Closing Balance	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**
CIR Closing Balance	**1.6**	**2.7**	**4.2**	**5.9**	**8.1**	**10.6**	**13.5**	**16.7**	**20.4**	**24.4**
MRR Closing Balance	**5.7**	**6.4**	**7.1**	**7.8**	**8.5**	**9.1**	**9.8**	**10.5**	**11.2**	**11.9**
General Funds Share of RTB UCR Closing Balance	**3.9**	**4.2**	**4.6**	**4.9**	**5.3**	**5.6**	**6.0**	**6.3**	**6.7**	**7.0**
RTB 1-4-1 Closing Balance	**1.1**	**1.1**	**1.2**	**1.2**	**1.3**	**1.3**	**1.4**	**1.4**	**1.5**	**1.5**
Total HRA Balances & Reserves	**13.8**	**16.0**	**18.5**	**21.3**	**24.6**	**28.2**	**32.1**	**36.5**	**41.2**	**46.3**
Reserves available for Repayment of Self Financing Debt (CIR & MRR)	**7.4**	**9.1**	**11.3**	**13.7**	**16.5**	**19.7**	**23.3**	**27.2**	**31.6**	**36.3**
Construction/Acquisition of Homes	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Capital Maintenance & Improvement	**7.2**	**7.3**	**7.4**	**7.5**	**7.6**	**7.6**	**7.7**	**7.8**	**7.9**	**8.0**
Total Capital Expenditure	7.7	7.8	7.9	8.0	8.1	8.1	8.2	8.3	8.4	8.5
Projected Borrowing										
Self Financing Maturity Loan Borrowing b/f	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2
Self Financing Loans Repaid	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Self Financing Borrowing c/f	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2
New Annuity Loan Borrowing										
Cumulative Borrowing Net Balance b/f	154.4	151.8	149.2	146.4	143.5	140.5	137.4	134.1	130.8	127.3
Capital Repayments	**-2.6**	**-2.7**	**-2.8**	**-2.9**	**-3.0**	**-3.1**	**-3.2**	**-3.4**	**-3.5**	**-3.6**
New Borrowing c/f	151.8	149.2	146.4	143.5	140.5	137.4	134.1	130.8	127.3	123.7
Total Borrowing c/f	**288**	**285**	**283**	**280**	**277**	**274**	**270**	**267**	**263**	**260**

2044.45	2045.46	2046.47	2047.48	2048.49	2049.50	2050.51	2051.52	2052.53	2053.54	2054.55	2055.56	2056.57	2057.58	2058.59	2059.60	2060.61	2061.62	2062.63	2063.64	2064.65	2065.66	2066.67	2067.68	2068.69	2069.70	2070.71	2071.72	2072.73
22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
-58.7	-60.1	-61.5	-63.0	-64.6	-66.1	-67.7	-69.4	-71.0	-72.8	-74.5	-76.3	-78.1	-80.0	-81.9	-83.9	-85.9	-87.9	-90.0	-92.1	-94.3	-96.5	-98.8	-101.2	-103.5	-106.0	-108.5	-111.0	-113.7
0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8
-1.1	-1.1	-1.2	-1.2	-1.2	-1.2	-1.3	-1.3	-1.3	-1.3	-1.4	-1.4	-1.4	-1.4	-1.5	-1.5	-1.5	-1.6	-1.6	-1.6	-1.7	-1.7	-1.7	-1.8	-1.8	-1.8	-1.9	-1.9	-1.9
-2.2	-2.3	-2.3	-2.4	-2.4	-2.4	-2.5	-2.5	-2.6	-2.6	-2.7	-2.8	-2.8	-2.9	-2.9	-3.0	-3.0	-3.1	-3.2	-3.2	-3.3	-3.4	-3.4	-3.5	-3.6	-3.6	-3.7	-3.8	-3.9
-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
-61.7	**-63.2**	**-64.7**	**-66.2**	**-67.8**	**-69.5**	**-71.1**	**-72.8**	**-74.6**	**-76.3**	**-78.2**	**-80.0**	**-81.9**	**-83.9**	**-85.9**	**-87.9**	**-90.0**	**-92.1**	**-94.3**	**-96.5**	**-98.7**	**-101.1**	**-103.4**	**-105.8**	**-108.3**	**-110.8**	**-113.4**	**-116.1**	**-118.8**
2.1	2.1	2.2	2.2	2.2	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.8	2.8	2.9	3.0	3.0	3.1	3.1	3.2	3.3	3.3	3.4	3.5	3.5	3.6
0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15.8	16.2	16.7	17.2	17.7	18.3	18.8	19.4	20.0	20.6	21.2	21.8	22.5	23.1	23.8	24.5	25.3	26.0	26.8	27.6	28.5	29.3	30.2	31.1	32.0	33.0	34.0	35.0	36.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8.7	8.8	8.9	9.0	9.1	9.2	9.3	9.4	9.5	9.6	9.7	9.8	9.9	10.0	10.1	10.2	10.3	10.4	10.5	10.6	10.7	10.8	10.9	11.0	11.1	11.2	11.3	11.4	11.6
1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.9	1.9
16.9	17.4	17.9	18.4	19.0	19.6	20.2	20.8	21.4	22.0	22.7	23.4	24.1	24.8	25.5	26.3	27.1	27.9	28.7	29.6	30.5	31.4	32.3	33.3	34.3	35.3	36.4	37.5	38.6
44.6	**45.7**	**46.9**	**48.1**	**49.3**	**50.6**	**51.9**	**53.2**	**54.6**	**56.0**	**57.4**	**58.9**	**60.5**	**62.1**	**63.7**	**65.4**	**67.1**	**68.8**	**70.7**	**72.5**	**74.5**	**76.4**	**78.5**	**80.6**	**82.7**	**84.9**	**87.2**	**89.5**	**91.9**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	7.2	5.5	5.2	3.3	1.0	0.7	0.4	0.0	0.0	0.0
-0.3	-0.3	-0.4	-0.5	-0.5	-0.6	-0.7	-0.8	-0.9	-1.0	-1.1	-1.2	-1.3	-1.4	-1.5	-1.6	-1.8	-1.9	-2.1	-2.3	-2.5	-2.8	-3.1	-3.4	-3.7	-4.0	-4.4	-4.8	-5.2
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-8.9	**-9.3**	**-9.7**	**-10.1**	**-10.6**	**-11.0**	**-11.4**	**-11.9**	**-12.3**	**-12.8**	**-13.3**	**-13.7**	**-14.2**	**-14.7**	**-15.2**	**-15.7**	**-16.2**	**-16.7**	**-17.2**	**-19.0**	**-21.3**	**-22.2**	**-24.7**	**-27.6**	**-28.6**	**-29.6**	**-30.6**	**-31.3**	**-32.0**
-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.4	4.9	5.3	5.7	6.1	6.6	7.0	7.5	7.9	8.4	8.9	9.4	9.8	10.3	10.8	11.3	11.8	12.3	17.6	19.5	21.8	22.7	25.2	28.1	29.0	30.1	31.2	31.9	32.6
8.9	**9.3**	**9.7**	**10.1**	**10.6**	**11.0**	**11.4**	**11.9**	**12.3**	**12.8**	**13.3**	**13.7**	**14.2**	**14.7**	**15.2**	**15.7**	**16.2**	**16.7**	**17.2**	**19.0**	**21.3**	**22.2**	**24.7**	**27.6**	**28.6**	**29.6**	**30.6**	**31.3**	**32.0**
0.0	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.0**	**-0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.0**	**0.0**	**0.0**	**0.0**	**-0.0**	**-0.0**	**0.0**	**0.0**	**0.0**	**0.0**
1.5	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**
28.8	**33.7**	**39.0**	**44.7**	**50.8**	**57.4**	**64.4**	**71.9**	**79.8**	**88.2**	**97.1**	**106.4**	**116.3**	**126.6**	**137.4**	**148.7**	**160.5**	**172.9**	**190.5**	**209.9**	**231.7**	**254.3**	**279.5**	**307.6**	**336.6**	**366.7**	**397.9**	**429.7**	**462.3**
12.5	**13.2**	**13.9**	**14.6**	**15.2**	**15.9**	**16.6**	**17.3**	**17.9**	**18.6**	**19.2**	**19.9**	**20.6**	**21.2**	**21.9**	**22.5**	**23.2**	**23.8**	**24.4**	**25.1**	**25.7**	**26.3**	**27.0**	**27.6**	**28.2**	**28.8**	**29.4**	**30.0**	**30.6**
7.4	**7.7**	**8.1**	**8.4**	**8.8**	**9.1**	**9.5**	**9.8**	**10.2**	**10.5**	**10.9**	**11.2**	**11.6**	**11.9**	**12.3**	**12.6**	**13.0**	**13.3**	**13.7**	**14.1**	**14.5**	**14.9**	**15.3**	**15.7**	**16.1**	**16.5**	**16.9**	**17.3**	**17.7**
1.6	**1.6**	**1.7**	**1.8**	**1.8**	**1.9**	**1.9**	**2.0**	**2.0**	**2.1**	**2.2**	**2.2**	**2.3**	**2.3**	**2.4**	**2.5**	**2.5**	**2.6**	**2.7**	**2.7**	**2.8**	**2.9**	**2.9**	**3.0**	**3.1**	**3.1**	**3.2**	**3.3**	**3.3**
51.8	**57.8**	**64.1**	**70.9**	**78.1**	**85.8**	**93.9**	**102.4**	**111.4**	**120.9**	**130.8**	**141.3**	**152.2**	**163.6**	**175.4**	**187.8**	**200.7**	**214.1**	**232.8**	**253.3**	**276.2**	**299.9**	**326.2**	**355.3**	**385.5**	**416.6**	**448.9**	**481.8**	**515.4**
41.4	**46.9**	**52.9**	**59.3**	**66.1**	**73.3**	**81.0**	**89.1**	**97.7**	**106.8**	**116.3**	**126.3**	**136.8**	**147.8**	**159.3**	**171.2**	**183.7**	**196.7**	**214.9**	**235.0**	**257.4**	**280.7**	**306.5**	**335.2**	**364.8**	**395.5**	**427.3**	**459.7**	**492.9**
0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
8.1	**8.2**	**8.2**	**8.3**	**8.4**	**8.5**	**8.6**	**8.7**	**8.8**	**8.9**	**9.0**	**9.1**	**9.2**	**9.3**	**9.4**	**9.5**	**9.6**	**9.7**	**9.8**	**9.9**	**10.0**	**10.2**	**10.3**	**10.4**	**10.5**	**10.6**	**10.7**	**10.8**	**11.0**
8.6	8.7	8.7	8.8	8.9	9.0	9.1	9.2	9.3	9.4	9.5	9.6	9.7	9.8	9.9	10.0	10.1	10.2	10.3	10.4	10.5	10.7	10.8	10.9	11.0	11.1	11.2	11.3	11.5
136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2
0.0	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2
123.7	119.9	116.0	112.0	107.7	103.4	98.8	94.1	89.2	84.1	78.8	73.3	67.6	61.7	55.6	49.2	42.6	35.7	28.5	21.1	14.7	9.7	4.9	1.8	0.8	0.1	0.0	0.0	0.0
-3.8	**-3.9**	**-4.1**	**-4.2**	**-4.4**	**-4.5**	**-4.7**	**-4.9**	**-5.1**	**-5.3**	**-5.5**	**-5.7**	**-5.9**	**-6.1**	**-6.4**	**-6.6**	**-6.9**	**-7.2**	**-7.4**	**-6.4**	**-5.0**	**-4.9**	**-3.1**	**-1.0**	**-0.7**	**-0.4**	**0.0**	**0.0**	**0.0**
119.9	116.0	112.0	107.7	103.4	98.8	94.1	89.2	84.1	78.8	73.3	67.6	61.7	55.6	49.2	42.6	35.7	28.5	21.1	14.7	9.7	4.9	1.8	0.8	0.1	-0.3	0.0	0.0	0.0
256	**252**	**248**	**244**	**240**	**235**	**230**	**225**	**220**	**215**	**210**	**204**	**198**	**192**	**185**	**179**	**172**	**165**	**157**	**151**	**146**	**141**	**138**	**137**	**136**	**136**	**136**	**136**	**136**

Appendix Three : HRA Business Plan Projections 2023 - Variance Analysis(£m)

Projected Net Revenue Expenditure

Year	2022/23	2023/24	Variance	Comments for Variances of Interest and of +/- £0.5m
	£m	£m	£m	
Housing Rent	-27.4	-29.3	-1.9	Rent Increase in line with National Rent Policy
Void Losses	0.2	0.2	0.0	
Service Charges	-0.6	-0.7	-0.2	
Non-Dwelling Income	-1.1	-1.1	0.0	
Grants & Other Income	-0.0	-0.5	-0.5	
Total Income	**-28.9**	**-31.5**		
Premises	1.2	1.2	0.0	
Supplies and Services	0.2	0.1	-0.1	
Third Party Payments	0.0	0.0	0.0	
Support Services (Staffing)	8.2	12.5	4.3	Staff Salary Inflation plus inflation
Capital Charges	0.0	0.0	0.0	
Depreciation	6.2	6.2	0.0	
Bad Debt Provision	0.4	0.4	0.0	
Responsive & Cyclical Repairs	7.7	8.5	0.8	Contract Inflation
Total Revenue Expenditure	**23.9**	**28.9**		
Finance Administration	0.0	0.0	0.0	
New Borrowing Interest Paid	0.4	1.4	1.0	New Development Loan Interest Paid
Interest Received	-0.1	-0.1	0.0	
Other Appropriations	0.0	0.0	0.0	
Net Operating Income	**-4.7**	**-1.3**		
Pension IAS19 /Other HRA Reserve Adj	-0.3	-0.2	0.1	
Self Financing Debt Interest Paid	4.8	4.8	0.0	
Other Appropriations	0.1	0.1	0.0	
Contribution to / from reserves	-0.1	-2.8	-2.6	
Revenue Contribution to Capital Outlay	0.0	0.0	0.0	
Contribution to HRA CIR	0.3	-0.6	-0.9	Increased Inflation Expenditure reduces contribution to HRA CIR
Total Appropriations	**4.7**	**1.3**		
Net Revenue Exp/(Income)	**-0.0**	**0.0**		

HRA Balance & Reserves

HRA Closing Balance	**1.5**	**1.5**	0.0	
CIR Closing Balance	**29.2**	**10.2**	-19.0	New scheme purchases resulting in 492 new properties.
MRR Closing Balance	**6.1**	**5.6**	-0.5	Delayed works meant balances increased slightly when budget returned to the MRR
RTB 1-4-1 Closing Balance	**0.1**	**1.6**	1.5	
	37.0	**18.9**		

Projected Capital Expenditure

Construction/Acquisition of Homes	23.6	44.4	20.8	Phasing of HIP development plan governs the annual budgets so this is variable each year
Capital Maintenance & Improvement	16.7	24.1	7.4	Inflation increases
Total Capital Expenditure	**59.5**	**68.5**		

Projected Borrowing

Borrowing b/f	136.2	136.2	0.0	Existing Self Financing Maturity Loan
Self Financing Loans Repaid	0.0	0.0	0.0	Existing Loan Repayments Due 2061/62 or to be refinanced
Self Financing Borrowing c/f	**136.2**	**136.2**		
New Borrowing	25.0	25.0	0.0	Delay in the New Annuity Loan borrowing being taken out from PWLB
New Borrowing Loans Repaid	-0.4	-0.3	0.1	New Annuity Loan Repayments
New Borrowing c/f	**24.6**	**24.7**		
Total Borrowing c/f	**160.8**	**160.9**		

Housing Investment Programme (HIP) 2023/24 to 2032/33

Construction / Acquisition of Housing:	2023/24 Revised	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Repurchase of Ex-Council Housing	762	500	500	500	500	500	500	500	500	500	**5,262**
Purchase of Property											
Purchase of property											
Purchase of property	5										**5**
Refurbishment	1,710										**1,710**
Purchase of land	0										
Development	150										**150**
Purchase of Land	0										
Development	3,817										**3,817**
Purchase of property	709										**709**
Purchase of Land	0										**0**
Purchase of property	0										**0**
Purchase of property	10										**10**
Development	1,554										**1,554**
Purchase of property	17,986	9,033	9,033	9,033	9,033						**54,120**
Birmingham Road	9,700	3,300									**13,000**
CLS Demolition		1,500									**1,500**
LA Housing Fund - Syrian/Ukrainian Refugee Scheme	3,388	3,388									**6,775**
LA Housing Fund 2 - Afghanistan Refugees (6 dwellings)	2,047										**2,047**
Thickthorn, kenilworth - 20x S106	376	3,750									**4,127**
The Asps Warwick - 51 x S106	2,201	8,258									**10,459**
Europa Way 24 Dwellings	752	7,242									**7,994**
The Asps Warwick - 82 Dwellings	1,588	15,418									**17,006**
Total Construction / Acquisition of Housing	**46,755**	**52,389**	**9,533**	**9,533**	**9,533**	**500**	**500**	**500**	**500**	**500**	**130,244**

Improvement / Renewal Works:	2023/24 Revised	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Stock Condition Survey Works:											
Aids & Adaptations	1,206.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	647.1	**7,030.0**
Defective Flooring	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	59.3	**593.0**
Door Entry/Security/Safety Systems	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	**1,500.0**
Kitchen & Bathroom Fittings / Sanitaryware Replacement	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	**10,000.0**
Electrical Fitments / Rewiring	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	612.4	**6,124.0**
Water Services	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	**91.0**
Structural Improvements	250.0	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	**427.3**
Improved Ventilation	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	**47.0**
Major Garage Works	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	**246.0**
Codependant Asbestos Removal	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	**2,000.0**
Special capital works - Lift Replacement	197.0	300	300	300	300	0	0	0	0	0	**1,397.0**
Capital Salaries for Improvement / Renewal Works	303.6	309.7	315.9	322.2	328.6	335.2	341.9	348.8	348.8	348.8	**3,303.4**
Total Stock Condition Survey Works	**4,016.8**	**3,336.6**	**3,342.8**	**3,349.1**	**3,355.5**	**3,062.1**	**3,068.8**	**3,075.7**	**3,075.7**	**3,075.7**	**32,758.7**
Climate Change & Environmental Works:											
Environmental - Roof Coverings	925.0	750.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	**5,875.0**
New - Decarbonisation	500.0	750.0	750.0	750.0	750.0	750.0	750.0				**5,000.0**
Environmental - Window/Door Replacement	535.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	535.0	**5,350.0**
Environmental Central Heating Replacement	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	1,239.8	**12,398.0**
Thermal Improvement Works	223.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	**1,495.0**
Environmental Works	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	**750.0**
Environmental Works: Tenant Participation Projects	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	37.7	**377.0**
Environmental Improvement works - The Crest	600.0										**600.0**
Environmental Improvement works - The Crest Water Main Repairs	200.0										**200.0**
Total Climate Change Works	**4,335.8**	**3,528.8**	**3,303.8**	**3,303.8**	**3,303.8**	**3,303.8**	**3,303.8**	**2,553.8**	**2,553.8**	**2,553.8**	**32,045.0**

Fire Safety Works:											
Fire & Building safety in Multi Occupancy Use Blocks	5,544.1	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	**32,544.1**
Hi Rise Cladding Replacement 5x Hi-rises	5,617.0	5,617.0									**11,234.0**
Total Fire Safety Works	**11,161.1**	**8,617.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**43,778.1**
Decarbonisation Grant Works											
Social Housing Decarbonisaton Grant - BEIS Wave 1	0.0										**0.0**
LAD 1B BEIS - Green Homes Grant - Shared with Stratford but not sure how tis gets paid - are SDC managing	0.0										**0.0**
LAD 2 BEIS - Green Homes Grant - Midlands Energy Hub -The £795 Midlands Energy Hug Grant is part of this - balance may be match funding	0.0										**0.0**
LAD 2 Match Funding	0.0										**0.0**
LAD 3 BEIS - Sustainable Warmth Grant - On Gas Delivery - HUG included in this	3,913.8										**3,913.8**
LAD 2 Match Funding	137.9										**137.9**
BEIS Wave 2 GRant Funded Works											**0.0**
BEIS Wave 2 Match Funded Works - Decarbonisation Works	500.0	500.0									**1,000.0**
Total Grant Funded Works	**4,551.7**	**500.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**5,051.7**
Total Improvement/Renewal Works	**24,065.4**	**15,982.4**	**9,646.6**	**9,652.9**	**9,659.3**	**9,365.9**	**9,372.6**	**8,629.5**	**8,629.5**	**8,629.5**	**113,633.5**
Total Housing Investment Programme Expenditure	**70,820.1**	**68,371.5**	**19,179.9**	**19,186.2**	**19,192.7**	**9,865.9**	**9,872.6**	**9,129.5**	**9,129.5**	**9,129.5**	**243,877.3**

Housing Investment Programme (HIP) Financing Strategy 2023/24 to 2032/33

Housing Investment Programme (HIP) Financing:	**2023/24 Revised**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**	**2032/33**	**Total**
	£'000's	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**
Capital receipts: Buy Back	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	**500.0**
Capital Receipts: One for One replacement	1,926.2	1,573.8	2,316.7	450.0	1,050.0	450.0	450.0	450.0	450.0	450.0	**9,566.7**
HRA Capital Investment Reserve	17,002.6	3,250.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	**44,252.6**
Major Repairs Reserve	7,552.6	6,865.4	6,646.6	6,652.9	6,659.3	6,365.9	6,372.6	5,629.5	5,629.5	5,629.5	**64,003.7**
S 106 Affordable Housing Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Decent Homes Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Shared Ownership Sales Capital Receipts	-53.6	4,931	1,135	1,134.5	477.5	0.0	0.0	0.0	0.0	0.0	**7,623.8**
Homes England Affordable Homes Grant - Turpin Court Garage Site											**0.0**
Homes England Affordable Homes Grant - Juniper Way											**0.0**
HRA Market Rate Cross Subsidy Capital Receipts - Cubbington Riding School											**0.0**
LAD 1B BEIS - Green Homes Grant											**0.0**
LAD 2 BEIS - Green Homes Grant - Midlands Energy Hub											**0.0**
LAD 3 BEIS - Sustainable Warmth Grant - On Gas Delivery	3,913.8										**3,913.8**
BEIS WAVE 2 Match Funding	250.0	250									**500.0**
LA Housing Fund Grant - Syrian/Ukrainian Refugee Scheme Grant - CIR will fund the Build	1,410.2	1,410.2									**2,820.4**
LA Housing Fund 2 - Afghanistan Refugees (6 dwellings)	919.2	0.0									**919.2**
CWLEP Demolition Grant - See CIR	0.0	1,500.0									**1,500.0**
HRA Additional Borrowing	37,849.1	48,541.2	6,032.1	7,898.8	7,955.8						**108,277.1**
Housing Revenue Account Related HIP Financing	**70,820.2**	**68,371.5**	**19,179.9**	**19,186.2**	**19,192.7**	**9,865.9**	**9,872.6**	**9,129.5**	**9,129.5**	**9,129.5**	**243,877.3**

Estimated Housing Investment Programme Resources at:-

Balances after applying financing	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2031/32**
	£'000's	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**	**£'000's**
Capital Receipts: One for One replacement & Buy Back Allowance	24.9	614.9	1,204.9	0.0	600.0	0.0	600.0	1,200.0	1,800.0
HRA Reserves	1,500.0	1,606.2	1,636.6	1,667.0	1,697.4	1,727.8	1,758.2	1,788.6	2,388.6
HRA Capital Investment Reserve	27,871.1	16,433.5	15,770.3	14,910.5	13,366.3	11,914.3	10,062.4	7,779.9	8,379.9
Major Repairs Reserve	6,956.2	4,605.3	4,408.4	4,493.1	4,634.8	4,834.0	5,091.1	5,426.4	6,026.4

HRA Shared Ownership Capital Receipts from New Build Acquisitions	3,085.8	4,273.9	477.5	477.5					
Homes England Affordable Homes Grant - Juniper Way	6,000.0								
LAD 3 BEIS - Sustainable Warmth Grant - On Gas Delivery & Private Sector Lanlord Contributions	3,913.8								
BEIS Social Housing Decarbonisation WAVE 2 Grant Funding	250.0	250.0							
LA Housing Fund - Scheme Grant	2,329.2	1,410.2							
CWLEP Dem Grant		1,500.0							
Total Housing Investment Programme Resources	**51,931.0**	**30,694.1**	**23,497.8**	**21,548.2**	**20,298.5**	**18,476.1**	**17,511.7**	**16,194.9**	**18,594.9**

Appendix 5 - HRA Stock Numbers & Asset Valuations

Stock Numbers - Extract from the Councils 2022/23 Financial Statements

	2022/23	2021/22
	Nos.	Nos.
Houses	2,464	2,453
Flats	2,405	2,402
Bungalows	674	672
Total	**5,543**	**5,527**

The change in housing stock can be summarised as follows:

	2022/23	2021/22
	Nos.	Nos.
Housing Stock at 31 March	**5,527**	**5,462**
New build	46	91
Purchases	1	3
Right to Buy sales	(31)	(26)
Other Sales - Shared Ownership	-	(3)
Housing Stock at 31 March	**5,543**	**5,527**

Valuation of Dwellings - Extract from the Councils 2022/23 Financial Statements

	2022/23	2021/22
	£000	£000
Vacant Possession Value of Dwellings (Open Market Value)	1,104,258	1,069,632
Balance Sheet Value of Dwellings (Social Housing Value)	(455,142)	(438,085)
(40% of Open Market Value)		
Economic Cost to Government	**649,116**	**631,548**

Appendix 6 - HRA Rent Arrears and Bad Debts

Extracted from the 2022/23 Councils Financial Statements

	2022/23	2021/22	Change
	£000	£000	£000
HRA Rent & Charges Arrears			
Current Tenant Rent Arrears	1,085	1,334	(249)
Former Tenant Rent Arrears	818	725	93
Dwelling Rent Arrears	**1,903**	**2,059**	**(156)**
Garage Rent Arrears	3	51	(48)
Supporting People Charge Arrears	20	20	-
Court Cost Arrears	166	145	21
Overpayment of Benefit Arrears	129	135	(6)
Other Arrears	245	229	16
Total Arrears	**2,466**	**2,639**	**(173)**
Prepayments			
Dwelling Rent Prepayments	(486)	(475)	(11)
Garage Rent Prepayments	(13)	(13)	-
Other Prepayments	(7)	(4)	(3)
Total Prepayments	**(506)**	**(492)**	**(14)**
Net Arrears	**1,960**	**2,147**	**(187)**
HRA Bad Debt Provisions			
Rent Bad Debt Provision	(1,758)	(1,758)	-
Court Cost Bad Debt Provision	(222)	(222)	-
Total Bad Debt Provisions	**(1,980)**	**(1,980)**	**-**
			-

Arrears as a proportion of gross rent net of housing benefit	**2022/23**	**2021/22**	
Current Tenant Rent Arrears	5.29%	6.65%	-1.36%
Net Arrears	9.56%	10.59%	-1.03%

Agenda Item No 8
Cabinet
06/03/2024

Title: University of Warwick Campus Framework Masterplan Supplementary Planning Document (SPD)
Lead Officer: Adam James, Site Delivery Officer / Andrew Cornfoot, Planning Policy and Major Sites Delivery Manager
Portfolio Holder: Councillor Chris King (Place)
Wards of the District directly affected: Kenilworth Abbey and Arden

Approvals required	**Date**	**Name**
Portfolio Holder	12/02/24	Cllr King
Finance	02.02.24	Andrew Rollins
Legal Services	02.02.24	Ross Chambers
Chief Executive	09.02.24	Chris Elliott
Director of Climate Change	15.02.24	Dave Barber
Head of Service(s)	05.02.24	Philip Clarke
Section 151 Officer	02.02.24	Andrew Rollins
Monitoring Officer	15.02.24	Graham Leach
Leadership Co-ordination Group		

Final decision by this Committee or rec to another Cttee / Council?	Yes
Contrary to Policy / Budget framework?	No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No, Forward Plan item 1,375 – scheduled for 6 March 2024
Accessibility Checked?	Yes

Summary

The purpose of the Supplementary Planning Document (SPD) is to provide a framework for guiding the level and broad location of growth on the main University of Warwick campus as well as design principles to be considered when assessing planning applications on the campus. The SPD provides supplementary guidance to Policy MS1 – University of Warwick - of the adopted Warwick District Local Plan and is intended to assist with the determination of future planning applications. The SPD can only be adopted as Council guidance following statutory public consultation and then subsequent formal adoption at Cabinet. This report seeks approval to commence a public consultation on the SPD.

Recommendation(s)

(1) That Cabinet note the content of the University of Warwick Campus Framework Masterplan SPD (Appendices A and B) and gives approval to commence a public consultation for no less than 6 weeks.

(2) That delegated authority be given to the Head of Place, Arts and Economy, in consultation with the Portfolio Holder for Place, to make any minor amendments to the documentation prior to consultation and to agree dates for the consultation.

(3) That Cabinet note that following the public consultation a final version of the SPD will be brought before them to formally adopt.

1 Reasons for the Recommendation

1.1 The SPD would provide supplementary planning guidance to policy MS1 of the adopted Warwick District Local Plan 2011-2029. Policy MS1 states that "development of the University of Warwick will be permitted in line with an approved Masterplan or Development Brief". There is currently no such Masterplan and Development Brief in place for the area. The SPD can therefore provide a more detailed masterplan framework and supplementary guidance to assist with the determination of future planning applications.

1.2 The University's main campus straddles the administrative boundaries of Coventry and Warwick District and the SPD, with the majority of the academic faculty buildings being located in Coventry and residential accommodation and sports facilities being largely located within Warwick District. It is important therefore that the SPD is also consistent with Coventry's relevant Local Plan policy. Furthermore, it should be noted that Coventry are also proposing to take a report to their Cabinet seeking approval to consult on the document.

Background/Information

1.3 Policy MS1 states that the Masterplan should "set out how proposals will contribute to the University delivering a world-class education campus" with four key purposes:

a) to identify the physical and economic context;

b) to identify the development principles to underpin future development proposals;

c) to identify the location of developments, demonstrating how proposals will mitigate any potential adverse impacts; and

d) identify how the proposals support the vitality of the local and/or sub-regional economy.

1.4 The Local Plan acknowledges the important role of the University in supporting the local economy and the need for the University to be able to grow within its existing boundaries and develop as a Higher Education facility of international importance.

1.5 As the document seeks to clarify the University's plans for future development on campus and their proposed location, planning consultants Turleys were appointed by the University to lead on the drafting of the document and there has also been input from a range of other consultants. However, officers representing Warwick District Council, Coventry City Council and Warwickshire County Council have been heavily involved and reviewed various drafts of the SPD via a Steering Group. The comments have shaped the final version of the Framework Masterplan SPD.

1.6 The SPD begins by addressing the planning policy context (both existing and emerging) and then the current campus context by explaining existing land uses and assets. Whilst the main campus is the focus for the University's activities in the region and is the sole focus of the SPD, the University also supports the Innovation Campus at Wellesbourne, University Hospital in Coventry and a new healthcare facility at Arden Cross, Solihull.

1.7 The document explains that the long-term vision of the University is based on five strategic priorities; innovation; inclusion; regional leadership; internationalisation; and sustainability. The SPD seeks to give an indication of the longer-term delivery vision up to 2050, however the SPD specifies the detailed capital projects likely to be delivered by 2033.

1.8 The SPD covers the entirety of the main University campus, and so addresses land in both Warwick District and Coventry City Council areas. Subsequently, both Warwick District Council and Coventry City Council are intending to secure Cabinet approval with a view to holding a joint public consultation on the SPD. As Coventry have local elections in May, it is proposed that the public consultation would commence after the elections.

1.9 A number of key proposals are identified up to 2033:

a) A new Social Sciences Quarter including the new Business School (within the Warwick District area – outline application W/23/0195 already approved)

b) The Science Precinct – redevelopment and refurbishment of Science, Technology Engineering and Mathematics (STEM) facilities on central campus and creation of a new University Green (within the Coventry City area – hybrid application PL/2023/0002402/OUTM submitted but yet to be determined)

c) A new Energy Innovation Centre (within the Coventry City area)

d) Extension of Scarman House, Post Experience Centre, including additional bedspaces (within the Warwick District area)

e) 'Solar arrays' – two separate large scale photovoltaic installations to generate renewable energy (within the Warwick District area)

1.10 The SPD states that the University anticipates providing 1,200 net additional student bedspaces on or immediately adjoining the campus.

1.11 A number of other possible proposals are identified up to 2033. Within Warwick District, possible redevelopment of Radcliffe House is identified to create a MBA Training Centre. Other possible proposals are also identified on land within the Coventry administrative area.

1.12 In conjunction with the highway authorities involving extensive collaborative working, the University has modelled the traffic generation from 31,000m^2 of new development on campus over and above the recent approval of the Social Sciences Quarter (outline application W/23/0195), as well as previous planning applications including the Capital Plan Hybrid application (OUT/2018/2115) within the Coventry area. Allowing for known projects to be pursued up to 2033, this leaves a capacity of 13,000m^2 of floorspace to allow for other projects to come forward over the period to 2033. If any projects come forward resulting in additional floorspace to the 31,000m^2 gross/13,000m^2 further net floorspace, additional modelling work would be required. In the round, the University is seeking to maximise use of the more built-up areas of the campus, rather than extend into greenfield areas.

1.13 Alongside the specific proposals identified, there are a number of strategic design principles to guide future development on campus:

a) Campus Core and Periphery – higher density development and taller buildings within the Campus Core, with less dense and lower storey developments on the periphery to be sensitive to the green fringe areas beyond

b) Axes and Hubs – a focus of activity and movement on two primary axes – i) University House to Gibbet Hill and ii) Academic Square to the Sports Hub. The hubs would be active public spaces/buildings and future mobility hubs to provide a variety of travel options, with car parking located in areas peripheral to the main campus.

c) Pedestrian-Focused - creating a one-way circulatory route to minimise traffic whilst maintaining essential access, supplemented by an extensive pedestrian and cycle network

d) Active public spaces – to help create more of a sense of community, including formal squares and greenspaces (including the new University Green as part of the STEM development), as well as more active frontages such as shops, cafes, informal meeting space and other community uses.

e) Landmark Design – new and refurbished buildings to reflect the character and modern vernacular of the campus, differentiating between Core and Periphery, as well as providing landmarks and visual markers to aid wayfinding and create a sense of place.

f) Integrating Nature – delivering development that enhances formal and informal landscapes where possible, connects habitats and ecological corridors and delivers additional tree planting.

1.14 The SPD breaks the campus down into 6 distinct character areas – Campus Core, Residential Fringe, Gibbet Hill, Science Park, Westwood and Green Fringe. In recognising the district characteristics of those areas, design principles are included to provide a framework for development proposals within those locations.

1.15 Another key ambition for the University is to continue to explore the creation of an Eco-Park combining ecological, recreational and energy generation initiatives. However, this is dependent on the return of land from HS2 Ltd, the extent of which is currently unknown.

1.16 The main transport and movement strategy of the SPD focuses on reducing single occupancy trips to and from campus, maintaining accessibility through and around campus for all users (especially sustainable, non-car modes) and offering choice to incentivise behavioural change and enhance the environmental sustainability of the campus. The University has been successful in recent years in implementing a number of measures to encourage walking and cycling as well as use of rail and bus and is pursuing further measures in this regard (including Demand Responsive Transport for 'last mile' journeys). The strategy also addresses the more strategic and longer-term possibilities including the potential for the campus to be served by Very Light Rail in future.

1.17 The trip generation and traffic modelling undertaken for the SPD has informed a Framework Section 106 Agreement and 'Monitor and Manage' approach, which have been produced in discussion with Highways officers at Warwickshire County Council and Coventry City Council. These provide the basis for identifying necessary mitigation measures to address the specific impacts from particular proposals up to 2033 and within the agreed floorspace limits. This is addressed on page 25 of the SPD and the Framework s106 Obligations tables included as Appendix B. Where development comes forward outside of the floorspace limits or for uses not assessed through the SPD, a separate Transport Assessment would be required.

1.18 The SPD also addresses the issue of the A46 Strategic Link Road project, which identified a possible multimodal transport corridor linking the A46 Stoneleigh Junction with Westwood Heath Road. This was previously explored as part of Warwickshire County Council's A46 Strategic Link Road consultation[1] (2020), of which one of the options proposed an option to serve the University Campus via a 'spur'. The Council understands that the latest Business Case analysis undertaken for the A46 Strategic Link Road has not returned a favourable cost-benefit ratio, with limited scope for capital funding from Government, and so the project has not been progressed by WCC. As things stand, based on the envisaged trip generation and traffic modelling undertaken for the SPD, the highway authorities consider that the delivery of such a corridor/spur is not necessary to support the quantum of growth specified within the SPD (i.e. the 31,000m^2 gross additional floorspace threshold). The SPD identifies that the Eco-Park could feasibly be impacted by the alignment of such a transport corridor.

1.19 The SPD also addresses other transport considerations, including a potential new railway station to serve the University of Warwick and south Coventry. This is currently an aspiration and a scheme identified as for further investigation within the Warwickshire Rail Strategy (2019) and the West Midlands Rail Executive Rail Investment Strategy. However, it is currently unfunded /not identified as a scheme to be progressed currently. This is in part due to the requirement for additional rail capacity between Coventry and Leamington (dualling of the line), as well as new highway infrastructure to facilitate strategic access to the site. Again, the delivery of such a station is not considered necessary to support the quantum of growth proposed, but it remains an aspiration and a project for further investigation.

[1] https://www.warwickshire.gov.uk/major-transport-construction-projects/a46-link-road-scheme/3

1.20 In terms of biodiversity and ecology elements, the University are committed to maximising the ecological value of its estate, with the approach being to safeguard existing ecological assets, enhancing biodiversity, sustaining and enhancing the Great Crested New population and encouraging site users to engage with the natural environment. It is recognized that Biodiversity Net Gain becomes a mandatory requirement in February 2024 and so the SPD commits to delivering a minimum of 10% net gain in biodiversity from new developments. The SPD also specifies the habitats and species from the Local Biodiversity Action Plan to be prioritised.

1.21 The SPD also addresses the University's approach to heritage and archaeology in accordance with statutory and Local Plan policy requirements. Again, the SPD recognises the importance of safeguarding heritage assets within and proximate to the campus. Where new development proposals may impact such heritage assets, they should seek to preserve and enhance the asset and its setting. Additional heritage surveys relative to specific planning applications may be required.

Next steps

1.22 If approved, the Council is required to hold a statutory public consultation on the document, undertaken in a way that complies with the Council's adopted Statement of Community Involvement (SCI). This requires public consultation for a minimum of six weeks, with documents available online and available for inspection at deposit points.

1.23 As the SPD covers land in both Warwick District and Coventry City Council areas, both Councils are intending to secure Cabinet approval with a view to holding a joint public consultation on the SPD. It is understood that the SPD is to be tabled for approval at Coventry City Council's Spring Cabinet meeting. Given the two sets of approval processes, and elections in Coventry, it is possible that minor changes may need to be made to the SPD prior to the consultation. It is therefore proposed that the start date of the consultation, and any minor amendments to the SPD, are delegated to the Head of Place, Arts and Economy in discussion with the Portfolio Holder for Place. It is expected that consultation would be held in late spring or early summer.

1.24 Following the consultation, all comments will be considered and where appropriate the SPD will be amended. It is intended that the final version of the SPD would be brought back to Cabinet to consider for formal adoption.

1.25 If the SPD is adopted, it would be treated as a material planning consideration in the consideration of relevant planning applications. An SPD does not have weight as development plan policy (like the Local Plan policies), but nonetheless, the SPD would be used as guidance to assist with decision making.

2 Alternative Options

2.1 An alternative option is to not consult on the draft SPD. If major amendments are required, a revised version of the SPD could be presented to Cabinet in future, subject to further engagement with the University, Coventry City Council and Warwickshire County Council. Cabinet also have the option of not progressing the SPD entirely. This is not recommended as there would remain a lack of planning guidance to assist with the determination of planning applications.

3 Legal Implications

3.1 The legislation relevant to the production of SPDs is set out in the Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended).

3.2 As stated in the Government's Planning Practice Guidance, SPDs should build upon and provide more detailed advice or guidance on policies in an adopted local plan. As they do not form part of the development plan, they cannot introduce new planning policies into the development plan. They are however a material consideration in decision-making. The Guidance also states that SPDs should not add unnecessarily to the financial burdens on development.

4 Financial Services

4.1 Costs of consulting on the SPD are expected to be minimal. Any such costs are expected to be met through existing budgets.

5 Corporate Strategy

5.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation. The proposed SPD can contribute to the delivery of some of these strategic aims:

5.2 <u>Delivering valued, sustainable services</u> **–** not applicable

5.3 <u>Low cost, low carbon energy across the district</u> **–** proposals set out within the SPD include the 'solar arrays' project, two separate large scale photovoltaic installations to generate renewable energy. An Energy Innovation Centre is also proposed which can help with the development of new, low/zero carbon technologies. The SPD proposals also seek to encourage zero and low carbon travel to, and around, the site to reduce reliance on private car. Any development proposals on campus would also be required to adhere to adopted sustainability policies in the Warwick District or Coventry Local Plan (as applicable to the site location).

5.4 <u>Creating vibrant, safe and healthy communities of the future</u> – the proposals set out within the SPD seek to sustain the University as a world class education facility, but also to 'open up' the campus to the wider community as an asset within the district for the public to visit and enjoy.

6 Environmental/Climate Change Implications

6.1 The proposals set out with SPD seek to deliver environmental enhancement and mitigate the impacts of climate change. Any future development on site would be required to comply with Development Plan Policies that address the natural environment and climate change. The SPD therefore aligns with the Council's policies and Climate Emergency Action Plan. A Strategic Environmental Assessment (SEA) Scoping Report has also been produced for the three statutory consultation bodies to review (Historic England, Natural England and the Environment Agency) and will be published as part of the consultation.

7 Analysis of the effects on Equality

7.1 An Equality Impact Assessment has been produced and again, will be published as part of the public consultation.

8 Data Protection

8.1 Statutory consultation on the SPD will be undertaken in accordance with the General Data Protection Regulation (GDPR) requirements.

9 Health and Wellbeing

9.1 A number of the proposals set out within the SPD are likely to deliver health and wellbeing benefits to staff, students and visitors to the campus. This includes promoting active travel to and around campus, encouraging more public use for people to enjoy the facilities and surroundings, and by delivering environmental enhancements.

10 Risk Assessment

10.1 By not producing supplementary guidance to policy MS1 of the Local Plan, there is considered to be a lack of guidance to assist planning officers with the determination of planning applications. This may cause unnecessary delays and hamper delivery of the University's capital growth programme. An adopted SPD will also help to communicate the vision for future growth to local communities and indeed the consultation will provide an opportunity for them to engage in this vision.

11 Consultation

11.1 It is a statutory requirement that the SPD is subject to public consultation. The Council's adopted Statement of Community Involvement (SCI) requires public consultation for a minimum of six weeks, with documents available online and available for inspection at deposit points. It is envisaged that all responses received will be considered in advance of producing a final version of the SPD.

Background papers:

Warwick District Local Plan 2011-2029

Supporting documents:

None. There are however two appendices to this report:

Appendix A: Draft Campus Framework Masterplan SPD

Appendix B: Draft University of Warwick Transport S106 Obligations – Committed, Proposed and SPD Framework

Supplementary Planning **Document**

Draft Campus **Framework Masterplan**

Coventry City Council

WARWICK DISTRICT COUNCIL

UNIVERSITY OF WARWICK

Contents

Introduction

University of Warwick location

The University of Warwick main campus is situated on the edge of Coventry, partly within the city boundary and partly within Warwick District and the county of Warwickshire.

The University works closely with the three local authorities and engages with local communities to ensure its operations, including new development on campus, are managed to avoid or minimise potential impacts on neighbouring areas and that they contribute positively to the local economy and the environment.

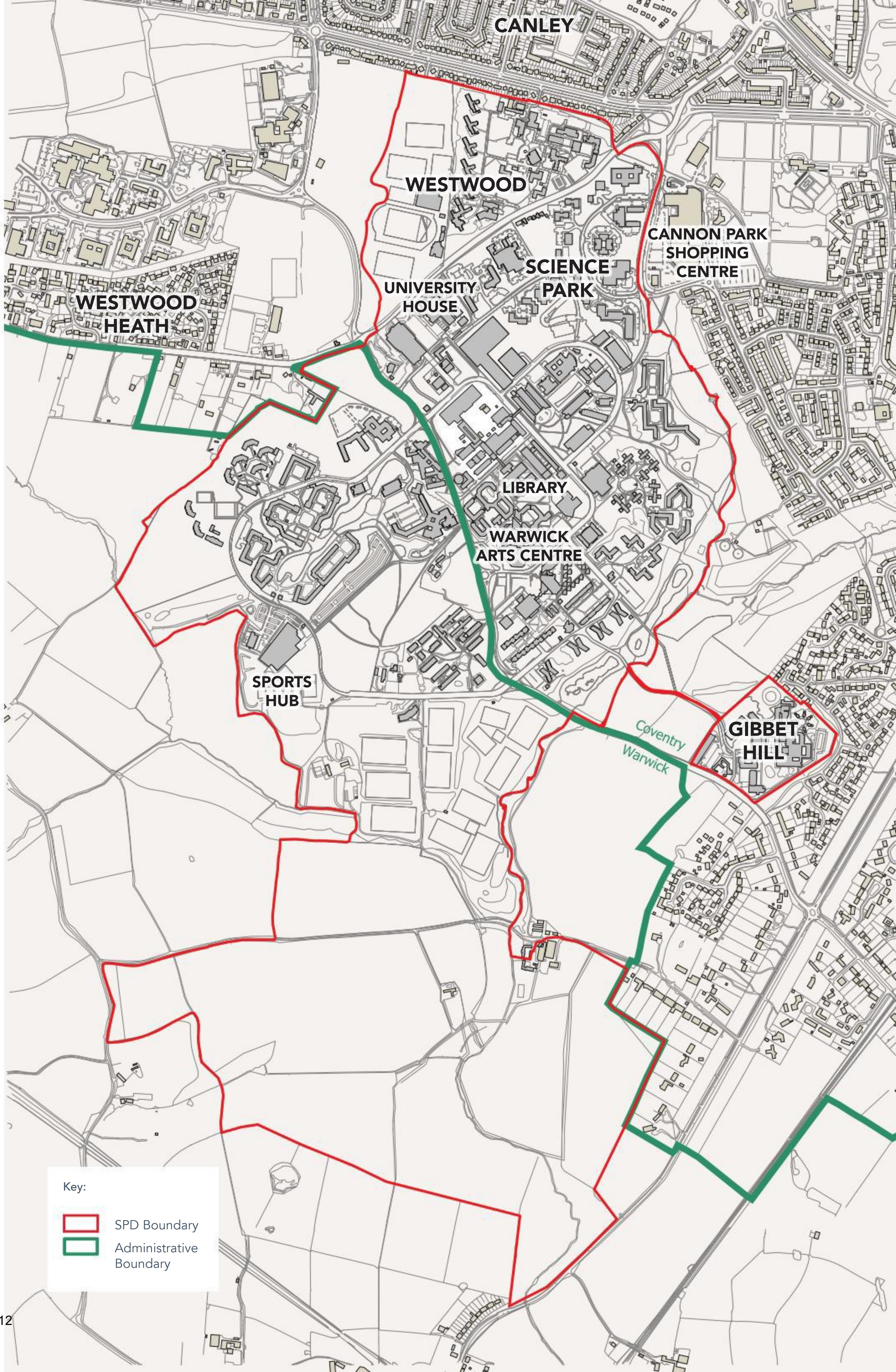
This Supplementary Planning Document (SPD) has been prepared by Coventry City Council and Warwick District Council in conjunction with the University of Warwick and Warwickshire County Council to give effect to their local plan policies which guide how the campus should develop. It is a Framework Masterplan setting out a series of capital projects likely to be delivered by 2033 within the context of a longer-term vision to 2050.

It incorporates several campus-wide strategies including a new Transport and Movement Strategy, which provides an agreed methodology for assessing the impact of new development and a Framework Section 106 Agreement with potential mitigations that can be drawn down should the 'monitor and manage' approach require them as projects come forward.

The SPD covers the University's landholdings on the edge of Coventry, including the main campus and its sports fields to the south as far as the line of HS2. This includes the University of Warwick Science Park, which is operated by a separate management company. Not all of this land is active University campus.

The SPD covers a ten-year period to 2033 and reflects the local plan policies in the adopted Coventry Local Plan 2011-2031 and the Warwick District Local Plan 2011-2029. When these plans are reviewed, the SPD may need need to be reviewed in the context of any new or updated Local Plans.

It is intended that there will be a public consultation on the draft SPD in late spring/ early summer 2024.



PLAN 01: SPD BOUNDARY

Planning **Context**

From 1965 to now

The University of Warwick was founded in 1965 and has had approved masterplans throughout its history, most recently the 2009 Masterplan Outline Planning Permission and the 2018 Capital Plan Hybrid Permission, which have guided recent developments on campus such as the Lord Bhattacharyya Building, Oculus, the Slate, the Sports Hub, Cryfield Village, the IBRB at Gibbet Hill, the Warwick Arts Centre extension, the new Faculty of Arts Building, along with two new multi-storey car parks at Lynchgate and Kirby Corner.

These permissions were accompanied by a Section 106 Agreement which ensured appropriate mitigation of traffic impacts, support for public transport and management of car parking on campus.

The next phase of development is now underway, with plans for a new Social Sciences Quarter including new buildings for the Business School and Economics, and a multi-phase refresh of science, technology, engineering and mathematics (STEM) facilities around a new Science and Engineering Precinct in the heart of campus. There is also greater focus on energy efficiency as the University moves towards Net Zero and a less car-dependent movement strategy is being implemented. Recent events have accelerated changes to the way the staff and student body use the campus, with more flexible working and blended learning. These changes are reflected in the University's current thinking about how it develops the campus.

PHOTO 01: Lord Bhattacharyya Building

PHOTO 02: Oculus

PHOTO 03: The Slate

PHOTO 04: The Sports Hub

PHOTO 05: Cryfield Village

PHOTO 06: The IBRB at Gibbet Hill

PHOTO 07: The new Faculty of Arts Building

PHOTO 08: New multi-storey car park at Lynchgate

PHOTO 09: Warwick Arts Centre extension

Planning Policy

The campus sits across two local authority areas – Coventry and Warwick District, with the main academic part of campus in Coventry and the more residential and recreational areas within Warwickshire.

All of the built part of campus was removed from the Green Belt in 2017 but the sports fields and countryside to the south remains in Green Belt.

The adopted local plans for the campus are:

- The Coventry Local Plan 2011-31, adopted in 2017[1]
- The Warwick District Local Plan 2011-2029, adopted in 2017[2]

Coventry Local Plan

The planning policy context for the north eastern extent of the campus is established in the Coventry Local Plan, adopted in December 2017.

The key policy within the Coventry Local Plan of relevance to this SPD is **JE1 Overall Economy and Employment Strategy**. This policy confirms that the council will work in partnership with the City's universities to promote and support innovation. The policy objective being to maximise the economic development and community benefits associated with the continued growth of the universities.

This masterplan has therefore, in part, been produced in the context of Policy JE1 of the Coventry Local Plan.

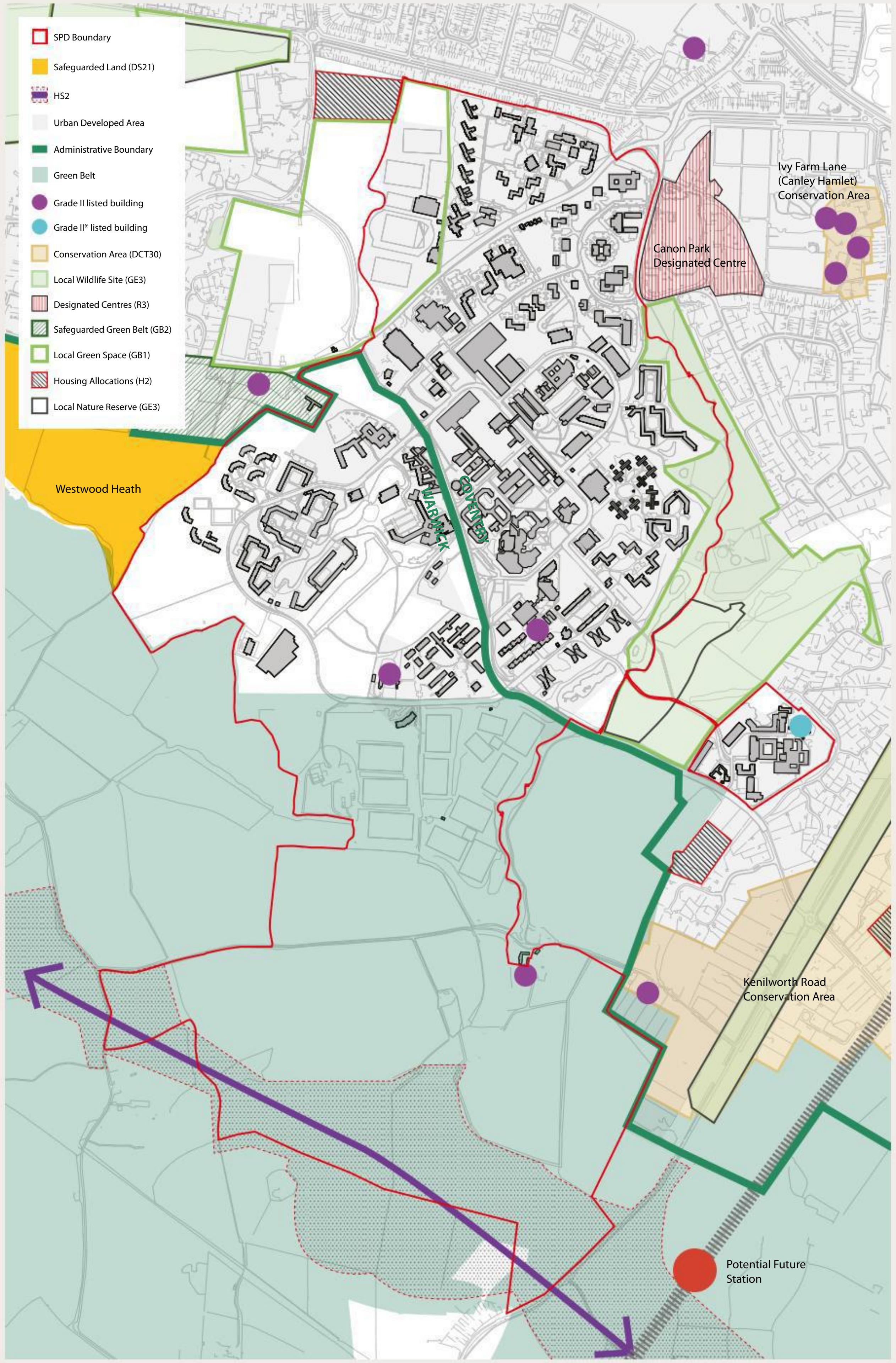
Other relevant policies within the Coventry Local Plan include:

- **DS3 Sustainable Development Policy** which confirms the Council will take a positive approach to development that reflects the presumption of sustainable development contained within the NPPF.
- **CO1 New or Improved social community and leisure premises** states in part 3 that proposals that are in accordance with the approved masterplan will normally be approved subject to high quality design proposals.

1 Coventry Local Plan 2011-2031: https://www.coventry.gov.uk/planning-policy/coventry-local-plan-2011-2031

2 Warwick District Local Plan 2011-2029: https://www.warwickdc.gov.uk/info/20410/local_plan

PLAN 02: PLANNING POLICY



Warwick District Local Plan

The planning policy context for the south western extent of the campus is established in the Warwick District Local Plan, adopted September 2017.

The main policy within the Warwick District Local Plan of relevance to this SPD is **Policy MS1 University of Warwick**. The policy states that development at the University will be permitted in line with an approved Masterplan or Development Brief as agreed with the relevant LPAs. The masterplan should set out how proposals will contribute to the University delivering a world-class education campus including the range of uses associated with that. Furthermore, the policy sets out the objectives which any Masterplan should incorporate. These include:

- Identifying the physical and economic context for development;
- Identifying the development principles that will underpin future development proposals;
- Identifying the location of developments, and demonstrating the mitigation of any potential adverse impacts; and
- Identifying how the proposals support the vitality of the local and/or sub-regional economy.

Other relevant policies within the Warwick District Local Plan include:

- **DS5 Presumption in Favour of Sustainable Development** which states the Council will take a positive approach towards development proposals that reflect the presumption in favour of sustainable development as set out in the NPPF.

Warwick District Council declared a climate emergency in 2019 and has since produced a Net-zero Carbon DPD which has been through Examination in Public. The Council concluded the Main Modifications consultation in July 2023. The objectives of the DPD are to minimise carbon emissions from new buildings and to support national and local carbon reduction targets. The final Inspector's Report is awaited after which it is expected that the Council will adopt the DPD. Alongside the DPD sites the Net Zero Carbon SPD which sets out further advice and guidance to applicants and relevant stakeholders on how to comply witht he DPD policies. The SPD has recently been subject to a statutory consultation in October- November 2023.

The campus is not covered by any Neighbourhood Plans, however the Burton Green Neighbourhood Plan (made March 2022) abuts the campus on the west.[3]

Other relevant planning policies and SPDs are incorporated throughout the several strategies forming this SPD.

3 https://www.warwickdc.gov.uk/downloads/file/7254/burton_green_ndp_made_version_march_2022

Emerging policy

South Warwickshire Local Plan

In January 2021, Warwick District Council commenced a review of its Local Plan in collaboration with Stratford-on-Avon District Council for the South Warwickshire area. The Plan will set out the long-term spatial strategy on issues such as housing, employment, infrastructure and climate change for both districts up to 2050. Both councils recently undertook an Issues and Options Consultation as well as a Call for Sites from January to March 2023 and previous to this a Scoping and Call for Sites consultation in May-June 2021. The South Warwickshire Local Plan is anticipated to be adopted in 2027, therefore it holds limited to no weight in the development of this SPD as there are no draft policies to assess against. As part of the review, Warwick District Council is working with the City and County Councils as well as the University of Warwick on a masterplanning study of the North of Kenilworth South of Coventry area.

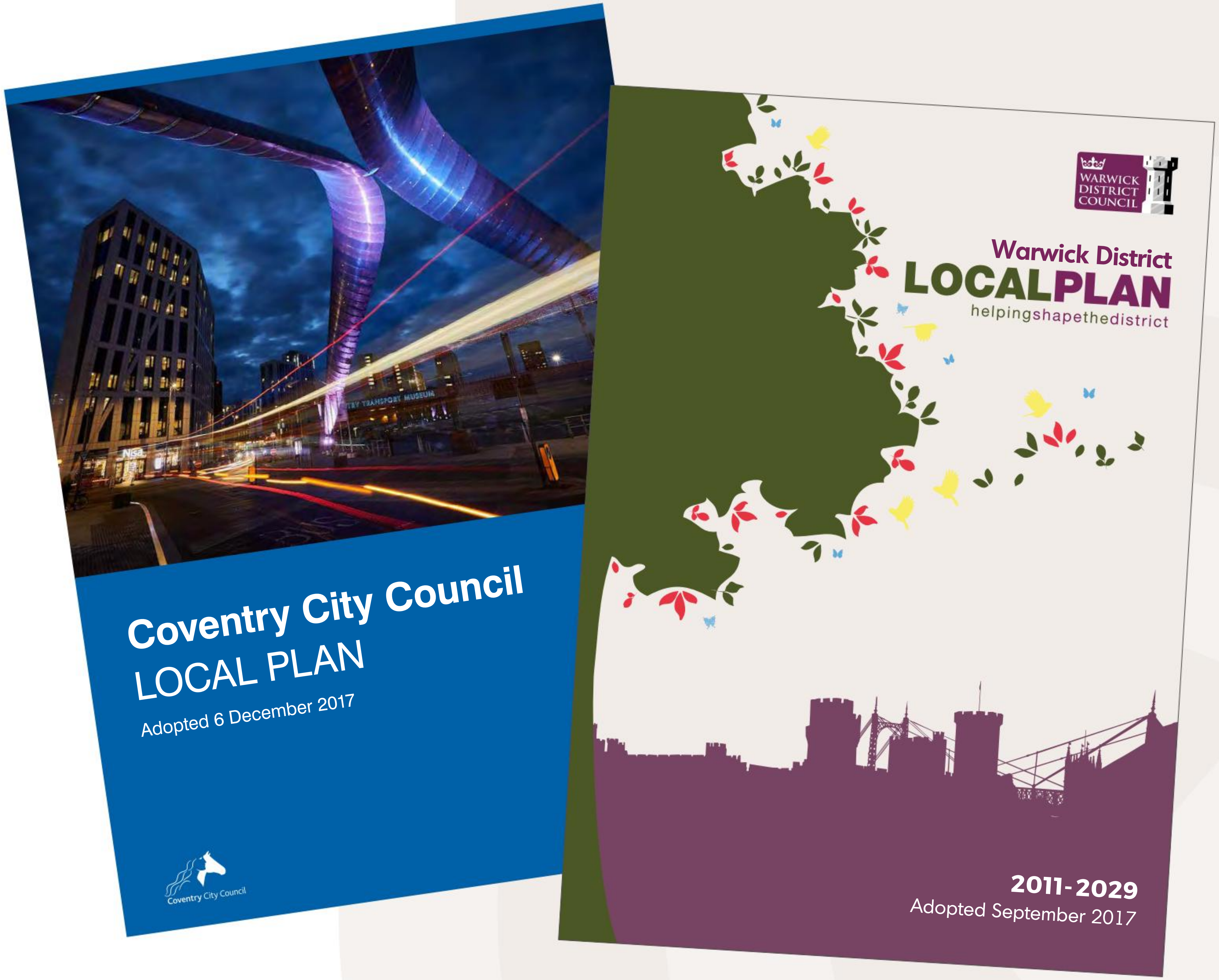
Coventry Local Plan Review

Coventry City Council is currently in the process of producing an updated Local Plan and recently undertook an Issues and Options Consultation between July and September 2023. As there are no draft policies to assess against, and the Council anticipates adopting the updated plan in late 2025/ early 2026, the Local Plan Review holds limited to no weight in the development of this SPD.

When this SPD is reviewed, this will be done in the context of any updated Local Plans for both Coventry and Warwick Districts.

Warwickshire County Council

Warwickshire County Council (WCC) act as the Highways and Lead Local Flood Authority for Warwickshire and are statutory consultees on all planning applications within Warwick District. Officers representing Warwickshire County Council have been involved in the preparation of this SPD.



The Campus

A UK top 10 institution

The University of Warwick is a world leading and UK top 10 institution with over 25,000 students and 5,500 members of staff, generating an economic impact of in excess of £1bn with significant benefits for the West Midlands region and its economy. It occupies a main campus set in nearly 300 hectares on the edge of Coventry and the Warwickshire countryside.

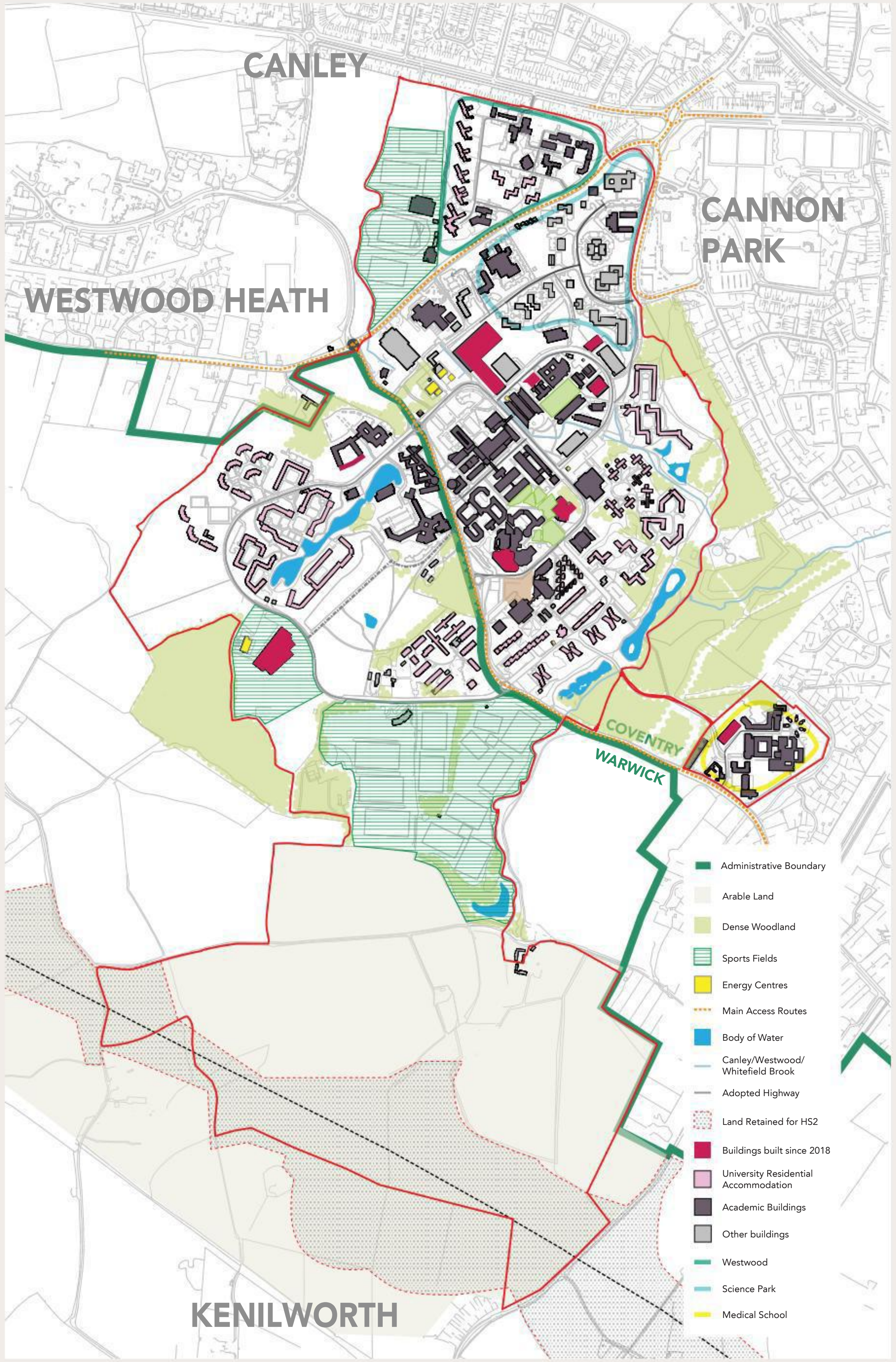
The campus plays a significant role in south-west Coventry, with the renowned Arts Centre and recently completed Sports and Wellness Hub providing community benefits. The campus is accessible to local people and there are routes which cross the area including the Sustrans cycle route to Kenilworth providing connections to the countryside.

In previous masterplans the campus has been divided into a series of 'character areas' including Central Campus East and West (either side of Gibbet Hill Road), Westwood (north of Kirby Corner Road) and Gibbet Hill (close to Kenilworth Road). The University has refreshed its masterplan during 2023 and takes a slightly different approach which the SPD reflects:

1. Core Campus: The masterplan seeks to concentrate new academic development within the core of the campus (defined in DP1 on page 12). Over time, the aim is to change the character of the public realm in this area so it is less dominated by cars and more pedestrian-focussed.
    - This includes Gibbet Hill which is home to Warwick's Medical School and Life Sciences faculty and sits slightly apart from main campus separated by Tocil Woods.
2. Periphery: around the core campus, to the south and east, are areas of primarily student residential housing which are different in character, less dense and set in most part within a mature landscape setting.
    - To the north is the Westwood campus which comprises a mix of academic, conference, sports and residential accommodation that is likely to see change in the medium to long term; and the Science Park, which is wholly owned by the University and is operated by a separate management company.
3. Green Fringe: The area to the south of the campus sits within designated Green Belt and is characterised by sports pitches and agricultural land, part of which is affected by the construction of HS2.

Beyond the campus, the surrounding neighbourhoods include residential suburbs on the edge of Coventry - Cannon Park, including the shopping centre which also serves the University community, Canley and Westwood Heath, the area around Moreall Meadows and Kenilworth Road, and Burton Green, which is predominately in Warwick District. To the south, beyond the HS2 route, is the town of Kenilworth.

PLAN 03: EXISTING CAMPUS



The University's **Vision**

Strategic principles

The University has five strategic priorities as an institution:

- Innovation
- Inclusion
- Regional Leadership
- Internationalisation
- Sustainability

See: https://warwick.ac.uk/about/strategy

Strategic Principles

Translating these into a set of strategic principles for the development of the campus, the University's long-term ambitions are:

SP1:

To transform regional connectivity to campus.

SP2:

To create a flexible framework for innovation and other development opportunities within the campus and beyond.

SP3:

To form a vibrant learning, working, and living community.

SP4:

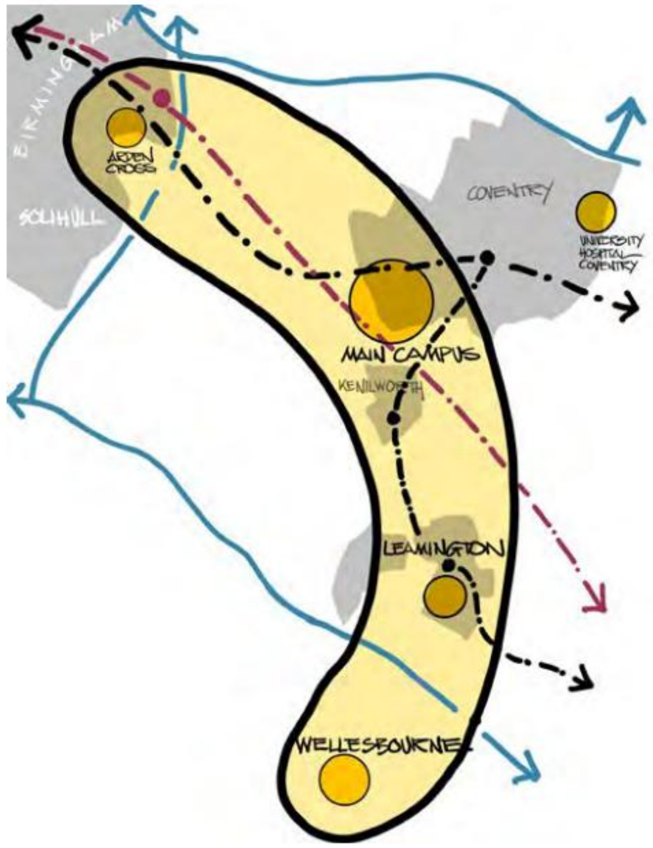
To create an accessible, inclusive, and people focused environment.

SP5:

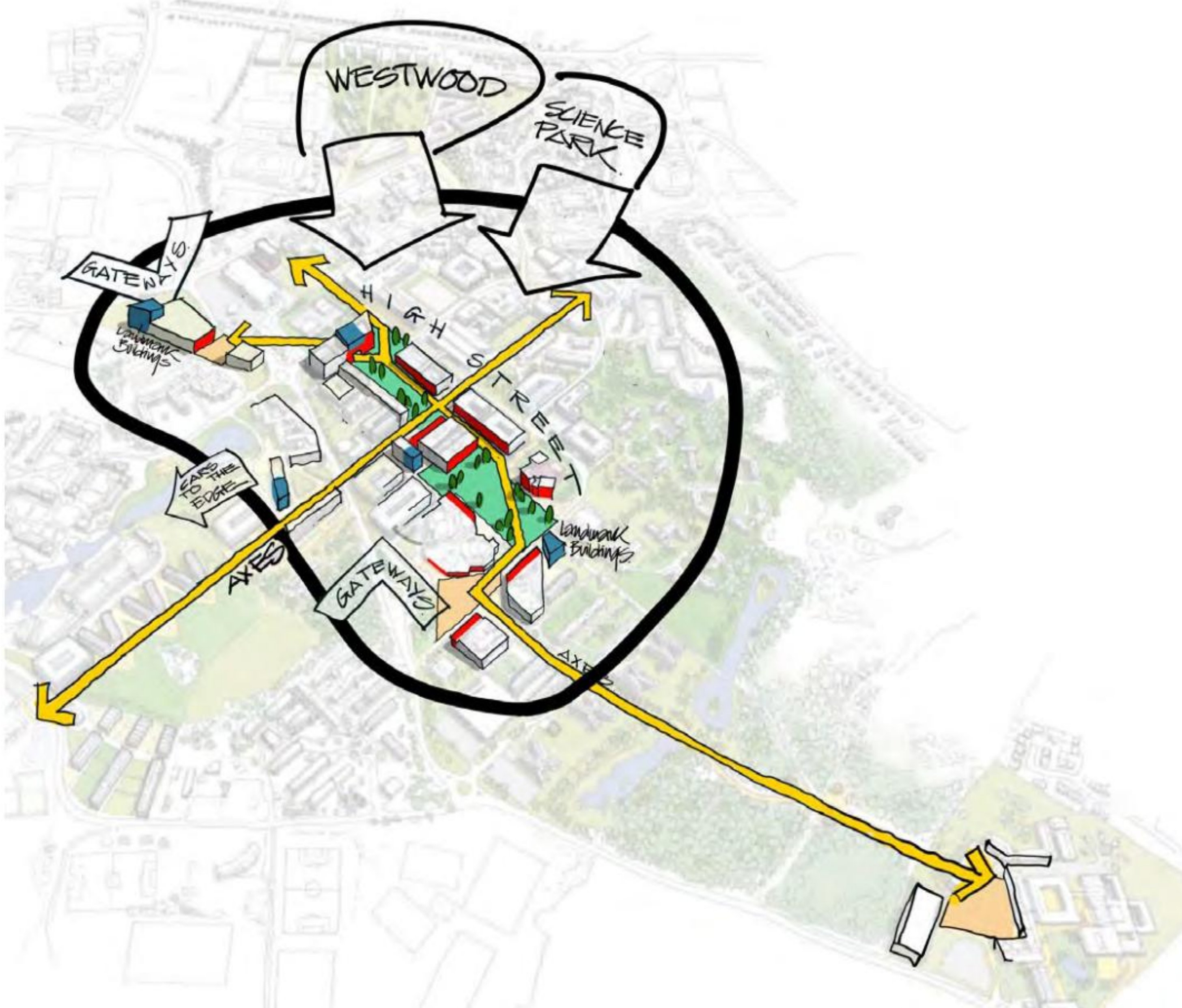
To shape a distinctive University of Warwick identity that has a 'cosmopolitan in the countryside' feel.

SP6:

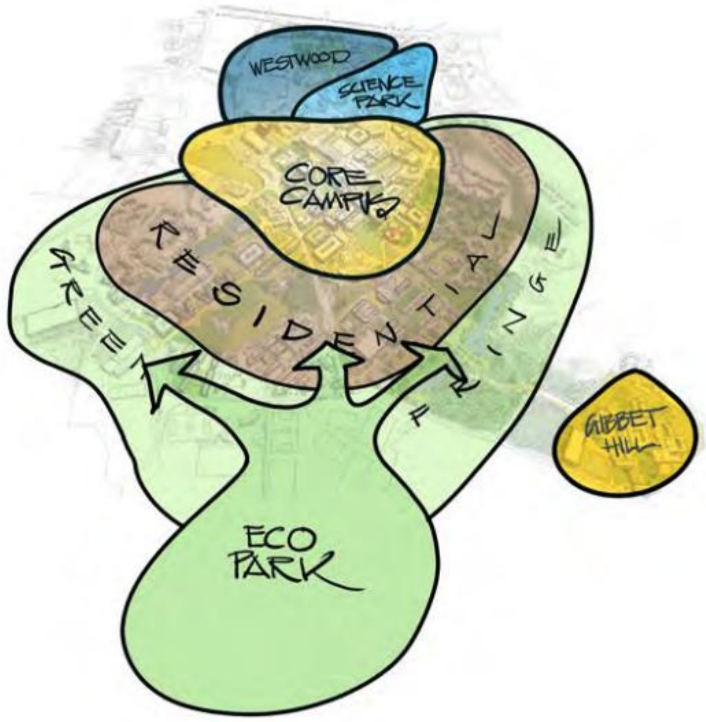
To deliver a SMART, sustainable and low energy campus.



PLAN 04: SP1: REGIONAL CONNECTIVITY AND
SP2: INNOVATION AND OTHER DEVELOPMENT OPPORTUNITIES



PLAN 05: SP3: VIBRANT COMMUNITY AND
SP4: ACCESSIBILITY AND INCLUSIVITY



PLAN 06: SP5:COSMOPOLITAN IN THE COUNTRYSIDE AND
SP6: SMART AND SUSTAINABLE CAMPUS

The University's main campus on the south-west edge of Coventry is the focus for its activities in the region, which also extend to the Stratford-upon-Avon Innovation Campus at Wellesbourne in Stratford, University Hospital Coventry, and potentially a new healthcare presence at Arden Cross in Solihull. To support continued innovation and effective working across its locations, the University will work with partners to secure improved regional connectivity including new transport investment in the long term, seeking to enhance local accessibility and mitigate any impacts on surrounding communities.

The University's vision for the main campus is to be 'cosmopolitan in the countryside'. This refers to the academic life of the University, and both the scale and quality of design of new buildings within the context of the natural greenspaces and wider countryside setting of the campus. These are important contributors to the character of campus and, through concentrating new development in the core with new landmark buildings, the creation of new vistas and public spaces, it will foster a more distinctive sense of place and better legibility for those visiting campus.

Development in the short to medium term (to 2033) will in the main be within the core campus, creating the first of two new University Greens and developing a 'high street' supported by two strong axes linking to the periphery of campus and surrounding communities to the west and north. This is to be part of an extensive pedestrian and cycle network, the aim being to bring the activity of the University out into the open rather than hidden within buildings, with more active ground floor uses and active public spaces.

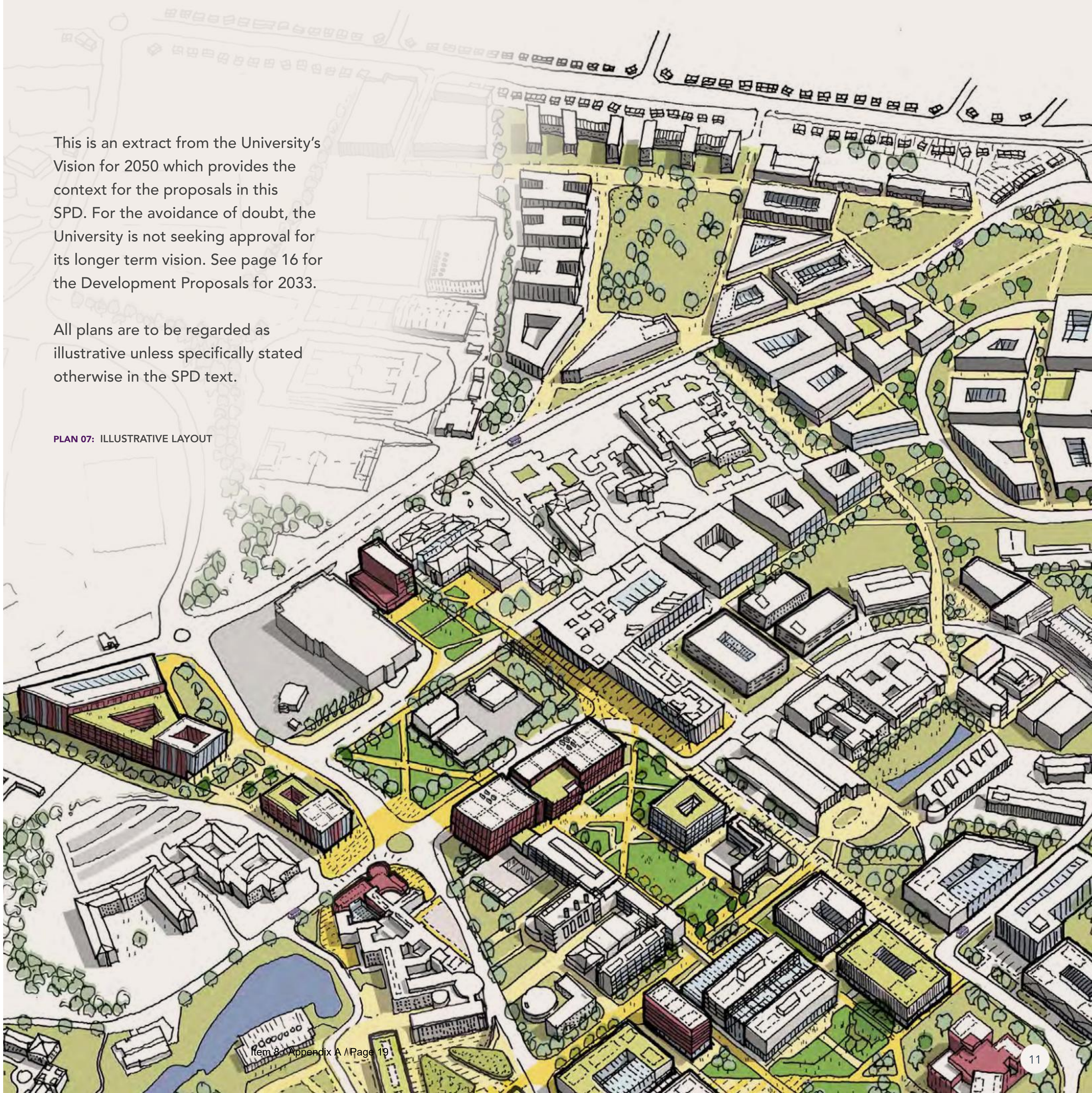
The University is already implementing a new transport and movement strategy which has seen some car parking removed from the centre of campus and provided around the edge – at Kirby Corner and Lynchgate. This process will continue with further changes to parking when opportunities arise (within the existing maximum cap) and the provision of mobility hubs around campus to further support active travel.

The overarching ambition is to achieve Net Zero carbon from direct emissions and energy by 2030 and through indirect emissions by 2050. This is in line with national and local policies including the emerging Net Zero Carbon DPD and SPD. It will include radical change to energy efficiency and on-site generation, designing in sustainability to new buildings and retrofits, delivering biodiversity net gain on campus, and developing our climate change resilience.

This is an extract from the University's Vision for 2050 which provides the context for the proposals in this SPD. For the avoidance of doubt, the University is not seeking approval for its longer term vision. See page 16 for the Development Proposals for 2033.

All plans are to be regarded as illustrative unless specifically stated otherwise in the SPD text.

PLAN 07: ILLUSTRATIVE LAYOUT



Design **Principles**

Guiding future development

To deliver on these strategic principles, the University has developed six key Design Principles to guide future development on campus. These are:

DP1:
Campus Core and Periphery

DP2:
Axes and Hubs

DP3:
Pedestrian-Focussed

DP4:
Active Public Spaces

DP5:
Landmark Design

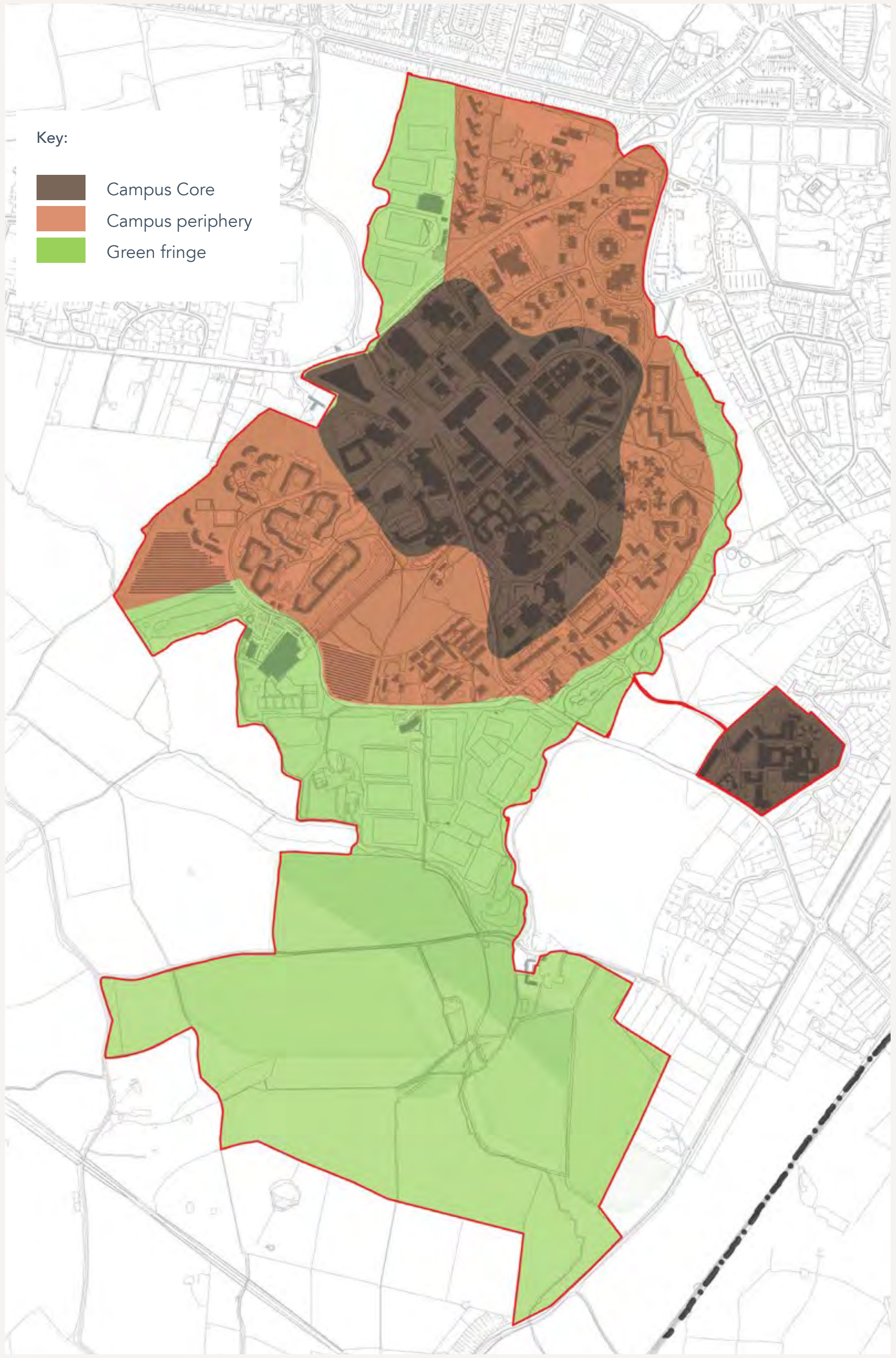
DP6:
Integrating Nature

DP1: Campus Core and Periphery

A. Primarily academic uses will be concentrated within the core campus as defined on Plan 08, including Gibbet Hill.

B. Higher density development and taller buildings will be permitted in the Core Campus, subject to the application of other design principles (and relevant local policies) to ensure high quality.

C. The Campus Periphery will generally not be appropriate for higher density development, particularly in close proximity to sensitive greenspace or neighbouring residential areas.



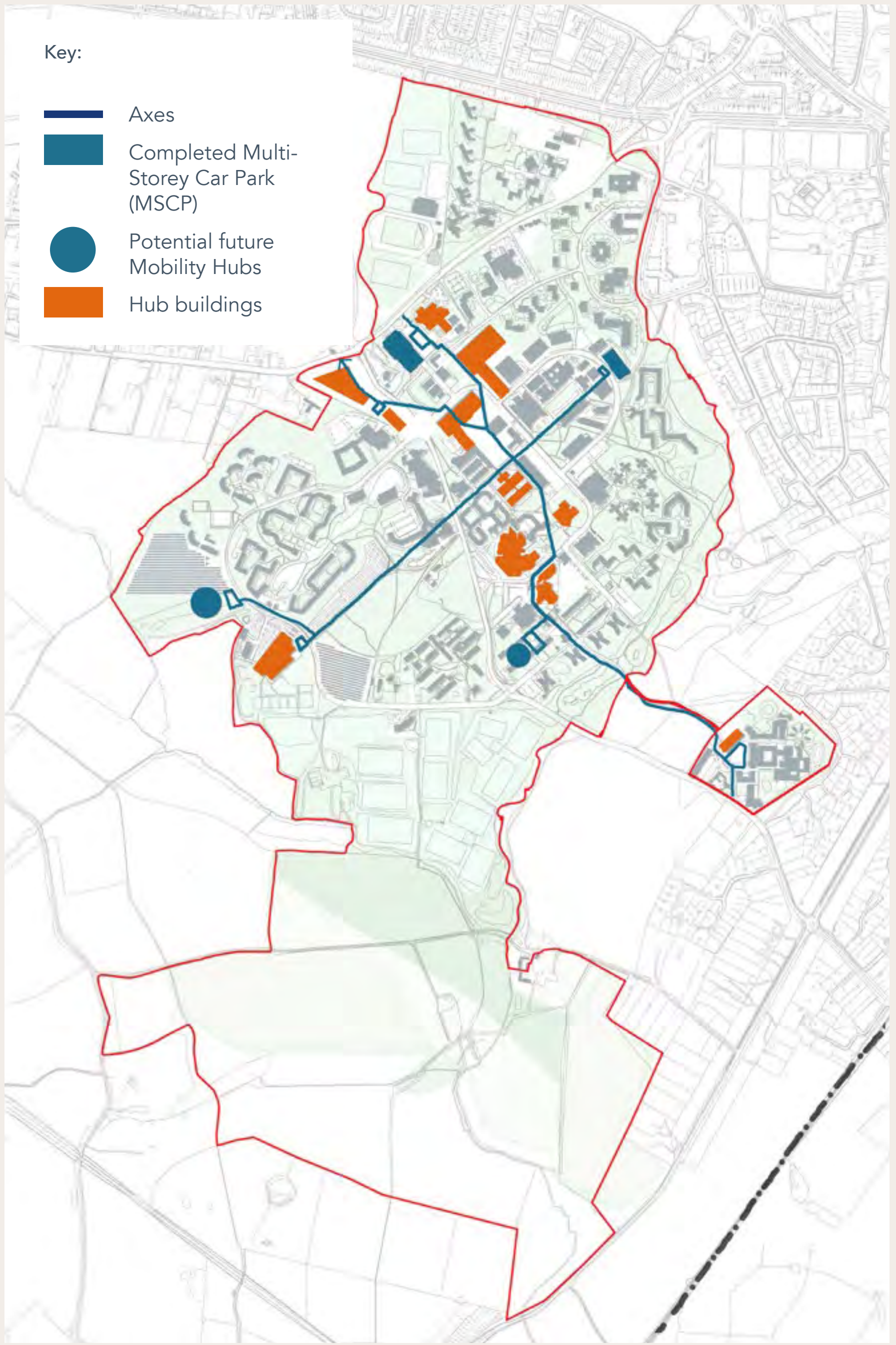
PLAN 08: CAMPUS CORE AND PERIPHERY

DP2: Axes and Hubs

A. The focus of activity and movement around campus will be on two primary axes – one from University House to Gibbet Hill and the other from Academic Square to the Sports Hub.

B. These will connect a series of buildings, active public spaces and future mobility hubs (refer to page 24). where key University activities are based, and which provide access to a variety of travel options.

C. Car parking will be progressively removed from the core campus and, if replaced, this will be around the periphery (see also section on Transport and Movement).



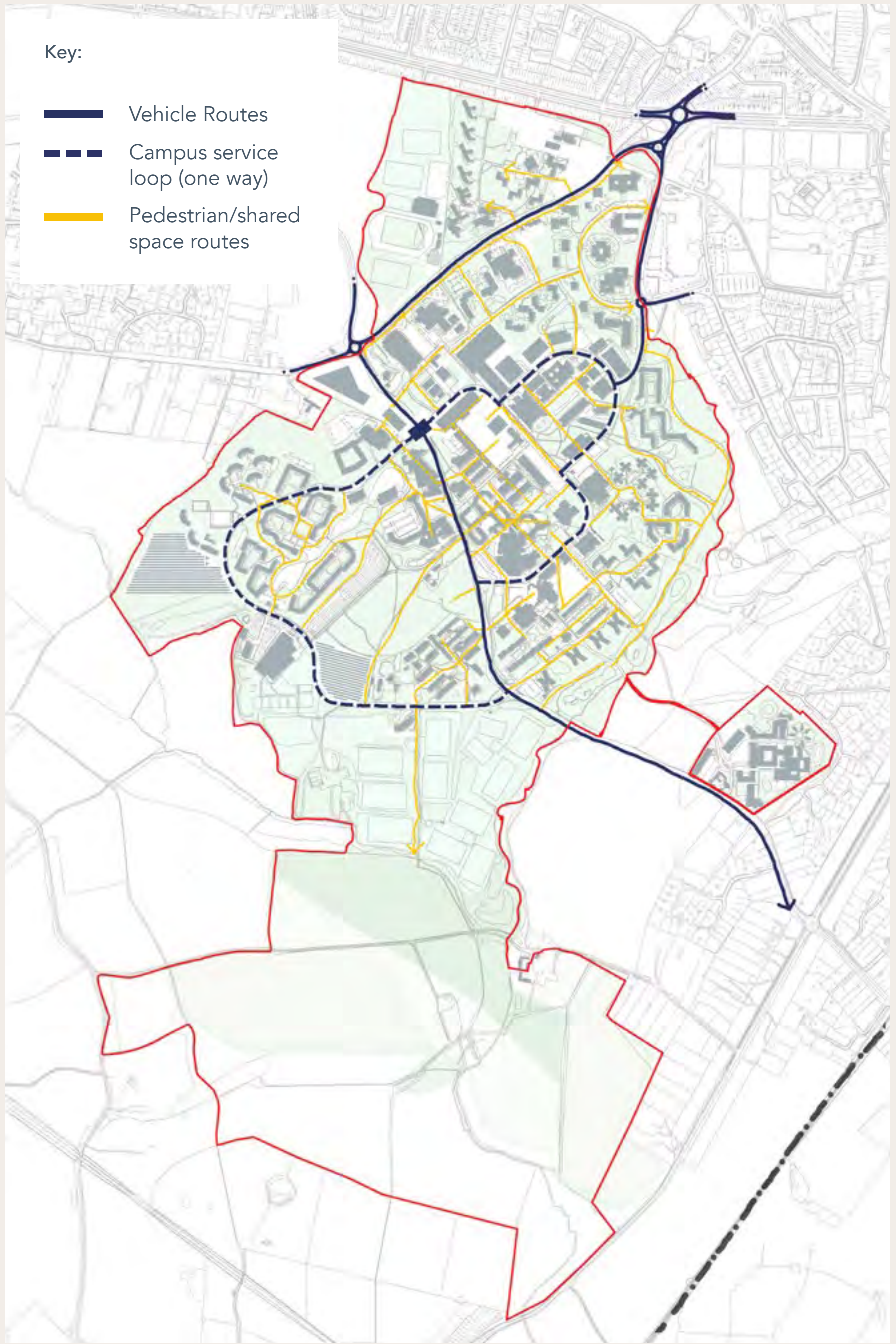
PLAN 09: AXES AND HUBS

DP3: Pedestrian-Focussed

A. To transform the campus with a more pedestrian-focussed public realm, the University will create a one-way circulatory route to minimise traffic within the core campus whilst maintaining access to service yards, for blue badge parking and emergency services.

B. This will be supported by an extensive pedestrian and cycle network which will be expanded over time, supplemented by effective wayfinding.

C. Where opportunities arise as part of new development, the pedestrian environment will be further enhanced through greater use of shared surfaces, downgrading of road space, environmental improvements and potential closures (refer to Plan 16).



PLAN 10: PEDESTRIAN FOCUSSED

DP4: Active Public Spaces

A. To support a more pedestrian-focussed campus around the primary axes and hubs, the University will create more active public spaces for users of campus to enjoy a greater sense of community, including formal squares and greenspaces.

B. New developments will incorporate and/or support active public spaces including, where suitable, active frontages within buildings for small scale ancillary retail, study areas, informal meeting space or other community uses.

C. As part of the Science and Engineering Precinct development, a new University Green will be created between University Road and Library Road at the junction of the two primary axes.

DP5: Landmark Design

A. The design of new and refurbished buildings will reflect the character and modern vernacular of the University campus, differentiating scale and design between the Core and Periphery

B. Buildings in locations indicated on Plan 11 will be designed to provide landmarks and visual markers at the end of views within the campus to contribute to a sense of place and clear identity.

C. Materials will be selected to provide the right balance between coherence and contrast so that buildings fit harmoniously with their surroundings, but also have emphasis and interest where necessary.

PLAN 11: ACTIVE PUBLIC SPACES

DP6: Integrating Nature

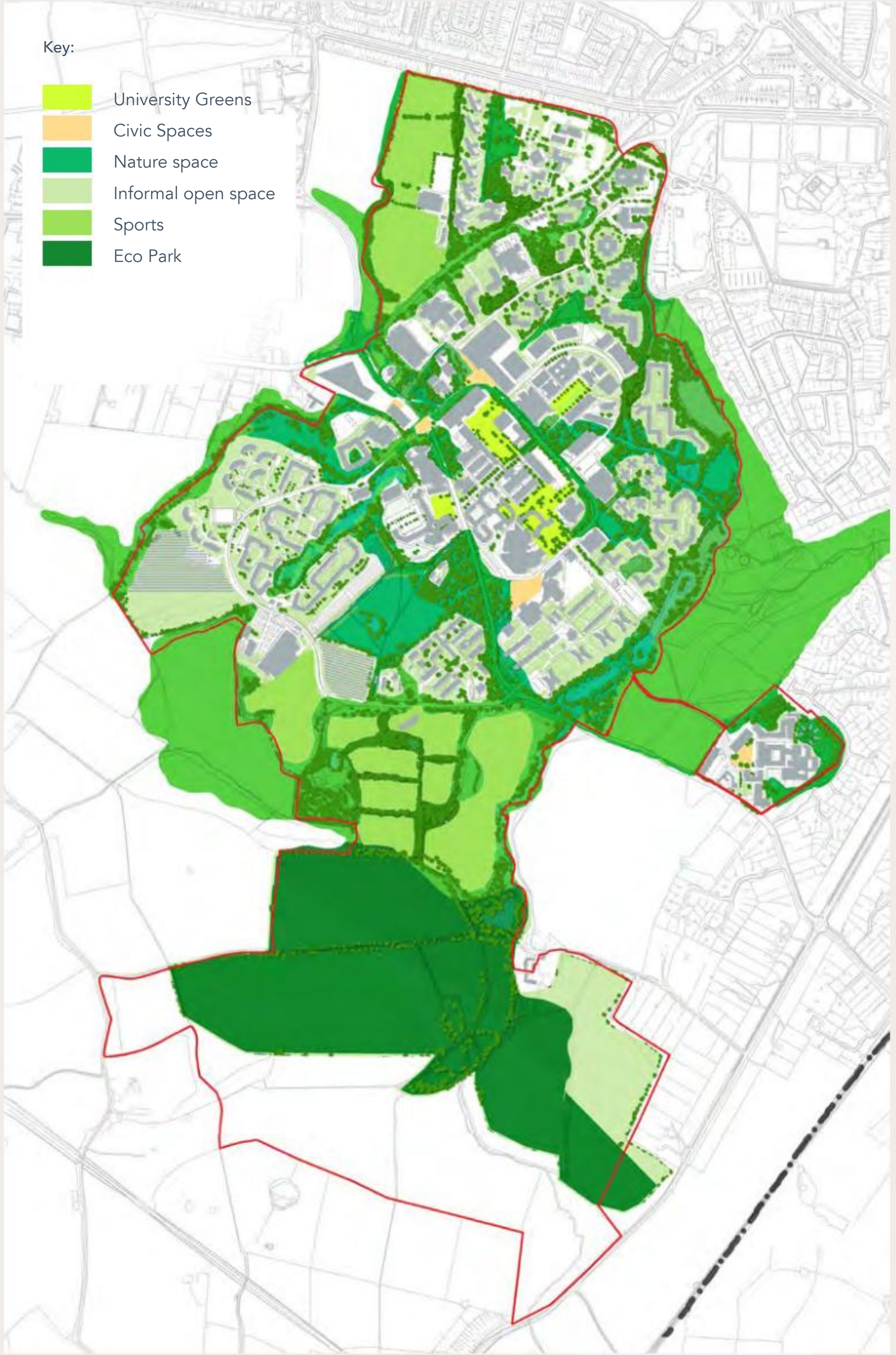
A. The formal and informal landscapes of the campus contribute to its character and should, wherever possible, be incorporated into and enhanced by new development.

B. This will include a 'layered' approach to green and blue infrastructure to ensure the integration of nature and the creation of connected habitats and ecological corridors such as green roofs, green walls and rain gardens.

C. Outside of the core campus, this will take a more informal and naturalistic approach to enhance biodiversity (see section on Ecology and Biodiversity).

D. Tree planting will be designed to add structure to the public realm and contribute to the identity and character of spaces and routes.

E. Subject to the return of land from HS2 and decisions about future infrastructure, the University will create an 'Eco-Park' in the south of campus comprising ecological, recreational and potentially energy generating uses in accordance with relevant Green Belt policy.



PLAN 12: INTEGRATING NATURE

Development
Proposals to 2033

Areas of Change

This SPD covers the next ten years to 2033, reflecting the University's Capital Plan for future investment in new buildings and infrastructure. These arise from the longer term vision to 2050 set out earlier. There are five specific projects, two of which are already in the planning process. These are:

1. The Social Science Quarter including new Business School and repurposing of existing Social Sciences buildings
2. The Science and Engineering Precinct - redevelopment and refurbishment of STEM facilities in central campus and creation of a new University Green
3. New Energy Innovation Centre
4. Extension of Scarman House, Post Experience Centre, including additional bedspaces
5. Solar arrays – large-scale photovoltaic installations to generate renewable energy.

In addition, the University anticipates providing 1,200 net additional student bedspaces on or close to campus, either through direct development or in conjunction with private developers (what is known as Purpose Built Student Accommodation).

In conjunction with the highway authorities, the University has modelled the traffic generation from 31,000 sq.m. of new academic development over and above the recent approval of the social sciences quarter, which used up floorspace previously approved in 2018. This includes the above projects and makes an allowance for a further net 13,000 sq.m. of academic floorspace to allow for other projects to come forward over the period to 2033.

There are a further ten potential projects which may come forward before 2033. The University has yet to make final decisions and therefore the SPD identifies these as areas of likely future development. They could be for academic, residential or other purposes related to the University. Should one or more of these projects come forward, they would be considered against the remaining capacity in floorspace terms and the Design Principles set out above.

The areas of likely future development are:

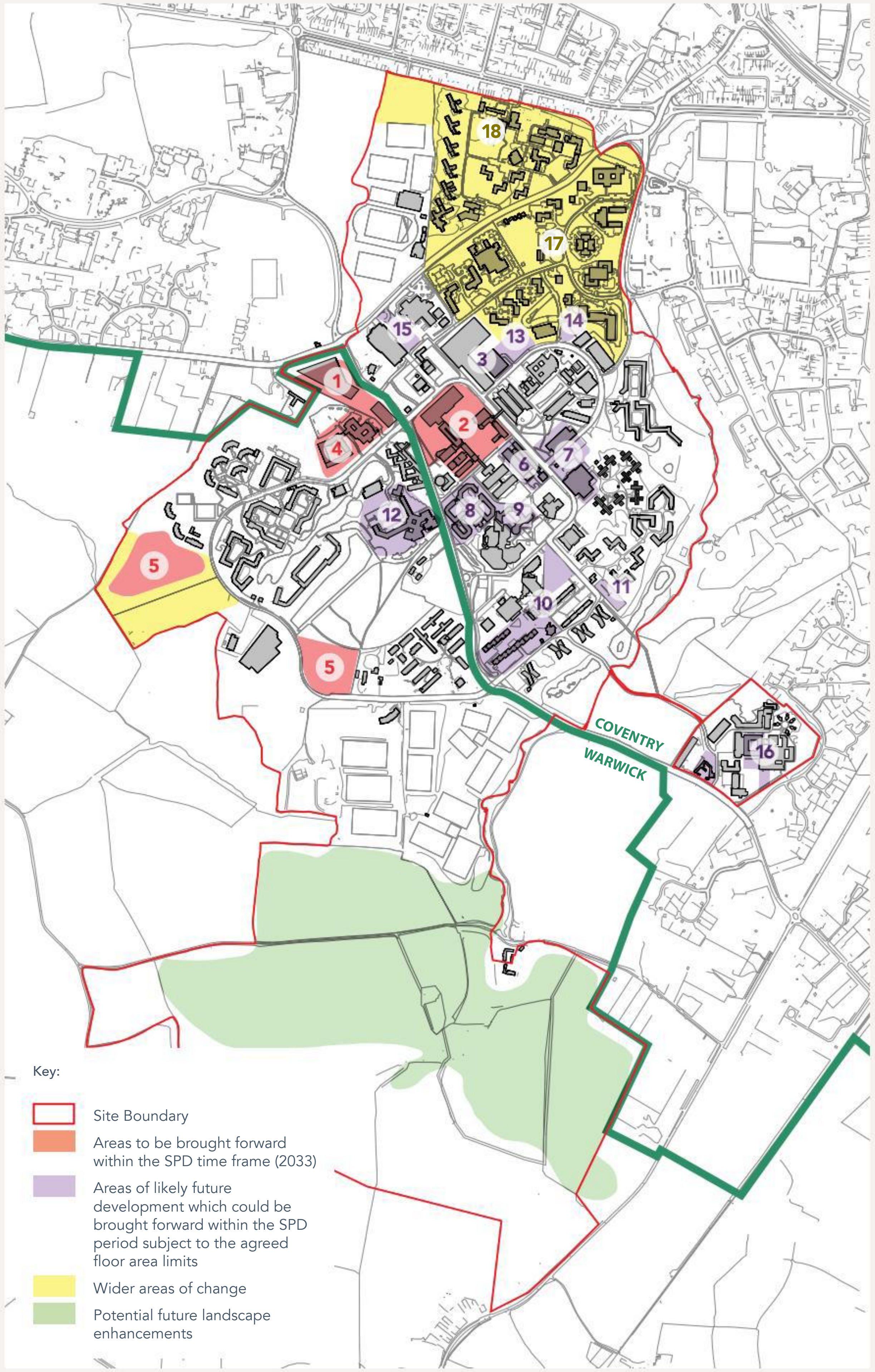
6. Humanities Building – part vacated since completion of the new Faculty of Arts
7. Sports Centre – in temporary use for examinations since completion of the new Sports Hub
8. Social Sciences block off Library Road – to be replaced by new Social Sciences Quarter
9. Senate House – may become surplus to requirements as administrative needs change
10. Whitefields and Rootes residences potential for redevelopment
11. Health Centre – dependent upon replacement elsewhere on campus
12. Radcliffe House – potential for redevelopment of MBA Training Centre
13. Land to rear of Lord Bhattacharya Building
14. Site adjoining Degree Apprenticeship Centre
15. Surface car park between Kirby Corner car park and University House
16. Gibbet Hill – older buildings in central block, retaining the farmhouse

There are two further areas of wider change which sit outside of the SPD proposals.

17. University of Warwick Science Park – consideration may be given to selective redevelopment at higher density which will need to be considered on its merits.
18. Westwood campus – over the medium to long term, there will be further change at Westwood campus and consideration will be given to a comprehensive masterplan for potentially mixed use development which again would need to be considered on its merits.

In the south-west corner of campus, land will be retained to accommodate a new route from the potential transport corridor and which would create a new gateway into campus.

PLAN 14: AREAS OF POTENTIAL CHANGE



Ecopark

To the south of campus, within the area designated as Green Belt, the University will continue to explore the creation of an Eco-Park dependent on the return of land from HS2 Ltd and any other infrastructure requirements. The Ecopark concept foresees landscape enhancement to create an accessible resource for the University and local communities including ecological assets, open recreational areas and renewable energy generation, consistent with Green Belt policy.

Sports

The provision of open space and facilities for outdoor sport and recreation helps underpin people's quality of life and a sense of belonging within a community. The University's ongoing desire is for the campus to have modern, equitable, well-maintained and accessible open spaces, sports, leisure, and recreational facilities, to enable the University to enrich lives through active living and enable students to fulfil their potential through sport. This will be particularly important in circumstances where new campus developments or services are creating demand for additional or enhanced facilities.

The University currently has a mix of sports facilities on campus ranging from older buildings and amenities through to sector leading sports facilities.

The University attracts a growing population of dual-career and performance sports student athletes, which means there is a need to consider the quality and longevity of the campus's specialist sports facilities. In addition, the University aspires to create a campus where physical activity is the norm and consider that there is opportunity to create accessible routes through and around campus which are safe for cycling, running and walking all year round.

Residential Accommodation

The University of Warwick currently provides accommodation for c7500 students on campus (as of February 2024). The University's aspiration is to continue to investigate the increase of its stock of student accommodation and renew existing accommodation, with a view to ensuring that at least the current ratio of on/ immediately adjacent to campus accommodation to students is maintained.

The number of students attending the University is expected to grow by the year 2033. The University's aspiration is to increase the number of student bed spaces serving the University by c1200 by 2033, either within or immediately adjoining the campus.

There are a number of locations within the SPD boundary where student residences could be considered, creating accommodation which is of high-quality set within the University campus. However, the exact amount and locations are not yet determined. Any proposals for new student accommodation would be guided by the design principles and other criteria as set out in this SPD and in the adopted Local Plans.

Students attending the University also live in a variety of other accommodation, including purpose-built student housing (PBSA) provided by private developers. Should the private sector deliver student bedspaces adjacent to the campus, in line with Local Plan policies, the University will likely reflect this in its ambitions for its own provision on the campus itself.

The provision of student accommodation either within or immediately adjacent to the campus supports students to walk and cycle to and within the campus, consistent with the University's mobility strategy, which is explained further in the Transport and Movement section of this SPD.

All first-year students are able to live on campus if they desire. Beyond the first year, students typically move off-site, except those in accessible units who can stay throughout their studies.

From data compiled in February 2023, the spread of term-time student residences in Coventry and Warwick District is roughly as follows:

- On Campus 7,500
- PBSAs on the collar of campus 2,300
- Coventry (excluding PBSAs on the collar of campus) 10,000
- Kenilworth 400
- Leamington Spa 4,300
- Warwick 200

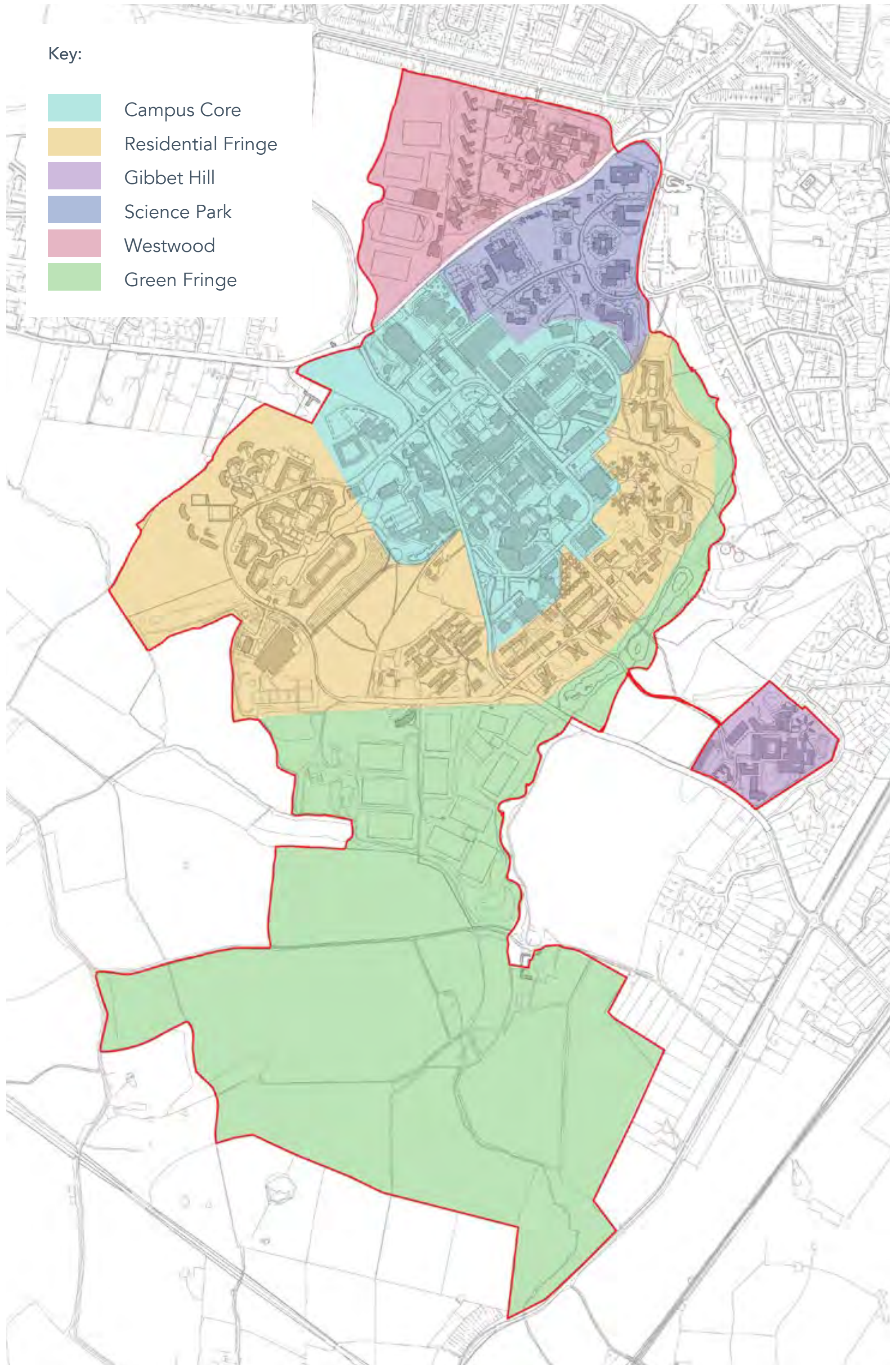
These figures are approximate, reflecting a snapshot of enrolment data.

Recent enrolment and bus usage data shows a notable decrease in students living in Leamington Spa compared to previous years and an increase in Coventry city centre and in PBSAs on the collar of campus. This reflects the availability of PBSA and students' evolving accommodation preferences.

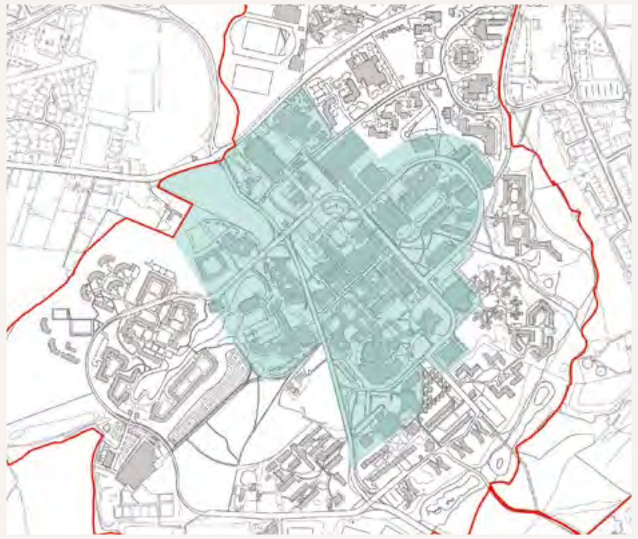
Character **Areas**

Strategic and design principles

To assist in applying the strategic and design principles across campus, this SPD describes the character of six areas shown on Plan 15 and provides guidance on the future development of each should other proposals come forward within the period to 2033. These reflect the long term vision for the campus to ensure consistency of approach.



PLAN 15: CHARACTER AREAS



Campus Core

As set out in DP1, the majority of academic and teaching buildings are located in the campus core identified on plan 11. There have been some significant developments within this area over recent years including the Faculty of Arts Building which was shortlisted for the Stirling Prize in 2023. Over the period to 2033, two major new building clusters will be completed – the Science Precinct and Social Sciences Quarter – alongside the formation of a new University Green. This is part of a strategy to increase the density of the campus core whilst not compromising the quality of public spaces.

The aim is for the campus core to become more pedestrian friendly with one of the primary axes diverted through the heart of campus to create a pedestrian 'High Street' with active ground floors overlooking lively public spaces (see DP2 and DP4). In addition, vehicle traffic will be minimised through the campus core with improved opportunities for active travel and more shared-space environments (see DP3).

The mix of uses in the campus core will include primarily academic and teaching space, with student facilities and some student residential accommodation, more food and drink facilities, places for public engagement, innovation and what are called 'collision' and dwell spaces to help to maintain a sense of vibrancy at different times of the day. There is scope for higher-density and taller buildings within the campus core with locations for a number of landmark buildings to assist in legibility (see DP5).

Residential Fringe

The residential fringe describes the south and east of the built-up area of campus which has a very different character. They are lower density, more domestic in scale and set within a mature landscape, in most cases bordering greenspace. Any new development will respect and enhance this character.

Development will be landscape-led, with buildings sitting within a preserved and enhanced mature landscape. However, a contemporary approach to architecture will be encouraged. The character and scale of any new buildings can vary between locations close to the campus core and the edges of campus. For example, the recent Cryfield development is sensitively designed across a range of heights to suit the landscape setting and respect mature trees.

The existing landscape character across this area will be maintained and existing trees protected. New and existing landscape will be managed to increase biodiversity (see DP6) and any new development will incorporate natural drainage features to achieve a greenfield runoff rate.

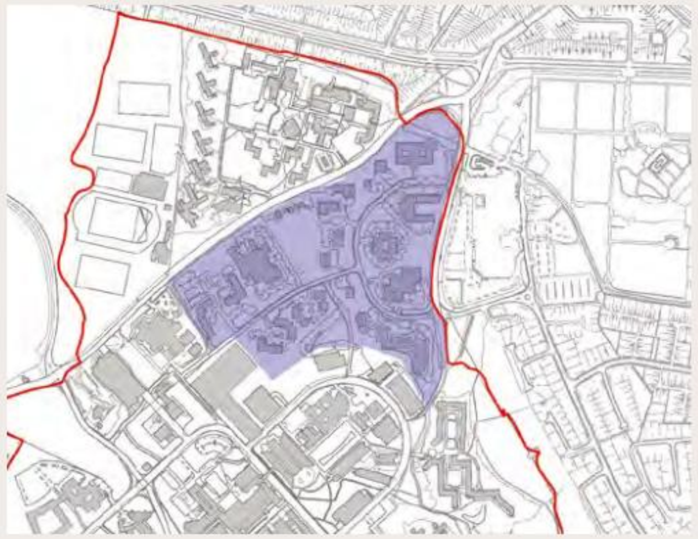
New residential accommodation will be designed to minimise car access and will include no new parking other than blue badge. Access will be via the one-way circulatory route around the campus (see DP3) to allow servicing, access to blue badge parking and emergency services. This may be accompanied by Very Light Transport (VLT) to service residents and pedestrian and cycle routes will be enhanced where possible.

Gibbet Hill

Gibbet Hill is part of the campus core because it houses Warwick's Medical School, Biomedical and Life Sciences Buildings although it sits slightly apart from main campus, separated by Tocil Wood. It includes the recently completed Interdisciplinary Biomedical Research Building.

The vision for Gibbet Hill is to enhance the connection to main campus and consolidate the existing building stock, with better connectivity between buildings and public realm, the opportunity to provide new amenity space for students and potential opportunities to incorporate SUDs into the hard landscaping. A gateway feature such as a sculpture or a green entrance could mark the access from the road.

Any development at Gibbet Hill will be in the spirit of the contemporary architecture on campus whilst sensitively responding to heritage assets, namely the Grade II* Listed Houses for Visiting Mathematicians, and the pre-existing Gibbet Hill Farmhouse. Any new buildings will be more modest in scale than the rest of the Campus Core and will respect surrounding residential neighbourhoods.

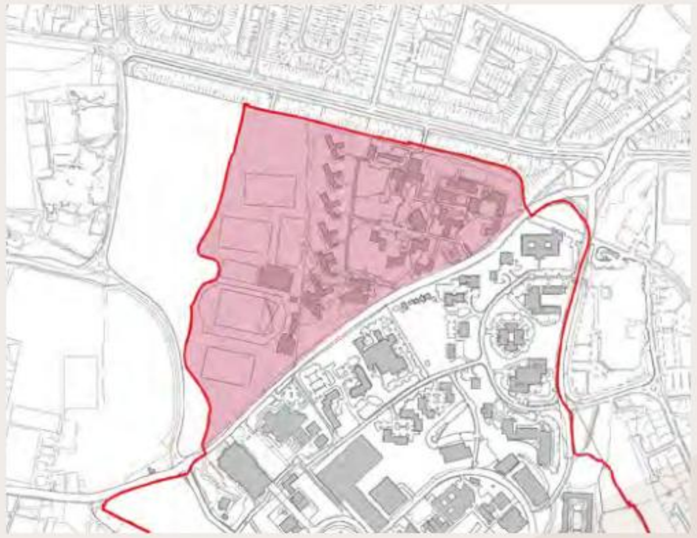


Science Park

The Science Park is owned by the University and operated by a separate company. It is situated on the northern edge of campus adjoining Cannon Park District Centre. It is characterised by low density buildings in landscaped grounds providing accommodation for research and development businesses. It is one of the earliest Science Parks in the country.

There is scope for modernisation and intensification at the Science Park in future which may include development on surface level car parks and some redevelopment. It will continue to be focussed on business and research activities related to the University, not primarily academic or residential use.

Given the difference in uses, car parking at the Science Park is treated separately from the rest of campus and would be subject to separate traffic assessment.



Westwood

The Westwood Campus was formerly the Coventry College of Education on a site across Kirby Corner Road, adjoining the residential suburb of Canley. It has had a mix of academic, conference, residential and sports uses, including the University Tennis Centre and running track.

As some of these uses are rationalised, the University is considering options for the future of the built-up part of Westwood and some redevelopment may come forward within the period to 2033. Uses are likely to include student accommodation, general housing and business/research uses linked to the Science Park but there are no firm plans.

Any development at Westwood will be more domestic in scale than the campus core, particularly around the edges of the site, to respond appropriately to neighbouring residential areas. Development will respect the landscape features and setting of the site.

Green Fringe

The green fringe includes all those parts of the University's landholdings where no significant built development is anticipated, including the Tocil Wood Nature Reserve which wraps around the eastern side of main campus. The bulk of this area lies south of Leighfield Road, which sits within the Green Belt as defined in the Warwick District Local Plan and is characterised by sports pitches to the north of Cryfield Grange Road and agricultural land to the south. A significant strip of land is impacted by HS2.

The University has an ambition to create an Eco Park in this area, providing recreational opportunities for the campus and local communities by increasing accessibility for walking and cycling, improving biodiversity (see DP6) and potentially generating renewable energy to support the Net Zero Carbon strategy. Existing trees and habitats will be retained and enhanced.

Any proposals in the Green Fringe will have to satisfy relevant local plan policies including in respect of the Green Belt.

Supporting **Strategies**

One of the main reasons for producing an SPD is to ensure that future developments come forward within the scope of campus wide strategies on:

- Transport and Movement
- Sustainability and Energy
- Ecology and Biodiversity
- Flood Risk and Drainage
- Heritage and Archaeology

Transport and Movement

Key relevant planning policy:

Coventry Local Plan

AC1- Accessible Transport Network

states that development proposals which generate additional trips on the transport network should promote a choice of transport moves, consider the accessibility needs of all residents and visitors, support the delivery of new and improved high quality public transport, and actively support the integration of future intelligent mobility infrastructure.

AC2- Road Network

aims to mitigate and manage any traffic growth generated by proposed development. The primary focus of the policy is on demand management measures including promoting sustainable moves of transport, and secondly on the delivery of appropriate highway capacity interventions.

AC3- Demand Management

sets out the Council's expectations for assessments, reports and parking standards for the validation of proposed development applications.

AC4- Walking and Cycling

states that development proposals should incorporate safe and convenient access to walking and cycling routes.

AC5- Bus and Rapid Transit

sets out the expectation for major development proposals to incorporate safe and convenient access to the existing bus network.

Air Quality SPD which provides guidance for development proposals and is relevant to Transport. The SPD states that consideration must be given to the air quality impacts associated with proposed development and that mitigation should be incorporated from an early design stage.

Warwick District Local Plan

TR1- Access and Choice

states that the Council will only permit development where it provides safe, suitable and attractive access routes for pedestrians, cyclists, public transport users, emergency vehicles, delivery vehicles, refuse vehicles and other users of motor vehicles.

TR2- Traffic Generation

sets out development Council's expectation that all large-scale development that will result in significant traffic movements will be supported by a Transport Assessment and Travel Plan where relevant.

TR3- Parking

aims to control and manage the expectations of parking provision of proposed developments.

TR4- Safeguarding for Transport Infrastructure

sets out the within the District safeguarded from development. These include the land required for High Speed Rail 2 and areas of search for park and ride.

Air Quality and Planning SPD which provides guidance on establishing the classification of proposed development, assessing and quantifying the impact on local air quality, and the level of proposed mitigation required to make any scheme acceptable.

Warwick District Council Parking Standards sets out the expected amount of vehicle and cycle parking to be provided for all types of development, and guidance and design principles for its intigration into development proposals.

Transport and Movement Strategy

The University's goal is to reduce indirect carbon emissions generated through all forms of transport and mobility to achieve net zero by 2050. To achieve this, the University will continue to work closely with its communities as it introduces, tests and champions greener, cleaner forms of transport.

The University identified transport and mobility as a key strategic workstream in 2018 and have been taking positive steps since then to tackle the way its community collectively chooses to travel and move goods. A close collaboration with local and regional authorities has seen the campus as a testbed for new and emerging transport technologies.

The overarching aim has been, and will continue to be, to reduce the single occupancy private vehicle usage whilst providing viable non-car alternatives for campus users to consider.

When originally conceived, one of the major benefits of the campus' semi-rural location was its accessibility by car, away from the congestion and transport issues of many cities. But nearly 60 years on, the growth of the University and of car ownership has resulted in peak hour congestion on local roads, which not only impacts on campus users who travel by car but also those traveling by bus; resulting in travel delays and capacity constraints.

Over the last five years the University has taken extensive steps to reduce car dependency and promote sustainable travel options for campus users. These targeted sustainable transport interventions have been further complimented and supported by the notable changes to travel behaviours since Covid-19.

In response to Covid-19 lockdowns the University successfully implemented blended learning (for students) and remote working (for staff). This, alongside the implementation of sustainable transport measures, new mobility trials, an updated parking policy and increased parking charges, has resulted in the following as evidenced by the 2022 and 2023 travel survey and other monitoring data collected by the University:

- Significantly fewer staff and students travelling to campus on a regular basis
- Greater proportion of staff and students travelling to/from campus outside of the peak periods
- More staff and students travelling by non-car modes when visiting the campus

There are significant long-term (post 2033) regional and sub-regional transport investments which will actively influence movement surrounding the campus on both macro and micro scales including:

HS2 and UK Central Developments

The proposed High Speed 2 (HS2) rail route will run to the south-west of the campus, providing connections between Birmingham International and London. As a result of this investment, the West Coast Main Line (WCML) will be upgraded and is expected to provide benefits to the campus through enhanced services at Tile Hill and Canley stations. HS2 is expected to be operational between 2029 and 2033 and the WCML upgrade will be undertaken in parallel. A new HS2 station along with Birmingham International Airport, National Exhibition Centre, Birmingham Business Park, and Jaguar Land Rover are the core components of UK Central. UK Central is being promoted by Solihull MBC and WMCA as a major development opportunity with the potential to deliver 4,000 homes and 77,500 new jobs.

University of Warwick Station[1]

Kenilworth station, located between Coventry and Leamington Spa, was opened in May 2018 and provides improved connectivity to Coventry city centre for local residents. The Coventry Local Plan includes an aspiration to provide a second (University of Warwick) station north of Kenilworth and closer to the University near the King's Hill development site. The implementation of a new University of Warwick station will be dependent on capacity upgrades and the doubling of rail track between Kenilworth and Leamington Spa.

Very Light Rail (VLR)

Very Light Rail (VLR) is a research and development project delivering an affordable light rail system in Coventry. CCC has developed an outline business case for a preferred north-east route linking the city to Walsgrave Hospital. This has enabled CCC to secure funding to support a demonstration track in Dudley to facilitate the necessary legislative sign off on use of the new technology and progress the project through to implementation and operation.

A46 Link Road

Warwickshire County Council developed a proposal for an A46 Link Road as part of a multimodal transport corridor that passed to the south of campus but was unable to demonstrate a viable case. Nonetheless, despite changes in travel behaviour, there are still critical local road congestion issues and insufficient provision for alternative modes of transport (active and public transport infrastructure) in the wider area. Consequently, there may still be a need for this to be addressed in the future both to support the University's continued success and, subject to the Local Plan Review, other development in the surrounding area. This will be a matter for the Local Plan Reviews to consider and determine and the University's plans would respond accordingly.

The transport movement and connectivity strategy of this SPD is in accordance with the following themes:

- Reduce single occupancy vehicle trips to and from campus
- Maintain accessibility through and around campus for all users especially sustainable, non-car modes
- Support more efficient, legible and comfortable movement on campus
- Engage and incentivise behavioural change to support mobility transformation
- Offer choice and variety to all users in order to replace dependency on the private car
- Support the development of innovative and integrated future mobility solutions
- Develop sustainable transport to enhance the environmental sustainability of the campus

These major themes will continue to incorporate two key areas in order to achieve measurable and tangible modal shift:

- *"Here and Now"* – what the University can, within its control, proactively initiate to help make key evolvement in the mobility and connectivity infrastructure across all transport modes in and around campus
- The *"Strategic Regional Infrastructure"* investments – working closely with transport authorities to help and support the strategic value of the Transport Corridor to the University and the region, VLR connecting Coventry to the campus area and future mobility corridors such as the cycleway connecting Leamington to Kenilworth.

1 WCC's Warwickshire Rail Strategy (2019): https://ask.warwickshire.gov.uk/communities/draft-warwickshire-rail-strategy-2019-2034/supporting_documents/WRIS%20DRAFT%20for%20consultation%20201934%20FINAL.pdf

WMRE Rail Investment Strategy (2022): https://wmre.org.uk/our-strategies/west-midlands-rail-investment-strategy/

Pedestrian and Cycle Strategy

Traffic congestion, vehicle speeds, parked vehicles, and vehicle-centric spaces currently create hostile and severed streets for people walking, cycling, scooting and wheeling. This undermines the campus experience through unsafe, poor quality, disconnected and non-inclusive spaces.

The approach of this SPD is to aim to reduce non-essential vehicle use on roads within the heart of the campus and the relocation of car parks to the periphery over time will free up more space for pedestrians and cyclists. The campus will offer a much better environment with more cohesive, permeable, legible, direct, safe and accessible pedestrian and cycle routes across the campus that are guided by distinctive and inclusive wayfinding and placemaking principles.

New and enhanced pedestrian and cycle routes will be designed in accordance with local guidance and the Government's National Design Guide, 'Local Transport Note 1/20 – Cycle Infrastructure Design' (LTN 1/20) and 'Active Design Guidance'. Opportunities to downgrade Gibbet Hill Road and reduce vehicle dominance will be a priority should alternative access solutions emerge as part of the Local Plan Review.

Interactive online maps and apps will work alongside printed signage across the campus to help with accessibility. Arrival will be better announced at campus entrances with strong gateway buildings, landscaping and artwork.

Enhanced pedestrian routes and green spaces will encourage more people to walk around campus and engage with their surroundings, leading to casual encounters and interactions, and better occupation and animation of space. Nature will be embedded into the heart of the campus and noise pollution will decrease with less vehicular activity, creating a calmer, healthier environment to improve wellbeing.

The University will continue to regularly monitor utilisation of the more than 3,500 cycle parking space across the campus to ensure sufficient provision is located where it is in highest demand.

To accommodate the expected uplift in active travel up to 2033 and beyond, adequate secure cycle parking and supporting facilities (e.g., showers, lockers, changing rooms, drying rooms) will be provided as part of new developments at least in accordance with adopted local policy.

As part of delivering the SPD, the University is developing a wayfinding strategy that will enhance both on campus movements and connections to key destinations such as transport hubs and nearby urban centres. This will be achieved with intelligent positioning of buildings, creation of "landmark" developments and markers, and immersive technology. Consideration of lighting provision and CCTV form part of this programme to improve both legibility and personal safety through campus.

The University will explore, alongside Warwickshire County Council and Warwick District Council, how an equivalent scheme to the West Midlands Cycle Hire scheme might be delivered in Kenilworth and Leamington to offer the benefits of such a scheme to staff and students living in these areas.

The University will expand and adapt its softer measures to support cycling such as mechanisms to resell and maintain cycles, safety and proficiency training. It will evolve its Cycle to Work scheme to help eligible staff purchase e-bikes and mobility assisted cycles.

Promoting Wider Pedestrian and Cycle Connections

The University in recent years has contributed toward cycleway improvement schemes at both Lynchgate Road and Kirby Corner Road as well the implementation of traffic calming measures at Cannon Hill to improve road safety. The University will continue to work with CCC, WCC, TfWM and their partners such as Sustrans, to deliver new and improved active travel connections to Coventry city centre, Kenilworth, Leamington, Canley and Tile Hill stations.

To support this the University has completed a 'Cycling Improvement Study' and 'Pedestrian Improvement Study' as required by Section 106 Obligations attached to the planning permission for the Social Sciences Quarter. As well as including comprehensive reviews of the walking and cycling networks within the campus, the Cycling Study will focus on gaps and missing links between the campus and student/staff residential locations, public transport interchanges and existing/proposed cycleways. Of particular focus is the consideration of improving connections to Kenilworth Road and Kings Hill to support active travel movement linking to areas of identified growth and key cycle corridors. The Pedestrian Study has adopted a tighter geographical focus on infrastructure gaps on, and in the immediate vicinity of, campus (e.g., missing footways/dropped kerbs/tactile paving, poor lighting).

Public Transport and Shared Mobility

Public transport and shared mobility will be crucial mechanisms in driving modal shift and creating a more sustainable, pleasant campus. Removing non-essential vehicle trips from the heart of the campus will enable priority access along University-owned roads to the benefit of those using sustainable modes such as electric buses, scooting and cycling. Re-allocation of road space, where appropriate to better support bus access will make bus journeys more reliable and attractive to users, whilst continued collaboration with TfWM to support sustainable journeys through incentives, discounts and advice will help drive travel behaviour change further.

The University supports the ongoing replacement of diesel buses with electric buses across the region. Furthermore, it will continue to work with local bus operators and authorities to help make public transport more desirable to those accessing the campus from key connections such as Coventry rail station. This will be based on the following themes:

- dynamically adapting capacity to accommodate changing demand
- aligning bus and rail timetables to provide efficient onward travel
- making public transport travel cost effective for staff and students
- creating University-based bus services that connect staff and students better, also supporting the wider community
- evolving the University service to create a service that is on-demand and compliments fixed services
- create a simple, low-cost and seamless environment for all users with one mode of payment for these services

Demand Responsive Transit (DRT) combines the cost effectiveness of bus travel with the convenience of personal mobility services such as private hire and taxis. The University will continue to support TfWM's West Midlands Bus On Demand service and consider how similar services might enable last-mile transport across the campus and connect with local areas in the future.

Such services will:

- Compliment fixed network services to reach areas where other options are limited
- Compliment fixed network services in terms of seamless connectivity when using multiple modes to travel
- Support the campus's mobility hubs by connecting these to the heart of the campus where private vehicle access will be restricted
- Support special events when demand for transport services increases to help support existing provision

The University will continue to support the delivery of a VLR route between Coventry city centre to the University, which could also connect with existing and proposed mobility hubs and peripheral parking. The University will work closely with CCC to promote a dedicated VLR link to the main campus and will continue to collaborate with TFWM on new innovative transport solutions for the region.

A shift in modal share towards shared mobility will require a wholesale review of the University Interchange to establish whether it can accommodate the anticipated increase in public transport demand. Working with local authorities, and within the design parameters set out in this SPD, the University Interchange will become an expanded gateway to the campus and visually highlight the area as the most convenient method to get to the centre of the University.

The University currently has four car club vehicles (two electric, two hybrid), operated and maintained by Enterprise Car Club, which are available free of charge for business travel only. The University will explore how this scheme could be expanded to reduce business and other private car travel and ownership by staff and students.

Car Parking Strategy

Through previous masterplans, planning applications and associated Section 106 Agreements, a 'cap' on the number of parking spaces to be provided on campus has been agreed, assessed and mitigated.

Pre-Covid, parking utilisation was typically above 90% during term-time weekdays. However, parking surveys show that utilisation since the lifting of pandemic restrictions and the University's implementation of blending learning/remote working has consistently been around 40%. During the busiest term-time weekday periods there are over 3,000 parking spaces vacant across the campus.

The University has implemented significant changes to the parking tariffs by moving to daily charging to reduce vehicle traffic on campus to enable measures to encourage active travel.

Furthermore, all car parks have become "cashless" and automatic number plate recognition (ANPR) has been introduced to all car parks to create a systems-based permitting/charging structure.

The SPD proposes no change to the parking cap, and over time the University will continue to move car parking towards the periphery of the campus, whilst ensuring essential accessible parking supports existing buildings and new developments.

The University regularly monitors utilisation of its electric vehicle charging infrastructure and, in light of high utilisation, is currently expanding provision across existing car parks. New car parks will ensure adequate provision of electric vehicle charging.

Delivery, Servicing and Waste Strategy

Servicing and deliveries are a large generator of vehicle movements on campus. They also contribute to the large number of vehicles parked across the campus, particularly within the core while specialist University or independent tradespeople undertake their work.

The STEM application proposes to consolidate delivery and servicing activity primarily in a new servicing area accessed from Gibbet Hill Road, with activity relocated from existing piecemeal servicing areas across the STEM site.

The University will continue to apply principles of remodelling, reducing, rerouting and retiming of delivery and servicing activity across the campus. This will serve to reduce road danger, noise and emissions from such activity.

The University's aspiration is to deliver this strategy through implementation of a hub and spoke servicing network with a new consolidation centre on the campus periphery which would allow for a large proportion of campus deliveries to be processed the 'last mile' being completed by smaller electric vehicles or cargo bikes to reduce the number of large motor vehicle movements in the heart of the campus. There will be exceptions to this approach for, for example, time sensitive or servicing of critical or highly sensitive scientific instruments and manufacturing equipment.

Mobility Hubs

The University has a number of mobility hubs around the campus providing access to shared, publicly accessible transport such as e-scooters and e-bikes, alongside cycle parking and other sustainable transport provision. In the future, these hubs will act as designated stops for campus micro transit to provide for longer trips and connections to local destinations.

Mobility hubs will continue to provide interchange and integration between existing and emerging modes across the campus, alongside real-time travel information and, for examples, parcel lockers.

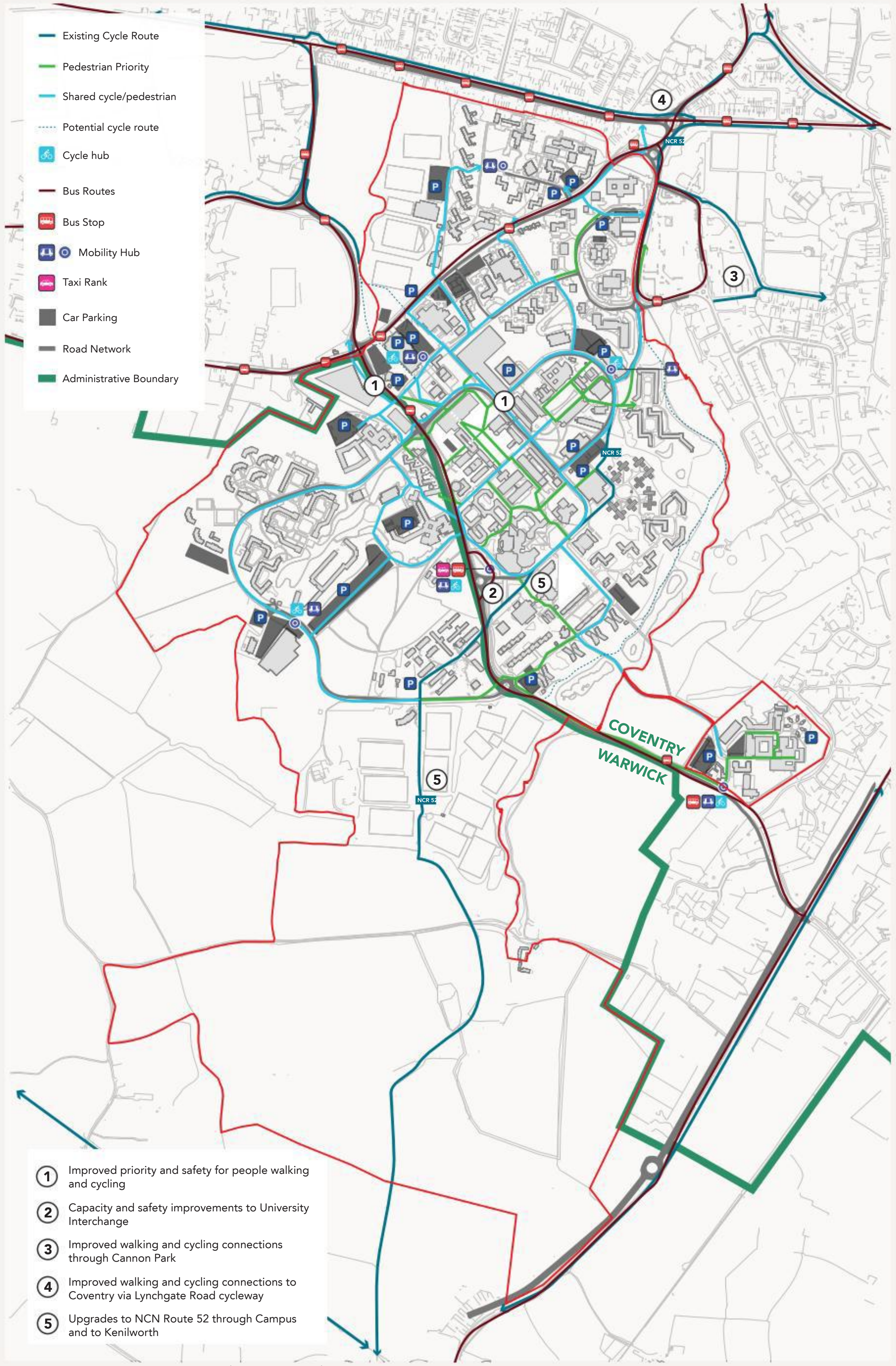
Beyond 2033, as campus car parking is moved towards the periphery of the campus, the new car parks will act as mobility hubs to provide convenient access for onward travel around the campus. A series of smaller mobility hubs will be dispersed around campus and no more than five minutes' walk from any building.

Approach to traffic modelling

The approach to trip generation and traffic modelling, which has been completed using WCC's Kenilworth and Stoneleigh Wide Area (KSWA) model, has been subject to extensive scoping discussions with the transport authorities.

Appendix X provides the detailed methodology and modelling results, which are summarised below.

PLAN 16: TRANSPORT ROUTES AND CONNECTIONS



Trip Generation and Traffic Modelling

The proposed development comprising the SPD is summarised in Table 1.1. These include the:

- Outline permission for Warwick Social Sciences (WSS) for up to 32,000 sqm GIA Use Class F1(a). As agreed with the local authorities, this utilised 19,457 sqm residual floorspace from the Capital Plan Hybrid (CPH) permission (ref: OUT/2018/2115 alongside a commitment by the University in the associated section 106 Agreement, to vacate 12,600 sqm within an Existing Social Sciences Building elsewhere on Main Campus.
- The hybrid application for the Science and Engineering Precinct (STEM) (ref: PL/2023/0002402/OUTM pending determination) for up to a net additional 17,946 sqm GIA Use Class F1(a)

To provide additional robustness and flexibility above the expected maximum floorspace, the SPD trip generation and modelling is based on an additional 31,000 sqm GIA Use Class F1(a) floorspace, 7,196 sqm above the actual expected additional floorspace of 23,804 sqm.

Proposed Works	Use Class F1(a) GIA sqm
Demolition / Vacant	38,093
New Build / Refurbish	81,354
Net Additional SPD	**+43,261**
CPH Residual	-19,457
Actual Additional SPD	23,804

Trip generation for the academic floorspace is based on a first principles approach considering maximum building occupancies for the proposed new and refurbished buildings including WSS and the Science and Engineering Precinct. These buildings will comprise a blend of general teaching, specialist teaching, research labs and workplaces. Bespoke trip rates for undergraduates, postgraduates and staff have been derived and mode shares based on the University's 2023 travel survey. The methodology has been agreed in principle by CCC, WCC and National Highways as part of detailed stakeholder engagement.

Alongside academic floorspace, the SPD proposes up to 1,200 student bedspaces – a 16% increase from the existing 7,487 bedspaces. Additional bedspaces enable students to walk or cycle across the campus rather than make external trips from outside the campus on the local transport networks, which provides significant benefits to capacity and congestion.

In order to consider a robust worst-case scenario, as part of the traffic modelling additional bedspaces (which will reduce external trips due to internalisation) will not be incorporated. However, trip generation will be presented accounting for the bedspaces to understand likely trip impact across public transport and active travel networks.

The quantum of development provides an upper limit of 31,000 sqm GIA for academic floorspace against which future applications can be considered. Where applications fall within the floorspace limit, there should be no need for additional traffic impact assessment. Furthermore, consideration should be given to the quantum of additional bedspaces that have been constructed to offset any additional floorspace above 31,000 sqm GIA.

The Monitor and Manage approach[2] and Framework Section 106 Agreement will provide the basis for identifying any mitigation measures considered necessary to address the specific impacts of any proposal being considered by the local planning and highway authorities. Where development comes forward outside of these floorspace limits or for uses not assessed through the SPD (for instance, proposals on the Science Park), a separate Transport Assessment should be scoped and submitted with any planning application following the principles set out in the Monitor and Manage approach.

2 A Monitor and Manage approach builds on a change in attitude to the issue of travel and movement. It seeks to stop using past traffic trends to determine the future need for infrastructure, as this maintains the status quo by perpetuating dependence on cars. This enables more positive transport planning and helps implement a hierarchy of users by considering walking, cycling and public transport upfront and supporting net zero ambitions. A fundamental part of this approach is the need to monitor travel behaviour over time and manage the implementation of targeted transport interventions to support sustainable travel.

Framework S106, and Monitor and Manage Approach

Over recent years, planning permissions on the University campus have been subject to Section 106 Legal Agreements which have obligated the University to either undertake physical works or make considerable financial contributions relative to transport works. These are summarised below:

- Travel survey of staff and students on a biennial basis for a five-year period with mode share targets for staff and students
- Regular traffic surveys to monitor whether vehicle trips to/from the University during peak periods exceed 16% growth from a 2018 baseline, with a £300,000 remedial payment required to be paid if this is exceeded – surveys in 2022 showed that morning peak period (07:00-10:00) trips reduced by 17% and evening peak period (16:00-19:00) trips reduced by 2%
- Traffic Regulation Order Contribution: £50,000 utilised by CCC for the traffic calming scheme on Cannon Hill Road
- Cycleway Contribution: £100,000 for Lynchgate Road and £50,000 for Kirby Corner Road, with the former paid and implemented by CCC
- Traffic Calming Contribution: £100,000 was paid to CCC in July 2021 for the traffic calming scheme at Cannon Hill Road which was implemented in 2023
- Highways Contribution: £650,000 was paid to WDC in July 2021 towards the Stoneleigh Road/A46 junction improvement
- Shuttle Bus: Bus service 14, subsided by the University for two years from September 2020, was implemented in partnership with National Express Buses and now operates as a commercially viable service without subsidy from the University.

The SPD is supported by a Framework S106 with 'Monitor and Manage' elements which set out a framework of agreed mitigations in response to changes in travel behaviour.

This allows individual planning applications to come forward, within the parameters set by the SPD, without the need for these to be subject to standalone traffic modelling and detailed assessment.

The Framework Section 106 is provided at Appendix x.

A 'Monitor and Manage Transport Sub Board' has been set up comprising representatives from the University, CCC, WCC, WDC, TfWM and NH. This group will monitor, review, co-ordinate and implement the monitor and manage set of principles in relation to all future University development activities, the SPD and associated S106 obligations. The sub board also discusses and manages transport issues and takes opportunities to foster collaboration and sharing of information to improve transport and travel within the local vicinity and encourage positive sustainable transport shifts.

Sustainability and Energy Strategy

Key relevant planning policy:

Coventry Local plan

EM1 Planning for Climate Change Adaption

states that the Council will require all development to be designed to be resilient to, and adapt to the future impact of climate change. Adaptation measures include mitigation against rising temperatures, maximising water efficiency, and minimising risk to flooding.

EM3 Renewable Energy Generation

supports development proposals for renewable and low carbon energy generation technologies, and their incorporation within development proposals.

The **Energy SPD** aims to support the implementation of Policy EM2 Building Standards which states that development should be designed and constructed to the relevant building standards and meet the carbon reduction targets.

Warwick District Local Plan:

CC1 Planning for Climate Change Adaption

states development proposals will need to be designed to be resilient and adaptive to the future impacts of climate change.

CC2 Planning for Renewable Energy and Low Carbon Generation

states that new low carbon and renewable energy technologies will be supported in principle subject to set criteria including being designed to minimise the impact on adjacent land uses and local residential amenity.

CC3 Building Standards and other Sustainability Requirements

states that all non-residential development over 1000 sq.m are required to achieve a minimum BREEAM standard 'very good' unless it can be demonstrated that it is financially unviable.

Warwick District Council declared a climate emergency in 2019 and has since produced a **Net-zero Carbon DPD** which has been through Examination in Public. The Council concluded the Main Modifications consultation in July 2023. The objectives of the DPD are to minimise carbon emissions from new buildings and to support national and local carbon reduction targets. The final Inspector's Report is awaited after which it is expected that the Council will adopt the DPD.

Alongside the DPD sites the Net Zero Carbon SPD which sets out further advice and guidance to applicants and relevant stakeholders on how to comply witht he DPD policies. The SPD has recently been subject to a statutory consultation in October - November 2023.

Overarching University ambition – Net Zero targets

The UN Sustainable Development Goals (UN SDGs) are fundamental to the University's vision to build a better world while addressing the urgent challenges posed by the Climate Emergency. Therefore, the University is committed to reframing the thinking behind decision making, strategic goals and organisation to set a clear pathway to a more sustainable future. The University's current approach ***"the Way to Sustainable"*** reflects the collective journey of continuous improvement and the important elements of curiosity, learning, engagement, collaborative planning, and action needed to achieve the most effective outcomes.

The University seeks to ensure that every member of the Warwick community, partners, and networks work together to find ways to be more sustainable through achieving the right balance between providing clear leadership, enabling cooperation, and listening to others. The University seeks to inspire and be inspired, take a practical approach to problem-solving, be prepared to be always listen and learn, be willing to tackle the wicked problems together, and to continuously evolve by doing so.

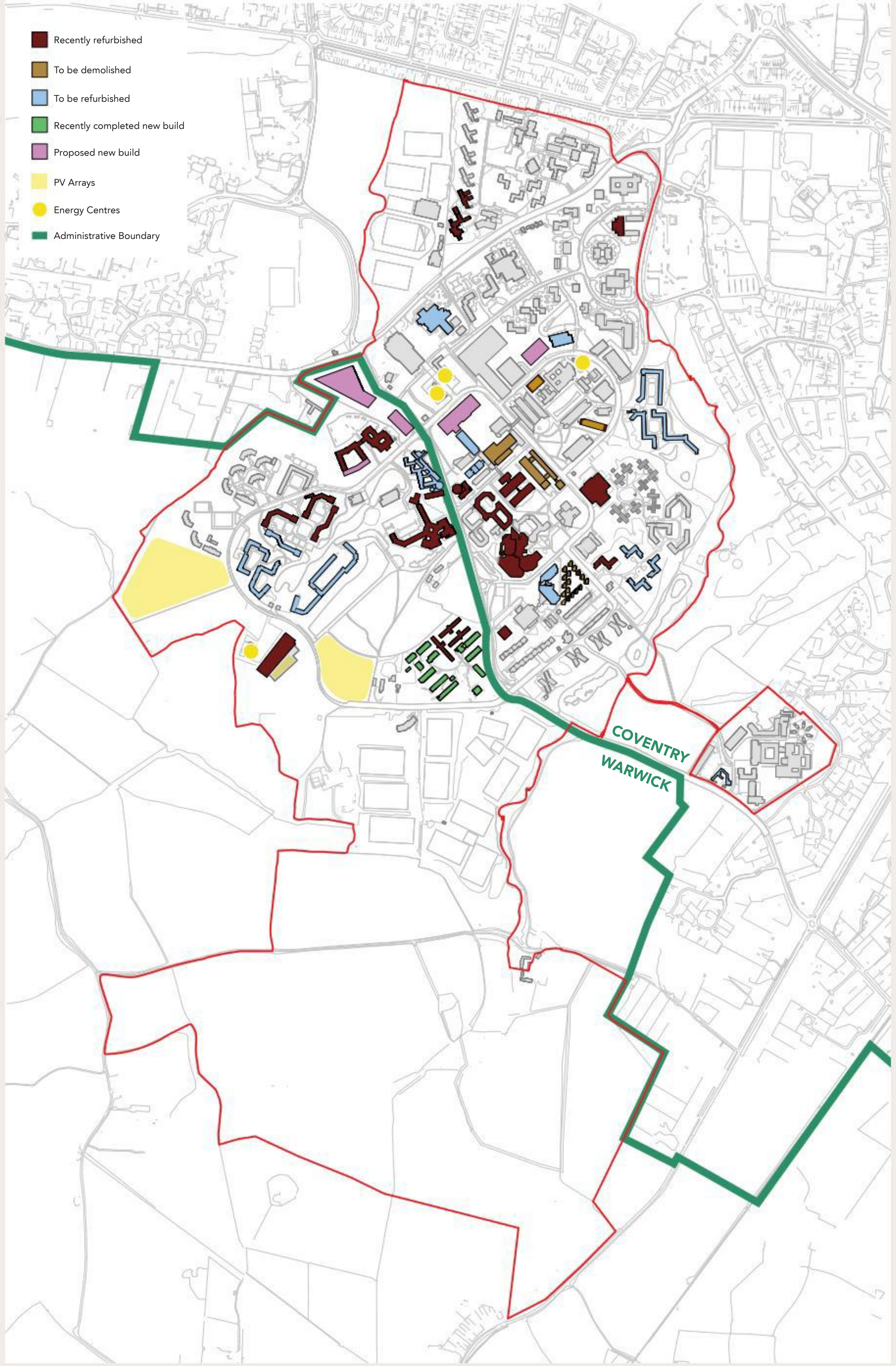
As part of the University's Climate Emergency Declaration, a commitment has been made to reach net zero carbon from direct emissions, and the energy purchased, by 2030 (Scope 1 and 2 emissions). To achieve this, carbon efficiency needs to be increased drastically in order to change to a reduction pathway. The University commits to achieving net zero for all direct and indirect emissions (Scope 1, 2 and 3) by 2050, and the success of this will mean acting differently now.

Reuse/refurbishment

In line with the University's goals on net zero carbon, the University has a hierarchy of decision making and will look to prioritise the re use and refurbishment of existing buildings first, with buildings only being considered for demolition if they are in poor condition or not viable for reuse and demolition or if partial demolition opens up further strategic opportunities.

The University has developed a set of standards which apply to all new construction projects on the Campus, reflecting the University's 'low energy, low maintenance' strategy. This is known as 'The Warwick Standard'. The Warwick Standard provides clear leadership and sets the benchmark for how development is constructed at the University, setting out mandatory design standards which align with the masterplan for the campus. This ensures that all projects are developed and built with uniformly high standards of design which align to the University's strategic goals.

PLAN 17: SUSTAINABILITY PARAMETER PLANS



Approach to achieving Net Zero Carbon Emissions

The University is embedding sustainability into all operations to ensure that they can operate resiliently at net zero, or beyond, by 2050 from direct and indirect emissions. In doing so, the University seeks to inspire its community, increasing collaboration with stakeholders and supply chain partners to inform and improve operations.

As such, number of Sustainable Operations have been identified in respect of Transport and Mobility, Energy, Campus construction, maintenance, and repair, ecology and Biodiversity Net Gain, reducing waste and water.

Transport and Mobility

Goal:

Reduce indirect carbon emissions generated through all forms of transport and mobility to achieve net zero by 2050. If we are going to achieve this, we need to work closely with our communities as we introduce, test, learn and champion greener, cleaner forms of transport.

Actions:

- continue to use our campus as a real-time living lab that enables us to better understand and address the needs of commuters
- accelerate plans to transform the campus transport infrastructure by improving our services, offering more greener, cleaner transport options, whilst continuing to provide better connectivity across our region
- change our policies to emphasise the need to use cleaner, greener forms of travel when travelling on University business
- continue to lead on the conception and development of future transport infrastructure so that we are well placed to enable and accommodate the predicted growth of the University, and our region, whilst also achieving our sustainability target.

Energy

Goal:

Our overall goal is to get to net zero carbon from the energy we use by 2030

Actions:

- transition away from fossil fuel gas supplies for on campus operations by 2030
- continue to source green electricity from the National Grid which we have done since 2020
- reduce our reliance on the grid, by selfgenerating renewable energy on campus where viable
- lead the way in creating low carbon energy networks on campus, utilising the existing energy infrastructure combined with viable emerging technologies to create an exemplar future energy network
- improve the utilisation of space across campus, where appropriate and realistically possible, through the adoption of technology and hybrid styles of working developed during the pandemic
- actively seek partnerships with organisations to assist in this transition.

Campus Construction, Maintenance and Repair

Goal:

We have aspired to high levels of building quality and performance since 2015, targeting BREEAM 'Excellent' and EPC A standards, well exceeding regulatory building standards. Our mission is to ensure that our new construction projects across our campuses are net zero carbon developments, and to build and refurbish our stock in an environmentally responsible manner, considering the whole life cycle carbon emissions from our real estate.

Actions:

- continue to ensure that all of our new construction projects are net zero carbon developments; we have already implemented a policy to assess the embodied carbon of our new buildings, enabling informed investment decisions to be made
- evaluate our options to provide new space and facilities on a whole life carbon basis, including opportunities to repurpose existing building where appropriate
- refurbish and improve our pre-2015 real estate, where we need to maintain rather than rebuild, via viable thermal improvements, green energy generation and intelligent operational controls
- improve building controls and space management systems to heat and cool spaces that we use in an efficient way
- implement sector-leading environmental building performance standards for new builds and refurbishments.

Ecology and Biodiversity Net Gain

Goal:

Our goal is to enhance campus biodiversity, targeting a minimum 10% net gain compared with pre-development.

Actions:

- allocate a large proportion of our land holding (over 120 acres) on the main campus to re-wilding and parkland for amenity, education and, to assist our transition to renewable energy
- safeguard and enhance existing ecological assets
- encourage people (staff, students, and our local community) to engage with the natural environment through education and research.

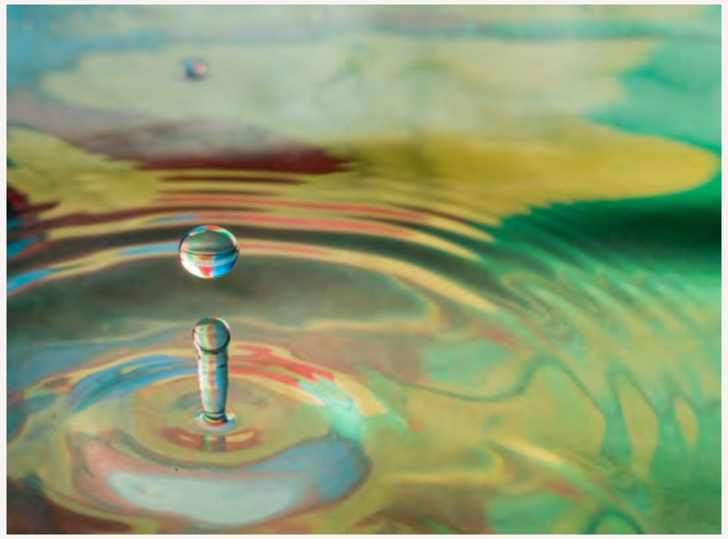
Reducing Waste

Goal:

To reduce the total volume of waste produced by Warwick and, if that's not possible, reuse and recycle.

Actions:

- reduce waste being produced in the first place. We will support initiatives that stop waste being created - for example the Warwick Cup scheme, the second-hand bike shop pop-up and the arrivals pop-up shops
- reuse waste that is produced. For example, we will continue to donate a significant amount of 'clean waste' left at the end of the academic year to charity, working with both the compliance and community engagement teams
- recycle as much waste as possible. We are already conducting an infrastructure review (containers, accessibility, collection), and a communications review to encourage more recycling behaviours. We will also improve our processes to segregate new waste streams (cardboard, cables, duvets and bedlinen, and coffee grounds), and we will build on our existing food waste collection activities
- recover waste. We will secure access to a waste to energy plant to dispose of our waste, so that we continue to ensure we send 0% to landfill. We will divert waste from landfill using dedicated material recycling facilities for large items that are not accepted at incinerator resulting in zero waste to landfill.



Water

Goal:

Reduce total campus water consumption, in the interest of reducing carbon associated with water treatment but also to ensure that we preserve this valuable resource.

Actions:

- undertake continual monitoring and targeting to support our water usage plans
- assess a suitable and alternative targeting mechanism based on possible future campus populations
- continue to evaluate the effectiveness of our drainage systems through our ISO14001 Environmental Standard
- undertake comprehensive flood risk assessments to ensure our future buildings are not at risk of flooding and do not exacerbate flood risks elsewhere.

Ecology and Biodiversity Strategy

Key relevant planning policy:

Coventry Local Plan

GE1 Green Infrastructure

states that existing GI will be protected and used as a way of adapting to climate change. New development would be expected to make provision of GI and maintain the quality and quantity of existing GI.

GE3 Biodiversity, Geological, Landscape and Archaeological Conservation

aims to protect and enhance SSSIs, LNRs, ancient woodlands and local wildlife and geological sites. This includes the expectation that development proposals will lead to a net BNG, protect or enhance biodiversity assets and secure long term management, avoid negative impacts on existing biodiversity and preserve species that are legally protected.

GE4 Tree Protection

states that development proposals will be positively considered where there is no unacceptable loss of or damage to existing trees or woodlands. The policy also expects removed trees to be replaced with new trees, and for retained trees to be sympathetically incorporated into the overall design. Furthermore, trees that are subject to 'protection' will not be removed without justification.

EM1 Planning for Climate Change Adaption

states that all development will be required to be designed to be resilient to climate change through adaptation measures. For ecology these include optimising the use of multi-functional GI and where appropriate BI.

The **Biodiversity Net Gain SPD** provides additional guidance on the objectives of Policy GE3, which include facilitating a net BNG, protection and enhancement of biodiversity assets and their long term management, and preserving species which are legally protected, in decline or rare within Coventry.

The **Trees and Developer Guidance SPD** establishes the Council's expected standards for development proposals with regards to existing trees. This includes retaining and incorporating high quality existing trees within proposed development schemes.

Warwick District Local Plan

CC1 Planning for Climate Change Adaption

states that all development is required to be designed to be resilient to, and adapt to the future impacts of climate change. This will include optimising the use of multi-functional GI for urban cooling.

NE1 Green Infrastructure

aims to protect, enhance and restore the district's GI assets on a sub-regional to a local and neighbourhood scale.

NE2 Protecting designated biodiversity and geodiversity assets

confirms that the Council will protect designated areas and species of national and local importance for biodiversity and geodiversity. The policy goes on to states that all proposals likely to impact these sites/ species will be subject to an ecological assessment.

NE3 Biodiversity

sets out the Council's expectation that development proposals will protect, enhance and/or restore habitat biodiversity.

Ecology and Biodiversity Strategy

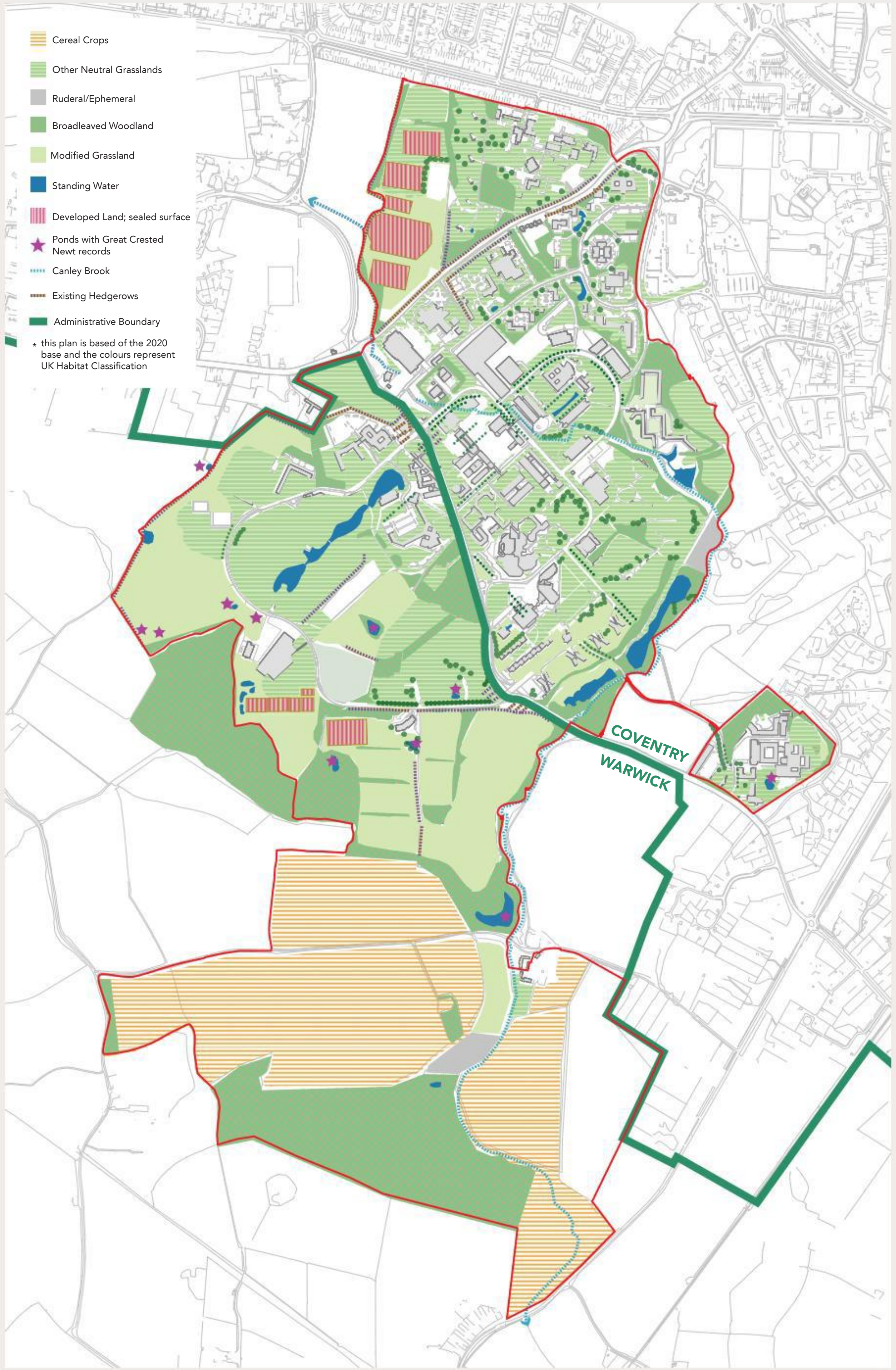
The Ecology and Biodiversity Strategy is based upon the following objectives:

- Safeguard existing ecological sites
- Enhance campus biodiversity
- Sustain and enhance the Great Crested Newt (GCN) population
- Encourage site users to engage with the natural environment

It is based upon an understanding of the Baseline ecological conditions within the SPD boundary. These are identified on Plan 18.

The University is committed to conserving and improving the habitats and species which form the campuses natural assets, and to developing campus biodiversity holistically and not as isolated resources. The SPD boundary contains a wealth of habitats including woodland, mature trees, hedgerows, lakes, ponds, brooks, meadows and open farmland. The University acknowledges the multiple benefits of the environment for health, well-being, food production, climate change mitigation and carbon sequestration.

PLAN 18: BASELINE ECOLOGY PLAN



The University is committed to maximising the ecological value of its estate.

Its commitment to enhancing biodiversity is demonstrated by the numerous habitat creation and management projects that have taken place in recent years including:

- Restoring a large pond through desilting, revetment creation and marginal planting
- Taking part in No Mow May with areas left unmown throughout the summer months
- Wildflower area creation within residences as well as recently laid wildflower turf
- Hedgerow planting to create wildlife corridors; and
- Planting of 900 whips from the Queen's Green Canopy initiative.

Biodiversity enhancements which have taken place on campus between 2020 and 2023 are shown on Plan 20.This plan also identities locations where enhancements have been undertaken as part of planning permission approvals.

In addition to these projects, we have also started a programme of species monitoring and mapping data on GIS. For example, as part of the Hedgehog Friendly Campus initiative, for which we have achieved the silver award and are working towards gold, we have undertaken hedgehog surveys for the past two years and the surveys have been initiated this year with support from local groups and staff for small mammals, moths, pond health, and birds.

Principle of 'banking'

The approach to habitat creation and enhancement has the potential to create an opportunity for biodiversity gains to be accounted and used to compensate for unavoidable residual impacts of a particular project. Prior to any habitat creation and / or enhancement work outside a built project boundary, a detailed ecological assessment will be undertaken to determine the necessary baseline information and a site-specific ecological management plan produced so that the creation and/ or enhancement can be calculated and used to off-set onsite biodiversity losses. A baseline biodiversity assessment will be undertaken to establish the Biodiversity Net Gain measurement following the proposed interventions.

Great Crested Newts

Great Crested Newts are protected under European and UK Law, a species of principal importance in England and a Warwickshire, Coventry and Solihull Local Biodiversity Action Plan species. A desktop study undertaken by the University show records of 9 ponds within the SPD boundary in which Great Crested Newt have been identified. These are shown on Plan 19.

The ponds which between them support a regionally significant great crested newt population, are all situated along a horizontal belt as shown on Plan 19 surrounded by grassland, hedgerow and woodland habitats which provide cover, food and dispersal routes for the species.

To safeguard the University's GCN population, future development on campus should be focussed away from known GCN ponds and valuable GCN habitat. If impact on GCN habitat is unavoidable, appropriate mitigation measures to be agreed with the relevant Local Authority will be provided.

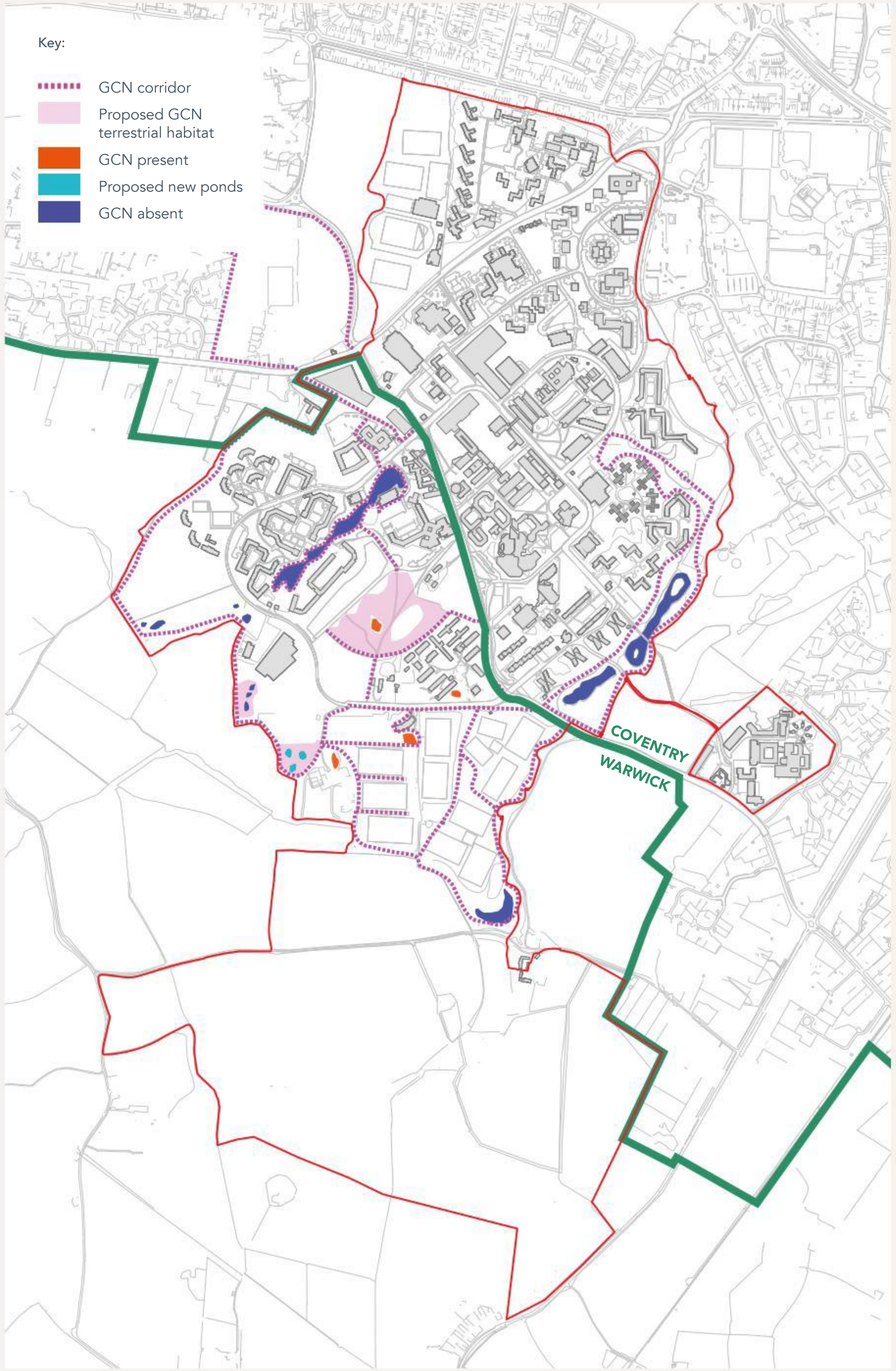
The campus provides opportunities for the GCN habitat to be enhanced. In line with the enhancement strategy, the University will continue to monitor GCN's across the campus to measure the success of the GCN site conservation and enhancement measures and to inform future development.

Biodiversity Net Gain – principle of campus wide approach

It is noted that Biodiversity Net gain is becoming mandatory under Schedule 7A of the Town and Country Planning Act 1990 (as inserted by Schedule 14 of the Environment Act 2021).

The University's Way to Sustainable Strategy commits to achieving a 10% biodiversity net gain on campus with an overarching aim that the delivery of projects will result in biodiversity being in a better state than before. We will work to ensure a minimum of 10% is achieved for all projects regardless of their size. When identifying and implementing projects to enhance the campus for biodiversity we will be informed by the Local Nature Recovery Strategy and in its absence, the Warwickshire, Coventry and Solihull Local Biodiversity Action Plan (BAP). The University will work with partners to develop the campus to support priority habitats and species where possible, and in turn to support nature's recovery.

PLAN 19: BIODIVERSITY - GREAT CRESTED NEWTS PLAN



The University will prioritise the following habitats from the Local Biodiversity Action Plan

- @ Built Environment (revision in progress 2021)
- @ Field Margins (updated November2021)
- @ Hedgerows (updated November 2021)
- @ Lakes and Reservoirs (updated 2021)
- @ Ponds (revised March 2022)
- @ Reed beds (updated March 2022)
- @ Rivers and Streams (updated February 2018)
- @ Roadside Verges (updated August 2021)
- @ Traditional Orchards (updated November 2021)
- @ Woodland (updated November 2021)

The University will prioritise the following species from the Local Biodiversity Action Plan

- @ Barn owl (updated April 2022)
- @ Bats (revised March 2022)
- @ Farmland Birds (updated August 2021)
- @ Great Crested Newt (revised March 2022)
- @ Hedgehog (updated 2021)
- @ Rare Bumblebees (updated December 2021)
- @ Song Thrush (updated 2021)
- @ Scarce Arable Plants (updated December 2021)
- @ Water Vole (updated December 2021)

Approach to delivery of Biodiversity Net Gain

The University is in a unique position in that they have extensive landholdings making up the wider campus as included within the SPD boundary. It is therefore appropriate that a hierarchy approach is created in this SPD to manage the appropriate delivery of Biodiversity Net Gain.
The approach is set out below:

1. Utilisation of enhancements already banked subject to satisfactory justification that such enhancement have not been double counted
2. Provision of mitigation to achieve 10% net gain within the application site
3. If (1) is not possible, or can only be partly achieved, provision of mitigation to achieve 10% net gain within the administrative area in which the application is located
4. If (1) and (2) are not possible, provision of mitigation to achieve 10% net gain elsewhere within the SPD boundary
5. If no suitable land is available within the SPD boundary, provision of mitigation will be made on other University landholdings.
6. Off site mitigation by way of financial contributions to BNG initiatives locally within the administrative areas of Coventry City Council or Warwick District Council (to be agreed by both local authorities).

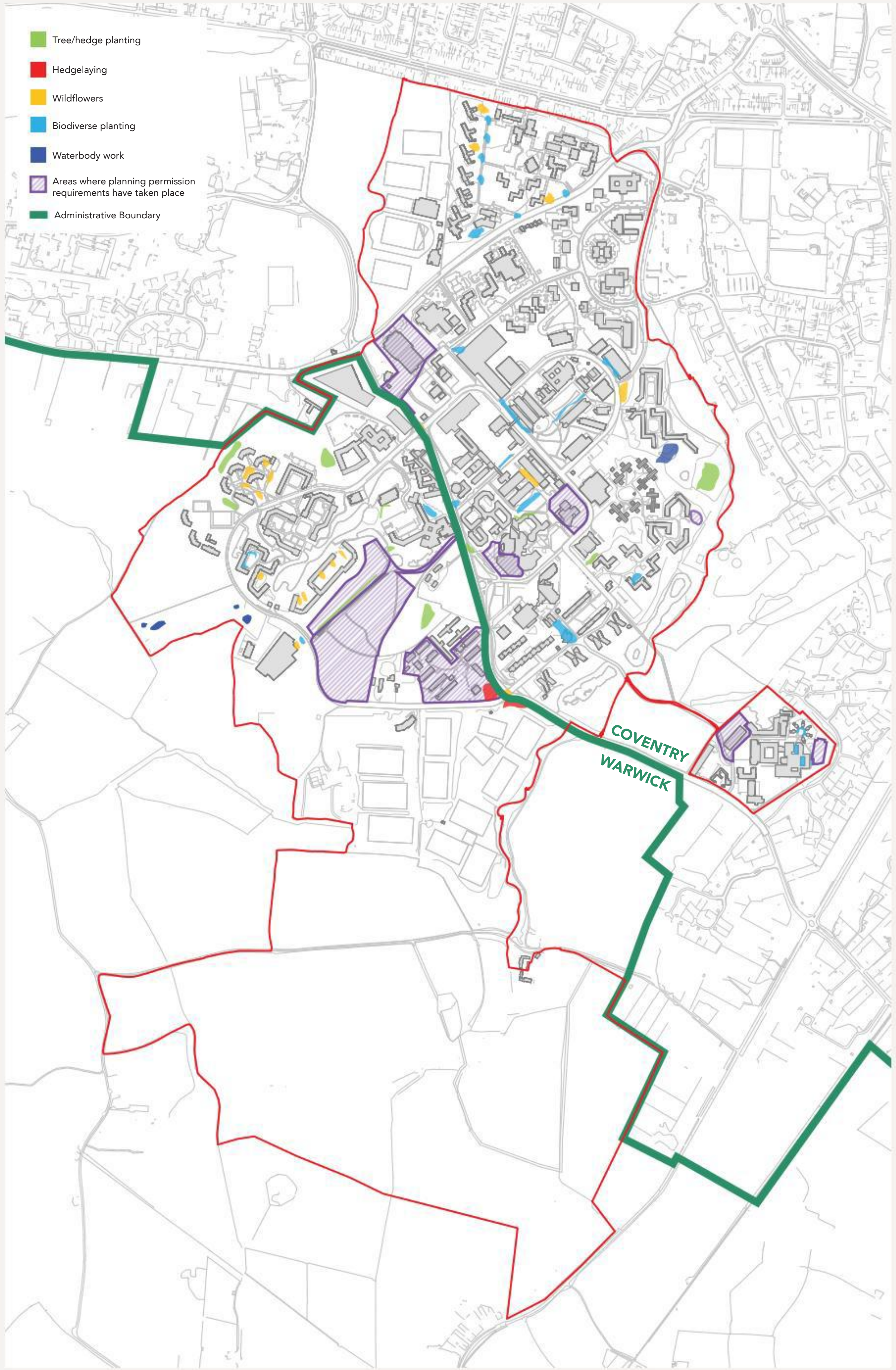
Future Campus Ecology and Biodiversity Enhancements

Introduction

Future enhancements for ecology and biodiversity will be addressed through the creation of an 'ecopark' to the south of the campus; proposed habitat creation and wildlife enriched interventions within existing areas of the campus; and proposed biodiverse planting alongside new developments. The ecology and biodiversity enhancements should be chosen to support species noted within the Warwickshire, Coventry & Solihull Local Biodiversity Action Plan (LBAP), including farmland birds, hedgehog, great crested newt, bats, small mammals, amphibians and invertebrates. Specific ecological interventions will be guided the LBAP, and the Local Nature Recovery Strategies once they are published.

The key habitats and biodiverse features which will be considered for future enhancements comprise of the following:

PLAN 20: ECOLOGY AND BIODIVERSITY ENHANCEMENTS



Broadleaf Woodland:

Native woodland tree saplings of local provenance will be planted in groups to strengthen existing woodland belts and copses, in order to strengthen ecological corridors and provide refuge for wildlife. Proposed new pockets and linear plantations of woodland tree species will be located in quieter areas and boundaries of the site where they can establish as mature trees, and connect with existing woodland features, strengthening existing habitat present within and adjacent to the campus. Native understory planting should be introduced beneath larger copses of new tree planting. Saplings will be spaced a approximately 2.5m, and species will include both canopy and understory varieties.

Proposed individual trees:

Individual specimen trees, groups of trees and linear street tree planting will enhance the public realm and amenity areas of the campus. Species will include flowering and fruiting varieties to provide a food source for wildlife, and a diversity of species to enhance visual amenity.

Hedgerows:

New hedges will provide a habitat for a variety of species as the dense branches and foliage provide cover and refuge, and berries will provide a food supply for a variety of wildlife. The hedgerows create sheltered movement corridors for wildlife across the site and into the wider landscape. New hedgerow planting will comprise a variety of woody species with herb-rich hedge margins to maximise the variety of wildlife they will support, such as hedgehogs. The new hedgerows will be positioned to provide new migratory routes and strengthen those that already exist, both along the boundary and within the campus.

Wildflower meadow (semi-improved grassland / neutral grassland):

New native wildflower meadows will be created within the site to benefit invertebrates, small mammals and birds. Areas of existing enriched grassland which support low floral diversity will be managed to remediate the enrichment through annual mowing and supplementary seeding to accelerate the creation of a diverse flora akin to a more neutral sward. Floral meadows containing a combination of native and non-native nectar-rich flowers will be used to enhance the central campus amenity spaces and green space margins. Fields margins will be managed to enhance their biodiversity value, sown with native species to provide seed for wild birds or with wildflowers or agricultural legumes to provide pollen and nectar resources for invertebrates. The current species poor roadside verges will be managed to provide a more diverse flora. The management will involve annual cutting with supplementary wildflower seeding and plug planting. 'No-mow' grass verges will increase species diversity. Care will be taken to avoid invasive species and those which are susceptible to diseases such as Phytophthora, Acute Oak decline, and bleeding canker. Plants will be UK grown where possible, and will be sourced from nurseries that are part of the 'Plant Healthy' scheme.

Water course / water bodies:

In order to improve the diversity of water bodies / wildlife ponds, the marginal habitats will be enhanced with a mix of plant species which will provide cover and sources of nectar. The marginal habitat and species diversity will be enhanced using seeding supplemented with plug planting or through the installation of pre-planted coir mats to provide instant vegetation to the margins. Further naturalisation of the Canley brook would create more permeability for species which depend on linear water features. Planting to reinforce the existing bankside vegetation and create more structure and diversity would also provide benefits for other small mammals, birds and invertebrates within the site.

Biodiverse swales and rain gardens:

New developments are to prioritise the use of surface water attenuation / surface water attenuation (SuDS), to create vegetated swales and rain gardens. Planted swales will promote infiltration and reduce run off rates and volumes. A variety of plant species, both native and non-native, will be introduced for visual interest and to provide a valuable wildlife habitat.

Biodiverse Planting:

New biodiverse planting within residential areas central campus will support wildlife, boost biodiversity and create seasonal longevity. Plant selection will prioritise a rich source of nectar for beneficial insects, birds and small mammals, including species with spring blossom and berries. British native species will be supported by nectar-rich ornamental species, to extend the flowering season and create a planting matrix which will be easily manageable, with seed heads retained during winter. Spring flowering bulbs will enhance areas of amenity grass. Within residential areas of the site will include the introduction of bio-diverse edibles / herb beds.

Building biodiversity into Architecture:

The provision of green roofs and walls, biodiverse landscapes and nesting / roosting boxes will provide refuge and foraging habitats for a range of species, whilst creating stepping stones for wildlife to migrate across the site. Architectural green infrastructure including green and blue roofs, green walls, bird and bat boxes in building infrastructure will furthermore enhance the built environment. These features will be considered retrofitted to existing buildings where appropriate, and for new builds.

Artificial Refugia:

Strategic positioning of bird and bat boxes and hibernaculars within existing trees, semi-improved grassland, woodland, field and water margins, will increase the diversity of fauna within the site. Types of hibernacular could include, but not limited to, insect 'hotels', hedgehog homes, artificial bat roosts and bird boxes.

Flood Risk and Drainage Strategy

Key relevant planning policy:

Coventry Local Plan

EM1 Planning for climate change adaption

states that all development will be required to be designed to be resilient to climate change through adaptation measures. For flood risk and drainage, this means optimising the use of multi-functional GI for local flood risk management, minimising vulnerability to flood risk by location of development in low flood risk areas and including mitigation measures.

EM4 Flood Risk Management

states that all development proposals will be assessed in respect of the level of flood risk form all sources. Development will need to provide a minimum standard to flood defence and resilience and not increase flood risk on site or elsewhere to reduce overall flood risk.

EM5 Sustainable Drainage Systems

aims to ensure all development apply SuDS to ensure surface water runoff is managed as close to its source as possible.

Warwick District Local Plan

CC1 Planning for Climate Change Adaption

states that all development is required to be designed to be resilient to, and adapt to the future impacts of climate change. This will include optimising the use of multi-functional GI for local flood risk management and minimising the vulnerability to flood risk by locating development in areas of low flood risk.

FW1 Reducing Flood Risk

aims to ensure development is located in areas of low flood risk, and ensuring all new development is resilient to surface water, fluvial and pluvial flooding.

FW2 Sustainable Drainage

states that all major developments must incorporate SuDS that provide biodiversity, water quality and amenity benefits. The policy also states that all new development sites will discharge at QBAR greenfield run-off rate, including an allowance for climate change.

Baseline conditions / drainage model

The majority of the SPD boundary is identified as falling within Flood Zone 1 of the Environment Agency's Flood Risk Map for Planning. This is recognised as the area with the lowest risk of flooding. Part of the southern area, at Tocil Wood, lies within Flood Zone 3 – the Canley Brook floodplain. Notably the existing flood risk map for planning only includes large catchments as such water courses are not modelled and separate modelling is being undertaken by the University.

The campus benefits from its rural location with a relatively large amount of green space and differing ecological habitats. A large number of the ecological features on site are also provided as part of the water management strategy.

Sustainable Drainage Systems (SuDS) are the main flood mitigation strategy in use within the campus. There are many existing SuDS features on site including ponds, swales and filter trenches. These features can be re-used and improved to accommodate additional surface water runoff, with additional SuDs features added to the campus.

Water and Surface Water Network

The surface water network can be split into two main sub-catchments:

- Westwood Brook Sub-Catchment
- Whitefield Coppice Sub-Catchment

Both sub-catchments ultimately drain to the south of the University and into the Canley Brook. The Canley Brook flows between the Central Campus and Gibbet Hill Campus in a south westerly direction before discharging further downstream into the Finham Brook. Canley Brook is a designated main river by the Environment Agency. There is also a smaller sub-catchment located on Gibbet Hill.

Westwood Brook Sub-Catchment

The Westwood Brook flows from the north to the southeast through the sub-catchment either through a series of culverts or via open channel flow.

The majority of the University's built environment is in this sub-catchment, therefore there are a number of outfalls that discharge directly into the Westwood Brook. Further north at the Westwood Campus, surface water is discharged via the Severn Trent public network into a tributary of Westwood Brook. More recent buildings have individual attenuation structures to control the volume and rates of discharge.

The existing surface water network draining into the Lakeside and Heronbank ponds flow across to the Westwood Brook sub-catchment and discharges into the Westwood Brook via a surface water pumping station located in front of the Engineering Block on University Road.

There are ponds located adjacent to Tocil Wood. It is noted that these are aesthetic and not considered to be used for surface water attenuation as they are located within the Canley Brook floodplain.

Whitefield Coppice Sub-Catchment

This sub-catchment is mostly drained by a small watercourse to the east of Whitefield Coppice, which as previously noted drains into the Canley Brook.

The Lakeside and Heronbank ponds are only partly used for the attenuation of surface water runoff from some of the Lakeside residences. The remainder of the Lakeside residences and Heronbank are attenuated in four below ground detention tanks, with two of these being pumped into the ponds. As previously noted, all flows from the ponds eventually drain to the surface water pumping station in the Westwood Brook sub-catchment before discharging into the Westwood Brook.

There is a small natural pond behind the Heronbank buildings on the Hill Top site. It is not used for attenuating surface water runoff. The location of the pond suggests there is a potential flood risk for the Heronbank buildings during extreme storm events resulting from surface water shedding from the elevated Hill Top site.

Flood Risk

A study of the EA's online flood map, 'Risk of Flooding from Surface Water', suggests that the majority of the SPD boundary lies in a very low risk area with some medium and high-risk areas across the campus.

The majority of the University's built environment is located in the Westwood Brook sub-catchment and therefore it is important to understand the potential flood risk from the Westwood Brook. A detailed hydraulic analysis was undertaken in 2007 and updated in 2013 so that the 1 in 100-year floodplain for the Westwood Brook could be determined. The results of the analysis confirmed that no buildings were impacted by Westwood Brook up to the 1 in 100 year plus 20% climate change event.

The Westwood Brook Hydraulic model is in the process of being updated to reflect modern modelling standards and current climatic conditions to inform the flood extents within the campus in line with Environment Agency and Lead Local Flood Authority requirements.

There are no concerns about floodplain encroachment for the Whitefield Coppice sub-catchment, as the sub-catchment is topographically elevated above any such constraint.

The discharge of surface water from a new development will take into consideration the drainage hierarchy with infiltration being the preferred option and discharge to a combined sewer being the least favourable.

SUDS should be incorporated into the design of new development to manage and control runoff unless there are practical reasons for not doing so. Consideration should be given to the use of source control features as part of a treatment train to improve water quality prior to disposal off-site. A Flood route exceedance plan should also be provided to show how flooding could be managed in the event of a blockage or a storm that exceeds the design event of the infrastructure.

Sequential/Exception test

New developments should be located in areas at low risk of surface water and fluvial flooding. In areas where this cannot be achieved, suitable evidence will need to be provided to demonstrate that there are no other alternative sites within the University of Warwick campus that are suitable for the development. Any residential development to be located in a high-risk flood area will also need to pass an Exceptions Test. If required, both a Sequential Test and Exceptions Test will need to be submitted at the planning stage to support the FRA.

Sustainable Drainage Systems (SuDs)

Future development within the SPD campus will prioritise the use of SuDs. The overarching aim is to reduce run off rates and where possible deal with surface water as close to its source and incorporate biodiversity into schemes . The landscape context of the SuDs will be taken into account as well as the engineering requirements.

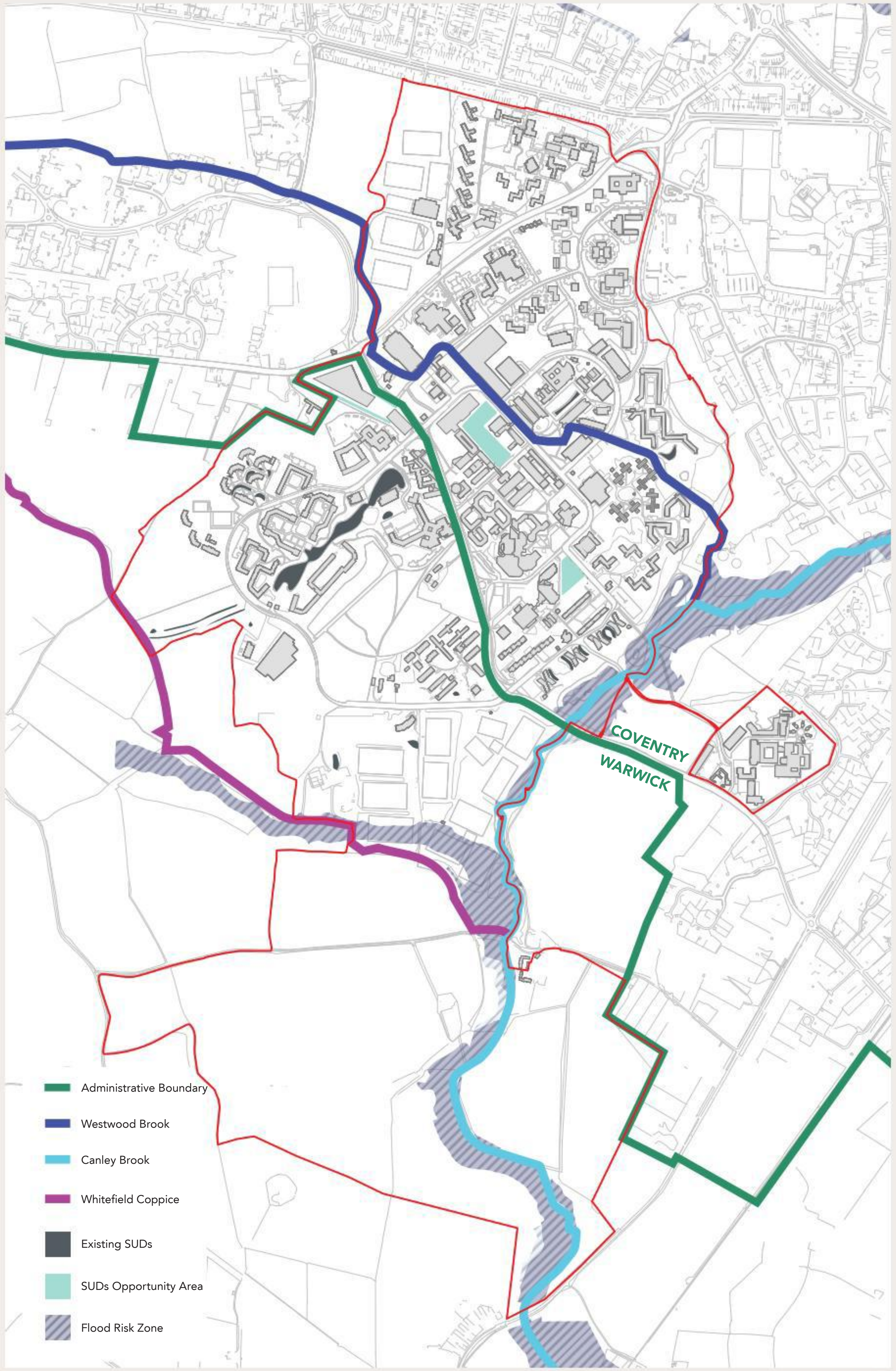
When considering the use of SuDs, development within the SPD boundary will use the following list of potential options in order of priority, depending on the appropriateness of each feature for the specific development.

Suds Method	Description	Potential Locations
Green & Blue Roof	Vegetated or hardstanding roof designed to store water, which can be used for irrigation, cooling water or non-potable use within the building.	Proposed flat roofs could be designed with this feature if structural capacity, extra loadings and waterproofing are taken into consideration within the design.
Rainwater Harvesting	Rainwater from roofs and hard surfaces can be stored and reused.	Rainwater storage tanks can be located either underground, indoors on roofs or adjacent to buildings, depending on site size and access requirements.
Permeable Paving	Surfaces can be either porous or permeable. Rainwater infiltrates through the surface and into underlying layers where it is temporarily stored before either infiltrating into the ground or discharge through the drainage system.	Permeable paving can be located within proposed hard landscaping areas, especially in public realm areas.
Swales	Shallow, broad and vegetated channels designed to store and/or convey runoff and remove pollutants. Check dams and berms can also be installed along the flow path to promote settling and infiltration.	Swales may be utilised within the narrow, landscaped areas of the proposed plan to slow down and convey rainwater runoff.
Filter Drains/strips	Shallow excavations filled with gravel to create temporary storage of runoff used to filter and convey rainwater.	Due to ifs linear feature, filter drains are well suited to manage runoff from roads, car parks and other impermeable areas in verges or within landscaped areas in public realm areas.
Infiltration Basin	Vegetated depressions designed to store runoff on the surface and infiltrate it gradually into the ground.	Can be incorporated into large open areas of soft landscaping.
Rain Garden	Relatively small depressions in the ground that act as infiltration points for roof water and other 'clean' surface water runoff (low contamination levels).	Can be implemented in private curtilage for managing runoff from single properties, in small shared public spaces, on car park islands, roundabouts, footpaths, traffic calming and pedestrian zones.
Detention Basin	Surface storage basins are normally dry and provide flow control through attenuation of stormwater runoff.	Can be incorporated into large open areas of soft landscaping.
Retention Pond	Retention ponds provide stormwater attenuation and treatment.	Can be incorporated into large open areas of soft landscaping.
Geocellular Storage Systems	Geocellular systems can be used to control and manage surface water runoff.	The modular systems mean that they can be tailored to suit specification requirements of any site.

Management and Maintenance

The University monitors and manages its current drainage system, working to the aim of ensuring it is robust, resilient and sustainable. In addition to several existing SuDs intervention across the campus, through the development of the Eco Park project there are emerging ideas exploring the opportunity to utilise land parcels to both support wetland habitat creation and natural management of water. Also, the University has an experienced grounds and gardens maintenance team for whom the monitoring, management and maintenance of our existing SuDs features is a key task that they undertake, as these features are an active part of the University landscape. The team are supplemented by specialist external contract support, where required.

PLAN 21: DRAINAGE PLAN



Heritage and Archaeology Strategy

Key National and Local legislation and Policy

The Planning (Listed Buildings and Conservation Areas) Act 1990 sets out the following duties for the decision maker in determining applications for listed building consent and planning permission affecting statutory listed buildings and/or their setting:

"S.66 (1) In considering whether to grant planning permission for development which affects a listed building or its setting, the local planning authority or, as the case may be, the Secretary of State shall have special regard to the desirability of preserving the building or its setting or any features of special architectural or historic interest which it possesses."

The NPPF requires that planning should "conserve heritage assets in a manner appropriate to their significance, so that they can be enjoyed for their contribution to the quality of life of this and future generations." with Chapter 16 outlining guidance regarding conserving and enhancing the historic environment.

Local Plan Policy

Warwick District Local Plan

Policy HE1: Designated Heritage Assets and their setting

Development will not be permitted if it would lead to substantial harm to or total loss of the significance of a designated heritage asset, unless it is demonstrated that the substantial harm or loss is necessary to achieve substantial public benefits that outweigh that harm or loss, or it is demonstrated that all of the following apply:

a) The nature of the heritage asset prevents all reasonable uses of the site; and

b) No viable use of the heritage asset itself can be found that will enable its conservation; and

c) Conservation by grant funding or charitable or public ownership is not possible; and

d) The harm or loss is outweighed by the benefit of bringing the site back into use.

Where development would lead to less than substantial harm to the significance of a designated heritage asset, this harm will be weighed against the public benefits of the proposal, including securing its optimum viable use.

- Experience of the asset;
- An asset's associative relationships with other heritage assets. It is identified that views which contribute more to understanding the significance of a heritage asset include the following:
- Those where the composition within the view was a fundamental aspect of the design or function of the heritage asset
- Those where town- or village-scape reveals views with unplanned or unintended beauty
- Those with historic or cultural associations.

Coventry Local Plan

Policy HE2: Conservation and Heritage Assets

1. In order to help sustain the historic character, sense of place, environmental quality and local distinctiveness of Coventry, development proposals will be supported where they conserve and, where appropriate, enhance those aspects of the historic environment which are recognised as being of special historic, archaeological, architectural, artistic, landscape or townscape significance. These Heritage Assets include:

a. Listed Buildings and Locally Listed buildings;

b. Conservation Areas;

c. Scheduled Ancient Monuments and Archaeological sites;

d. Registered Parks and Gardens; and

e. Other places, spaces, structures and features which may not be formally designated but are recognised as significant elements of Coventry's heritage and are positively identified on the Coventry Historic Environment Record.

2. Proposals likely to affect the significance of a heritage asset or its setting should demonstrate an understanding of such significance using currently available evidence.

3. Development proposals involving heritage assets in general and listed buildings in particular, should acknowledge the significance of the existing building and the area by means of their siting, massing, form, scale, materials and detail.

4. The sympathetic and creative re-use of heritage assets will be encouraged, especially for heritage that is considered to be at risk, so long as it is not damaging to the significance of the heritage asset. The embodied energy present in historic buildings contributes to sustainability.

5. The Council will use its statutory powers to secure the preservation of buildings and other heritage assets that are deemed to be at risk by the national and local heritage at risk registers.

6. Demolition or destruction of heritage assets will be resisted; proposals to demolish a heritage asset will therefore need substantial justification. The greater the damage to the significance of the asset, the greater the justification required and the public benefit needed to outweigh such damage.

7. All proposals should aim to sustain and reinforce the special character and conserve the following distinctive historic elements of Coventry:

a. The surviving buildings, defences and street plan of the medieval city centre and its suburbs;

b. The surviving pre-industrial settlements and landscape features which have been subsumed by the expansion of the city such as Walsgrave, Canley, Binley, Brownshill Green, Coundon Green, Little Heath (Spring Road), Stivichall Croft and Lower Eastern Green (at Dial House Lane);

c. The wider Arden rural environment on the fringe of the city comprising field-systems, ancient woodlands and commons which developed over centuries; interspersed with a mix of settlements, farmsteads and smallholdings;

d. Buildings associated with the city's industrial heritage; ribbon weaving, watch making, cycle making, motor car manufacturing, brick making, coal mining, synthetic textiles, munitions, aeronautical engineering, canals and railways;

e. The Victorian and Edwardian suburbs such as Earlsdon and Stoke;

f. Designed landscapes, including historic parks and gardens (both registered and locally listed), historic cemeteries, churchyards and public parks;

g. The significant elements of Coventry's ground-breaking post-war reconstruction including its plan, built form, public art works and public spaces; and

h. Archaeological remains of all periods from the earliest Prehistoric human habitation to the modern industrial period.

8. Where material change to a heritage asset has been agreed, recording and interpretation should be undertaken to document and understand the asset's archaeological, architectural or historic significance. The scope of the recording should be proportionate to the asset's significance and the impact of the development on the asset. The information and understanding gained should be made publicly available, as a minimum through the Coventry Historic Environment Record.

Baseline heritage conditions

There are a number of built heritage assets within or immediately adjacent to the SPD boundary. These are identified on the Heritage Asset Plan and are summarised below:

Houses For Visiting Mathematicians

3B Series 1 Sculpture

Within the SPD boundary

- Houses For Visiting Mathematicians. Grade II*. North East of the Warwick Medical School, Gibbet Hill.
- 3B Series 1 Sculpture. Grade II. Located within the courtyard of the Rootes Residential Building
- Cryfield Farmhouse, Gibbet Hill Road. Grade II.

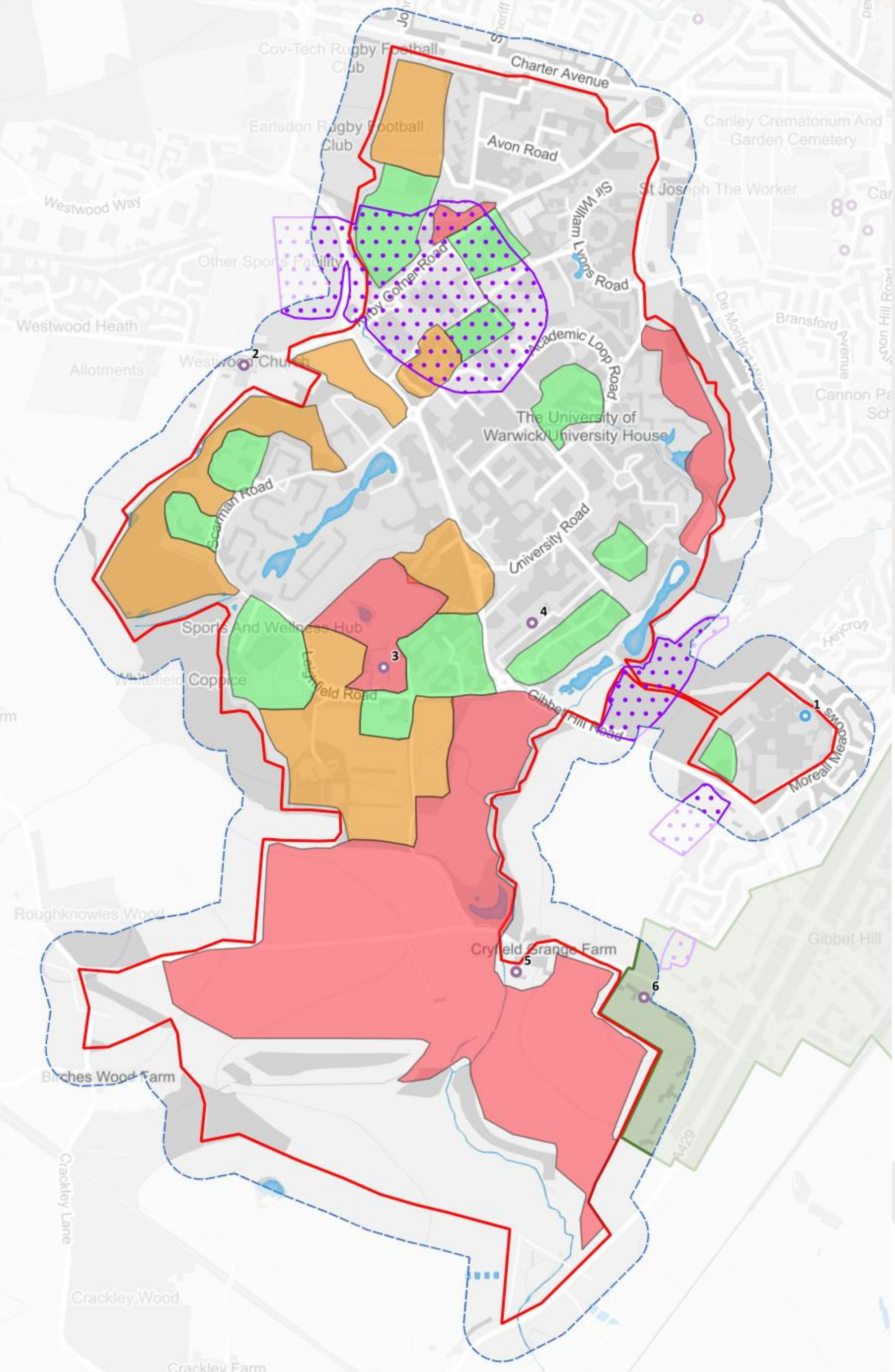
Adjacent to the SPD boundary

- Cryfield Grange Farmhouse, Cryfield Grange Road. Grade II
- Church of St John the Baptist, Westwood Heath Road. Grade II
- South Winds, Cryfield Grange Road. Grade II
- Kenilworth Road Conservation Area

The information about heritage assets and the desk based assessments have been used in the considerations which have led to the development proposals and design guidelines set out in this SPD. In accordance with heritage best practice, additional heritage surveys relative to specific planning applications may be required to inform future decision making.

Where development is proposed which may impact on the identified Heritage Assets, proposals should seek to preserve and enhance the asset and its setting, in line with adopted national and local policy and guidance.

PLAN 22: HERITAGE ASSETS PLAN



Key:

- SPD Boundary
- 100m Study Area to enable Assessment of Setting
- Conservation Area
- Coventry Archaeological Constraint Areas
- High Archaeological Potential
- Medium Archaeological Potential
- Low Archaeological Potential

Listed Buildings: I | II* | II

Archaeology

The Campus has been subject to a considerable amount of archaeological fieldwork connected with planning applications and construction activity over recent years. To inform this SPD, a comprehensive Archaeological Desk Based Assessment has been undertaken. Information from this Assessment is included on the Heritage Asset Plan (Plan 22)

The DBA has identified a number of archaeological 'events' and non designated assets across the site. These attest to a wide range of evidence of human activity and settlement of the land within the site from the prehistoric period onwards. There is also a legacy of previous archaeological investigations which have been prompted by previous development and work undertaken by Dr Stephen Hill, former University Archaeologist.

The Archaeological DBA has established that the archaeological potential of the campus varies by period and location. The Heritage Asset Plan identifies areas within the SPD boundary with high, medium and low archaeological potential. This information has been used to inform the development principles as set out in this SPD and will be used to guide future development within the SPD boundary.

National planning policies and planning guidance contained within the National Planning Policy Framework (DLUHC 2023) and its accompanying Planning Practice Guide (MCHLG 2016, updated November 2023, historic environment section published 2014, updated July 2019), as well as relevant local planning policies , require a mitigation response that is designed to take cognisance of the possible impacts upon heritage assets by a Proposed Development and avoid, minimise or offset any such impacts as appropriate

Future development will be required to assess the potential for construction works to directly or indirectly impact on below ground remains. The extent of assessment will depend upon the level of potential of the site under consideration, with engagement with the Local Planning Authority Archaeological advisers informing the assessment strategy. The level of mitigation proposed will be informed by the results of the investigations and in consultation with the relevant advisers.


Faculty of Arts building - photo credit Hufton + Crow

Delivery and **Implementation**

This SPD covers the period to 2033 which reflects the University's ten year Capital Plan. This is informed by a longer term vision to 2050 although this is not for approval as it extends well into the next plan period. However, this sets the direction of travel for the University in seeking to consolidate the campus within its existing boundaries, reinvigorate and transform the core of campus into a more pedestrian friendly and vibrant place, whilst celebrating and enhancing the wonderful landscape setting of the University on the edge of the Warwickshire countryside.

The SPD provides guidance on the location and design principles to be applied to a series of development proposals in the period to 2033, including known projects like the Social Sciences Quarter and Science and Engineering Precinct, as well as other areas of likely future development.

The Strategic Principles (SP1-6) and Design Principles (DP1-6) will be applied to each development which comes forward for planning approval in either Coventry City or Warwick District areas.

The quantum of development assessed in traffic generation terms provides an upper limit for academic floorspace against which future applications can be considered. Where it falls within these floorspace limits, there should be no need for additional traffic impact assessment. The Monitor and Manage approach and Framework Section 106 Agreement will provide the basis for identifying any mitigation measures considered necessary to address the specific impacts of any proposal being considered by the local planning and highway authorities. Where development comes forward outside of these floorspace limits or for uses not assessed through the SPD (for instance, proposals on the Science Park), a separate Transport Assessment should be scoped and submitted with any planning application following the principles set out in the Monitor and Manage approach.

Each development brought forward in accordance with this SPD should also deliver a proportionate level of provision or mitigation in respect of the relevant supporting strategies.

The University is unable to commit to specific phasing, other than its current intentions to bring forward the first phases of the Social Science Quarter and Science Precinct over the next five years. Given that all anticipated development is effectively infill and/or intensification of uses within the existing built campus, it is not considered that any phasing or triggers are necessary other than those set out in the Framework S106 in respect of transport mitigations.

FCB Studios_Faculty of the Arts Building_University of Warwick_ photo credit HuftonCrow

WARWICK
THE UNIVERSITY OF WARWICK

Coventry City Council

WARWICK DISTRICT COUNCIL

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University of Warwick Transport S106 Obligations – Committed, Proposed and SPD Framework

Section 1 – Committed Social Science Quarter Transport S106 Obligations

Committed transport S106 obligations related to recent Social Science Quarter planning application that forms part of the University's SPD 2033.

Social Science Quarter

Committed Obligation	Details	Implementation
Gibbet Hill Road	Sum of £50,000 towards the extension of the low-speed zone on Gibbet Hill Road through Kirby Corner to the junction of Mitchell Avenue with Westwood Way.	Contribution to be paid prior to first occupation of the development
Cannon Park Road	Sum of £25,000 to be applied towards speed reduction measures on Canon Park Road.	Contribution to be paid prior to the commencement of the development.
Bus Service Contribution: Digital Demand Responsive Transport	Sum of £200,000 to be applied towards supporting Digital Demand Responsive Transport for two years and exploring extending the DRT zone to cover the student population.	£100,000 prior to first occupation of the development. £100,000 within one year of first occupation of the development.
Walking Improvement Study	Area study defined by existing pedestrian movement patterns which will review and consider current pedestrian infrastructure at the University of Warwick main campus and its integration with the surrounding local highway network in order to identify potential pedestrian improvement opportunities.	Study commenced by the University
Cycling Improvement Study	Area study defined by existing cycle movement patterns which will review and consider current cycle infrastructure at the University of Warwick main campus and its integration with the surrounding local highway network in order to identify potential cycle improvement opportunities.	Study commenced by the University

Section 2 – Draft Science Precinct (STEM) Transport S106 Obligations

Proposed, draft transport S106 obligations related to recent planning application for Science Precinct (STEM) that forms part of the University's SPD 2033.

Science Precinct (STEM) – DRAFT S106 Obligations

Committed Obligation	Details	Implementation
TBC – bus capacity intervention pending CCC/WCC review		
TBC – optimising signal timings pending CCC/WCC formal review of modelling results		
West Midlands Cycle Hire Extension	Sum of £50,000 towards the extension of the cycle hire scheme either in the surrounding areas of campus and/or Kenilworth, or other appropriate active travel interventions to be agreed between the Applicant, CCC and WCC	Contribution to be paid prior to first occupation of the development
Coventry-Kenilworth Cycleway study	Sum of £20,000 towards the study by CCC into a segregated cycleway from Coventry city centre to Kenilworth via the A429	Study commenced by CCC
Shared mobility network study	Sum of £35,000 (public transport, digital demand responsive transit, taxi, etc) towards a Shared Mobility Network Study to include preliminary review of University of Warwick bus interchange layout	Study to be commenced by the University prior to commencement of the Enabling Works
Lord Bhattacharyya Way/ Academic Loop Road junction	Sum of £90,000 towards creating a pedestrian and cycling priority raised table/crossing	To be commenced by the University prior to first occupation of the development
Academic Loop Road	Sum of £130,000 to extend segregated mobility lane from University Road along Academic Loop Road to its junction with Lord Bhattacharyya Way	To be commenced by the University prior to commencement of the Enabling Works
Milburn Hill Road	Sum of £30,000 to introduce traffic calming measures on Sir William Lyons Road through to Kirby Corner Road, via Milburn Hill Road	To be commenced by the University with permission from CCC prior to first occupation of the development
Shuttle Service contribution for Wellesbourne and Royal Leamington Spa	Sum of £160,000 (£80,000 over two years) to introduce a year-round dedicated shuttle service, Monday to Friday, from Main Campus to Wellesbourne Innovation Campus through Royal Leamington Spa	£80,000 prior to commencement of the Enabling Works and £80,000 within 12 months of first payment

Section 3 – Non-Mitigation Sustainable Transport Contributions

The University is committed to working collaboratively with both CCC and WCC to make positive contributions to improving sustainable travel to/from and within the University.

Separate to any required mitigation associated with Social Science Quarter, Science Precinct (STEM) and the Monitor and Manage SPD Framework S106, the University will provide the following financial support to enhance sustainable transport in the region.

Sustainable Transport Intervention	Details	Implementation
Annual Travel Survey	Staff and student travel surveys conducted on an annual basis by the University	Completed by the University
Biennial Traffic Survey	Traffic surveys on surrounding local highway network every two years	Completed by the University
Support pedestrian and cycle improvements at Gibbet Hill Road / Scarman Road / Lord Bhattacharyya Way Roundabout	Following opening of both WSS and STEM, review operation of Gibbet Hill Road / Scarman Road / Lord Bhattacharyya Way Roundabout	Sum of up to £100,000 towards a design study and modelling to improved pedestrian and cycle infrastructure at the Gibbet Hill Road / Scarman Road / Lord Bhattacharyya Way Roundabout and a sum of up to £1,000,000 towards implementation
Support improvements to local cycle network (Coventry-Kenilworth Cycleway design and implementation)	To increase cycle use to/from the campus, by monitoring cycle mode share and postcode catchment data	Sum of up to £1,000,000 (one million) towards the implementation by CCC of a cycleway from Coventry city centre to Kenilworth
Support improvements to walking, cycling and shared mobility in the vicinity of main campus	Following completion of the Walking and Cycle Improvement Studies and Shared Mobility Network Study, support the implementation of improvements	Sum of up to £1,000,000 (one million) towards the implementation of walking, cycling and shared mobility improvements as defined by the University and completed preliminary studies.
Support improved bus, coach and taxi access to the campus	Optimise bus interchange layout to improve capacity and access	Sum of up to £500,000 towards a design study, modelling and implementation of bus interchange enhancements at campus
Reduce vehicle traffic on Gibbet Hill Road	Review and comment on business case updates for A46 Link Road	Sum of up to £10,000 to support business case review for A46 Link Road in the vicinity of the University as well as sharing of data
Promote delivery of Very Light Rail scheme to main campus	Support implementation of Very Light Rail preferred route and promote dedicated University route from Coventry city centre	Sum of up to £10,000 towards the business case and implementation by CCC of a Very Light Rail route from Coventry city centre to the University

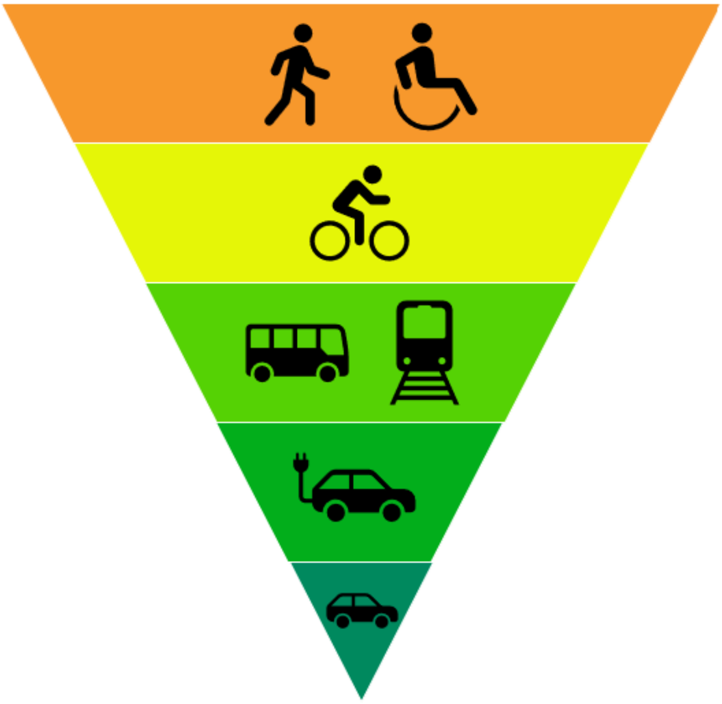
Section 4 – Monitor and Manage SPD Framework Transport S106

A series of transport-related monitor and manage obligations have been agreed with and will be reviewed by the Monitor and Manage Transport Sub Board[1].

The University has committed a sum of up to £2,000,000 (two million) to a Monitor and Manage Transport Fund for the duration of the SPD to 2033. This can be drawn down from should trigger points be met and mitigation required. This will be determined on a case-by-case basis and in agreement with all parties at the Monitor and Manage Transport Sub Board.

An option to utilise the Monitor and Manage Transport Fund to support improving sustainable transport opportunities as a proactive and flexible approach, separately from the trigger point obligations, will be at the discretion of the Monitor and Manage Transport Sub Board.

The Monitor and Manage Transport Fund should be prioritised based on the transport modal hierarchy with mitigation focused towards the most sustainable and lowest carbon travel modes.



As and when new proposals come forward as part of the SPD, the Monitor and Management Framework S106 can be used as the basis for determining appropriate S106 mitigation to support the planning process.

[1] The Monitor and Manage Transport Sub Board will monitor, review, co-ordinate and implement the agreed monitor and manage set of principles in relation to all future University development activities, the SPD and any associated s106 obligations. The Sub Board will also discuss and manage transport issues and take opportunities to foster collaboration and sharing of information to improve transport and travel within the local vicinity of the university campus and encourage positive sustainable transport shifts.

Highways

Monitor and Manage Obligation	Monitoring and Trigger	Manage
Car parking utilisation monitoring	Monitor car park usage and occupancy for five years, from first occupation off WSS or STEM, using ANPR data on a monthly basis. If utilisation exceeds 90% occupancy at peak periods for three consecutive months, further mitigation is required	Use Monitor and Manage Transport Fund for mitigation to include package of measures: • Overspill parking monitoring in defined locations • Financial contribution towards review and consultation of amendments or introduction of parking controls on public highway • Implement further sustainable travel initiatives and incentives • Disincentivise car usage
Review University-related traffic to/from Campus at peak periods for duration of the SPD on a biennial basis to ensure 16% peak period uplift from 2018 baseline is not reached	Biennial traffic surveys (Oct/Nov) at fixed locations to monitor University-related traffic over time. To be supplemented with evidence base from annual travel survey and Vivacity sensors	If 16% peak period University-generated traffic growth is exceeded, a financial sum from the Monitor and Manage Transport Fund for use on sustainable transport measures

Active Travel – Walking

Monitor and Manage Obligation	Monitoring and Trigger	Manage
Support and promote increased walking by students and staff	Use results from the Walking Improvement Study to prioritise opportunities for improvements to the walking environment to, from and within the Campus	Use Monitor and Manage Transport Fund to implement walking-related improvements to be agreed by the Monitor and Manage Transport Sub Board
Ensure walking mode share for staff and students increases and does not fall below 3% for staff, 30% for undergraduates and 25% for postgraduates	Monitor walking mode share through annual travel survey and Vivacity sensors	If walking mode share drops below target, use Monitor and Manage Transport Fund for mitigation to include optional package of measures to be considered as one-off interventions or through a series of consequential actions: • Implement further active travel initiatives and incentives • Consider further implementation of improvements as part of the Walking Improvement Study

Active Travel – Cycling

Monitor and Manage Obligation	Monitoring and Trigger	Manage
Support and promote increased cycling by students and staff	Use results from the Cycle Improvement Study to prioritise opportunities for improvements to the walking environment to, from and within the Campus	Use Monitor and Manage Transport Fund to implement cycling-related improvements to be agreed by the Monitor and Manage Transport Sub Board
	Cycle training support for staff and students in partnership with local authority partners and engagement programmes	Use Monitor and Manage Transport Fund to implement a structured programme of cycle training for staff and students of all abilities – repeated annually
	Monitor cycle parking utilisation across the Campus	Use Monitor and Manage Transport Fund to provide more cycle parking at popular locations
Ensure cycle mode share for staff and students increases and does not fall below 8% for staff, 5% for undergraduates and 7% for postgraduates	Monitor cycle mode share through annual travel survey and Vivacity sensors	If cycle mode share drops below target, use Monitor and Manage Transport Fund for mitigation to include optional package of measures to be considered as one-off interventions or a series of consequential actions: • Implement further active travel initiatives and incentives • Provide more secure cycle parking and supporting facilities in response to feedback from annual travel survey • Consider further implementation of improvements as part of the Cycle Improvement Study

Sustainable Travel – Bus Services

Monitor and Manage Obligation	Monitoring and Trigger	Manage
Review existing bus service patronage and occupancy levels on services to/from the Campus based on where staff and student demand is shown to be highest	Work with local authority partners and operators to determine service gaps and support delivery of enhanced services in areas of high demand	Use Monitor and Manage Transport Fund to support bus routes serving the University, with KPIs and monitoring of any funded improvements
Promote bus use and ensure bus mode share for staff and students does not fall below 10% for staff, 35% for undergraduates and 35% for postgraduates (subject to a consistent level of bus service availability, reliability and affordability)	Monitor bus mode share through annual travel survey	If bus mode share drops below target, use Monitor and Manage Transport Fund for mitigation to include optional package of measures to be considered as one-off interventions or a series of consequential actions: • Enhanced performance agreement from operators • Discounted ticketing for staff and students • Funding to support delivery of enhanced services

Agenda Item No 9
Cabinet
6 March 2024

Title: Local Development Scheme (LDS)
Lead Officer: Amit Bratch (Principal Planning Officer) and Andrew Cornfoot (Planning Policy & Major Sites Delivery Manager)
Portfolio Holder: Councillor Chris King (Place)
Wards of the District directly affected: All wards

Approvals required	**Date**	**Name**
Portfolio Holder	12/02/2024	Cllr Chris King
Finance		Andrew Rollins
Legal Services	09/02/2024	Ross Chambers
Chief Executive	13/02/2024	Chris Elliott
Director of Climate Change		Dave Barber
Head of Service(s)	12/02/2024	Philip Clarke
Section 151 Officer		Andrew Rollins
Monitoring Officer		Graham Leach
Leadership Co-ordination Group		

Final decision by this Committee or rec to another Cttee / Council?	Yes
Contrary to Policy / Budget framework?	No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1,378 – scheduled for 6 March 2024
Accessibility Checked?	Yes

Summary

This report seeks approval for a refreshed Local Development Scheme (LDS) to the version published in December 2022. The LDS is a requirement of the Planning and Compulsory Purchase Act 2004 and sets out the work of the Planning Policy team over the next 3 years in terms of the production of planning documents.

Recommendation(s)

(1) The Cabinet notes the content of the Local Development Scheme (LDS) (Appendix 1) and agrees to adopt the LDS and its proposals for delivery of planning policy documents over the forthcoming 3 years.

(2) That Cabinet notes that existing resources are proposed to be used within the planning service to ensure there is officer capacity to deliver the LDS.

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1 Reasons for the Recommendation

1.1 Adoption and publication of a Local Development Scheme is a statutory requirement of the Planning and Compulsory Purchase Act 2004, which lays out the coverage and duration of the document required. This includes a provision for an annual review of the Scheme to ensure it remains relevant and up to date.

1.2 The Warwick District Local Plan (2011-2029) was adopted in September 2017. This comprehensive Plan sets out additional Development Plan Documents (DPDs) and Supplementary Planning Documents (SPDs) that are required to support the Local Plan and add further detail for applicants, decision makers and other relevant stakeholders in the planning process.

1.3 Much of the programme of work in the LDS is driven by commitments in the Local Plan. As well as these commitments, additional work will arise in response to either local planning issues, changes in Council priorities or changes in national legislation. Where possible these are factored into the LDS, to ensure that it both provides an update on progress made and identifies new areas of policy being worked on.

1.4 Since the adoption of the Local Plan in September 2017, the Planning Policy team has delivered 8 Supplementary Planning Documents, set out below:

- Parking Standards
- Residential Design Guide
- Air Quality and Planning
- Land East of Kenilworth Development Brief
- Public Open Space
- Custom and Self-Build
- Developer Contributions
- Affordable Housing.

1.5 In addition, the team has also produced supplementary planning guidance on the mix of housing for large scale developments and guidance relating to Policy H6 (Houses in Multiple Occupation and Student Accommodation) of the Local Plan.

1.6 Furthermore, the Planning Policy team has worked closely with relevant qualifying bodies (usually parish or town councils) to assist in the adoption of Neighbourhood Development Plans with 10 having been adopted since 2016, 8 of which were 'made' following the adoption of the Local Plan. The team has designated Neighbourhood Area status to Stoneleigh and Ashow and have undertaken a Strategic Environmental Assessment (SEA) for Cubbington Neighbourhood Plan.

1.7 Cubbington Parish Council are undertaking a 6-week Regulation 14 consultation on a draft of the Cubbington Neighbourhood Development Plan between 22nd January 2024 and 4th March 2024.

1.8 The adoption of so many SPDs and Neighbourhood Development Plans since the adoption of the Local Plan can be considered a success and has assisted Development Management in their decision-making processes. However, the production of Local Plans/DPDs require substantially more work than SPDs and therefore in the coming three years, the LDS will focus on the delivery of a lesser number of documents, reflecting the work required to adopt them. For Local Plans/DPDs there are more statutory required stages for public consultation and an examination in public with a Planning Inspector, in addition to the early preparation and consultation stages required for an SPD. This takes a considerable amount of additional time and stretches resources. The additional stage for adoption also introduces more variables in terms of certainty of delivery within timescales that may be set at the outset of a workstream.

1.9 Whilst not required to be set out in the LDS, it is important context to understand other important work undertaken by the Planning Policy & Site Delivery team that supports the Council and impacts upon resources available to developer DPDs and SPDs. This includes (list not exhaustive):

- Production of an Authority Monitoring Report (AMR)– produced annually to monitor progress against Local Plan objectives
- Production of an Infrastructure Funding Statement (IFS) – produced annually to report on contributions sought and received from developments for the provision of infrastructure and the subsequent use of those contributions
- Publication of a housing trajectory and 5 Year Housing Land Supply statement – updated annually
- Preparation of an Infrastructure Delivery Plan (IDP)
- Maintenance of a Brownfield Land Register
- Maintenance of a Custom & Self-Build Register and associated progress reporting
- Government monitoring returns
- Quarterly and annual monitoring of development
- Consultees on planning applications
- Advice provided to Development Management and additional consultancy support procured where appropriate (e.g., for the Gigafactory application), other Council departments, WDC members, Parish Councils and other stakeholders in the planning process
- Management of the Community Infrastructure Levy (CIL) – including its day-to-day administration, supporting parish and town councils and distributing funds to them, engaging with infrastructure providers and allocating funds to infrastructure projects and annually updating the CIL Charging Schedule

- Active engagement in a sub-regional planning group (Coventry, Solihull and Warwickshire Association of Planning Officers – CSWAPO) including the joint commissioning of key technical information to underpin policy, e.g., the Housing and Economic Development Needs Assessment (HEDNA)
- Working collaboratively with neighbouring authorities in the context of the Duty to Cooperate requirement
- Procuring and managing consultants to provide updated evidence on various planning policy matters
- Significant role in the delivery of major development sites through supporting Development Management and working with developers, members and other stakeholders.

1.10 **Policy Team Resources**

1.11 The Policy & Site Delivery team comprises of 3 main components: planning policy, site delivery and managing the Community Infrastructure Levy. Focusing solely on the first of these components, the policy team currently comprises:

- Principal Planning Officer x 1
- Senior Planning Officers x 2 (1.4 FTE)
- Planning Officer/Senior Planning Officer (Career grade post) x1 (current incumbent at Planning Officer level)
- Planning Assistants x2 (one being a 2-year fixed term contract)
- Development Monitoring Officer x 1

1.12 Previously 1.5 FTE posts were working full time with Stratford colleagues to deliver the South Warwickshire Local Plan (SWLP). However, for a number of reasons including to build resilience in the team, providing opportunities for all staff to be involved in the preparation of the Plan and to allocate work more fairly a decision was taken that everyone in the policy team will be involved in the production of the SWLP. A new delivery model was agreed which included a new management structure, and various theme groups were created namely Environment, Transport & Connectivity Climate Change, Growth Strategy Infrastructure and Delivery, Economy & Town Centres, Housing, Wellbeing & Design. There is a member of staff acting as co-ordinator of each group, with support from other colleagues.

1.13 Whilst the team is nearly fully staffed it should be noted that both Senior Planning Officers work part-time hours and as such the team is short by 0.6 FTE at this level. Furthermore, it must be acknowledged that the team is relatively inexperienced.

1.14 **Progress on LDS items since December 2022 and proposed new items in the LDS**

1.15 The South Warwickshire Local Plan and Net Zero Carbon DPD have dominated the work of the planning policy team. The relevant sections below highlight the progress that has been made on these two workstreams.

1.16 The SWLP has required more staff time than had perhaps been envisaged and owing to this there has been slow or limited progress on other documents set out in the 2022 Local Development Scheme.

1.17 The following sub-sections highlight progress on stated priorities in the previous LDS. They also provide explanatory information that supports the updated LDS now proposed, as set out in Appendix 1.

1.18 ***South Warwickshire Local Plan (SWLP)***

1.19 The National Planning Policy Framework (NPPF) requires Local Plans to be reviewed every 5 years to ensure that they remain relevant and continue to deliver the growth laid out in the Plans. This Council has previously agreed that work on the Local Plan Review will be undertaken jointly with Stratford District Council, whose Core Strategy is also in need of review and the authorities are now working collaboratively to produce a South Warwickshire Local Plan.

1.20 The two councils undertook a Scoping and Call for Sites consultation, which ran from 10th May until 21st June 2021. Following this consultation, the team collated representations from the consultations, developed and commissioned further evidence to support the Plan. Officers have regularly met with a SWLP Advisory Group comprising members across the two councils to secure support and seek direction, where appropriate. A Joint Cabinet Committee has also been established to take formal decisions relating to the Plan.

1.21 The Issues and Options consultation along with a second Call for Sites was undertaken between 9th January to 6th March 2023 following approval from the Joint Cabinet at its meeting in December 2022. The aim of this consultation was to refine the initial growth options explored in the Scoping Consultation and setting in greater detail the scope of the Plan and the issues that it seeks to address. It was initially hoped this consultation could take place earlier in 2022. However, it was delayed to ensure that a key piece of evidence to inform the Plan, the Housing and Economic Development Needs Assessment (HEDNA) took into account key findings of the 2021 Census, published in summer 2022.

1.22 More than 8,000 representations were received to the consultation along with around 200 new call for sites, in addition to around 550 received in the first call for sites. Although the majority of the responses were received via the online consultation portal there were a lot of email responses. The first task was to add the email and postal representations to the online portal. Following that the responses were divided amongst officers to analyse the responses and produce a consultation statement.

1.23 Another key task has been to collate information for all call for sites and to start analysing the promoted sites. This work is ongoing with members of the team sifting the sites for hard constraints that would inhibit development on that parcel of land.

1.24 Following the first sift the officers will then assess the sites using the Housing and Economic Land Availability Assessment (HELAA) methodology. This exercise will be able to identify the sites into a Red, Amber and Green category (RAG) rating.

1.25 The team continue to compile a wide-range of evidence to support the preferred options consultation. This will help inform the spatial strategy of the plan, site selection and policies to be contained within the plan.

1.26 In addition to this the team will be undertaking further engagement with a number of stakeholders to help inform the preferred options consultation.

1.27 The Advisory Group agreed a new timetable following the Joint Cabinet Committee on 23rd November 2023 and the timetable was subsequently published on the SWLP website, ahead of this LDS update. This LDS replicates the timetable agreed by the Joint Cabinet Committee. The next stage of the Plan is to undertake a Preferred Options consultation, earmarked to commence in November 2024. The two councils are also keeping a close eye on the implementation of proposals for reforms to plan-making, particularly the guidance due to be published in Autumn relating to new-style 30-month plans.

1.28 ***Net Zero Carbon (NZC) DPD***

1.29 Significant progress has been made on the preparation of this document since the LDS was last published. Prior to the last LDS update, the Council had submitted the DPD for Examination in Public in October 2022 and an Inspector was appointed in the November 2022.

1.30 The Plan has since been through Examination in Public (EiP) hearing sessions between 7th and 9th March 2023.

1.31 Some of the key milestones following the examination have been set out below:

- On 30th March 2023 the Inspector wrote to the Council outlining the next steps for the DPD Examination. He also praised the Council's management of the sessions stating *"…I would like to thank the Council's Team for the way in which the hearing sessions were approached, arranged, and conducted. This enabled the hearing sessions to take place as smoothly, effectively, and efficiently as possible and for that I am grateful".*
- In his letter, the Inspector requested further information to be submitted and indicated that Main Modifications to the DPD will be required for reasons of 'soundness' in accordance with Paragraph 35 of the National Planning Policy Framework (NPPF). As such, it would be necessary to undertake a period of public consultation on the modifications. The Inspector also provided an indicative timetable for the next stages of the Examination and suggested that the Council will receive the final report by end of September 2023, which was subsequently revised to the end of October 2023.
- Following exchanges of information and documentation between the Council and Inspector, the Inspector wrote to the Council on 12th May 2023 confirming that he was satisfied with the content of additional documents that the Council had provided.
- A Schedule of Proposed Main Modifications (and minor changes, referred to as Additional Modifications) were produced by the Inspector and asked for further work to be completed by the Council. On 22nd May 2023 officers wrote to the Inspector with a final schedule of proposed Main Modifications, a schedule of Additional Modifications, a Sustainability Appraisal/Habitat Regulations Assessment update, and a composite version of the DPD showing all proposed modifications indicated in the schedules.
- The main modifications consultation was undertaken between 5th June-17th July 2023. The consultation generated 14 separate representations. The responses were sent to the Inspector via the Programme Officer. The Council also produced a consultation statement that was sent to the Inspector setting out the Council's reply to each response.

1.32 However, the Council did not receive the report by the end of October as previously indicated by the Inspector. The officers exchanged correspondence with the Programme Officer and were advised that the Inspector was sick and that the Council will receive the report by end of December 2023. An email was received from the Inspector on 18th December indicating that the Council will not be issued a report until the New Year as the Quality Assurance (QA) process had not been completed for the report by The Planning Inspectorate (PINS).

1.33 During this time, a Written Ministerial Statement (WMS) 'Planning – Local Energy Efficiency Standard Update' was made on 13th December 2023 and the Government published a revised National Planning Policy Framework (NPPF) on 19th December 2023. In light of these matters, the Inspector has subsequently written to the Council requesting that we undertake a further 2-week consultation with the Regulation 19 respondents. The Inspector also asked the Council to provide their response to the WMS.

1.34 This consultation ran from 9th January to 24th January 2024. The Council has submitted a response to the Consultation as have 5 other interested parties (two individuals and three responses from the development industry).

1.35 The Inspector is now considering the representations made and the Council is now awaiting an update from the Inspector on the timetable for the publication of his Final Report. As such, there is currently uncertainty around the timing of this.

1.36 Upon receipt of the Inspector's Final Report, a report will be brought to Cabinet regarding the adoption of the DPD. A formal decision to adopt the DPD must be taken at Council.

1.37 ***Net Zero Carbon Supplementary Planning Document (SPD)***

1.38 It was agreed during the examination that the Council will produce a Supplementary Planning Document to provide detailed guidance on the policies contained within the DPD. The scope of the document was shared with the Inspector during the examination process.

1.39 The guidance will aid the implementation of the policies and seek to minimise the potential for confusion or challenge. It will assist officers in Development Management with the assessment of documentation required to support planning applications resulting from the adoption of the DPD. It will also provide clarification and certainty to applicants about what is required and guidance to support them in designing schemes to meet the requirements of the DPD.

1.40 The SPD was produced and was subject to a public consultation for six weeks between 18th October and 29th November 2023. A total of 26 responses were received during the consultation process. The Council will prepare a consultation statement setting out the authority's responses and highlighting any changes that will be made to the document in response to the representations.

1.41 A training session was provided to development management, policy, enforcement, and historic environment colleagues to familiarise them with the contents of the SPD. The session was attended by 31 colleagues including senior managers and two members of SLT. Further training and information events are to be arranged for councillors and also applicants/agents.

1.42 Following the preparation of the consultation statement and making necessary changes to the SPD, a report will be brought to Cabinet to formally adopt the SPD. The timing of this however is dependent upon the adoption of the DPD (which in turn is at the mercy of the Inspector) as the SPD provides further guidance to the DPD rather than existing Local Plan policies.

1.43 ***Purpose Built Student Accommodation (PBSA) DPD***

1.44 In the 2022 LDS a PBSA DPD has been indicated for commencement in Q3 of 2023 and adoption Quarter 2 of 2025. The PBSA DPD had previously slipped due to priority being given to the SWLP and the NZC DPD. Furthermore, the impact of the Covid-19 pandemic on the numbers of oversees students had made it difficult to predict what the accommodation needs for Warwick University students may be. These challenges in predicting student numbers would make it very difficult to have a reliable evidence base on which to prepare a PBSA DPD and on which its soundness would depend.

1.45 The team had previously explored with the University how it might be able to support the Council in bringing forward this document at the earliest opportunity. Officers have resumed these discussions to see what tangible support might be available to expedite this piece of work and are meeting with representatives from Warwick University to discuss this work and ascertain what information they will be able to share with us.

1.46 Officers have started collating data to help inform the issues to be grappled with, including data relating to relevant planning applications and appeals. It is envisaged that once the data gathering exercise has been completed, officers will produce a first draft of the document that will be subject to a six-week statutory consultation period. The consultation is identified for Quarter 3 of 2024. However, officers are open to exploring the possibility of producing an SPD rather than a DPD, if that sufficiently would address matters that the document seeks to cover.

1.47 ***Statement of Community Involvement (SCI)***

1.48 Whilst not a DPD or SPD, the 2022 LDS indicated that the Statement of Community Involvement would be reviewed, updated and adopted by the summer of 2023.

1.49 Despite some delay owing to other priorities (notably the SWLP and Net Zero Carbon DPD) the policy team have made significant progress with this document and have recently adopted an updated SCI. The document was subject to a six-week statutory consultation between 17th July - 29th August 2023. We received 10 representations to the consultation comprising of responses from 5 individuals, 4 organisations and 1 councillor.

1.50 A Consultation Statement was prepared setting out the Council’s reply to each of the responses received. The representations did not raise any matters of significance that warranted any changes to the SCI.

1.51 The report that was taken to Cabinet in July 2023 included an approved recommendation giving delegated authority to Head of Service for Place, Arts and Economy, in consultation with the Portfolio Holder for Place to make any minor amendments and adopt the SCI. Both have recently agreed to adopt the SCI and therefore the SCI and associated Consultation Statement has been published on the Council’s website.

1.52 ***University of Warwick Masterplan SPD***

1.53 The 2009 University Masterplan created a framework for growth between 2009-2019 and The Hybrid Plan, approved in 2018 guides the development of the campus from 2019-2023. Both are now out of date or in need of updating and there is a need to develop a new masterplan to reflect the University’s vision to

2030 and beyond. Officers at Warwick District and Coventry City Council have agreed with the University that the preparation and adoption of an SPD would be sensible to guide development proposals that may come forward and ensure that development comes forward under a comprehensive vision for the University and crucially that key matters such as transport, biodiversity, flood risk/drainage and sustainability/energy are properly considered and a framework for planning obligations is agreed.

1.54 The production of the SPD has been led by the University, with input from officers. Officers have had various meetings with the University and officers from Coventry CC and Warwickshire CC about the SPD and have been represented on a Steering Group for this work. A first draft of the SPD has been produced and officers have fed back a comprehensive set of comments. A report will be taken to Cabinet in March/April 2024 to seek approval to undertake a public consultation on the SPD. The SPD is then likely to be consulted upon after Local Elections in Coventry in May with a view to analysing any representations received and subsequently adopting the SPD by the end of 2024.

1.55 ***Old Town (Royal Leamington Spa) Regeneration SPD***

1.56 Leamington's Creative Quarter is a long-established regeneration partnership initiative which has recently made significant progress with its first development on the ground at Spencer Yard, supported the by Future High Street Fund (FHSF). The second development, also supported by the FHSF, is utilising WDC building assets at Stoneleigh Arms on Clemens Street and Old School on Court Street. To maximise the catalyst for further regeneration in the surrounding area of the Old Town, a Supplementary Planning Document (SPD) is proposed covering Althorpe Street, Court Street, Wise Street.

1.57 Architects were appointed by the Council to progress with the work. Good progress has been made on the document. However, following the change in administration, the production of the SPD has paused for reflection and the purpose and scope of the document have been reviewed with some adjustments being made to the boundary of the area that is the subject of the SPD.

1.58 A public consultation on the SPD is proposed for between Q3-Q4 of 2024, with proposed adoption in Q2 of 2025.

1.59 ***Parking Standards SPD***

1.60 An update to the Parking Standards SPD is proposed to provide greater clarity and remove ambiguity relating to Parking Survey requirements. It is proposed that the consultation solely relates to this matter. There are currently not the resources, nor would it be a priority over the production of other documents notably the South Warwickshire Local Plan, to undertake a more comprehensive review of these standards at this point in time.

1.61 ***Canalside DPD***

1.62 A Regulation 19 consultation was undertaken on the Canalside DPD between 9th November and 21st December 2020.

1.63 Through the consultation, the Canal and River Trust raised some fundamental concerns in terms of the tests for soundness that need to be met in order for a DPD to be successful at Examination.

1.64 The team paused work on the DPD to focus on other priorities, including the SWLP and Net Zero Carbon DPD. However, we subsequently re-established communication with the Canal and River Trust and have met to better understand their concerns and how they might be addressed.

1.65 Having more recently reviewed the DPD, officers also wish to re-visit the purposes of the DPD and benefits of its adoption and also will need to update its content given time elapsed.

1.66 It is likely that a further Regulation 19 consultation, if not another Regulation 18 consultation will be required if the Council want to proceed to adoption. The LDS assumes that only a Regulation 19 consultation will be required, although this will be reviewed when it is clearer what changes are to be made to the DPD.

1.67 Whilst the policy team wishes to move this document forward, in light of the political and public interest in the adoption of policy on purpose-built student accommodation and the priority of progressing other documents within the LDS, it is proposed to give priority to the other workstreams. The Canalside DPD will remain in the LDS demonstrating the commitment to producing the document, although will not have a timetable against it. Should sufficient capacity mean that this can be progressed alongside other documents, then officers will endeavour to do this. As the LDS is reviewed every year, priorities will be reviewed next year and in the interim the policy team will review the benefits of producing the DPD.

2 Alternative Options

2.1 Adopt an alternative LDS. The Council could choose not to adopt this Local Development Scheme, and instead suggest a different range of priorities and timetable for the delivery of the identified documents. However, the attached LDS has been developed to bring forward the right documents as swiftly and efficiently as possible in a realistic timeframe and given the resources available. Therefore, this option has been discounted.

2.2 Additional budget to increase staff resources could be made available to deliver workstreams more quickly or deliver additional workstreams. This has not been pursued given the associated financial costs to the council.

2.3 The preparation and maintenance of a LDS in a requirement of the Planning and Compulsory Purchase Act 2004 and therefore it is not an option to not publish an updated LDS.

3 Legal Implications

3.1 There are no legal implications associated with the proposed LDS. As highlighted in the Alternative Options section above, the preparation and maintenance of a LDS is a statutory requirement.

4 Financial Services

4.1 There are no financial implications relating to this report.

4.2 Any costs associated with additional evidence to be produced for the South Warwickshire Local Plan will be funded through the existing allocated budget for the delivery of the plan (and the cost of all the consultancy work will continue to be split across Warwick and Stratford-on-Avon district council's).

4.3 It is anticipated that any costs associated with the delivery of other documents referred to in the report will be delivered through existing departmental budgets.

5 Corporate Strategy

5.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

5.2 Delivering valued, sustainable services **–** The documents set out in the LDS have the potential to have significant impact upon the lives of the district's residents, in particular the South Warwickshire Local Plan and Net Zero Carbon DPD. The SWLP will ensure that the housing and employment needs of the district to 2050 are met and will contain policies to promote the development of sustainable communities. The detailed guidance in some of the policy documents will help to improve the service we provide to our internal and external stakeholders.

5.3 Low cost, low carbon energy across the district **–** The documents set out in the LDS have the potential to help the residents and business in reducing energy use and cut the energy bills. The Net Zero Carbon DPD and the SWLP will both result in the improved energy efficiency and sustainability of buildings in the district. The Net Zero Carbon SPD will provide useful guidance on how to make buildings more energy efficient.

5.4 Creating vibrant, safe and healthy communities of the future – All the documents set out in the LDS have the potential to have a positive impact on people's lives and of particular importance are South Warwickshire Local Plan and Net Zero Carbon DPD. The SWLP will ensure that right type and quantum of housing, employment, leisure and other supporting infrastructure is delivered in the district. The concept of a 20-minute neighbourhood is proposed in the SWLP ensuring that key facilities are available within a certain walking distance. Health and wellbeing will be at the heart of deciding the growth strategy for the future.

6 Environmental/Climate Change Implications

6.1 The LDS itself will not have any environmental/climate change implications. However, the documents being prepared will include policies and guidance that will deliver positive environmental and climate change benefits for the district in accordance with the Council's Climate Change Action Programme. In particular, the SWLP and the Net Zero Carbon DPD will provide stronger policies that go beyond existing Local Plan policies relating to sustainable development and will aim to deliver developments that are net zero carbon in operation. The NZC DPD is critical to achieving the Council's stated goal of total carbon emissions within Warwick District being as close to zero as possible by 2030.

7 Analysis of the effects on Equality

7.1 The documents in the LDS will be subject to statutory public consultations in accordance with the Council's adopted Statement of Community Involvement. The individual documents will be subjected to an Equality Impact Assessment (EqIA) wherever required.

8 Data Protection

8.1 There are no data protection implications associated with the production of the documents in the LDS.

9 Health and Wellbeing

9.1 There are no health and wellbeing implications associated with the production of the LDS. However, the documents produced within the LDS will help deliver health and wellbeing benefits owing to the delivery of better-quality homes and a reduction in the potential for fuel poverty, well connected neighbourhoods and the provision of services and infrastructure that will positively impact the health and wellbeing of the citizens in the district. Wherever required the documents will be subjected to Health Impact Assessment (HIA).

10 Risk Assessment

10.1 The adoption and publication of a LDS is a statutory requirement. Therefore, failure to update the LDS could see Warwick District fall short of meeting its statutory requirements.

10.2 Separate decisions have been taken to progress items in the LDS and risks associated with those documents have been considered. Key risks include the requirement to review Local Plans every 5 years, changes to Plan Making process, changes in Government/national policy including, but not limited to, changes set out in the Levelling Up and Regeneration Bill and the impact that not adopting the Net Zero Carbon DPD might have on the Council meeting its stated climate change ambitions.

10.3 A risk to the delivery of the LDS is the limited experience within the team in the production of Local Plans and also the impact of staff leaving and the challenging market to be able to recruit replacements.

11 Consultation

11.1 The production of a Local Development Scheme is a statutory requirement and should be reviewed regularly. This report and Appendix 1 set out the planning policy priorities regarding the production of policy documents for the next three years, albeit to be reviewed next year. It seeks to set out a realistic and deliverable programme for delivery given staff resources.

Background papers:

23rd November 2023 Joint Cabinet Committee report:
https://estates8.warwickdc.gov.uk/cmis/MeetingDates/tabid/149/ctl/ViewMeetingPublic/mid/637/Meeting/4837/Committee/131/Default.aspx

Supporting documents:

None.

Cabinet Report – Local Development Scheme (LDS), 6th March 2024

Appendix 1

Warwick District Council

Local Development Scheme
March 2024

1. Introduction

What is a Local Development Scheme?

1.1 This Local Development Scheme (LDS) has been prepared to give the local community and all interested parties information on:

- the current planning policies that are being used for deciding applications within Warwick District; and,
- the programme for reviewing these policies.

1.2 The Council is required to produce a LDS under the terms of the Planning & Compulsory Purchase Act 2004. The LDS is a three-year programme of work and is reviewed regularly.

1.3 The Government is committed to seeing LDS's implemented and in particular to ensure the milestones set out are achieved. The Council will ensure that these targets are met through good project management and annual monitoring.

Warwick District's Local Development Scheme

1.4 The Planning Policy & Site Delivery team within the Council's Place, Arts & Economy service area of the Council, has prepared this LDS. The overall project manager is the Head of Place, Arts & Economy. Day to day management of the LDS will be by the Planning Policy & Major Sites Delivery Manager. In producing this LDS, the Council is committed to the following:

- to make the LDS as clear as possible to understand; and,
- to publish the LDS on the Council's website.

1.5 There are a number of commitments within the Local Plan (2011-2029) to review and/or update a variety of Development Plan Documents (DPD) and Supplementary Planning Documents (SPD). A number of these documents have already been adopted, some are under preparation or yet to commence and alternative approaches to developing policy on others has been followed. These commitments are due over the life of the Plan, and therefore the LDS needs to prioritise which to bring forward first, along with bringing forward documents that arise through other need.

2. Adopted Planning Policy Documents

2.1 The Warwick District Local Plan 2011-2029 was adopted in September 2017. This is the overarching policy document for the whole district and sets out the Council's policies and proposals to support the development of the district through to 2029. It sets out a long-term spatial vision for how the towns, villages and countryside in the district will develop and change and how this vision will be delivered through a strategy for promoting, distributing and delivering sustainable development.

2.2 Table 1, below, sets out the documents that have been produced since the adoption of the Warwick District Local Plan 2011-2029 and when they were adopted.

Table 1: Planning Policy documents produced since the adoption of the Warwick District Local Plan 2011-2029

Title	Details	Target	Delivery
Residential Design Guide SPD	Sets out design standards for residential developments of all sizes throughout the District (note that this may be supplemented by major site-specific design guidance)	Adoption Q3 2018	Adopted Q3 2018
Parking Standards SPD	Sets out parking standards for residential, commercial and other developments	Adoption Q3 2018	Adopted Q3 2018
Air Quality SPD	A sub-regionally produced SPD that will set out the requirements with relation to Air Quality issues	Adoption Q4 2018	Adopted Q1 2019
Land East of Kenilworth Development Brief SPD	Site-specific development guidance for the major housing site allocations on the East of Kenilworth	Consultation Q4 2018	Adopted Q1 2019
Public Open Space SPD	Sets out the requirements for the provision of public open space within developments	Consultation Q4 2018	Adopted Q2 2019
Custom and Self-build SPD	Sets out guidance for the provision of self-build and custom build plots and how the authority intends to ensure the meeting of the required volume of plots	Consultation Q4 2018	Adopted Q2 2019
Affordable Housing SPD	Details the requirements to meet the affordable housing needs, including housing and tenancy mixes	Adoption Q1 2020	Adopted Q3 2020
Development Contributions SPD	Guidance that sets out developer contributions, including model Section 106 agreements	Adoption Q1 2020	Adopted Q3 2020

2.3 Warwickshire County Council is responsible for producing minerals and waste plans. These are specific topic-based Development Plan Documents (DPD). Warwickshire County Council adopted a Waste Core Strategy in 2013. In July 2022 it also adopted the Warwickshire Minerals Local Plan 2018-2032. This Plan provides the overall strategy and general mineral policies along with a number of site allocations for the extraction of sand and gravel up to 2032. More information about these can be found at: https://www.warwickshire.gov.uk/mwds

3. Emerging Planning Policy – Priorities

3.1 The adopted Local Plan sets out a number of Development Plan Documents, Development Briefs and Supplementary Planning Documents that the Council committed to producing when preparing the Local Plan.

3.2 Table 2, below, sets out the priorities for the delivery of planning policy documents over the next 3 years. Whilst this section provides a high -evel overview of the LDS priorities, the Warwick District Cabinet Report 'Local Development Scheme (LDS), 6th March 2024, sets out more detail on the progress to date of the delivery of items included in the LDS and sets out a rationale behind the LDS and the inclusion of documents that have not previously featured in it.

3.3 The two key priorities are the preparation of a South Warwickshire Local Plan and also the adoption of a Net Zero Carbon DPD.

3.4 The Council has committed to reviewing the Local Plan and in doing so has taken the decision to produce a joint **South Warwickshire Local Plan** (SWLP) with Stratford-on-Avon District Council. This plan will cover the geographic areas currently administered by the two councils. It will set strategic policies and a growth strategy for the combined area.

3.5 It is anticipated that the SWLP will come forward in stages, with a strategic Part 1 plan, followed by subsequent parts to the plan. Work has commenced on the preparation of this Plan and an initial Scoping and Call for Sites Consultation was undertaken in 2021 and an Issues and Options Consultation, including a further Call for Sites, in early 2023.

3.6 A detailed timetable for the delivery of the South Warwickshire Local Plan is set out on the SWLP website, under the 'Stages' heading: https://www.southwarwickshire.org.uk/swlp/ . The next consultation stage is a Preferred Options, timetabled for late 2024. National changes to plan making are set out through the Levelling up and Regeneration Act 2023, although full details relating to the new system are unlikely to be available until Autumn 2024. The Council will keep a close eye on these changes and guidance and will review the implications on its Plan Review.

3.7 A **Net Zero Carbon DPD** has been produced in response to the Council's Climate Change Action Programme. This document was submitted for its examination in October 2022 and has been through public hearings. The DPD has been the subject of a Main Modifications consultation and most recently a short consultation relating to changes in national policy and the publication of a Written Ministerial Statement. It is anticipated that the DPD will be adopted in the first half of 2024.

3.8 Through the production of the Net Zero Carbon DPD, it was considered prudent, to support the implementation of the DPD, to produce additional supporting guidance in the form of an SPD. This SPD is therefore included within the LDS and its adoption is very much dependent upon the DPD being adopted and the timescales for that.

3.9 The **Canalside DPD** is a document that the Local Plan indicates that the Council will seek to adopt. Whilst notable progress was made on the delivery of this document, further consultation is required to progress it and a public examination would be required. In considering priorities, this has been deemed to be a lower priority than the other documents set out in this LDS. Therefore, whilst it remains on the LDS, there is no timetable set out for its adoption. When next reviewing the LDS, this will be re-visited and its priority and delivery will be considered in light of other priorities and staff capacity at the time.

3.10 Of greater interest from residents and members is the production of policy relating to student accommodation. The LDS includes a timetable for the delivery of a **Purpose-Built Student Accommodation DPD**. However, officers, with the input of members, will look at the scope of this document and consider if there would be any merit in producing a more limited SPD if it would address many of the issues of concern.

3.11 The LDS also includes the production of the following documents:
- University of Warwick Masterplan SPD
- Old Town Regeneration SPD
- Parking Standards SPD Update.

3.12 The need for the other two SPDs have become apparent when working with partners and Development Management colleagues. It is considered appropriate to develop a new masterplan to reflect the University's vision to 2033 and beyond. It is also considered helpful to support the regeneration aims of part of Old Town in Leamington Spa to develop an SPD to guide development. The Parking Standards SPD update is proposed to be an update to specific parts of the SPD, to remove ambiguity and aid decision making.

Table 2: Emerging Planning Policy – Priorities over the next 3 years (2023-2025)

Title	Details	Delivery
South Warwickshire Local Plan	A strategic development document produced for South Warwickshire by the joint planning teams from Stratford District Council and Warwick District Council. The SWLP will incorporate matters relating to Gypsy and Traveller Accommodation	Adoption Q4 2027
Net Zero Carbon DPD	Setting out additional policy and requirements to minimise carbon emissions from new buildings aiming	Adoption Q2 2024

	to ensure all new developments are net zero carbon in operation	
Purpose Built Student Accommodation DPD	Setting out the relevant policies for the development of purpose-built student accommodation in the District	Adoption Q2 2025
Net Zero Carbon DPD – SPD	Providing additional guidance to supplement the implementation of policies within the Net Zero Carbon DPD	Adoption Q2 2024
University of Warwick Masterplan SPD	To provide a framework for the preparation of the University's development to 2031, which approved the level and broad location of growth on campus and agrees any mitigations such as transport and biodiversity through a Framework s106 to apply to future applications	Adoption Q4 2024
Old Town Regeneration SPD	To guide and support the regeneration of part of Old Town in Royal Leamington Spa	Adoption Q2 2025
Parking Standards SPD (Update)	To make specific updates to the SPD relating to how parking surveys are undertaken – to remove ambiguity	Adoption Q3 2024
Canalside DPD	Identify areas for regeneration and areas for protection and to set out a framework for development, working in harmony with the adopted Canal Conservation Area	No timetable – see below

3.13 The anticipated delivery plan for each of these priorities can be found at the end of this document. However, it must be noted that there are many variables that could affect the timetable for delivery.

4. Neighbourhood Plans

4.1 Neighbourhood Plans are brought forward by local Qualifying Bodies, often Town and Parish Councils. These Plans form part of the Development Plan for the area that they cover and add further local emphasis to the strategic policies of the adopted Local Plan. Following an independent Examination, Neighbourhood Plans undergo a local referendum to gauge public support. If supported the plan is 'made' and is used alongside the Local Plan and other relevant DPD/SPDs in determining planning applications.

4.2 10 Neighbourhood Plans have been adopted since 2016, 8 of which were made following the adoption of the Warwick District Local Plan. An up-to-date record of 'made' Neighbourhood Plans is maintained on our website: https://www.warwickdc.gov.uk/info/20444/neighbourhood_plans

4.3 Two other neighbourhood plans are known to be currently under preparation. These are Stoneleigh and Ashow and Cubbington. The latter is currently undertaking a Regulation 14 draft of their neighbourhood plan.

5. Monitoring

5.1 The Council is required to monitor both the implementation of the LDS and the extent to which its planning policies are being implemented. For the purposes of this report, the policies of the adopted Warwick District Local Plan (2011-2029) are monitored through the Authority Monitoring Report (AMR).

5.2 It should be noted that the AMR is not a Local Development Document (LDD) and therefore is not included within the LDS. The AMR for 2022/23 will, however, be published on our website in the near future.

5.3 Local Planning Authorities are also required to publish an annual Infrastructure Funding Statement (IFS) providing information on the contributions sought and received from developers for the provision of infrastructure, and the subsequent use of those contributions by the Council. Warwick District published an IFS for 2022/23 prior to the end of 2023 and this can be found on the Council's website.

6. Political Management of the Local Development Framework

6.1 The Council's decision making arrangements are set out in Table 3, below.

Table 3: Warwick District decision making process for planning policy documents

Document	To include	To be approved by
All Development Planning Documents except South Warwickshire Local Plan	Local Plan and all other DPDs that are subject to full public examination as required by the Act	Full Council following a recommendation by Cabinet
South Warwickshire Local Plan		Full Council following a recommendation by the Joint Cabinet Committee (*)
Statement of Community Involvement		Cabinet
Local Development Scheme		Cabinet
Supplementary Planning Documents	Supplementary guidance, development briefs and other	Cabinet

	documents identified in this and future LDSs as SPD	
Authority Monitoring Report		Published on website
Custom and Self-build Progress Report		Published on website
Infrastructure Funding Statement		Published on website
* The Joint Cabinet Committee is made up of councillors for Warwick District and Stratford-on-Avon District Councils.		

7. Delivery Plan

Table 4: Local Development Scheme Delivery Plan 2024-2026

Year	**2024**				**2025**				**2026**			
Document name / Quarter	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**
South Warwickshire Local Plan				C	C			C			S	
Net Zero Carbon DPD	E	A										
Canalside DPD												
Purpose Built Student Accommodation DPD				C		S	E		A			
Net Zero Carbon DPD – supplementary guidance SPD		A										
University of Warwick Masterplan SPD		C		A								
Old Town Regeneration SPD			C	C		A						
Parking Standards SPD (update)		C	A									

Key:
C = Consultation
S = Submission for examination
E = Examination
A = Adoption

8. Contact details

8.1 For more information about any of the matters raised in this Local Development Scheme please contact:

Policy & Site Delivery Team,
Place, Arts & Economy
Warwick District Council
Town Hall
Parade
Royal Leamington Spa
CV32 4AT

Email: planningpolicy@warwickdc.gov.uk

8.2 This document, together with all other Local Development Documents produced by Warwick District Council will be made available on the Council's website.

Agenda Item No 10
Cabinet
6th March 2024

Title: Future Homes Standard Consultation – Warwick District Council Response
Lead Officer: Dave Barber dave.barber@warwickdc.gov.uk
Portfolio Holder: Councillor James Kennedy
Wards of the District directly affected: All

Approvals required	**Date**	**Name**
Portfolio Holder	2/2/24	James Kennedy
Finance	12/2/24	Andrew Rollins
Legal Services		N/A
Chief Executive	12/2/24	Chris Elliott
Director of Climate Change	12/2/24	Dave Barer
Head of Service(s)		N/A
Section 151 Officer	12/2/24	Andrew Rollins
Monitoring Officer	12/2/24	Graham Leach
Leadership Co-ordination Group	19.2.24	

Final decision by this Committee or rec to another Cttee / Council?	Yes
Contrary to Policy / Budget framework?	No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1421
Accessibility Checked?	Yes

Summary

The Government has signalled an intention to introduce the Future Homes Standard in 2025. In preparation for they have issued a consultation which close on 6th March 2024. This report sets out Warwick District Council's recommended response to the consultation.

Recommendation(s)

(1) That the response to the Department for Levelling Up, Housing and Communities' Future Homes and Building Standards: 2023 Consultation as set out in Appendix 1 be agreed.

(2) That Cabinet notes that, following consultation with the Leadership Coordinating Group, the Programme Director for Climate Change has signed the letter set out in Appendix 2 on behalf of the Council.

1 Reasons for the Recommendation

1.1 The government is seeking to improve energy efficiency and to reduce the carbon emissions of new homes and non-domestic buildings introducing the Future Homes Standard. Energy efficiency requirements for new homes and non-domestic buildings are set by Part L (Conservation of Fuel and Power) and Part 6 of the Building Regulations 2010 ("the Building Regulations"). This consultation sets out the Government's plans for achieving the Future Homes Standard and Future Buildings Standard, including the technical proposals for changes to the Building Regulations, the associated Approved Document guidance and calculation methods.

1.2 A summary of the main proposals in this consultation is provided below:

1.2.1 **New buildings:** Setting the performance requirements at a level which ensures new homes and non-domestic buildings have high fabric standards, use low-carbon heating and are 'zero-carbon ready' (meaning no further work will be needed for them to have zero carbon emissions once the electricity grid has fully decarbonised). Importantly we present options to reduce running costs, while maintaining thermal comfort, balanced against build costs.

1.2.2 **Metrics:** Retaining existing metrics for use in the national calculation methodologies as these effectively support our policy priorities for the Future Homes and Future Buildings Standards. We therefore propose that using the current metrics remains optimal for use in the national calculation methodologies. These metrics cover the most important aspects of building performance, but also do not excessively inhibit design flexibility for developers, designers and architects.

1.2.3 **Guidance on fabric and fixed building services:** Improvements to the minimum standards for fixed building services and on-site electricity generation. We also propose improving the guidance and minimum standards for heat losses from building services which directly support the installation of 'zero-carbon ready' technologies. This includes new guidance for the installation of smart meters (please see Section 10 (Smart Meters)). We do not propose to change the minimum building fabric standards for homes, provided through the Approved Document guidance, compared to the Part L 2021 standards. This is because we believe that the 2021 fabric minimum standards provide a good basis for the Future Homes and Buildings Standards.

1.2.4 **Material change of use:** Seeking views on improved standards for dwellings created through material change of use. These dwellings contribute to our housing supply and affordable housing objectives but can perform less well relative to new build homes. These changes intend to protect consumers from high bills and reduce emissions as far as practicable.

1.2.5 **Real-world performance of homes:** Gathering evidence around 2 proposed measures to improve building performance in new homes against expected energy use: fabric performance testing and improving Home User Guides. Also proposing changes to Approved Document L, Volume 1: Dwellings and Approved Document F, Volume 1: Dwellings to improve the commissioning of fixed building services in new and existing homes. Ensuring that buildings and building services perform as designed will help to lower energy bills, improve housing quality and increase consumer confidence in new homes.

1.2.6 **Heat networks:** Supporting the expansion of cleaner heat networks. New homes and non-domestic buildings can be connected to existing heat networks, but they should uphold the performance requirements outlined in this consultation. This means that heat networks should produce sufficient clean heat to heat new homes and non-domestic buildings added to the network. At a minimum, the heat required by any additional homes or buildings connected to an existing heat network should match the low-carbon heat generation capacity of the network.

1.2.7 **Accounting for exceptional circumstances:** Changes to the regulations permitting local authorities to relax or dispense the energy efficiency requirements in cases where they judge that being required to fully meet the standards would be unreasonable. This is in recognition of the fact that as the energy efficiency requirements we set for new buildings become stricter the chances that a small number of buildings legitimately cannot be designed to meet them increases.

1.2.8 **Legislative changes to the energy efficiency requirements in the Building Regulations:** Changes to the Building Regulations to repeal redundant regulations and to reflect that reducing carbon emissions is a central aim of the Future Homes and Buildings Standards.

1.2.9 **Review of our approach to setting standards:** For domestic buildings, the government is separately consulting on the new 'Home Energy Model' (HEM), which will replace the Standard Assessment Procedure (SAP) for the energy rating of new homes. This consultation and associated documents are linked below.

1.2.10 Alongside this, for domestic buildings we are consulting on improvements to our current 'notional building' approach to setting energy efficiency requirements. This includes reviewing changes to standardised assumptions, heat pump sizing methodologies, weather, buildings containing multiple dwellings, secondary heating, window and door U-value calculations and thermal bridging.

1.2.11 For non-domestic buildings, a number of improvements and updates are proposed to the National Calculation Methodology used to assess building performance in non-domestic buildings. The National Calculation Methodology is implemented through both commercially produced Dynamic Simulation Models (DSMs) and the Simplified Building Energy Model (SBEM).

1.2.12 **Transitional arrangements:** We are consulting on 2 options for transitional arrangements, comprising a 6-month or up to 12-month period between the Future Homes and Buildings Standard legislation being laid (in 2024) and it coming into force (in 2025), followed by a 12-month transitional period. These transitional arrangements are intended to allow industry sufficient time to adapt whilst also driving forward progress towards our 2050 net zero target. We are also consulting on closing previous arrangements.

1.2.13 **Overheating (call for evidence):** Seeking evidence on implementation of the Part O building regulation introduced in 2021 to reduce overheating in new homes, and intent to extend this standard to homes created through conversions.

1.3 The consultation closes at midnight on 6th March 2024. Given this is only a matter of hours after the Cabinet meeting to consider WDC's response to the consultation, officers will prepare an online response in line with Appendix 1 in advance and ready for submission ahead of the midnight deadline and will amend the response prior to submission, should that be required. In the event that this report is subsequently "called in", WDC will be able to withdraw or amend its response if required.

1.4 The Good Homes Alliance and Bioregional have prepared a letter in response to the Future Homes Standard consultation. This letter is broadly consistent with the responses set out in Appendix 1. However, the letter adds some additional points which the closed nature of the consultation form shown in Appendix did not provide space for. As timescales meant that the letter had to be signed prior to the Cabinet meeting, it was agreed at the LCG meeting on 19th February that the Council should sign the letter and that this would be retrospectively noted by the Cabinet.

2 Alternative Options

2.1 WDC could choose not to respond to the consultation. However, as building energy is a high priority within the Corporate Strategy it is considered important that WDC makes representations to encourage the Government to bring in the highest possible standards.

2.2 WDC could make different responses to any of the 95 questions, including those which have not been addressed. However, the responses have been prepared to ensure alignment with the Corporate Strategy and the Net Zero Carbon Development Plan Document. They have also drawn on technical research and advice.

3 Legal Implications

3.1 There are no legal implications associated with this report

4 Financial Services

4.1 There are no financial implications relating to this report

5 Corporate Strategy

5.1 Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

5.2 Delivering valued, sustainable services **–** the Future Homes Standard will be delivered through Building Regulations. The consultation proposed significant changes to Building Regulations which will require the Building Control to review its technical knowledge and capacity to ensure it can deliver the new requirements whilst continuing to provide high quality, highly valued services to customers in the context of competition from private sector approved inspectors.

5.3 Low cost, low carbon energy across the district **–** the Future Homes Standard is broadly consistent with the Council's Strategic Priority to reduce energy costs and carbon emissions. However, the Standard has significant limitations as proposed and so the response set out in Appendix 1 seeks to encourage the Government to be more ambitious in its approach to the Future Homes Standard.

5.4 Creating vibrant, safe and healthy communities of the future – As set out in 9.1 the Council's response seeks to improve the built-performance of homes and thereby enhance the potential for better health and wellbeing of occupants.

6 Environmental/Climate Change Implications

6.1 In parallel with the Corporate Strategy, the Climate Change Action Programme seeks to reduce carbon emissions from buildings within the District by addressing building energy. As set out in paragraph 5.2 above, this report seeks to encourage the Government to be more ambitious.

7 Analysis of the effects on Equality

7.1 In preparing their Future Homes Standard proposals, the Government are consulting on the impact of the proposals on people with the protected characteristics. The consultation seeks feedback about this and commits that the consultation responses will be analysed and the final proposals will be amended to include mitigating measures. Should the government take on WDC's responses as set out in Appendix 1, these changes will need to be considered by the government in light of the Equalities Act 2010.

8 Data Protection

8.1 There are no data protection issues associated with this report.

9 Health and Wellbeing

9.1 The Future Homes Standard seeks to improve energy efficiency and reduce carbon emissions. Energy efficiency homes have the potential to be warmer and less costly to run. The Future Homes Standard could support improved health and wellbeing. However, it is important the Future Homes Standard delivers on the ground in a way that fulfils its ambitions. To that end WDC's response set out in appendix 1 seeks to improve the built-performance of homes and thereby enhance the potential for better health and wellbeing of occupants.

10 Risk Assessment

10.1 The most significant risk relating to the Future Homes Standard is that it will be implemented in a way that fails to deliver the building performance that its ambition suggests. If that were to be the case, the Future Homes Standard could undermine WDC's ambition to deliver consistently better new homes and buildings through the planning and building and control systems. To mitigate this risk, it is important the WDC respond to the consultation to seek improvements to the proposals.

Background papers:

DLUHC Future Homes Standard Consultation 2023: The Future Homes and Buildings Standards: 2023 consultation - GOV.UK (www.gov.uk)

Appendix 1

Future Homes Standard Consultation

Draft WDC Response

The Consultation on the Future Hoes Standard seeks responses to 95 questions, many of these are detailed and technical. The WDC response has therefore been prioritised to focus on key areas that are directly relevant to the Low Cost, Low Carbon Energy strategic priority in the Corporate. As a result, the responses have been confined to some questions within the following sections of the consultation:

- performance requirements for new buildings;
- metrics;
- fabric and fixed building services;
- Real-world performance of homes;
- approach to setting standards;
- Transitional arrangements

The full consultation document is here: [The Future Homes and Buildings Standards: 2023 consultation - GOV.UK (www.gov.uk)]

1 Introduction

Q1: Local Authority

Q2: N/A

Q3: N/A

Q4: Warwick District Council

Q5: West Midlands

Q6: Dave Barber

2 Performance Requirements for new homes

Q7*: Which option for the dwelling notional buildings (for dwellings not connected to heat networks) set out in The Future Homes Standard 2025: dwelling notional buildings for consultation do you prefer?*
a. Option 1 (higher carbon and bill savings, higher capital cost)
b. Option 2 (lower carbon savings, increase in bill costs, lower capital cost)

Response: We support option 1 as this provides the greatest carbon and energy savings, as well as lower bills for occupiers. This is essential in the context of climate change, cost of living challenges and energy security issues.

Q8. *What are your priorities for the new specification? (select all that apply)*

- *low capital cost*
- *lower bills*
- *carbon savings*
- *other (please provide further information)*

Response: Lower bills and carbon savings

Appendix 1

Q9. *Which option for the dwelling notional buildings for dwellings connected to heat networks set out in The Future Homes Standard 2025: dwelling notional buildings for consultation do you prefer?*
a. Option 1 (higher carbon and bill savings, higher capital cost)
b. Option 2 (lower carbon savings, increase in bill costs, lower capital cost)

Response: We support option 1 as this provides the greatest carbon and energy savings, as well as lower bills for occupiers. This is essential in the context of climate change, cost of living challenges and energy security issues

Q10. *Which option do you prefer for the proposed non-domestic notional buildings set out in the National Calculation Methodology modelling guide?*
a. Option 1
b. Option 2

Response: We support option 1 as this provides the greatest carbon and energy savings, as well as lower bills for occupiers. This is essential in the context of climate change, cost of living challenges and energy security issues.

Q11. *What are your priorities for the new specification?*

- *low capital cost*
- *lower bills*
- *carbon savings*
- *other (please provide further information)*

Response: Lower bills and carbon savings

3 Metrics

Q12. *Do you agree that the metrics suggested above (TER, TPER and FEE) be used to set performance requirements for the Future Homes and Buildings Standards?*

a. *Yes*
b. *Yes, and I want to provide views on the suitability of these metrics and/or their alternatives*
c. *No, I think delivered energy should be used*
d. *No, I think FEE should be changed*
e. *No, for another reason (please provide justification)*

We conditionally support option b). These measures are practical in the context of delivering improved energy performance through buildings regulations. However, they can only work effectively if they are applied alongside a system that significantly improves on the current SAP which is a poor indicator of energy performance therefore cannot provide a sounds basis. Our view on this therefore needs to be understood in the context of our responses to the section on "**Real-world performance of homes**". If our suggestions around real world performance cannot be realised, that we consider delivered energy (option c) should be used.

4 Updated Guidance and Minimum Standards

Q13. *Do you agree with the proposed changes to minimum building services efficiencies and controls set out in Section 6 of draft Approved Document L, Volume 1: Dwellings?*

a. *Yes*
b. *Yes, and I want to provide additional suggestions or information to support my view*
c. *No (please provide justification)*

Response: a. Yes

Q14. *Do you agree with the proposal to include additional guidance around heat pump controls for homes, as set out in Section 6 of draft Approved Document L, Volume 1: Dwellings?*

a. Yes
b. Yes, and I want to provide additional suggestions or information to support my view
c. No (please provide justification)

Response: a. Yes

Q15. Do you agree that operating and maintenance information should be fixed to heat pump units in new homes?

a. Yes
b. Yes, and I want to provide additional suggestions or information to support my view
c. No (please provide justification)

Response: a. Yes

Q16. *Do you think that the operating and maintenance information set out in Section 10 of draft Approved Document L, Volume 1: Dwellings is sufficient to ensure that heat pumps are operated and maintained correctly?*

a. Yes
b. Yes, and I want to provide additional suggestions or information to support my view
c. No (please provide justification)

Response: No comment

Q17. *Do you agree with the proposed changes to Section 4 of draft Approved Document L, Volume 1: Dwellings, designed to limit heat loss from low carbon heating systems?*

a. Yes
b. Yes, and I want to provide additional suggestions or information to support my view
c. No (please provide justification)

Response: a. Yes

Q18. Do you agree with the proposed sizing methodology for hot water storage vessels for new homes?

a. Yes
b. Yes, and I want to provide additional suggestions or information to support my view
c. No (please provide justification)

Response: No comment

5 Updated guidance and minimum standards for non-domestic buildings

Q19. *Do you agree with the proposed changes to minimum building services efficiencies and controls set out in Section 6 of draft Approved Document L, Volume 2: Buildings other than dwellings?*

Q20. *Do you agree with the proposed guidance on the insulation standard for building heat distribution systems in Approved Document L, Volume 2: Buildings other than dwellings?*

Q21. *Do you agree that the current guidance for buildings with low energy demand which are not exempt from the Building Regulations, as described in Approved Document L, Volume 2: Buildings other than dwellings should be retained without amendment?*

Q22. *Do you agree that lifts, escalators and moving walkways in new buildings (but not when installed withing a dwelling) should be included in the definition of fixed building services?*

Q23. *Do you agree with the proposed guidance for passenger lifts, escalators and moving walkways in draft Approved Document L, Volume 2: Buildings other than dwellings?*

Q24. *Do you have any further comments on any other changes to the proposed guidance in draft Approved Document L, Volume 2: Buildings other than dwellings?*

Response: Q19 to Q24 - No comment

6 Material Change of Use

Q25. *Should we set whole-building standards for dwellings created through a material change of use?*
a. Yes
b. No, an elemental standard should be set with an option to use a notional building if the designer prefers
c. No, for another reason (please provide justification)

Response: a. Yes

Q26. *Should the proposed new MCU standard apply to the same types of conversion as are already listed in Approved Document L, Volume 1: Dwellings?*
a. Yes
b. No, standards should also apply to non-dwelling accommodation e.g., student or patient accommodation, care homes, and hotels
c. No, the standard should be clearer that it applies to houses of multiple occupation (please recommend specific building types you think the standard should apply to and provide justification)
d. No, for another reason (please provide justification)

Response: b. The standard should be applied as widely as possible.

Q27. *Should different categories of MCU buildings be subject to different requirements?*

Q28. *Which factors should be taken into account when defining building categories?*

Q29. *Do you agree with the illustrative energy efficiency requirements and proposed notional building specifications for MCU buildings?*

Q30. *If you answered no to the previous question, please provide additional information to support your view.*

Q31. *Do you agree with using the metrics of primary energy rate, emission rate and fabric energy efficiency rate, if we move to whole dwelling standards for MCU buildings?*

Q32. *Under what circumstances should building control bodies be allowed to relax an MCU standard?*

Q33. *Do you have views on how we can ensure any relaxation is applied appropriately and consistently?*

Q34. *Should a limiting standard be retained for MCU dwellings?*

Q35. *If a limiting standard is retained, what should the limiting standard safeguard against?*

Q36. *Do you wish to provide any evidence on the impacts of these proposals including on viability?*

Q37. *Do you agree that a BREL report should be provided to building control bodies if we move to energy modelling to demonstrate compliance with MCU standards?*

Q38. *Do you agree that consumers buying homes created through a material change of use should be provided with a Home User Guide when they move in?*

Q39. *Do you agree that homes that have undergone an MCU should be airtightness tested?*

Response: Q27 to Q39 - No comment

7 Real-World Performance of Homes

Q40. *Do you think that we should introduce voluntary post occupancy performance testing for new homes?*
a. Yes
b. Yes, and I'd like to provide further information
c. No (please provide justification)

Response: b. Yes. Ideally post occupancy testing should be mandatory but we recognise that this may be hard to enforce. In this context a voluntary scheme may have some value and we would recommend that the bar is set high and is clearly defined to give consumers genuine confidence. However, it is essential that post construction testing is enhanced as a requirement as the basis for ensure the built performance of homes minimises the gap to designed performance – see comments on the Home Energy Model (Q69 to Q74).

Q41. *Do you think that the government should introduce a government-endorsed Future Homes Standard brand? And do you agree permission to use a government-endorsed Future Homes Standard brand should only be granted if a developer's homes perform well when performance tested? Please include any potential risks you foresee in your answer.*
a. Yes
b. Yes, and I want to provide additional suggestions or information
c. Yes, but I think there are risks associated with introducing a government-endorsed brand
d. No (please provide justification)

Response: Yes. Subject to meeting a high bar. Having a clearly defined standard of performance will ensure the brand is not misused and can therefore provide confidence to consumers. Anything else will undermine the brand and potentially result in the brand being abused to the detriment of the whole system.

Q42. *Do you agree with the proposed changes to Approved Document F, Volume 1: Dwellings to improve the installation and commissioning of ventilation systems in new and existing homes?*
a. Yes
b. Yes, and I'd like to provide further information
c. No (please provide justification)

Response: a. Yes

Q43. *Do you agree with the proposal to extend Regulation 42 to the installation of mechanical ventilation in existing homes as well as new homes?*
a. Yes
b. Yes, and I'd like to provide further information
c. No (please provide justification)

Response: a. Yes

Q44. *Do you think the guidance on commissioning hot water storage vessels in Section 8 of draft Approved Document L, Volume 1: Dwellings is sufficient to ensure they are commissioned correctly?*

Q45. *Are you aware of any gaps in our guidance around commissioning heat pumps, or any third-party guidance we could usefully reference?*

Q46. *Do you think the guidance for commissioning on-site electrical storage systems in Section 8 of draft Approved Document L, Volume 1: Dwellings is sufficient to ensure they are commissioned correctly?*

Q47. *Do you agree with proposed changes to Approved Document L, Volume 1: Dwellings and Approved Document F, Volume 1: Dwellings to (a) clarify the options for certifying fixed building services installations and (b) set out available enforcement options where work does not meet the required standard?*

Q48. *Do you think the additional information we intend to add to the Home User Guide template, outlined above, is sufficient to ensure home occupants can use their heat pumps efficiently?*

Q49. *If you are a domestic developer, do you use, or are you planning to use, the Home User Guide template when building homes to the 2021 uplift? Please give reasons in your response.*

Q50. *Do you have a view on how Home User Guides could be made more useful and accessible for homeowners and occupants, including on the merits of requiring developers to make guides available digitally? Please provide evidence where possible.*

Q51. *Do you think that there are issues with compliance with Regulations 39, 40, 40A and 40B of the Building Regulations 2010? Please provide evidence with your answer.*

Q52. *Do you think that local authorities should be required to ensure that information required under Regulations 39, 40, 40A and 40B of the Building Regulations 2010 has been given to the homeowner before issuing a completion certificate?*

Response: Q44 to Q52 - No comment

Heat Networks

Q53. *Do you agree that new homes and new non-domestic buildings should be permitted to connect to heat networks, if those networks can demonstrate they have sufficient low-carbon generation to supply the buildings' heat and hot water demand at the target CO2 levels for the Future Homes or Buildings Standard?*
a. Yes
b. Yes, and I'd like to provide further information
c. No (please provide justification)

Response: a. Yes

Q54. *Do you agree that newly constructed district heating networks (i.e., those built after the Future Homes and Buildings Standard comes into force) should also be able to connect to new buildings using the sleeving methodology?*

Q55. *Do you agree with the proposed guidance on sleeving outlined for Heat Networks included in Approved Document L, Volume 1: Dwellings and Approved Document L, Volume 2: Buildings other than dwellings?*

Q56. *Do you agree that heat networks' available capacity that does not meet a low carbon standard should not be able to supply heat to new buildings?*

Q57. *What are your views on how to ensure low-carbon heat is used in practice?*

Q58. *Are there alternative arrangements for heat networks under the Future Homes and Building Standards that you believe would better support the expansion and decarbonisation of heat networks?*

Response: Q54 to Q58 - No comment

Smart Meters

Q59. *Do you agree that the draft guidance provides effective advice to support a successful smart meter installation in a new home, appropriate to an audience of developers and site managers?*

Q60. *Do you agree that voluntary guidance referenced in draft Approved Document L, Volume 1: Dwellings is the best approach to encouraging smart meters to be fitted in all new domestic properties?*

Response: Q59 to Q60 - No comment

Accounting for exceptional circumstances

Q61. *Do you agree that it should be possible for Regulation 26 (CO2 emission rates) to be relaxed or dispensed with if, following an application, the local authority or Building Safety Regulator concludes those standards are unreasonable in the circumstances?*
a. Yes
b. No (please provide justification)

Response: b. No. This will result in developers seeking ways to avoid the standards and without clear criteria, this would result in Local Authorities having to make difficult judgements. This in turn will lead to inconsistency and poor outcomes for some consumers. If any exceptions are to be made, those exceptions should be clearly set out in the regulations rather than being subject to a judgement.

Q62. *[If yes to previous question], please share any examples of circumstances where you think it may be reasonable for a local authority to grant a relaxation or dispensation?*

Q63. *Do you think that local authorities should be required to submit the applications they receive, the decisions they make and their reasoning if requested?*

Response: Q62 to Q63 - No comment

Q64. *Are there any additional safeguards you think should be put in place to ensure consistent and proportionate use of this power?*

Response: The exceptions (if necessary at all) should be specified in the regulations

Legislative Changes to the energy efficiency requirements

Q65. *Do you agree that Part L1 of Schedule 1 should be amended, as above, to require that reasonable provision be made for the conservation of energy and reducing carbon emissions?*
a. Yes
b. Yes, and I'd like to provide further information
c. No (please provide justification)

Response: a. Yes

Q 66. *Do you agree that regulations 25A and 25B will be redundant following the introduction of the Future Homes and Buildings Standards and can be repealed?*

Response: No comment

A review of our approach to setting standards

Q67. *Do you agree that the Home Energy Model should be adopted as the approved calculation methodology to demonstrate compliance of new homes with the Future Homes Standard?*
a. Yes
b. Yes, and I'd like to provide further information
c. No (please provide justification)
Response: Yes. We support the basic concept of replacing SAP and introducing a Home Energy Model (HEM). From the information outlined, we consider that the changes being made to the SAP will better support the transition to net zero by improving the time resolution of energy performance of homes, allowing for more energy flexibility and smart technologies. In the HEM, heat pumps will be simulated in a

home's specific context, rather than as a generic test simulation. This will be made more accurate with a 30-minute time resolution, as opposed to one measurement being taken a month, which currently occurs with the SAP. Being able to measure the energy performance of those homes more accurately will lead to better data and provide more support for the transition to net zero.

However, the HEM is such an important element of the Future Homes Standard, that without knowing its final shape, it is impossible to know whether the HEM and indeed the whole of the Future Home Standard is likely to deliver the aims that have been set. It is disappointing that the HEM has not been developed as an integral part of the FHS as it directly relates to the proposals around performance requirements, metrics, real-world performance etc. Whilst the emerging HEM appears to be an improvement on SAP, we do not consider that it is sufficiently clear and robust to achieve truly net zero homes and could lead to ongoing poor thermal design and performance.

Our view is that the HEM needs to minimise the performance gap. The simplest way for this to work is to set clear, unambiguous absolute targets which can then be used as the basis for assessing actual building performance. Whilst we note the point about flexibility in design, we consider this is still achievable and indeed will be necessary to respond to different site conditions. In contrast, the notional building approach risks inefficient building designs and thermal bridges that cannot meet designed performance. To meet our national net zero targets, we need to change housebuilders' approaches and consumer expectations to place more value on energy, cost and carbon performance. Absolute energy targets can achieve that, whilst notional standards may not.

Q68. *Please provide any comments on the parameters in the notional building.*

Response: See comments above. Notional building standards should not be used. Instead absolute standards should be put in place.

Q69. *Minimum standards already state that heat pumps should have weather compensation and we would like to understand if stakeholders think this is enough to ensure efficiency of heat pumps under the varying weather conditions across England. Should the notional building use local weather?*

Q70. *Do you agree with the revised guidance in The Future Homes Standard 2025: dwelling notional buildings for consultation no longer includes the average compliance approach for terraced houses?*

Q71. *Do you agree with the revised guidance in Approved Document L, Volume 1: Dwellings which states that you should not provide a chimney or flue when no secondary heating appliance is installed?*

Response: Q69 to Q71 – No Comment

Q72. *Do you agree with the proposed approach to determine U-values of windows and doors in new dwellings?*
a. Yes
b. No

Response: a. Yes

Q73. *Do you agree with the proposal to remove the default y-value for assessing thermal bridges in new dwellings?*
a. Yes
b. Yes, and I'd like to provide further information
c. No (please provide justification)

Response: a. Yes

Q74. *Do you have any information you would like to provide on the homes built to the Future Homes Standard using curtain walling?*

Response: No comment

Q75. *Do you agree with the methodology outlined in the NCM modelling guide for the Future Buildings Standard?*
a. Yes,
b. No (please provide justification)

Response: a. Yes

Q76. *Please provide any further comments on the cSBEM tool which demonstrates an implementation of the NCM methodology.*

Q77. *Please provide any further comments on the research documents provided alongside the cSBEM tool and which support the development of the NCM methodology, SBEM and iSBEM.*

Response: Q76 to Q77 - No comment

Transitional Arrangements

Q78. *Which option describing transitional arrangements for the Future Homes and Buildings Standard do you prefer? Please use the space provided to provide further information and/or alternative arrangements.*
a. Option 1
b. Option 2

Response: a. Option 1. The FHS has been in the pipeline for several years, and including this consultation, there have been at least two layers of development. This ensures the industry has had ample time to adjust their supply chain and design practices ahead of the introduction of the FHS. A 6 month transitional period is therefore adequate

Q79. *Will the changes to Building Regulations proposed in this consultation lead to the need to amend existing planning permissions? If so, what amendments might be needed and how can the planning regime be most supportive of such amendments?*
a. Yes (please provide further information)
b. No

Response: There is a possibility that during the transitional period proposals which have planning permission will need to seek approval for connected works such as heat pumps, solar PV, plus potentially some changes to building designs where these are not consistent with the energy performance requirements. In these circumstances it is proposed that the planning system treats revisions to schemes pragmatically as minor variations wherever possible. The government should actively support local planning authorities to do this through clear guidance. Where listed buildings are concerned, the planning system will need to strike a balance between public benefits and harm to listed buildings in line with the NPPF.

Q80. *Do you agree that the 2010 and 2013 energy efficiency transitional arrangements should be closed down, meaning all new buildings that do not meet the requirements of the 2025 transitional arrangements would need to be built to the Future Homes and Buildings Standards?*
a. Yes
b. No (please provide justification)

Response: a. Yes

Q81. *What are your views on the proposals above and do you have any additional evidence to help us reach a final view on the closing of historical transitional arrangements?*

Response: No comment

Part O – Call for Evidence

Q 82. *Part O does not apply when there is a material change of use. Should it apply?*
a. Yes
b. Yes, but only for some types of conversion (please list from reg 5a-k or describe the type)
c. No

Response: a. Yes. Overheating is just as much a risk in existing buildings

Q83. *Apart from material change of use, is there anything missing from the current scope of Part O?*

Q84. *Can you provide evidence on how the addition of extensions or conservatories to domestic buildings can impact overheating risk on an existing building?*

Q85. *We are currently reviewing Part O and the statutory guidance in Approved Document O. Do you consider there to be omissions or issues concerning the statutory guidance on the simplified method for demonstrating compliance with requirement O1, for buildings within the scope of requirement O1?*

Q86. *Do you consider there to be omissions or issues concerning the statutory guidance on the dynamic thermal modelling method for demonstrating compliance with requirement O1 for all residential buildings?*

Q87. *Do you consider there to be omissions or issues concerning the statutory guidance on ensuring the overheating mitigation strategy is usable for buildings within the scope of requirement O1?*

Q88. *Do you consider there to be omissions or issues concerning the statutory guidance on protection from falling?*

Q89. *Are you aware of ways that Approved Document O could be improved, particularly for smaller housebuilders?*

Q90. *Does Regulation 40B require revision?*

Q91. *Do you consider there to be omissions or issues concerning the statutory guidance on providing information?*

Q92. *Are there any improvements that you recommend making to the information provided about overheating in the Home User Guide template?*

Q93. *Are there any omissions or issues not covered above with the statutory guidance in Approved Document O that we should be aware of?*

Response: Q83 to Q93 - No comment

Equalities Impact Assessment

Q94. *Please provide any feedback you have on the potential impact of the proposals outlined in this consultation document on persons who have a protected characteristic. If possible, please provide evidence to support your comments.*

Q95. *Please provide any feedback you have on the impact assessments.*

Response: Q94 to Q95 - No comment

Appendix 2

The Rt Hon Michael Gove MP
Secretary of State for Levelling Up, Housing, and Communities
2 Marsham Street, London SW1P 4DF

Cc: The Rt Hon. Claire Coutinho MP, Secretary of State for Energy Security and Net Zero

February 2024

Dear Secretary of State,

Re: Future Homes and Building Standard (FHS) and Home Energy Model (HEM) consultations
As leading businesses and organisations involved in delivering new homes and buildings to high sustainability standards, we are writing with our view on the FHS and HEM consultations. We would like to meet you to discuss the consultations and are available to provide further information in addition to our organisational responses.

We support the following elements of the proposals which should be implemented without delay. We welcome the end of fossil fuel heating and commitment to electric heating. We support integrated on-site renewables for new homes, and the extension of energy efficiency measures for dwellings created under material change of use. We welcome the proposed HEM as a replacement for SAP.

However, this is not a definitive Future Homes Standard, but rather a positive step towards it. Many of us involved in the development of the Future Homes Hub's (FHH) five contender specifications[i] (CSP) are disappointed that the two weakest options are being consulted upon. We request a further iteration of the Standard be developed to ensure new buildings are of a higher specification by 2028. In this letter we set out immediate concerns to be addressed and outline why further development of the FHS is needed.

We have immediate concerns to be addressed in the 2025 regulations:

1. **We strongly disagree with the Option 2 notional specifications.** Omitting photovoltaics (PV) and lowering building fabric standards will lead to an additional £600-£700 per year on energy bills for residents of new homes compared to the current Part L 2021 and Option 1 respectively[ii]. The public sector equality duty ensures Government does not introduce standards which unduly affect those on lower incomes or with protected characteristics. A lower fabric standard would increase the pressure new homes place on the electricity grid at a time when the electrification of heat, transport, and industry means demand for electricity is expected to grow fourfold by 2050.[iii] All new homes should have integrated PV as standard to maximise available renewable energy, especially as the cost of installation continues to plummet[iv].

2. **We strongly disagree with the choice of Primary Energy over Delivered Energy.** We see no evidence provided to justify this choice, with 76% of respondents to the previous FHS consultation[v] opposing Primary Energy as a metric. The Climate Change Committee (CCC) supported Delivered Energy for domestic Energy Performance Certificates (EPCs)[vi]. The HEM consultation discusses the use of Delivered Energy and a different metric for the FHS creates Government inconsistency and confusion. Delivered Energy should become the key metric in this Standard.

3. **3. We support voluntary post occupancy performance testing, but enhanced testing of buildings post-completion, or "As built" should be mandatory.** The proposal to ensure transparency on actual

performance – acknowledged by Government as a key outcome for EPC reform following the 2021 consultation – is urgent. We support the introduction of Building Performance Evaluation (BPE), but a wholly voluntary approach will not provide the necessary protection from homes built to a sub-standard.[vii] BPE needs to include simple, low-cost, enhanced mandatory post-completion testing to primarily confirm thermal performance, such as short duration whole-house heat loss tests[viii]. In addition, voluntary post occupancy testing needs to be incentivised through regulation

There is a need to improve on the proposals for a higher standard which delivers on the FHS aims. There are substantial issues not addressed in this consultation and a demand for higher standards. The Written Ministerial Statement of 13 December 2023 calls for Local Authorities to converge on a common definition of higher levels of performance and these should be co-developed during the course of 2024, based on the recommendations set out below , and could be used from 2025 onwards. This higher standard can then be used to inform the next iteration of building regulations by 2028.

a) **Regulate embodied carbon in new buildings.** Embodied carbon makes up 20%[ix] of UK built environment emissions and declarations of whole life carbon are already required for large building projects. Policies to measure and limit embodied carbon and apply circular economy approaches within the construction sector are urgent and should be included in FHS.
b) **Improve fabric standards for U values and air tightness.** Alignment with current good practice can improve comfort and achieve a level of thermal resilience and stability to permit sufficient flexibility for grid peak load management.[x] The FHH CSP4 has just 25% of the home heating demand compared to FHS Option 1.
c) **Improve new home ventilation systems**. Research is urgently needed to determine if trickle vents with intermittent extract fans and with decentralised mechanical ventilation (dMEV) deliver the indoor air quality and comfort required[xi]. The limited evidence that exists suggest high instances of poor air quality, particularly in bedrooms[xii]. Should the research indicate poor air quality, and comfort, in use the FHS should mandate systems such as mechanical ventilation with heat recovery (MVHR) to deliver good air quality, reduce condensation and mould, and recirculate heat (as addressed in the FHH CSP3, 4, and 5).
d) **Reduce electricity generation investment required.** Improvements to building fabric and ventilation outlined above have been calculated to save circa £22.6 billion in electricity generation investment over 20 years compared to Option 1, and would result in a £190/year reduction in bills for occupants.

Higher standards will not limit housing supply. The FHS consultation stated concern that higher standards will increase costs and complexity for housebuilders and limit housing supply. Recent Government studies [xiii] [xiv] did not find higher standards to be a constraint on housing supply. The additional cost of CSP4, for a one-off 200 home site, compared to Option 1, was £13.8K[xv] per plot and will be considerably less when delivered at scale. This cost will be absorbed through adjustments to land values, as with previous regulation changes, not increasing householder costs and not limiting housing supply. Homes built to higher standards have shown to be feasible and viable at a local authority level across England, having passed tests of Local Plan inspection[xvi] [xvii] [xviii] [xix].

Collaborating for better standards that really work. Lessons from the 2021 FHS pilots, and existing homes built to higher standards, should inform a future homes standard. We collectively bring knowledge and experience of building to higher standards, and offer practical justification for achievable standards which benefit industry and residents in line with net zero goals. We urge you to collaborate with us to develop the standard further.

Signatories (as of 20/02/2024, letter open to sign until 29/02/2024)

AHMM
Architecta Limited
AWW
Beyond Carbon Associated
Bioregional
Cambridge Retrofit Hub
Central Lincolnshire Joint Strategic Planning Committee
Climate Emergency UK
Crow Architecture
Etude
Futureground
Gbolade Design Studio
Good Homes Alliance
HAUS
Inkling
LETI
MEPK
Passivhaus Trust
Phillips Architecture
Planet 2030 Ltd
Pure Haus
Rixon Architecture
Sovereign Network Group
Square Gain
Town and Country Planning Assocation
Transition Bath
Traxis Group Lrd
UK Green Building Council
UK100
vHH
WWA
XERA

Appendix 2

References

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[ii] https://www.gov.uk/government/consultations/the-future-homes-and-buildings-standards-2023-consultation/the-future-homes-and-buildings-standards-2023-consultation#performance-requirements-for-new-buildings

[iii] https://committees.parliament.uk/writtenevidence/115773/pdf/

[iv] www.mcc-berlin.net/en/news/information/information-detail/article/plummeting-prices-for-solar-power-and-storage-make-global-climate-transition-cheaper-than-expected.html#:~:text=MCC%2Dled%20study%20on%20the%20effect%20of%20technology%20and%20product%20in

[v] https://assets.publishing.service.gov.uk/media/60114c6c8fa8f565494239a7/Government_response_to_Future_Homes_Standard_consultation.pdf

[vi] https://www.theccc.org.uk/publication/letter-reform-of-domestic-epc-rating-metrics-to-patrick-harvie-msp/

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[ix] https://ukgbc.org/our-work/topics/advancing-net-zero/embodied-carbon/

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[xix] https://beta.bathnes.gov.uk/sites/default/files/2021-08/B%26NES%20LPPU%20Viability%20Study.pdf

Agenda Item No 11
Cabinet
6th March 2024

Title: Change Programme – Case for Change
Lead Officer: Darren Knight, Deputy Chief Executive
Portfolio Holder: Councillor Jessica Harrison
Wards of the District directly affected: All

Approvals required	Date	Name
Portfolio Holder	14.02.2024	Cllr Harrison
Finance	14.02.2024	Andrew Rollins
Legal Services		N/A
Chief Executive	14.02.2024	Chris Elliott
Director of Climate Change	14.02.2024	Dave Barber
Head of Service(s)	14.02.2024	David Elkington
Section 151 Officer	14.02.2024	Andrew Rollins
Monitoring Officer	14.02.2024	Graham Leach
Leadership Co-ordination Group	14.02.2024	Yes

Final decision by this Committee	Yes
Contrary to Policy / Budget framework?	No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No
Accessibility Checked?	Yes

Summary

In February 2023, Cabinet agreed for the development of a change programme to identify efficiencies to support the Council's Medium Term Financial Strategy. The purpose of this report is for Cabinet to review and approve the Council's Change Programme - Case for Change and supporting governance framework.

Recommendation(s)

(1) That Cabinet review and approve the Council's Change Programme - Case for Change.

(2) That Cabinet agree for the programme to commence, and the Programme Board terms of reference is approved.

1 Background

1.1 In February 2023, a report was taken to Cabinet, which identified that the Council would need to change how it operates to ensure it can continue to respond to the external operating environment and financial challenges the local government sector faces.

1.2 This report made three recommendations, which included:

1 That Cabinet notes the latest Medium-Term Financial Strategy (MTFS).

2 That Cabinet agrees to the development of a change management programme with governance arrangements.

3 That subject to agreeing recommendation 2, Cabinet agrees that in accordance with their respective delegations, the Chief Executive and S151 Officer should ensure that appropriate human resources are made available to support the delivery of the programme.

1.3 In July 2023, WDC undertook a Corporate Peer Challenge (CPC) through the Local Government Association (LGA), as part of its commitment to sector led continuous improvement. This review highlighted two areas relating to the Change Programme:

- In recognition that, at the time of the challenge, the Council was committed to, but had not fully developed its Change Programme, the review team said - "As part of the Council's Change Programme the peer team encourage WDC to continue with this transformation and capitalise on how this will support the organisation in delivering improved outcomes".
- The CPC team also stated that "Ensure that whatever ambitions the Council may have been balanced with the need to ensure sufficient focus and grip on the performance of core service delivery and brilliance in the basics".

1.4 In November 2023, the Council's new Corporate Strategy was approved, and the Change Programme falls under Strategic Priority 1, Goals 1.2 and 1.3:

Strategic Priority 1:

"Delivering valued, sustainable services in order that the Council can continue to focus its efforts and activities on the needs of its residents, communities and businesses, this priority will be underpinned by ensuring continued demonstration of financial

sustainability through the medium term. This is the foundation for ensuring that there are the resources to continue to enable residents to receive excellent high-quality services that are responsive and accessible to local needs."

Goal 1.2 Continue to ensure the Council's finances remain on a firm and sustainable footing.

- *"Our Change Programme will improve the efficiency and effectiveness of how the Council delivers services to ensure they remain responsive and accessible to customer needs."*

- *"By reviewing how Council services are delivered and measuring performance will help ensure high quality services are being delivered across the Council."*

- *"The Digital and Customer Strategy and Change Management Programme will make it easier for customers to contact the Council 24/7, 365 days a year and enable our customer service team to help more customers at the first point of contact through different communication channels".*

Goal 1.3 Achieve and demonstrate delivery of high-quality services.

- *"We will measure our performance and develop how we use data, benchmarking and customer insight to ensure we continuously learn and improve how we deliver services."*

1.5 Following these three reports, the Change Programme - Case for Change (Appendix 1) has been developed, which sets out the case and approach for this improvement programme, the benefits it will bring and how success will be monitored and measured.

2 Alternative Options

2.1 The Cabinet report dated 9 February 2023, titled Warwick District Council Change Management Programme, agreed to the rationale and development of a change programme to support the Council's MTFS.

2.2 Doing nothing is not an option, as set out by the:

- Council's MTFS.
- Narrative set out in the February 2023 Cabinet report.
- July 2023 CPC report.
- New Corporate Strategy – Priority 1.

2.3 A defined change programme with supporting governance oversight will ensure there is the appropriate level of direction and oversight. The programme board terms of reference are set out in Appendix 2.

2.4 Recently, the Department for Levelling Up, Housing and Communities (DLUHC) announced their intention that local authorities will need to produce productivity plans to demonstrate how they will improve efficiency and reduce costs. It is the intention that local authorities will need to submit such plans to be reviewed by DLUHC. The Council's Change Programme will also ensure that WDC is able to promptly respond to any future requests by DLUHC.

3 Legal Implications

3.1 No legal implications have been identified at this stage. Any legal implications will be identified and assessed on a project-by-project basis.

4 Financial Services

4.1 The focus on of the change programme will be on the Council's General Fund. The MTFS sets a general fund efficiency target of £2.5m over the next three years. This will be achieved via four principles:

- Income generation initiatives.
- Customer service re-design/digital transformation.
- Invest to save initiatives.
- Cost reduction initiatives.

4.2 Further work will be done to establish how the income generation strand of the change programme interacts with existing fees and charges targets totalling £3.375m over 4 years.

4.3 Efficiencies will also need to be found within the Housing Revenue Account (HRA) to further invest in areas such as asset compliance. However, the immediate focus for the housing service is the asset compliance action plan. Timing of the change programme to the HRA funded services will be guided by the asset compliance committee and the corporate strategy programme board.

4.4 This approach has two benefits, firstly ensuring that focus remains on the compliance action plan and secondly, ensuring change management focus and resources are not spread too thinly.

4.5 The Digital Strategy Seed fund will provide initial funding to support digital/customer design programme workstreams. Investment decisions will be based on business cases, as and when required.

5 Environmental/Climate Change Implications

5.1 There are no Environmental/Climate Change implications identified as a result of this report. Where applicable, projects will have a climate impact assessment completed.

6 Analysis of the effects on Equality

6.1 There are no Equality implications identified as a result of this report. Where applicable, projects will have an Equality Impact Assessment completed.

7 Data Protection

7.1 There are no Data Protection implications identified as a result of this report.

8 Health and Wellbeing

8.1 There are no health & wellbeing implications identified as a result of this report.

9 Risk Assessment

9.1 The Change Programme has several risks, which have been outlined in the table below:

Risk Identified	Control Measures
Sufficient Programme Governance:	Programme board will be established which will include: • Cabinet Member for Transformation • Cabinet Member for Finance • Deputy CEO • Head of Finance

	• Head of People & Communications • Head of Customer & Digital Services This board will meet on a regular basis.
Not achieving the efficiencies needed within the timescales required:	The change programme scope takes an holistic view identifying and achieving efficiency opportunities, including: • Income generation initiative. • Invest to save initiatives. • Customer service redesign. • Cost reduction initiatives. The programme will have an efficiency tracker that will monitor progress against timescales and efficiency targets.
WDC does not have a corporate digital platform/customer relationship management system:	A business case has been developed for a corporate digital platform/customer relationship management system.
WDC does not have dedicated business analyst skills within its current transformation team:	As part of the recent budget report, funding has been agreed to recruit business analyst capacity and capability.

9.2 Change Programme risks will be monitored by the Programme Board, as part of the programme's governance and subject to review by the Member Advisory Group and/or Overview and Scrutiny Committee.

10 Consultation

10.1 The change programme has been consulted with Cabinet, Group Leaders, Senior Leadership Team, Managers' Forum and Union representatives.

Supporting documents:

Appendix 1: Change Programme - Case for Change

Appendix 2: Programme Board Terms of Reference

Background papers:

- WDC Corporate Strategy Priority 1: Delivering valued, sustainable services - Corporate Strategy Warwick District 2030 - Warwick District Council (warwickdc.gov.uk)
- WDC Local Government Association Corporate Peer Challenge Report LGA Corporate Peer Challenge - Download - Warwick District Council (warwickdc.gov.uk)
- February 2023 Change management programme cabinet report Document.ashx (warwickdc.gov.uk)
- Medium Term Financial Strategy - Document.ashx (warwickdc.gov.uk)
- Digital Transformation programme | Local Government Association
- DLUHC: Productivity plans 'haven't been designed yet' | Local Government Chronicle (LGC) (lgcplus.com)

WARWICK DISTRICT COUNCIL

Change Programme Case for Change

WARWICK DISTRICT COUNCIL

Warwick 2030

Introduction

February 2023: A Commitment to Change

On the 9 February 2023, Cabinet approved a report, which stated:

> *“Warwick District Council (WDC) continually demonstrates that it is a community leader during the most challenging of times. Whether that is through a period of national austerity; an international pandemic; or global climate change, the Council has been able to deliver its ambition through service and place-shaping outcomes whilst at the same time being financially responsible.”*
>
> *“However, the financial challenge to the Council has not abated and the Chancellor’s latest Autumn Statement (17 November 2022) details significant financial constraint of public finances from financial year 2025/2026, with major implications for local government. Item 13 / Page 2 The Council cannot ignore this impending financial situation and must plan well in advance”.*
>
> *“Whilst it is fully recognised that the Council has been through periods of very real upheaval and uncertainty, it would be complacent not to prepare. Officers are therefore proposing a programme of organisational change to be developed over the next twelve months with the new administration and the Council’s trade union, Unison, to enable the breadth and depth, and delivery method of Council services to be reviewed thereby enabling the local taxpayer to continue to receive value-for-money.”*

The report had the following recommendations:

1. That Cabinet notes the latest Medium-Term Financial Strategy (MTFS) as detailed in the S151 Officer’s report at item 7 on this agenda.
2. That Cabinet agrees to the development of a change management programme with governance arrangements as detailed in Appendix 1.
3. That subject to agreeing recommendation 2, Cabinet agrees that in accordance with their respective delegations, the Chief Executive and S151 Officer should ensure that appropriate human resources are made available to support the delivery of the programme.

Since the report was approved, several other events have happened which further support the need for the Council to embrace a programme of change:

- Ongoing inflationary pressure and increased service demand have further impacted the Council’s medium term financial outlook.
- Government settlements have done little to ease pressure across the sector.
- Rising homelessness and increasing costs for temporary accommodation are not being met by equivalent increases in central government grants.

However, amongst these challenges, there have been positive changes too:

- A new customer service centre at The Royal Pump Rooms will open shortly, offering new opportunities to deliver services differently.
- A Corporate Peer Review Challenge recognised the important role the Change Programme will have in improving services.
- The Council’s new Corporate Strategy focuses on the delivery of high quality, sustainable services.
- In March 2024, Cabinet will look to approve the implementation of a new Customer Relationship Management System - a cornerstone technology to underpin the Change Programme.

July 2023 Corporate Peer Challenge

In July 2023 (11th - 13th) Warwick District Council participated in an LGA Corporate Peer Challenge.

The challenge was overseen by a group of senior peers from other Councils, who sought to understand how the Council operates and identify opportunities for improvement. The assessors were all experienced in local government and understood the unique pressures the sector faces.

The challenge involved staff from across services, the Council's Senior Leadership Team, Partners, and Councillors. When considering the Council's capacity for improvement, the assessors wrote:

"Staff which the peer team met were dedicated to public service – there is a strong sense of duty and commitment, and there was a highly engaged and pro-active group of middle managers who are an asset to the team and are capable to deliver and drive improvement. The peer team met with committed and knowledgeable staff from across WDC. This is the Council's greatest asset and places it in a good position for the future"

The Peer Challenge culminated in nine recommendations. The Change Programme will be a key component of the Council's response to Recommendation 5:

"Ensure that whatever ambitions the Council may have, have been balanced with the need to ensure sufficient focus and grip on the performance of core service delivery and brilliance in the basics"

In recognition that, at the time of the challenge, the Council was committed to, but had not fully developed it is Change Programme, the review team said:

"As part of the Council's Change Programme the peer team encourage WDC to continue with this transformation and capitalise on how this will support the organisation in delivering improved outcomes"

A new Corporate Strategy Warwick 2030

In November 2023, the Council's new Corporate Strategy was approved by Council. The Change Programme falls under Strategic Priority 1, Goals 1.2 and 1.3:

Strategic Priority 1:

"Delivering valued, sustainable services In order that the Council can continue to focus its efforts and activities on the needs of its residents, communities and businesses, this priority will be underpinned by ensuring continued demonstration of financial sustainability through the medium term. This is the foundation for ensuring that there are the resources to continue to enable residents to receive excellent high-quality services that are responsive and accessible to local needs."

Goal 1.2 Continue to ensure the Council's finances remain on a firm and sustainable footing.

- *"Our Change Programme will improve the efficiency and effectiveness of how the Council delivers services to ensure they remain responsive and accessible to customer needs."*
- *"By reviewing how Council services are delivered and measuring performance will help ensure high quality services are being delivered across the Council."*
- *"The Digital and Customer Strategy and Change Management Programme will make it easier for customers to contact the Council 24/7, 365 days a year and enable our customer service team to help more customers at the first point of contact through different communication channels".*

Goal 1.3 Achieve and demonstrate delivery of high-quality services.

- *"We will measure our performance and develop how we use data, benchmarking and customer insight to ensure we continuously learn and improve how we deliver services."*

Following these three reports, the Customer Change Programme case for change sets out the business case for this improvement programme, the benefits it will bring and how success will be monitored and measured.

Drivers for change

The Change Programme has several external and internal drivers, which are briefly summarised below:

Corporate Strategy

The Corporate Strategy envisions an ambitious future where the Council can have a positive impact on people's lives and the environment. We face this future against a backdrop of economic uncertainty, global instability, and political challenge (on every stage). To achieve this future, we will need to deliver excellent services, make long term decisions, have access to high quality information and, remain sustainable ourselves. The Customer Change Programme will seek to address this.

Corporate Peer Challenge

Recommendation five of the Corporate Peer Challenge highlighted and that amongst the Council's ambitious projects, there is still a need to focus on delivering brilliant core services. These services have a huge impact on people's lives, wellbeing, and the future of Warwick District. The Customer Change Programme will seek to ensure these services are delivered in a high quality, efficient and sustainable way.

Medium Term Financial Strategy

Like any other business, the Council is not immune to rising costs. Inflation, energy and accommodation expenses, increased demand and a shortage of skilled labour have all impacted the Council in recent times and will continue in the foreseeable future. The Change Programme will seek to achieve £2.5m of general fund revenue efficiencies, to help ensure the Council's MTFS is sustainable and viable for the long term. Within the Housing Revenue Account (HRA), efficiencies will also need to be realised to help fund additional costs for regulatory asset management compliance. The initial focus for HRA services will be on the compliance action plan.

Advancements in technology

Most services could become more efficient by making greater use of technology. Advances may come from introducing new tools which make services easier to deliver or by simply using what we already have more effectively. How services are delivered has not really changed for a long time and this must be addressed as there are virtually limitless possibilities to make positive changes. The advancements in low code technology means that Councils are now able to develop digital services (forms, applications, processes) at pace and at low cost.

Inconsistent customer service delivery and experience

Every Council service has its own customer facing operations. There's more than 80 phone numbers on the Council's website and over 130 email addresses where customers can contact services, which is both confusing and inefficient. Every service also has its own version of what "good" looks like, leading to very different experiences for Customers.

Missing opportunities to improve cost recovery

The Council provides a lot of distinct services each with its own unique costs, markets, and demand. Taking a more commercial stance toward cost recovery and income generation will help the Council to make services more sustainable and ensure that where services do have a cost, it is a fair price that fully covers the true expense of delivery.

Level of demand is not consistently understood

Because of how our services are delivered, there are very limited opportunities to consistently report service demand. These limitations extend into performance management too, which feeds into inconsistent experiences. Introducing better systems to manage demand and performance will be essential to ensure we delivery high quality services both now and into the future.

Increasing customer expectations

A lot of the Council's services do not have the capacity to deliver outside of normal office hours. Whilst our website is available around the clock, many services presented there still require human intervention, but better use of technology could automate many of these transactions, meaning they only go to a human when needed, not by default.

Create more capacity to further support those most in need

Whilst a significant portion of improvement will involve technology and self-enablement, all customers will benefit. More efficient and effective delivery mechanisms will persist through all contact channels and free staff to spend more time focusing on customers and their needs than administrative tasks they no longer need to do.

Need for better data to support more informed decision making

Despite having a wealth of data about its customers, the Council does not make full use of this to inform decision making. The siloed nature of delivery also makes it difficult to report meaningful information, but as a customer-centric Council, the Customer Change Programme will seek to address this and put data at the heart of our decision-making process.

Local Government Association perspective on modernisation

The LGA provides the following wider local government perspective on modernisation: Councils are responsible for delivering an estimated 80 per cent of public sector transactions in their areas, they also have a particular obligation to design their services in the most accessible, economic and 'user-friendly' way, and a vital role to work closely with other public, private and voluntary sector partners to ensure that local services are built around the citizen rather than the needs of service deliverers.

At a time when public services face fundamental challenges, technology and digital tools and approaches are central to achieving all of this.

For councils and their partners, these tools can enable:

- A deeper understanding of local patterns of need and interaction with government, allowing resources to be managed, planned, and directed to where they will have the greatest impact.
- More effective management of demand – for example, enabling user self-service and supporting peer to-peer advice-giving and assistance via social media.
- More reliable, speedy, and precise handling of routine and repetitive tasks – allowing costly and scarce professional expertise to be targeted at cases which need judgement or at new and unexpected situations.
- Faster access to, and sharing of, data between councils, customers, and partner organisations, avoiding the need to collect the same information many times over and saving time on research and information collation.
- New ways of working that potentially reconcile the goals of providing a better quality of customer experience while cutting costs.

As digital technologies become ever more pervasive and increasingly form part of people's daily lives, it is essential that councils continue to exploit their potential. At the same time, 'digital' – often a catch-all for any use of digital, technological, and online services – is not a panacea for all ills, and should complement other approaches such as demand management, lean and systems thinking, and collaborative procurement.

The needs of local citizens who are unable or unwilling to use this technology must also be addressed. In practice, local government has a long history of applying technology in innovative ways and of leading public service change. 5 The period since 2010 has seen enormous changes both in technology and the way in which it is used.

Ofcom's Online Nation 2023 for instance, suggested that 92% of households in the UK had access to the internet and on average, adults in England spent 3 hours and 40 minutes online each day. 76% of this time, was using a smartphone. 7% of UK individuals did not have access to the internet, with those aged over 65 making up the largest group (18%). Compared to 2019, the last year of data available before the COVID pandemic, only 87% had internet access and 33% of over 65's reported they did not use the internet at all. Interestingly, cost rather than a lack of interest was cited as the most likely reason people did not have internet access in 2023.

Online services from Alphabet (Google, YouTube) and Meta (Facebook, Instagram, WhatsApp) dominated online usage for the year, but some 59% of UK adults reported using a government website or app.

Online Nation also reveals interesting trends about how people are communicating too, which can influence how services are delivered. WhatsApp, Facebook Messenger, and Instagram made up 3 of the top 5 apps for reach amongst UK adults; communication channels which the Council is yet to fully develop.

Local Government Association

Defining the Purpose of Change

The Change Programme was born of the recognition that if the Council is to remain financially sustainable, we must reinvent how we do things to achieve this. Given the significance of the change that is required, it is important that this is done with purpose and at all times, supports and enriches the Council's priorities and its vision to make Warwick District a great place to live, work and visit by improving lives and our environment.

Therefore, our Change Programme will focus on continuing to deliver high-quality services for customers, continually improving these services and ensuring that our organisation is sustainable – from both environmental and financial perspectives. This will be our Change Programme and to achieve the desired outcomes we will focus on three strategic themes:

Business mindset

Whilst many Councils when faced with financial uncertainty have simply cut services, Warwick District Council is aiming for more than this.

We recognise that the services we provide are valued and important, whether that is emptying bins or designing our built environment - it all matters. We will seek to deliver our services with a more commercialised mindset; ensuring that opportunities to generate income are maximised, that the cost of delivery is fully optimised and understood and, where we rely on third party contractors, that their performance meets the standards we expect.

The efficiencies and gains we realised by taking a more cost-conscious position to both our decision making and our operations, will contribute to the Council's MTFS and ensure the Council's finances remain on a firm and sustainable footing.

Improved Customer Service

Our customers and communities are at the centre of everything we do. The Change Programme will focus on this and ensure that the needs of our customers remain behind everything that we do.

We will focus on designing digitalised services which enable our customers to help themselves as much as possible. These services will be easy to access, underpinned by efficient processes, designed around our customers, operate with transparency, and deliver valuable outcomes. Where our customers cannot access these services themselves, we will ensure our telephone and face to face services will offer the same high-quality experience.

By fundamentally addressing how services are delivered, from a perspective of digitalisation and customer need, we will ensure that the Council is able to achieve and demonstrate the delivery of high-quality services, for the long term.

Reinvent how we do things

The Change Programme is the start of an ongoing, long-term, continuous improvement initiative that not only looks at how our services are delivered, but also our capability to deliver them effectively.

We will ensure that our staff have the skills and competencies required to deliver our services as professionally and effectively as possible. We will also make sure that our stakeholders, including our customers, can put forward ideas about how we could improve our services further and that ideas these will be addressed in a responsive and sustainable way.

By supporting our workforce, encouraging ideas, and empowering positive change, we will help to ensure the best use of the Council's assets and resources and, our priority to deliver valued, sustainable services.

Change Programme Scope

The scope of the Change Programme will include:

Scope 1: Independent fees and charges review

- An independent review of discretionary fees and charges for the 2025/26 financial year.
- Introduction of tools to support cost analysis.
- Take into account cost recovery, market position, policy framework and commercial opportunities.
- Commercial awareness training for both staff and Councillors.
- Identifying opportunities for income generation and/or improved cost recovery.

Officer Lead: Head of Finance

Scope 2: Customer service redesign

- Reviewing all customer related processes and procedures – 'as is' and 'to be.'
- The workflow between the 'front and back office' services.
- New operating model for customer service delivery – increased resolution at the first point of contact.
- Increased process automation.
- Digitalisation of Council services.
- Review all of business applications.

Officer Lead: Head of Customer & Digital Services

Scope 3: Reinvent how we do things

- Service areas to think about how they can do things differently, which can either reduce costs and/or increase income.
- All services areas will be required to present proposals to programme board.
- Ideas can include:
  - Income generation ideas.
  - Invest to save proposals.
  - Changes in operating model.
  - Changes in structure.

Officer Lead: Deputy Chief Executive

The Change Programme will be ongoing, and this initial scope should be considered as a first phase. The programme team will seek to start this scope of works within the first quarter of 2024 of the programme, with reviews and evaluations taking place at regular intervals along the way.

Expected benefits and desired outcomes from the Change Programme

The Customer Change Programme will bring several benefits to residents, the Council, its partners, and stakeholders. These will include:

Customers

- **Wherever, Whenever:**
  - Customers will be able to easily transact with the Council using our online services around the clock, from any device they choose.
- **Digital by Choice:**
  - We will design services for optimum digital delivery, with an ambition that people will use these by choice, and not a lack of other options. Other contact channels will remain available and customers who chose these will still benefit from the Customer Change Programme's work.
- **Everything, Everywhere:**
  - Our staff will have a more holistic view of each customer and each of their service interactions. They will be able to provide more services at the first point of contact, including offering an assisted digital service, and will be empowered to get things done.
- **Resource where it is Needed:**
  - We can use any spare capacity created through our process optimisation, to redistribute support to those customers who really need it, boosting our frontline service delivery and back-office quality.
- **A Measured Difference:**
  - We will conduct regular customer satisfaction assessments to see how our services are delivering on the ground. We aim to have the number of customers who rate our services as good or very good by 2026.

Members

- **Options:**
  - Successful completion of the Customer Change Programme will enable members to have more choice in the future as the efficiencies made will create more capacity and free up resources i.e. financial and people.
- **Performance:**
  - Members are able to easily access data regarding the performance of their portfolio at their own convenience by making the data available digitally.
- **Empowerment:**
  - Councillor Surgeries and Casework will have significantly more facilities to log issues on behalf of constituents and then follow those interactions through to completion.
- **Information:**
  - More meaningful data available to help better inform decisions and priorities.

Our employees

- **Information:**
  - More meaningful data available to help better inform decisions and priorities.
- **Investment and Development:**
  - Our staff will be invested in and developed to equip them with new ways of working to help meet the opportunities and challenges ahead.
- **Resources Where it is Needed:**
  - More efficient processes and procedures, to reduce demand and free up capacity will allow staff more flexibility to support those customers who need more from us.
- **Partnerships:**
  - Opportunities for improved end to end processes will be designed and developed with our partners where applicable, such as Biffa for our Waste Service. This may greatly assist in the provision of performance data to help manage contracts more effectively.
- **Efficient Processes:**
  - The Council's processes and procedures will be efficient with, and waste removed through careful design, increased automation, and channel shift.

Finances

- **Transparent Costs:**
  - Our activities to fully map and understand the cost of existing service delivery will ensure that our fees and charges are based on a complete recovery of definable costs.
- **Cost Avoidance:**
  - When designing our services, the commercial principle of minimising costs will be applied – any step that does not add tangible value is a cost and will not be part of our future operations.
- **Income Generation:**
  - Our fees and charges review may generate new opportunities for fees to be collected on existing services or create entirely new revenue streams that have not previously been available.
- **Directed Investment:**
  - The Council's limited financial resources will be invested in programmes that can generate a tangible efficiency and have a strong business case.
- **Cost Reduction:**
  - The redesign of our processes may result in costs being removed, such as legacy software applications, or through reduced resource requirements that do not impact on quality.

Change Programme Design Principles

To deliver the programme benefits, our core processes will need to be changed and improved. To ensure that the Change Programme delivers what is important to WDC, all changes will be following design principles set out below:

Focus on the customer experience.
Our design teams will concentrate on the experience of the service user and what it is like for them to interact with the Council. We will seek to involve them in the design process, development, and ongoing improvements.

Involve those doing the job to help service design.
Service design will involve everyone that is needed to make a service work, providing a much more detailed perspective. The same people who document the old service, will contribute to the new service, owning their contributions and sharing in its success.

Redesign processes around the ideal customer journey.
Our ambition will be to keep our services as quick and uncomplicated as possible, so every step will be considered to evaluate what it does and if it's needed. Journeys through a process will be looked at from all perspectives, to make sure they work and are acceptable.

Make processes digital by design, but with alternative access channels where appropriate.
We will design services to be easy and empowering; wherever practically possible we will give our customers all they need to do things for themselves. But where this is not possible, highly competent, professionally trained "offline" service staff will be there to provide assistance.

Address issues at first point of contact.
Every service will be designed to try and address a requirement at the first point of contact. Where this cannot be done, we will ensure that any information required to escalate a problem is captured the first time around, to provide a prompt and complete response at the second stage.

Collect what is needed, once.
We will minimise the amount of customer data that is needed to complete a transaction and wherever possible, we will seek to reuse data that the customer has already entered if it is still correct and relevant.

Zero Rekeying
It is inevitable that in some services, data will need to move from one system to another. Where this has to happen, there will be zero tolerance or acceptance for manual rekeying.

Centralised Customer Contact
Wherever possible, customer transactions will be handled by a dedicated customer contact centre who will be able to provide resolution or onward escalation of requests. Customer Service staff will be well trained and fully understand all of the services they offer.

Workflow and Case Management
Every process, regardless of where or how it started, will be designed to provide an outcome, and ensure that information gets to the right place, first time, every time and that once it arrives, action is taken in a timely way, with consistency and reliability.

Measure Performance to Drive Improvements
All aspects of service delivery will be backed up by meaningful and relevant service metrics that help to ensure service delivery is effective and identify any potential problems early on, so they can be mitigated effectively before they result in a more serious disruption.

Invest in employees and their Skills
Our staff are the most important resource in making the change programme successful. We will ensure that we invest in their skills, capacity, and capabilities, so that they are ready for change, engaged with the programme and empowered to make a meaningful difference.

Cost Effective Delivery
When designing our services, we will consider the cost and value of each aspect and step to ensure that we are getting the most value from every penny we spend. Wherever opportunity exists to reduce costs but maintain quality, we will take action to ensure we offer best value.

Identify Commercial Opportunities
Wherever possible we will seek out new opportunities to generate income to invest in our services and improve the lives of those who use them. We will not be afraid to explore new ideas, if they can justifiably benefit of our residents and communities.

Managing implications of change
The Change Programme outlines an approach in response to meet the challenges in terms of balancing the budget, the changing environment, government policy and customer expectations. It will need a workforce that is flexible to respond to these changes in a timely and productive manner. This Employment Process and associated procedures of the Council seek to maximise the opportunities for alternative options for employees facing potential job loss through redundancy. The highest priority will be given to maintaining the security of staff as it is Council policy to avoid redundancy wherever possible.

One Page Digital Strategy

Over the course of the next 24 months, the Council's Digital Strategy will support the Change Programme customer re-design activities by:

Preventing and managing demand

We will empower our customers to help themselves wherever possible by ensuring that the most comprehensive, up-to-date, searchable, and understandable information is always available from our website and app. This information will be backed up by comprehensive self-service tools to reduce the need for routine offline contact and mechanisms to feedback on how we're doing.

Simplifying our channels

We will work toward a single telephone number to reach WDC and remove as many email addresses from our website as possible. We will also look to make better use of growing alternative communication mechanisms such as X and Whatsapp, in addition to online chat facilities.

Creation of a Customer Portal

We will create a secure online portal where our customers can access all their information, services and items of interest from a single login. The customer will be able to see their history of interaction with the Council, launch new requests, submit information and get updates on requests already in progress.

Design Processes that focus on Customer need

Our Transformation Team will work with service areas to create customer focused services which are designed with the end user in mind. Simplicity will be at the heart of our work, to ensure that services are easy to use, flow beautifully, automated precisely and work first time, every time. Behind the scenes we will also be working to make things better.

Comprehensively Reviewing our Applications

The Council has more than 50 applications and thousands of spreadsheets, supporting very niche functions in typically isolated ways. We will seek to simplify our application estate by looking at where our systems have overlapping functionality, if there are opportunities to introduce low-code solutions built on case management, or where systems can simply be removed.

A Single View of the Customer

We will work with our teams to help develop a single view of our customers which shows all of their interactions with the authority. For the first time in WDC's history, it will be possible for a service to wholly understand a customer's needs and situation in totality, rather than only seeing a small part of a much bigger picture.

Dashboard Performance

For the first time, WDC will be able to gain insight into the performance of services according to their actual, live customer demand. Access to this data will start life as static reports, but in time will become an instant online dashboard, presenting service metrics that are up-to-the-minute accurate.

This data will also be critical in shaping future service delivery, providing the Council with a unique insight that it has never had before.

Increasing process automation

Through the use of low code technology, increase the level of automation to reduce administration, manage demand and reduce costs.

What is Low-Code?

The Council's digital transformation will be underpinned by low code technology, which provides a low cost and flexible way of developing applications, processes and form at pace.

By 2024, Low-code application development will be responsible for more than 65% of application development activity.

'A Low-code development platform (LCDP) is software that provides a development environment used to create application software through graphical user interfaces and configuration instead of traditional hand-coded computer programming.'

In summary

Ultimately, we want the application of the right technology to make it easy for our customers and businesses to transact with us and for our people to have access to the right tools and technology underpinned by value for money.

Success measures

Change Management establishes and gathers momentum a range of performance measures will be developed to monitor progress and measure benefits. These will include:

Financial Efficiencies Realisation

The Council's Medium Term Financial Strategy requires £2.5m of general fund revenue savings and contributions made possible by the Customer Change Programme will be monitored. Where these efficiencies are redirected, they will be taken from the programme's overall target.

Non-cash efficiencies

Inevitably some resources will be released, and cashable savings made whilst redesigning services. But our human resources can also be invested in and redeployed, allowing them to help those customers who need them the most or meet demand in other specialties.

Review evaluations to assess benefits realisation.

The anticipated benefits of any change that is undertaken will be carefully monitored to ensure they are delivered. The Council cannot afford for efficiencies gained through the Customer Change Programme to be consumed by "new, old stock" activities.

Increase in the number of digital transactions with the Council

Digital transactions are typically cheaper for the Council to process. A shift toward digital interactions would indicate improvements to online services and reduced cost to serve for the Council.

Improved customer satisfaction and user experience

Our processes will focus on outcomes and be designed around the customer. An uptick in customer satisfaction, with both the experience and outcome, will indicate that our Customer Change Programme is working.

Improve the number of Council services that can be fully accessed digitally

We will increase the number of services that can be fully accessed digitally, which provide an end-to-end service without the need for manual intervention – unless that intervention is the purpose the service being accessed.

Number of customers registered on the self-service portal

The Council will launch a self-service portal that will provide access to more complex services which require authentication of the user. The more people who register for the portal service, the more flexible future delivery models can be.

Increase in the number of unique website visitors

The Customer Change Programme will empower customers to help themselves, even if this is just to access information. Getting more people to use our website on a regular basis whilst reducing offline demand is a key component of success.

First Point of Contact Resolution

Increasing the number of services that can be dealt with fully at the first point of contact either online or by customer services is important as repeat demand is failure demand. Getting processes right first time will improve customer satisfaction and reduce waste.

Reduction in the use of spreadsheets

As processes are mapped, the number of Excel Spreadsheets, Access Databases, Word Documents, and any other inappropriate software being used to store customer data will be logged. Their presence in new processes will not be accepted.

Reduction in advertised Contact Routes

The Council will seek to dramatically reduce the quantity of telephone numbers and email addresses it publishes on its website for general contact. Our goal will be one number, zero email addresses. Progress toward this will be monitored as each new process goes live.

How the Change Programme relates to the Medium Term Financial Strategy:

The change programme has an efficiency target for the general fund of £2.5m, which is profiled in the table below:

General Fund						
Financial Year	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	
	£'000	£'000	£'000	£'000	£'000	
Deficit	£3,528	£4,517	£2688.29	£194.49	-£993	
Change Programme rec target		-£300	-£704	-£900	-£600	**-£2,504m**

The scope of the change programme, takes a holistic look at what the Council does and how it does it.

An efficiency and savings tracker has been created to track the benefits of this Change Programme.

Change Programme Customer Service Redesign Methodology

(Customer – Council – Council – Technology – Operating Model)

The purpose of this stage is to prepare the organisation for the Customer Change Programme to ensure:

- There is a clear narrative setting out the purpose and benefits.
- All employees, members and other stakeholders understand what is expected as we embark on the programme.
- SLT support the programme.
- Change Programme – Case for Change approved by Cabinet.
- Project team is established, and training gaps filled.
- An efficiency tracker is created.
- Supporting tools are established.
- Governance framework is established.
- Complete a business application inventory.
- Business Analyst recruitment.
- Business case approved for customer relationship management.

Capture the now ('as is):

The purpose is to clearly understand how services are currently delivered by WDC, by identifying and documenting the processes and resources required for their delivery so that we fully understand what it is like to be a customer today, their journey, the opportunities and efficiencies that are available.

Design the future ('to be'):

This again will be a collaborative approach between the service re-design team working with service areas and using the Engage Business Process Mapping tool to redesign processes based on the principles set out in this case for change.

Make the change:

Once the new process is designed it will be tested and then implemented.

Review the impact:

Once implemented, the service re-design team working with service areas will review the impact to measure and assess the impact. Make any corrections if need and sign off the process as business as usual.

Critical Success Factors

Critical success factors are the things that need to be in place in order for the change programme to be successful. If any one of these factors is not in place it will limit or diminish the success of the programme as a whole.

The critical success factors for the Change Programme are:

Leadership
We need strong aligned leadership and sponsorship to drive and embed the change in culture.

Commitment
We need commitment to stick with the programme and undertake reviews of end-to-end customer journeys.

Keeping an open mind
We will need services and service managers to have a positive mindset and be willing to participate in change.

Resources
We need agreement to invest in our people, their skills and the technology required to achieve the change needed.

Accountability
We all must be prepared to take responsibility for supporting the changes and delivering outcomes and benefits.

Collaboration
We must work together to ensure the best experience for our customers, our employees, and the Council.

Evidence based
We must make decisions based on data not anecdotes.

Change Programme
The Risk of Doing Nothing

By not modernising ant not managing change activities effectively, there are a number of risks the Council will be faced with. These include:

Unsustainable Finances

If we do not change, we will not achieve the savings required that are set out in the Medium-Term Financial Strategy. This will stop the Council becoming financially sustainable, our reserves will eventually become depleted and eventually, WDC will cease to exist.

Insufficient Resources

The Council needs to have sufficient capacity and resources to respond to growing and changing customer demand. We cannot simply throw more people at the problem, and instead must learn to make better use of the resources we already have.

Missed Opportunities

Whilst not widely appreciated, every Council is in competition for resources and investment. Failing to change will impact on our ability to complete, to attract funding, deliver programmes and take advantage of commercial opportunities.

Recruitment and Retention

The Council needs to modernise its services to ensure it continues to attract and retain talented people. Without investment and change, people will leave the organisation and it will become increasingly hard to replace them – particularly as financial constraints become more serious.

Future Limitations

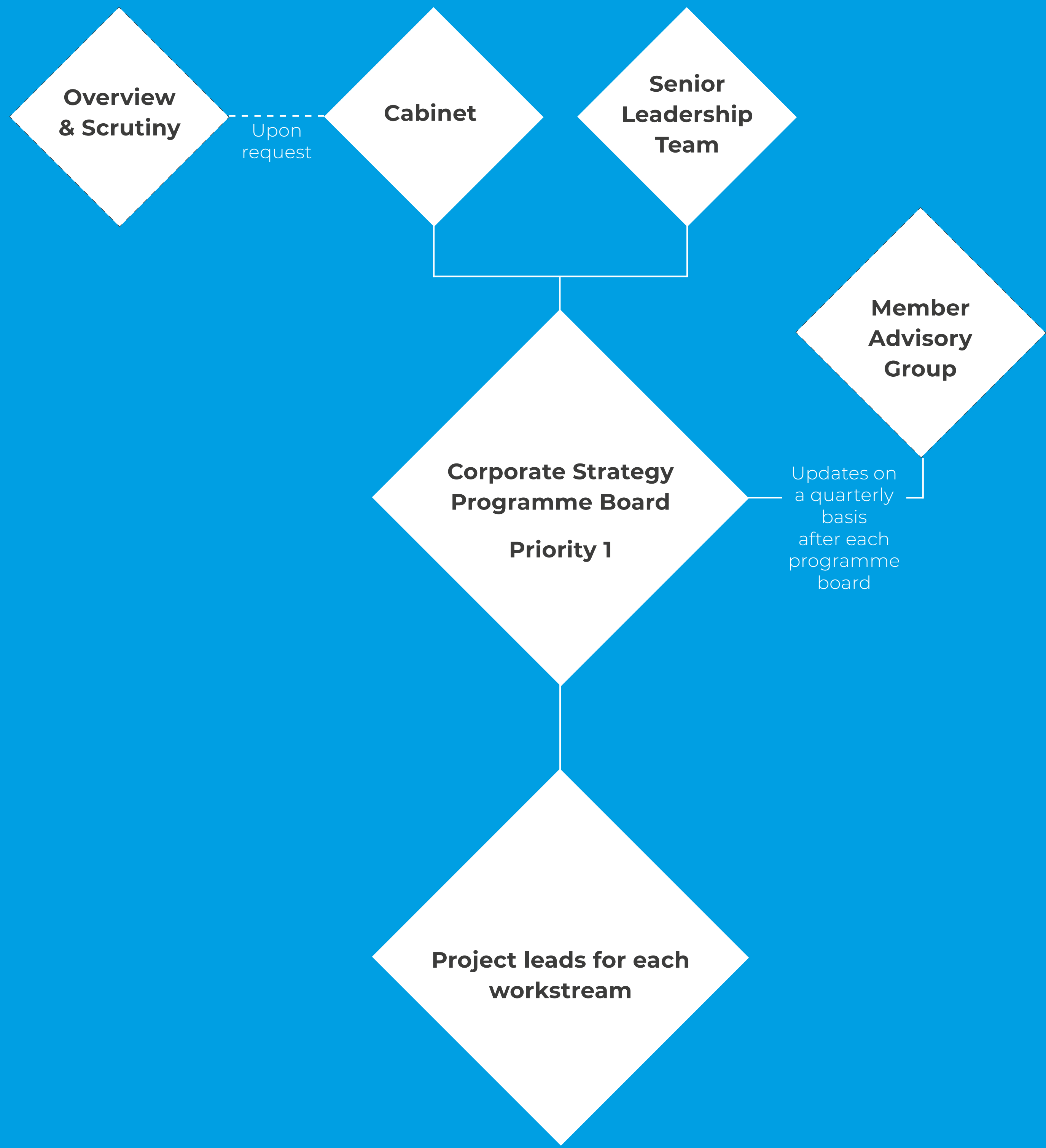
Failing to modernise will limit future opportunities for the Council to make savings or create capacity. In time, the only option left will be to cut services, which may meet the Council's financial needs, but will not support its vision or priorities.

Failing our customers

If we fail to change now, we will be failing our customers in the future. Piece by piece the quality of our services eventually falls, the breadth will decrease and our value to the community will eventually come into question. At that point, our future will be short-lived.

Programme Board
& Governance

The Change Programme will report into the Programme Board for Priority 1 of the Council's Corporate Strategy.



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Corporate Strategy - Priority 1

Programme Board Terms of Reference

Introduction:

The purpose of the Programme Board is to provide senior officer and political oversight of the projects and actions required to deliver the requirements and expectations set out in Strategic Priority 1 of WDC's Corporate Strategy.

Corporate Strategy:

1. Delivering valued, sustainable services
In order that the Council can continue to focus its efforts and activities on the needs of its residents, communities and businesses, this priority will be underpinned by demonstration of financial sustainability through the medium term. This is the foundation for ensuring there are resources to continue to enable residents to receive excellent high-quality services that are responsive and accessible to local needs. More detail of Strategy Priority 1 can be found through the following link: [Priority 1: Delivering valued, sustainable services - Corporate Strategy Warwick District 2030 - Warwick District Council (warwickdc.gov.uk)]

The programme board will:

- Demonstrate ownership for the change.
- Working as a team to provide collective and unified direction.
- Effective delegation with appropriate project tolerances and exception management processes
- Where required facilitating cross functional working to support delivery of projects and actions.
- Ensuring where possible all of the resources required to successfully complete the projects.
- Effective decision-making including risk, issue and change management.
- Project assurance and quality control.
- Review and monitor programme risks.
- Ensuring timely and effective communication within the project and with external stakeholders.
- Ensuring that the project deliverables are reliable, sustainable and can be maintained efficiently.

Programme Board Membership:

1. Cabinet Member for Transformation - Chair
2. Cabinet Member for Finance - Vice Chair
3. Deputy Chief Executive and in their absence the Chief Executive.
4. Head of People & Communications.
5. Head of Customer Service & Transformation.
6. Head of Finance.

Other Heads of Service and/or Cabinet members may be invited to attend where there are relevant agenda items that require a wider discussion and progress briefing.

- The Chairperson, to be the Cabinet Member for Transformation.

- The Vice Chairperson will be the Cabinet Member for Finance.

Updating the Programme Board:

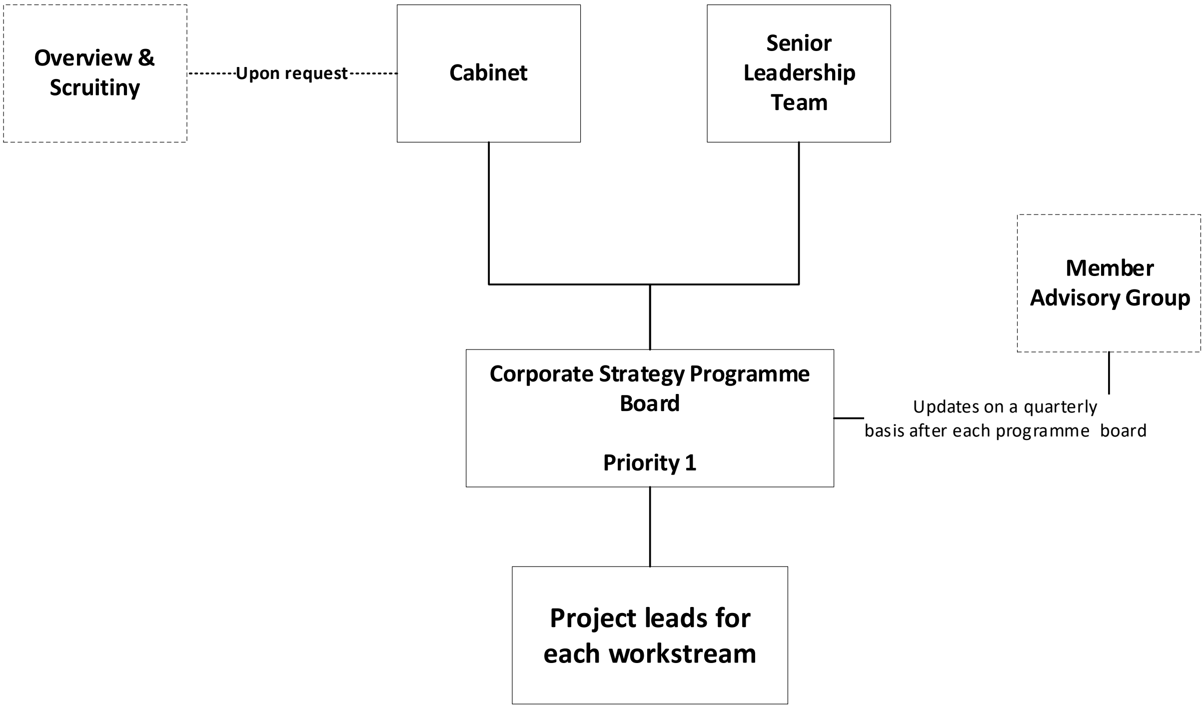
Project/workstream leads will provide a quarterly highlight report and briefing on all activities, which fall under the scope of Priority 1.

Programme board papers will be provided four days in advance of a board meeting.

Frequency of meetings:

The programme board will meet every two months. More frequent meetings may be convened where project demands require it. Meetings will have action notes.

Programme Board Governance:



Agenda Item No 12
Cabinet
6th March, 2024

Title: Introduction of a Customer Relationship Management System
Lead Officer: David Elkington (david.elkington@warwickdc.gov.uk)
Portfolio Holder: Councillor Jessica Harrison
Wards of the District directly affected: None

Approvals required	**Date**	**Name**
Portfolio Holder	09/01/2024	Jessica Harrison
Finance	09/01/2024	Andrew Rollins
Legal Services		
Chief Executive	09/01/2024	Chris Elliott
Deputy Chief Executive	09/01/2024	Darren Knight
Director of Climate Change	09/01/2024	Dave Barber
Head of Service(s)	08/02/2024	All
Section 151 Officer	09/01/2024	Andrew Rollins
Monitoring Officer	09/01/2024	Graham Leach
Leadership Co-ordination Group	21/02/2024	

Final decision by this Committee or rec to another Cttee / Council?	Yes
Contrary to Policy / Budget framework?	No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1413 scheduled for 06/03/2024
Accessibility Checked?	Yes

Summary

This report discusses the introduction of a Customer Relationship Management (CRM) System to support the delivery of services as a cornerstone technology for the forthcoming Change Programme.

The purpose of a CRM system is to provide a centralised platform to handle, track and manage customer requests across multiple contact channels. It also provides the foundation to make it easier for residents to contact the Council and access services and, to improve service consistency, performance and accountability.

Recommendation(s)

(1) That Cabinet support the report content.

(2) That Cabinet support the recommendations to procure the Jadu CRM system and implement this as part of the Council's Change Programme.

(3) That Cabinet delegate authority to the Head of Customer and Digital Services in consultation with the Transformation Portfolio Holder to procure the Jadu Connect CRM system providing the costs are within 10% of those indicated within the report.

1 Reasons for the Recommendations

1.1 Introduction

1.1.1 Warwick District Council's vision is to make the district a great place to live, work and visit by improving lives and our environment. The Council's customers are at the heart of this vision, through its desire to provide excellent services that are responsive, accessible and offer value for money.

1.1.2 Customer contact is a challenging operation for the Council. Demand for Council services has consistently grown year on year and whilst the resources to meet these needs have (in some instances) increased too, it has not been proportional. Equally, the method by which services are delivered have not significantly changed, whilst the environment within which they operate has.

1.1.3 At least 210,000 customers contacted the Council by telephone in 2023. Online forms accounted for 27,665 requests (for the year) and in the last six months of 2023, there were some 372,516 unique visitors to the Council's website. This does not however account for the Council's entire contact footprint as services may have been contacted directly (outside of the monitored telephone system) or used methods such as email or social media.

1.1.4 Some interactions were purely for information, but most sought to resolve some kind of issue that required the Council to intervene. Regardless of purpose however, opportunities to improve our services exist for most of our interactions.

1.2 Current Issues

1.2.1 *Tracking, Performance and Accountability*

1.2.2 If any service area were asked to provide precise data for the entire number of customers who've contacted them and received a full response to their query, they would only be able to provide an estimate.

1.2.3 The Council currently has limited capability to holistically track customer outcomes or measure transactional performance across every aspect of customer delivery within services. All services have scope for requests to be missed or for outcomes to take an indeterminate amount of time.

1.2.4 These are not intentional failings or disregard for customers within service areas, they are simply consequence of how customer demand is met. Figure 1 for example shows the ways a customer can get in contact with the Planning, Conservation, Land Charges and Building Control teams, based on the contact us links from one page of our website. Virtually every method of contact provides some opportunity for a request to be omitted from the services case management software and therefore, for a request to be missed. 1571 calls were directed to Development Services in 2023, but this doesn't count demand from direct contacts to 34 of the 35 numbers published on our website.

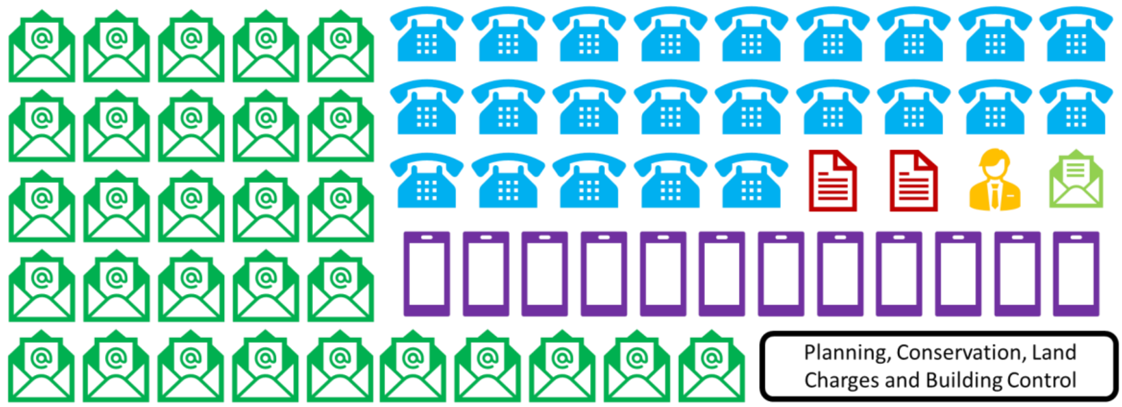


Figure 1. Contact Methods for the Planning Team

From the Planning Home Page on WDC's website, there are two links in the Contact Us Section. From these two linked pages and going no deeper into the website that a further link (3 levels) it was possible to identify 30 email addresses, 23 landline phone numbers, 12 mobile phone numbers, two online forms, one mailing address and one face to face method to get in touch with the service. This is not including the online methods such as through the planning portal or the Council's own online planning interface for comments and queries.

1.2.5 Many of the Council's webforms exacerbate this problem, as they simply result in an email being sent to a service mailbox and intermingled with other emails sent directly from customers. This approach does not provide any mechanism for monitoring whether a request has been resolved, how fast it was dealt with and provides limited accountability; multiple people can access a mailbox without specifically being responsible for completing an action.

1.2.6 A 2022 customer survey conducted in conjunction with Stratford District Council identified concerns amongst residents that requests they had raised were not followed up; resolutions were not reached and requests for call backs were unfulfilled. Some of this feedback is highlighted in Figure 2.

1.2.7 The question presented asked customers to elaborate why they rated the Council's online services poorly (so there is bias). However, 297 individuals offered comment on this question, which was more than any other section of the survey.

"Experience tells me that too often these go unreplied"

"Never believe a response is going to be processed and potentially takes longer."

"Lack of confidence issue would be dealt with, online forms are often inflexible and constructed from the owner's viewpoint not that of the customer, don't make you feel valued even if prefaced by a platitude."

"They are ignored"

"Whenever I've used this service you have not replied"

Websites and online forms don't keep a copy of my communication with the council.

"Because nobody ever answers a phone and email and people don't do what they say"

"The council remains anonymous."

"I have found there is no response"

"I do not want to be waiting for some time for a reply which may or may not come and need reminders"

"The website seldom has the answers required"

Figure 2. Examples of Customer Feedback

In 2022 during the Council's planned merger with Stratford District, a joint customer satisfaction survey was undertaken. As part of the question set, people were asked to rate the website performance as a means of interacting with the Council and a section was provided to offer comment. 297 individuals responded to this question and the sentiments were not typically positive.

1.2.8 *Contact Channel Silos*

1.2.9 Presently, the Council's online forms, telephony, social-media, and face to face operations are all independent. Whilst services may work together, there is no global visibility of a customer's interactions; an exchange initiated via X (formerly Twitter) for example, which is received by the Media team, cannot be seen by an officer dealing with the customer over the phone.

1.2.10 This approach makes it virtually impossible for a customer to easily transition between one communication channel and another as their information exists in isolation. It also creates significant limitations on the ability to provide customer updates, particularly if information is held in service specific software or mailboxes with restricted access.

1.2.11 WDC has no point of confluence where customer contact comes together. An example of this is shown in figure 3, which illustrates how Customer Services would obtain service feedback for a customer. The dispersal also contributes significantly as to why the Council's website has more than 80 different telephone numbers published and 132 contact email addresses (figure 4). The use of generic emails was actually discussed by the Council in 2015 and it was agreed at the time to phase this practice out. Since then, the number of generic mailboxes has actually grown.

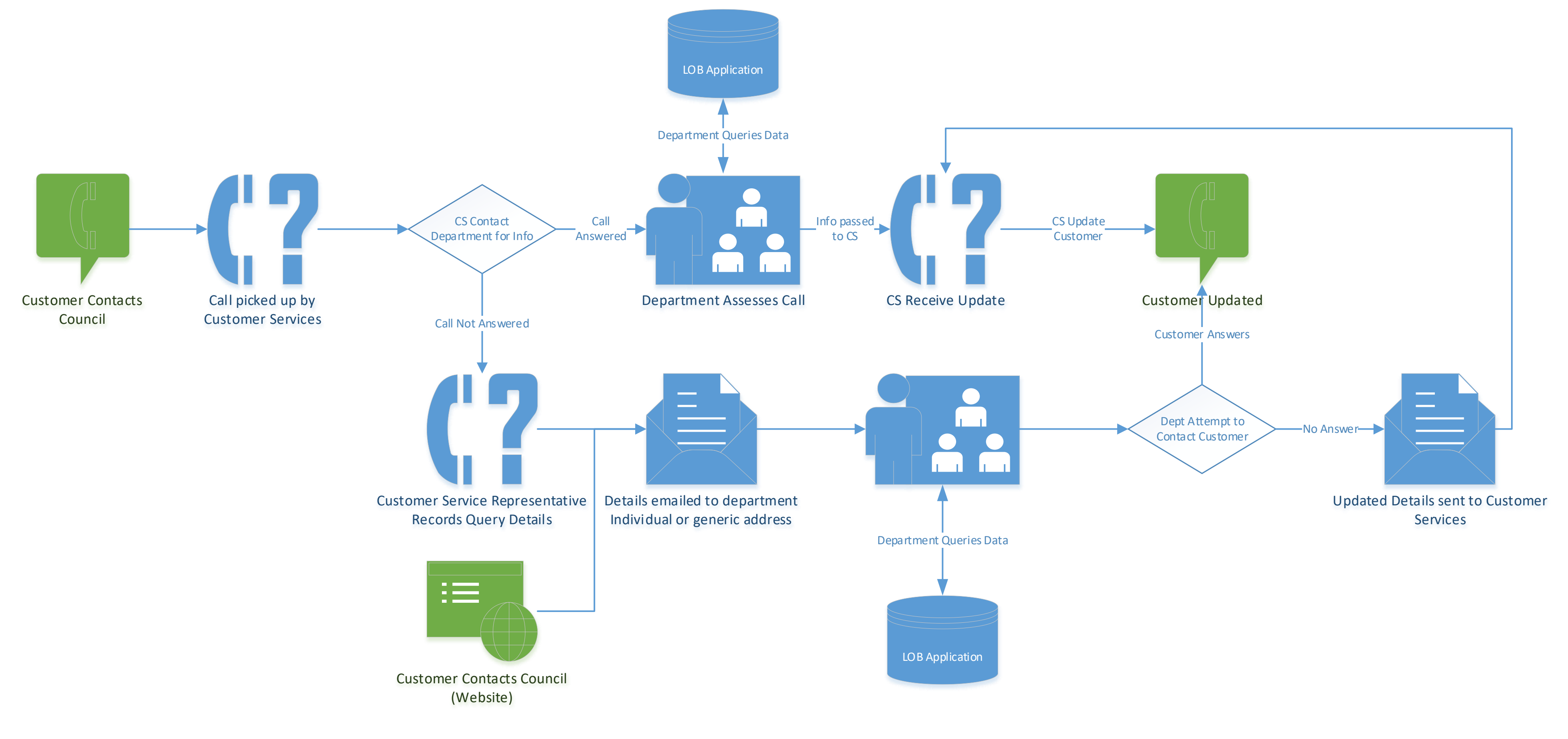


Figure 3. Obtaining a Customer Request Update

The Council's Customer Service team typically function as a full point of contact for face-to-face contact, but not phone or online. The process above is a simplification of what happens currently if a customer requests an update on a service they have requested previously – but this could easily be true of a new request too. As there is no central repository of information, much of the progress chasing process is manual.

Customer Services must essentially try to find "who" is dealing with a query within a service. They may attempt to put a customer through to the service, but if there is no answer, they may collect some details and ask the service to contact the customer. Assuming a customer can be connected, or a query email is sent, the department may then assess the call, query data held in local systems and provide an update. Information may also be directed back to customer services too.

elections@warwickdc.gov.uk	22
parking@warwickdc.gov.uk	13
planningenquiries@warwickdc.gov.uk	11
privatesectorhousing@warwickdc.gov.uk	11
events@warwickdc.gov.uk	10
media@warwickdc.gov.uk	10
J*******.*******@warwickdc.gov.uk	9
benefits@warwickdc.gov.uk	8
committee@warwickdc.gov.uk	7
enterprise@warwickdc.gov.uk	7

Figure 4 – Top 10 Reused Email Addresses

As of April 2023, there were 132 emails addresses published on the Council's website as a means for the public to contact WDC. The list above shows the top 10, which also contains the name of an individual officer (J**.***), who appears on nine individual pages.

It is not uncommon for organisations to publish email addresses as a means of contact, but these tend to be limited to specific purposes. Using email as a means of interaction often causes problems, unless it is from within a system that can record a complete customer interaction. WDC does not have this facility available.

1.2.12 *Service Contact Silos*

1.2.13 Most services within the Council have their own independent contact teams. There is no centralised point of contact nor is there any consistent method of recording interactions. Some services may enter data into a line of business application, others may not. Some may use dedicated officers to deal with customers whilst others may deploy their entire team on a cyclic basis. Each area approaches providing customer service in a slightly different way.

1.2.14 There is also the potential for highly skilled staff to be deployed in dealing with low level queries, which do not require their expertise. For example, it would be entirely possible for a senior member of the building control team, whose number is published on the website, to be contacted directly by a customer to organise a visit. Whilst for the customer this a good outcome, that same outcome may have been achievable online (with no officer interaction) or via a significantly less costly resource.

1.2.15 An example of how this model of delivery can differ between services is shown in figure 5. An example of how the scenario described above may be possible can be observed by visiting www.warwickdc.gov.uk/contactus and following the link for Building Control.

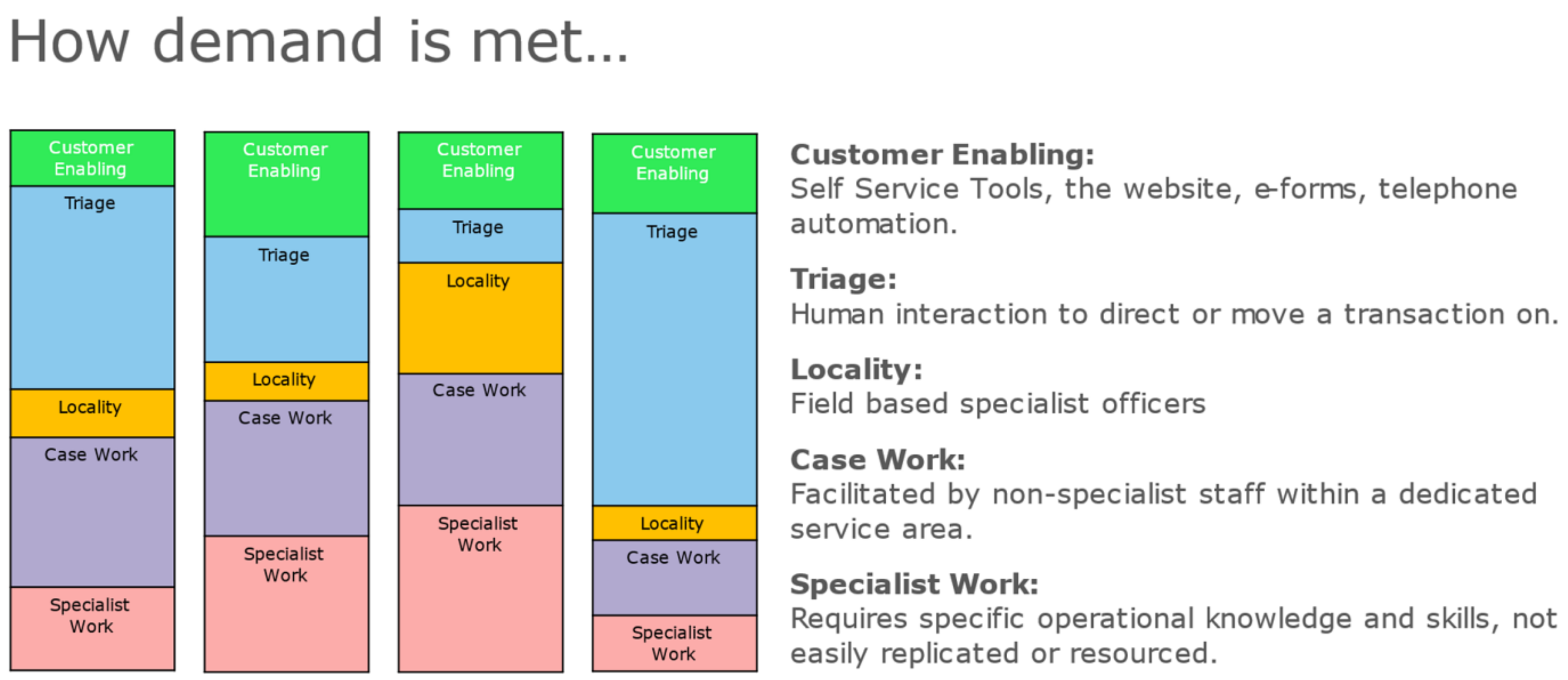


Figure 5 – Customer Contact Silos and Demand Management

Some services have put significant effort into their online presence which enables customers to help themselves. But this is not consistent and across all service areas there are a limited number of fully automated transactions.

This inevitably leads to greater levels of triage, where human interaction is required to move a service along. That may be answering a phone call, reading an email or getting back in touch with someone to find out more information. This need to triage may also affect the distribution of staff resources, drawing in more highly trained specialist officers to deal with relatively low-level fulfilment tasks. The knock-on effect impacts on the service's ability to deal with cases or actual specialist work that requires the attention of specific officers.

The example is for illustrative purposes and does not scientifically relate to any specific service. In some services, lots of triage may be appropriate and locality or specialist work may simply not be a part of their function. But to be sustainable the Council must make the best use of the resources it has, and this model of delivery does not achieve that.

1.2.16 *Digitised, not Digitalised.*

1.2.17 The Council currently has over 100 online forms and these typically create an email which contains data an individual has entered. There are some benefits to this (such as only collecting the information necessary) but this approach is extremely limited.

1.2.18 The current forms do not represent the digitalisation of services, but simply the digitisation of data – at best. They still require someone to do something with the information gathered (including rekeying) unlike a truly digitalised process where an action would commence as soon as data entry was complete.

1.2.19 The Council does have some good examples of fully digitalised services. Several Revenues and Benefits online forms integrate directly with the back-office system and result in processes starting upon submission. The Council's work with Stratford District Council for the waste service is a further good example where, as shown in Table 1, some 55,000 garden waste permits were processed over 12 months, largely without any human intervention.

1.2.20 In July 2022, 14,351 garden waste permits were issued by WDC. 13,535 of these were issued online which means that all customer data, payment information, the registering of a new subscription with the waste contractor, the issuing of a new container (if needed) and the production and dispatch of a subscription sticker, was entirely automated. Residents could complete this transaction any time they wanted, using a device of their choice.

	Online	*App*	*Telephone*	*% Demand Met Digitally*
Garden Waste	*55595*	*0*	*4179*	*93.01%*
Missed Collections	*13253*	*3260*	*3325*	*75.4%*
Bulky Waste	*2028*	*0*	*240*	*89.42%*
Total Across All	*70101*	*3260*	*11775*	*86.17%*

Table 1. Waste Service Demand by Channel

The summary above highlights the different channels used by Customers to interact with the Council's waste service. These processes are all fully digitalised and carefully designed automation ensure that information collected by the Council is passed to the contractor in a timely way, without the need for manual intervention. Each process also has several checkpoints, which ensure demand is managed appropriately.

Data collected between June 2022 and May 2023. Represents jobs logged within CRM, not total calls answered/offered.

1.2.21 Just 816 subscriptions were processed by the contact centre. If each of these interactions took 8 minutes to complete, that is roughly the equivalent of a full-time staff member, working flat out for three weeks. To handle the 13,535 permits issued online via the phone, had the website not been available, would have required 12 staff over the same period. That assumes no one takes a toilet break, works on nothing else, without distraction, without refreshments, and all requests take 8 minutes –which is of course completely implausible.

1.2.22 **Service Centric, Not Customer**

1.2.23 A lot of our existing digitisation work focuses on the needs of the service and its existing/historical processes rather than being designed around our customer's actual need. This can result in complex and clumsy service interfaces that are not as user-friendly as they could be.

1.2.24 Our systems provide limited feedback initially and typically none throughout the process lifecycle. This does little to encourage self-sufficiency, reassure customers or prevent further repeat contact where a customer is seeking nothing more than reassurance that their request is progressing. This is commonly referred to as "progress chasing" and is a form of contact that can easily be avoided.

1.2.25 We also typically do not involve Customers in the decision-making process or seek their input when it comes to designing the services they will ultimately use. This can result in a disconnect between the outcomes that the Council wishes or expects to achieve and the services that our customers need, leading to dissatisfaction and mistrust.

1.3 **Proposal - Introduce a Customer Relationship Management System**

1.3.1 Customer and Digital Services propose that as a cornerstone technology to underpin the Council's forthcoming Change Programme, a new, modern, low code Customer Relationship Management (CRM) system is introduced.

1.3.2 *What is a CRM and Low Code?*

1.3.3 At its most basic level, a CRM is a case management platform.

1.3.4 A customer starts their journey by submitting the details of what they require through a structured mechanism, which is then recorded in a database. From there workflows are triggered according to the service requested and the outcome is returned to the customer upon completion.

1.3.5 A record of the interaction is stored within the CRM, which can be accessed should a problem recur or require investigation. Interactions are visible to both staff (with appropriate access) and customers, from their own secure, online portal. Customers can use a variety of mechanisms to submit their information including online via the Council's website or app, and other "offline" channels such as telephone or face-to-face. A simplified example of this operation is shown in figure 6.

1.3.6 The CRM can provide a wealth of information to services, and accurately records the existence and status of any inbound query, forming a complete picture of any customers interactions across services. It can also be used to assess service performance, highlight potential problems, improve customer understanding and provide insight to support decision making.

1.3.7 Modern CRM systems do not require the level of technical expertise that was historically needed to make a system work. Rather than having services hand-coded in a traditional programming environment, processes, forms and interactions can be built in a simplified development space, using drag and drop interfaces. This is known as low code.

1.3.8 Intuitive tools allow users with no formal knowledge of coding or software development to create applications for many purposes such as mobile business apps, robotic automated processes, and solutions based on the application of artificial intelligence. Low Code platforms have become increasingly popular as a fast and easy alternative to traditional software development.

1.3.9 Both professional developers and "citizen developers" (non-professional developers) can use a low code platform to create apps of varying complexity to meet business demands. Developers can also share their work, and a solution that has been developed by one authority, can easily be adapted to meet the specific needs of another. This again helps to reduce the time it takes for positive benefits to be realised and improvements made. Things can of course still go wrong, so careful testing will always be required for any development, low code or otherwise.

1.4 *Which CRM?*

1.4.1 Under this proposal, the Council would introduce the Jadu Connect Customer Relationship Management system. The platform is a highly capable, cloud based, low code solution, providing comprehensive functionality and delivery options across multiple contact channels.

1.4.2 Whilst there are several alternative CRM systems available within the Local Government market, Jadu Connect is part of a wider software ecosystem, which the Council already partly uses. The Council's content management system and existing e-forms solution are both Jadu products (Jadu Central) and the Connect CRM component integrates directly with these.

1.4.3 The system includes integrations for underpinning services such as email and text messaging (for customer updates), our e-Payments solution, the local land and property gazetteer and connectors to 3rd party applications used by services an suppliers.

1.4.4 Jadu Connect also facilitates an authenticated, secure online customer portal, which can be used to provide onward authentication for other online Council services, without the need for separate passwords and identities.

1.4.5 Where the system is used to support services that already have specific line of business application (such as regulatory services who currently use Civica APP), in the short term, instead of trying to replicate and replace the functionality of those systems, the CRM will use integration interfaces to seamlessly push and pull information back and forth.

1.4.6 This significantly eases the introduction of the CRM, as back-office services won't typically need to learn how to use the system – they simply continue with what they have. It will also benefit Customer Services, who only need to learn one system rather than multiple line-of-business applications to deal with a wider range of queries.

1.4.7 Longer term, it will be possible to replace some line of business applications with CRM workflow equivalents. This will however take time and will only be possible once the Change Programme has been established. Examples of where Councils have used the Jadu CRM to replace functionality of legacy applications can be found on their website at https://www.jadu.net/directory/2/library/category/12.

1.4.8 For services that do not have a dedicated application to handle their work, the CRM can be used instead. The CRM includes free licences that enable teams or suppliers to access a work management portal. This would provide information about outstanding tasks, prioritised accordingly, and provide facilities to update jobs, seamlessly updating the CRM and (potentially) informing the customer. This would avoid the need to email contractors or internal contacts and provide far greater visibility of workloads and progress.

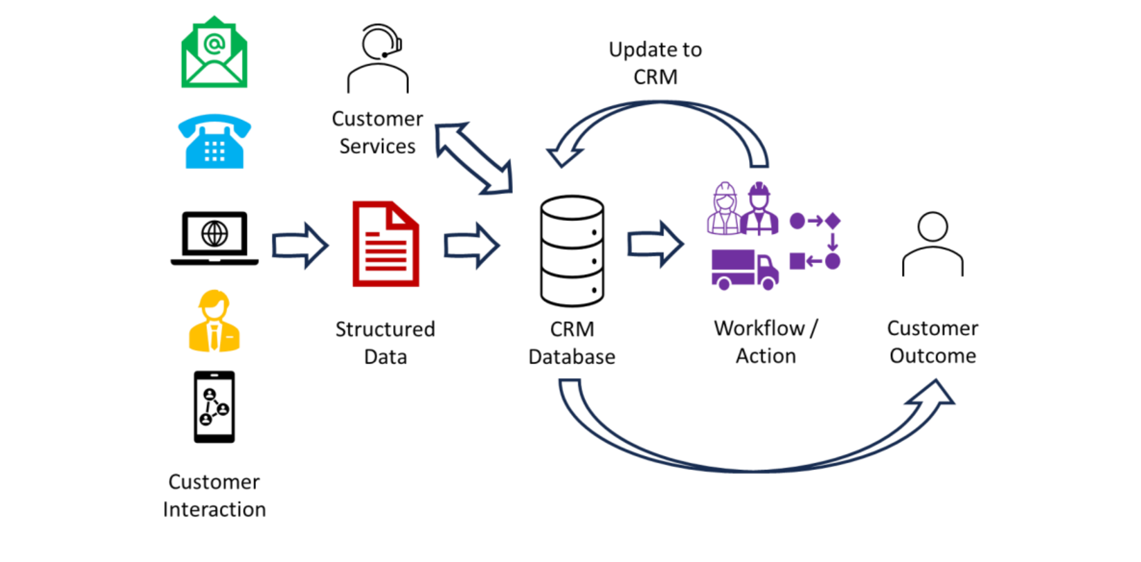


Figure 6. Simplified Example of a CRM

A customer interaction can start via any channel, collected as structured data (Jadu Forms) which can be presented to the CRM database (Jadu Connect). A workflow engine will trigger an action such as passing the job to a contractor, and when actions are taken, the CRM us updated, as is the customer.

1.4.9 To ensure the Council realises the most benefit from the CRM as soon as possible, it is expected that the timetable shown in Figure 7 will be observed.

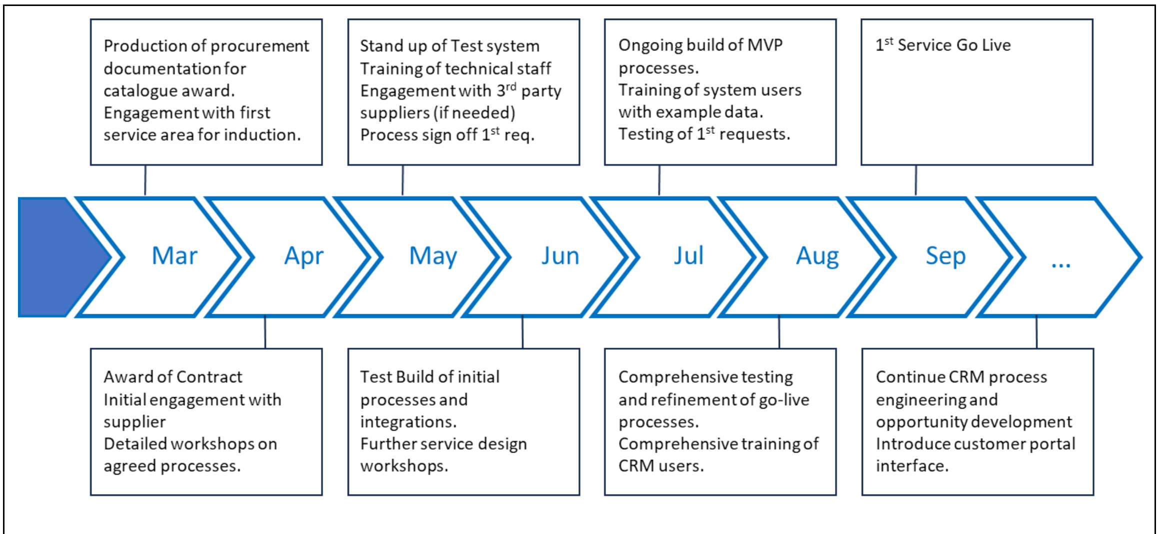


Figure 7. Potential Implementation Timetable

The implementation of the CRM will be a continuous process. However, within the first six months, it is expected that our first digitally enabled services will launch.

1.5 **Typical Benefits of a CRM**

1.5.1 *Improved Accessibility and Transparency*

1.5.2 By using a CRM, our customers will be able to access enhanced council services through our website, mobile app, and self-service provisions. This will help to ensure that customers can engage with the council at their convenience, whenever, wherever and however they choose. This could potentially reduce demand for other channels (such as telephone and face-to-face) which are typically only accessible during office hours on weekdays.

1.5.3 Additionally, customers will be able to submit service requests, report issues, and track progress in real-time through the introduction of an authenticated online portal. This transparency and accountability could ultimately help to build trust and confidence in the council's capacity to address customer concerns promptly, leading to improved satisfaction. It would also reduce the likelihood of queries being left unresolved.

1.5.4 *Holistic Customer View*

1.5.5 Introducing a CRM will enable the council to develop a holistic view of each customer, such as their typical service needs, communication preferences and historic interactions. Such comprehensive understanding may empower council staff and services to provide personalised and timely assistance, resolving queries and concerns more efficiently.

1.5.6 The CRM will also act as an aggregator of requests, meaning that a journey which is commenced via one channel can easily be picked up via another. A customer’s journey would be significantly more consistent as the processes used to manage an interaction that began online for example, would be the same as those used by a customer service officer over the phone or face-to-face. This would virtually eliminate channel and service silos.

1.5.7 *Case Management and Prioritisation*

1.5.8 The CRM system will enable the council to manage all customer cases effectively, including inquiries, complaints and service requests. This case management capability would eliminate the possibility of customer queries being left unresolved as each service would ultimately have a constant, real-time view of outstanding caseload. Unless a query was dealt with it would remain outstanding.

1.5.9 As shown in figure 8, this enhanced case management could also significantly improve how Customer Services deal with enquiries – particularly those chasing progress. In contrast to figure 3, not only is the finding of information much more efficient, but the customer could do it for themselves.

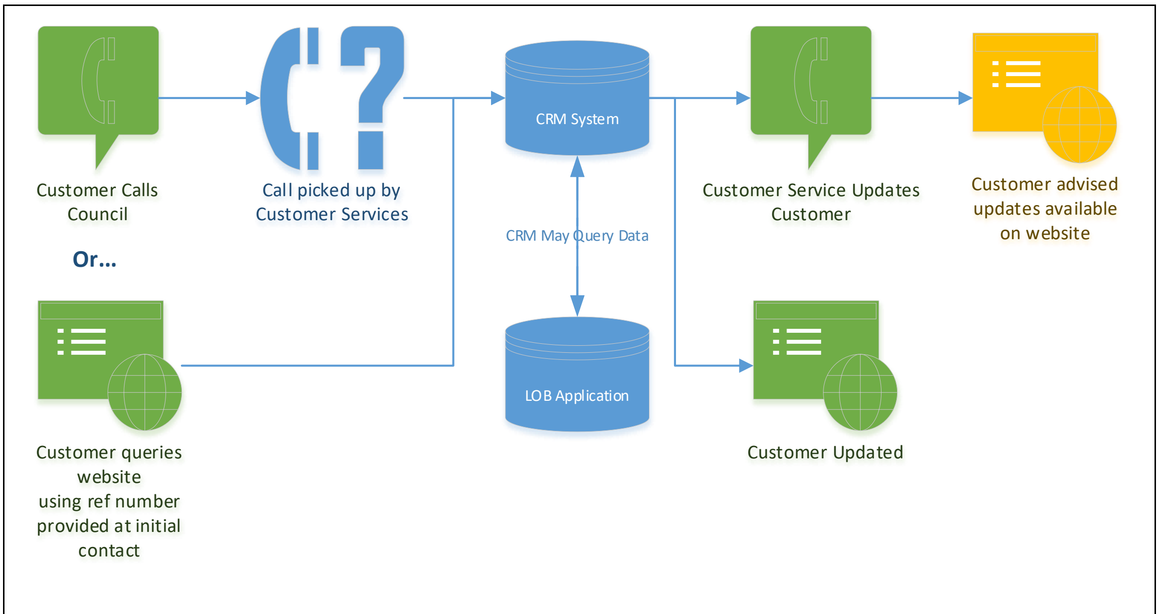


Figure 8. Obtaining a Customer Request Update with a CRM

With a CRM in place, the Council's customer services team could easily update a customer on the progress of their request. They would simply look in the CRM, if necessary, the system would then query any back-office application autonomously, and the customer service agent would simply have to repeat the information. The customer could, if they wanted to, do this for themselves on the Council's website.

1.5.10 The centralisation of case management data also means that staff will be able to collaborate much more effectively. If for example a customer contacts the Council to ask what is happening with their request, that information would be readily accessible, seamlessly and efficiently. This could help services to prioritise tasks, set realistic timescales for resolution and improved demand management, as less staff and customers "chase updates".

1.5.11 *Improved Automation and Resource Planning*

1.5.12 In time, the data contained within a CRM system would help the council to more accurately forecast service demand, allocate resources and optimise workforce scheduling. This would facilitate a more proactive approach, ensuring that the council could meet customer expectations and maintain service quality, but also minimise operational costs.

1.5.13 The waste service as shown in table 1 is a good example of this, which experiences significant peaks in demand for Garden Waste subscriptions at certain times of the year. By using the CRM, not only is it possible to gather information about how customers are completing transaction, but also when. From this data, it is easy to forecast that calls peak between April and August, so if more resource was required to meet demand, it would only be short term.

1.5.14 Enhanced automation and digitalised processes would also facilitate the CRM system eliminating manual and repetitive tasks. Ultimately this may free up staff time, allowing them to focus on higher value activities, such as engaging directly with customers who have greater need, problem management processes to resolve repetitive issues and service development.

1.5.15 It may also of course also mean that in some instances, fewer staff are needed to meet demand. Where this happens, the Council may have an opportunity to make savings by redistributing or retraining staff into other roles (avoiding additional recruitment) or by retaining the post. Options to deal with such situations will be comprehensively worked on as part of the Change Programme, in conjunction with the Council's Human Resources team and staff unions.

1.5.16 *Decision Making, Performance Monitoring and Better Communication*

1.5.17 A CRM system will ultimately capture large quantities of customer data, providing valuable insights into preferences and service demand. When combined with other sources of information, these insights may enable the council to make better informed decisions. This could result in service improvement, better resource management and more informed policy.

1.5.18 The CRM will also be a hive of performance information that can be used to evaluate how effectively services are delivering for customers and as an early warning mechanism if customers are experiencing problems. Any data recorded in the CRM can be used to measure performance, both retrospectively as generated reports and, in real time through performance dashboards. Reports can be easily automated and could range from very generalised data across the whole council, to granular details for a specific service request, service area or geographical zone, such as a ward.

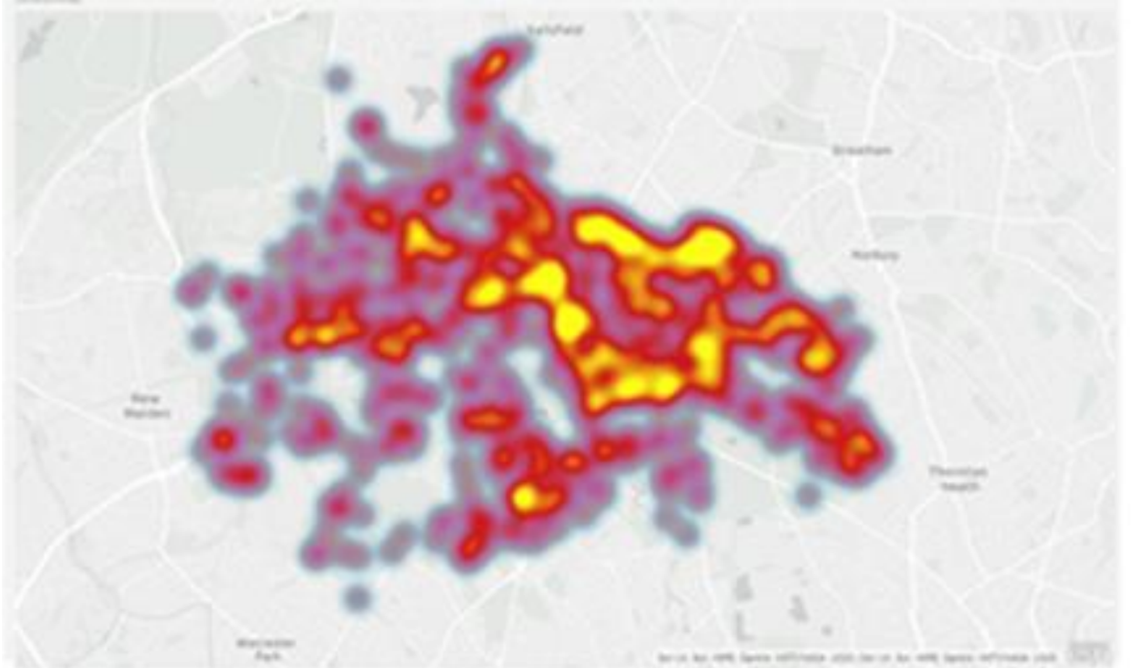


Figure 9. Heat Map of Fly Tipping

This heatmap shows the location and frequency of fly tipping incidents across an area. It was generated by data collected in a CRM, linked to a geographical location using an address and then presented as a map. It is a highly efficient way of illustrating data in an easy-to-use format, that WDC cannot currently achieve in a dynamic, automated way.

1.5.19 An example of how CRM data can be used to gain insight is shown in Figure 9, where Merton Borough Council use CRM data, combined with address data from its Local Land and Property Gazetteer to produce a heat map of fly tipping across its geography. Whilst this is by no means a new reporting technique (the source document is nearly five years old), it is highly informative. This would not currently be easily achievable for WDC as an interactive report, because of how we collect service interactions.

1.5.20 The insights gained from the CRM may also allow the Council to greatly improve how it communicates with customers – allowing us to personalise messages with relevant information based on the customers desires and past behaviours. Importantly, unlike commercial organisations where the goal is to generate profit, our goal is to enhance the wellbeing of our communities and empower our citizens to make the best use of our services.

1.6 A Past Legacy

1.6.1 Warwick District Council has previously attempted to implement two CRM systems; starting with Siebel (independently) and following with Northgate Customer Access (as part of the Warwickshire Online Partnership). Neither of these systems were entirely successful (evidenced by the fact that we no longer have them) and were hampered by typical problems of their time:

- *Fragmentation*

  Early CRMs struggled with integration as they were typically siloed with limited options to push data in or out. Other line-of-business applications also had these limitations, hindering data sharing, collaboration and the ability to provide seamless, integrated services.

- *Resource*

  Implementing and maintaining early CRM systems incurred substantial costs and specialist resources. Budget constraints were often a limiting factor, but particularly during the period of austerity, starting with the 2008 financial crash.

- *Effecting Change*

  The Council's previous CRMs weren't intended to transform services but instead to transform access. This was quite successful but was ultimately not enough to create lasting benefits as the outcomes were simple another route into a service.

1.6.2 The legacy of those systems is still present in the Council today and must be overcome. The CRM implementation project will have to carefully consider how it is introduced to services, ensure that delivery is "end to end" and that tangible benefits are identified and delivered as part of a planned roll out. This will not be easy, but it is necessary.

2 Alternative Options

2.1 Do Nothing

2.1.1 The Council is under no obligation to improve its services for Customers or to improve the way that it records and assesses performance. There is no requirement for automation to be introduced or for the Council to integrate its website with back-office systems any further than it already has. As such, the Council could continue as is and in the short term, it is unlikely there would be any significant issues.

2.1.2 However, this approach would also stifle the Council's progress in any form of digitalisation. There would be no effective platform to build automation from, no way to enhance our customer journey and enable self-service and no way to quantifiably measure the value and performance of the services we offer.

2.1.3 Customers also expect organisations to be able to facilitate interactions digitally, in an efficient and complete manner. Presently, we can only provide limited digital services, and this does nothing to encourage self-sufficiency. Our Warwick District Council app for example only has one type of interaction available and at present we have no means to improve the offer. This is a huge, missed opportunity to offer a better service for our customers, that would ultimately also help us.

2.1.4 Given the pressing need for the Council to support its MTFS, establish a firm financial footing for the future, the expectations of our customers and our desire to deliver high quality, value for money services, doing nothing is not viable or sustainable.

2.2 **Consider an Alternative CRM Platform**

2.2.1 There are several CRM platforms within the marketplace that would be accessible and suitable for Warwick District Council. Most of these, like Jadu would be cloud based, low code solutions that offer varying levels of integration with back-office systems and would meet the needs of our customer service teams.

2.2.2 However, the Council is an existing Jadu customer and has already made a significant investment in our website and e-forms systems (Jadu Central). No other provider can offer an alternative CRM system that would integrate with our existing Jadu Central solution with the same granularity as Jadu Connects.

2.2.3 Our teams within both Media and ICT are familiar with the Jadu platform which will significantly flatten the learning curve and speed up our deployment – allowing us to benefit sooner.

2.2.4 For these reasons, we believe the Jadu platform offers the best fit to meet our needs and can be introduced at a competitive price.

2.2.5 If this approach was not acceptable to the Council, we do have the option to go out to the market and fully explore what is available. This would impact on our ability to start the Change Programme and would likely take six to nine months to complete an exercise.

3 Legal Implications

3.1 There are no specific legal implications beyond those identified for data protection, within this proposal. Procurement can be achieved through a pre-tendered Crown Commercial Services framework, that facilitates direct awards where there is already a justifiable connection to an existing system.

4 Financial Services

4.1 To introduce the Jadu Connect solution, a procurement exercise must be undertaken.

4.2 Our Procurement Team have recommended the use of the G-Cloud 13 framework and it is anticipated that costs of approximately £218,050 would be incurred to introduce the Jadu Connects CRM, based on a four-year contract. These costs would include:

- 20 Licences for Contact Centre Staff
- Establishment of a hosted live and test environment
- Environment configuration and styling
- Integration with our e-Payment solution
- Integration facilities for other line of business systems, including ePayments
- Technical training for staff
- Support to build and deliver our first two case types
- Implementation, project support and testing

4.3 Year one costs specifically for the CRM will be approximately £71,500, which can be funded from Customer and Digital Services Digital Seed Budget. A contingency of approximately 10% of the year one budget should also be considered (£7150) and is included in the figure above.

4.4 On-going revenue costs of approximately £39,800 would need to be accounted for as part of Customer and Digital Services revenue budget from 2025/26 onwards. This will require a growth request to be submitted at the appropriate point.

4.5 Four-year financial costs are included at this stage as the CRM is an underpinning technology for Digital Delivery; a means of collating and managing digital demand beyond email is required for any transformation activity. Given that a lot of investment would be made in making the system work, it is not something that the Council would ideally consider on a short-term basis. Four years is the maximum contract length currently allowed under G-Cloud 13.

4.6 It should be noted that as more users are added to the system, costs will increase – this is not accounted for in the figure above. The initial Jadu Connect offer will include 20 licences for customer service staff. These licences provide full access to the system and allow for the complete management of transactions. The increase in costs from adding more licences for further staff would be incurred on any Software as a Service platform.

4.7 Not all staff however would require a full customer service license. Free license types are included within the proposal, to allow non-customer service staff access requests which relate to their service and to provide updates if these are not achieved through automation. This includes third party contractors who work on our behalf.

4.8 There are also further costs associated with resourcing the project appropriately, specialist advice, training and potential integrations with other suppliers that require additional software or consultancy. As such, it is recommended that an allocation of £20,000 (accounted for above) is also made from the existing Customer and Digital Services seed funding budget, to cover any such requirements during the first year. Further funding may be requested as the CRM expands into other areas.

4.9 Any significant spend from this allocation would be discussed with the Portfolio Holder for Transformation on a regular basis. General project spend would also be carefully monitored throughout.

4.10 The costs associated with staff resources required for the wider Change Programme are not specifically outlined as part of this proposal but will be included in the forthcoming Change Programme paper.

4.11 It should be noted that the CRM as a system in isolation will not generate any savings for the Council. As a new system, it is an expense that we currently do not have. This is discussed further in section 5.

5 Business Strategy

5.1 *Delivering Valued, Sustainable Services*

5.1.1 Introducing a CRM could potentially have several benefits for communities, but these will depend on the specific cases which are developed. Generically, benefits may include:

- Improved self-service enablement
- Better reporting and transparency
- Easier identification of problem hot-spots
- Greater access to data for ward councillors
- Improved council accountability
- Cost savings.

5.1.2 The CRM system itself will not generate a financial saving as it is a new system that incurs new costs; in isolation it is simply a new expense. However, it will directly facilitate back-office services realising efficiencies or generating additional income that will far exceed the systems costs. There are two principal ways that this may happen:

- Posts that are no longer required; or
- Software that can be replaced.

5.1.3 The CRM could trigger a redistribution of how staff skills are used to facilitate customer outcomes. This would help to reduce instances where specialist staff are used to triage queries (figure 5) and instead, focus their interactions on areas which benefit from their specific knowledge. The improvements made to service workflows through automation may also allow some posts to be released and staff redeployed to other areas.

5.1.4 The case management capabilities of the CRM could also be used to replace some back-office software. For example, Jadu's service library contains numerous examples of workflows and CRM forms which have been built by authorities to replace functionality currently in our regulatory services software, Civica APP. This is slated for replacement by 2025/26 and currently costs £41,000 per year. It is fully anticipated that a replacement system will cost at least double this.

5.1.5 Whilst using the CRM to replace a full line of business application would be a complex undertaking, we have the skills to do this, and it would provide the opportunity to tailor how the solution works to meet our teams needs entirely – unlike many off the shelf systems which instead require the service to work around the software.

5.1.6 Utilising a CRM could open opportunities to introduce further assistive technology to services, such as intelligent telephony, improved analytics, spatial reporting within a geographic information system, more consistent and higher quality data, the potential for the use of artificial intelligence to perform basic processing and, the removal of menial tasks, such as re-keying data that's already been entered by the Customer.

5.1.7 Each service would also become far more accountable as an independent, unchangeable record of customer interactions would be created. This would open new possibilities for performance monitoring, allow earlier detection of issues and facilitate better resource planning based on quantifiable demand.

5.2 *Creating vibrant, safe and healthy communities of the future*

5.2.1 The benefits toward this strategic objective will again vary according to the specific use case. But in all instances the CRM will provide the Council with significantly more data about where, when and how frequently problems are occurring, so that more effective actions may be taken.

5.2.2 The CRM will also allow more dynamic allocation of resources to respond to issues more effectively and facilitate better prioritisation. This is particularly important where the delivery of services is in association with a safety aspect where a timely response could be critical.

6 Environmental/Climate Change Implications

6.1 There are several potential climate change and sustainability benefits to introducing a CRM, but these will vary depending on the specific type of case being processed. Generically, they may include:

- Printing: The CRM will be primarily driven by intelligent e-forms, which potentially could reduce the need for traditional printed forms. This has downstream implications for reducing paper consumption, transportation, postage, energy consumption and the production of waste toner.
- Travel Reduction: Using the CRM effectively may allow the Council to optimise the services it delivers that require transportation. For example, requests to remove graffiti could be route optimised to minimise journeys around the district. This has an implication for CO_2 production directly associated with vehicles and plant equipment.
- Sustainability Reporting: Where a CRM process has an environmental impact, it may be possible to report from the system to monitor sustainability impacts more accurately over time. For example, reports of fly-tipping may be monitored against specific interventions taken a particular site, as well as the identification of hotspots.

7 Analysis of the effects on Equality

7.1 There is no specific equality impact of introducing the CRM system. However, each service that is built within the CRM will require an equality impact assessment as it will uniquely influence how customers interact with a service.

8 Data Protection

8.1 If accepted, the proposal has significant implications for data protection as the CRM will be processing personally identifiable information, which may include protected characteristics.

8.2 A Privacy Impact Assessment will be undertaken in conjunction with the Council's Data Protection Officer at a high level to cover the CRM as an entity. As new CRM based services are designed, Privacy Impact Assessments may be undertaken that address specific use-cases and data protection statements will be developed appropriately for each interaction type.

9 Health and Wellbeing

9.1 There are no specific Health and Wellbeing implications.

10 Risk Assessment

10.1 Introducing any new system or method of working will carry risk. The most significant risks associated with the implementation are detailed below.

10.2 *Cyber Security and Data Protection*

10.2.1 In time, the CRM system will store vast amounts of personally identifiable customer data. If the CRM system is not sufficiently secured, there are risks to the confidentiality, availability and integrity of this data. Cyber Security and Data Protection incidents can result in significant financial and reputational damage for the organisation and may lead to legal and regulatory consequences.

10.2.2 This risk will be mitigated by ensuring that a full assessment of the providers security arrangements is undertaken (using the principles of the National Cyber Security Centre's Cloud Assessment Framework), that a full data map is produced, developments are sufficiently documented, and that regular security testing and training is undertaken.

10.3 *Resistance to Change*

10.3.1 Introducing the CRM will require changes to how people work and may require staff to learn new software and procedures. Resistance to this change may undermine the successful adoption of the CRM system, limiting the potential benefits and reinforcing past experience that it won't work. This will impact the systems effectiveness and reduce the delivered benefits.

10.3.2 This risk will be mitigated by not only having project management in place, but also change management. The programme will be designed so that incremental changes are made, with visible outcomes that are positive for the customer and organisation. Unwavering support from both the Senior Leadership Team and Cabinet will also be required, with a cast-iron reinforcement that this is the best path for the Council to take.

10.4 *Ineffective Integration*

10.4.1 To be successful, the CRM has to offer end-to-end automation of some processes. Integrating the CRM with existing line-of-business applications will be complex and challenging. Incompatibility issues, data migration problems, and technical difficulties may arise during the implementation process that could result in operational disruptions, delays, increased costs, and dissatisfaction among users and customers.

10.4.2 To mitigate this risk, the team will develop a program that aims high, but starts small. Basic integrations and those which can be achieved through "off the shelf" components will be attempted first, so that our development team have an opportunity to hone their skills. Larger, more challenging integrations will not be tackled until later in the programme, and where necessary, specialist resource will be requested to complement our team.

10.5 Other risks for the programme will be fully explored and captured as part of the risk log.

11 Consultation

11.1 The principles of introducing a CRM have been previously discussed by SLT in December 2022 and again in February 2023.

11.2 The idea was also discussed at multiple Transformation Project Advisory Board meetings in 2022 and 2023. The potential for the introduction and benefits of pursuing CRM technology was also discussed (briefly) at the April 2023 Overview and Scrutiny meeting.

11.3 Discussions have also been held with the Portfolio Holder for Transformation and the Portfolio Holder for Finance in relation to a CRM's role in the Change Programme.

12 Background papers:

Developing a Digital Strategy for South Warwickshire, Cabinet, December 2021 – Available Online

One Stop Shop Business Case, Executive, March 2018 – Available Online

Digital Transformation of Services, Executive, December 2015 – Available Online

Review of WDC/WCC Customer Service Centre & Digital Transformation Initiatives, Executive, September 2015 – Available Online

Customer Relationship Management System Contract Award – Executive, March 2008 – Available Online

Work Programme Update, Overview and Scrutiny, April 2023 – Available Online / YouTube

13 Supporting documents:

When it comes to building trust, start with your Citizen Experience, December 2022 - Available Online

How Councils are using CRM to support residents with the cost of living emergency, December 2022 – Available Online

Digital Transformation in Waste Services – Available Online

Broxbourne Borough Council Digital Service Uptake – Available Online

Swindon Borough Council – From 8% to 64% - Available Online

Merton Borough Council – Fly Tipping Strategy (P11) – Available Online

Jadu Connect – Available Online

Jadu Connect Library – Available Online

Agenda Item No 13
Cabinet
6th March 2024

Title: Q3 Budget Update 2023/24
Lead Officer: Steven Leathley (01926 456843)
Portfolio Holder: Councillor Chilvers
Wards of the District directly affected: All

Approvals required	Date	Name
Portfolio Holder	14/02/24	Councillor Chilvers
Finance	13/02/24	Steven Leathley
Legal Services		
Chief Executive	13/02/24	Chris Elliot
Director of Climate Change	13/02/24	Dave Barber
Head of Service(s)	13/02/24	Andrew Rollins
Section 151 Officer	13/02/24	Andrew Rollins
Monitoring Officer	13/02/24	Graham Leach
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		
Accessibility Checked?	Yes	

Summary

The report provides an update on the current financial position as at 31st December 2023, providing a full year forecast for the 2023/24 financial year, and for the medium term through the Financial Strategy. Key variances and changes are highlighted to inform members, with some recommendations also being put forward for their consideration.

The Council's Corporate Strategy made a clear commitment to ensure continued financial sustainability. To contribute this priority and the Council's medium-term financial strategy, there will be an organisational change programme, which will set out the approach and timeframe to achieve financial efficiencies needed. The change programme business case - the case for change, will be presented to Cabinet in March 2024 for approval. The change programme will have senior Cabinet and Officer sponsorship and oversight.

Recommendation(s)

(1) That Cabinet notes the latest current year financial position for (General Fund £0.299m Favourable (£1.250m adverse once adjusted for Reserves & EMR's) and Housing Revenue Account £0.583m Favourable, with the key variations that drive these positions.

(2) That Cabinet notes the impact on the Medium Term Financial Strategy (MTFS) due to changes detailed within the report, and how these changes are expected to be accommodated.

(3) That the Council agrees the ongoing forecast deficit outlined in the MTFS is reviewed further as part of a later report to Cabinet once proposals for tackling the deficit have been developed.

(4) The Cabinet notes the current capital variations for schemes originally approved in February 2023 and approves all changes.

1 Current year variances - General Fund

A full review and full year forecast have been completed by all Cost Centre Managers to estimate the total financial commitment for this current year. Accountancy has supported managers in the preparation of these figures. As at 31st December (end of Quarter Three) there is an Favorable forecast variance of £0.259m, which after adjustment for Reserves and proposed EMR's is an Adverse variance of £1.250m for the 2023/24 financial year to 31st March.

Department / Portfolio	Budget £000	Forecast Q3 £000	Variance £000
Customer & Digital Services	733	834	**101**
Finance	1,688	879	**(809)**
Housing Services - GF	3,462	3,037	**(425)**
Neighbourhood & Assets	8,658	9,090	**432**
People and Communication	74	162	**88**
Place, Arts & Economy	13,002	13,494	**492**
Safer Communities, Leisure & Environment	5,964	5,989	**25**
Strategic Leadership	1,808	1,645	**(163)**
General Fund Total	**35,389**	**35,130**	**(259)**

The below charts show the breakdown of the Quarter Three variance once adjustments to Reserves and proposed Earmarked Reserves for projects that have slipped from the current financial year to next financial year have been accounted for.

The chart shows a comparison from Quarter Two (blue) to Quarter Three (Green), this shows that once slippage has been removed (EMR etc) that the overspend in the GF has been stable between Q2 & Q3.

All Earmarked Reserves will be requested as part of the Quarter Four, Outturn Report to Cabinet once the Accounts have been closed.

Department / Portfolio	Q3 Variance £000	GF Volatility Reserve £000	Other Reserves £000	EMR £000
Customer & Digital Services	101	101	0	0
Finance	(809)	(809)	0	0
Housing Services - GF	(425)	(425)	0	0
Neighbourhood & Assets	432	1,432	0	(1,000)
People and Communication	88	63	25	0
Place, Arts & Economy	492	648	0	(156)
Safer Communities, Leisure & Environment	25	185	0	(160)
Strategic Leadership	(163)	55	32	(250)
	(259)	**1,250**	**57**	**(1,566)**
Department / Portfolio	**Q2 Variance £000**	**GF Volatility Reserve £000**	**Other Reserves £000**	**EMR £000**
Customer & Digital Services	405	405	0	0
Finance	(715)	(715)	0	0
Housing Services - GF	(1,320)	(1,320)	0	0
Neighbourhood & Assets	1,339	1,339	0	0
People and Communication	62	37	25	0
Place, Arts & Economy	1,221	1,221	0	0
Safer Communities, Leisure & Environment	84	244	0	(160)
Strategic Leadership	(476)	90	40	(606)
	600	**1,301**	**65**	**(766)**

Department / Portfolio	Other Reserves	Q3 £000
People and Communication	Working for Warwick Reserve	(25)
Strategic Leadership	Other Commuted Sums Reserve	(32)
	Amount to / (from) Reserve	**(57)**
Department / Portfolio	**Earmarked Reserves (EMR)**	**Q3 £000**
Neighbourhood & Assets	Demolition of Covent Garden Car Park	1,000
Place, Arts & Economy	The Local Plan	156
Safer Communities, Leisure & Environment	Abbey Cycle Path	160
Strategic Leadership	Barford Youth and Community Centre	250
	Total EMR for 2024/25	**1,566**
Department / Portfolio	**Other Reserves**	**Q2 £000**
People and Communication	Working for Warwick Reserve	(25)
Strategic Leadership	Other Commuted Sums Reserve	(40)
	Amount to / (from) Reserve	**(65)**
Department / Portfolio	**Earmarked Reserves (EMR)**	**Q2 £000**
Safer Communities, Leisure & Environment	Abbey Cycle Path	160
Strategic Leadership	Trees for Future	606
	Total EMR for 2024/25	**766**

A summary by Portfolio of major variances is provided below:

Quarter Three Variations		£000	Favourable (F) / Adverse (A)
Customer & Digital Services			
1.1.2.1	Benefits General - Homelessness Rent Rebates	178	A
1.1.2.2	Digital by Default	210	A
1.1.2.3	Warwickshire Direct	(64)	F
1.1.2.4	Microsoft Licence Renewal	(252)	F
Finance			
1.1.3.1	Contingency Budgets	(821)	F
1.1.3.2	External Audit Fee	75	A
1.1.3.3	Energy Rebate Discretionary scheme	(52)	F
Housing Services - General Fund			
1.1.4.1	Homelessness/Housing Advice	(632)	F
1.1.4.2	Rough Sleeping Initiative	418	A
1.1.4.3	Private Sector Housing	(80)	F
1.1.4.4	Private Sector Housing - HMO Licences	(130)	F
Neighbourhood & Assets			
1.1.5.1	Car Parking	471	A
1.1.5.2	Demolition of Covent Garden Car Park	(1,000)	F
1.1.5.3	Riverside House Running Costs	271	A
1.1.5.4	Relocation of Riverside House	(70)	F
1.1.5.5	Crematorium	506	A
1.1.5.6	Cemeteries	112	A
1.1.5.7	Waste Management	571	A
1.1.5.8	Public Convivences	67	A
1.1.5.9	Centralised Repairs & Maintenance & Corporate PPM	(588)	F
1.1.5.10	Asset Management	40	A
1.1.5.10	Compliance Management	41	A
People & Communication			
1.1.6.1	Media Team	44	A
1.1.6.2	Centralised Occupational Health	34	A
1.1.6.3	Apprentiship Scheme	(38)	F
1.1.6.4	Team Building	25	A
1.1.6.5	Legal Services - Employment	25	A
Place, Arts & Economy			
1.1.7.1	Planning & Development	917	A
1.1.7.2	Building Control	40	A
1.1.7.3	Town Hall	73	A
1.1.7.4	Women's Cycle Tour	(30)	F
1.1.7.5	Enterprise Development	32	A
1.1.7.6	Royal Spa Centre	(171)	F
1.1.7.7	Pump Room	(208)	F
1.1.7.8	Local Plan	(156)	F
Safer Communities, Leisure & Environment			
1.1.8.1	Green Spaces	88	A
1.1.8.2	Abbey Field Cycle Track	(160)	F
1.1.8.3	Community Safety	92	A
1.1.8.4	Environmental Protection	(46)	F
1.1.8.5	Bowling Facilities	55	A
Strategic Leadership			
1.1.9.1	Legal Services	108	A
1.1.9.2	Barford Youth and Community Centre	(250)	F
1.1.9.3	Corporate projects - Linen Street Feasibility	(63)	F
1.1.9.4	Climate Emergency	32	A

1.1.1 Salary Costs (General Fund).

1.1.1.1 As part of the Vacancy factor process for Q3, A full year forecast of all Salary budgets has been completed and the Vacancy factor calculations have been made. This forecasts that 100% of the for General Fund Vacancy Factor (£1.132m) has been met. The current forecast variance for the year is a surplus of £0.428m. This surplus has been partially offset against the Agency spend shown in 1.1.1.2.

1.1.1.2 Agency use is currently forecast over budget by £0.725m. A further review on the use of agency staffing will be carried out as part of a wider review into long-term vacancies held by the Council, forming part of the ongoing work in improving recruitment.

1.1.2 Customer & Digital Services.

1.1.2.1 Previously reported. An increase in Homelessness Rent Rebates for which the authority does not receive full government subsidy. The number of residents claiming this allowance, and the duration for which they claim it, has increased in recent years, while the subsidy has remained at a level set back in 2011 (Local Housing Allowance Rate). Further work will take place to look at the accommodation in which people are placed, and whether there is more that can be done to reduce durations, particularly in accommodation such as hotels and B&B’s which are not fully reimbursed by the subsidy.

1.1.2.2 Previously reported. Digital by Default savings not realized in year. The original plan to introduce Arcus system with the Authority has been withdrawn as agreed by committee report completed by the Head of Service.

1.1.2.3 Difficulties in recruitment for CSA posts within the Warwickshire Direct service area. Recruitment for vacant post is ongoing.

1.1.2.4 Microsoft License Renewal overestimated in Q2 report. Actual figures now forecast based on what is due in year. Original budget and estimate include next year’s costs.

1.1.3 Finance.

1.1.3.1 Previously reported. At budget setting in February 2023, contingency budgets were set to mitigate the unknown rising costs of contracts linked to inflation. These are held and managed centrally by the Head of Finance. In Q1, the contingency budgets have been forecast to offset some of the increased expenditure reflected in this report. In Q3 General Contingency has been realest as fully utilized in year.

1.1.3.2 Previously reported. Increase cost of External Audit for the completion of the 2021/22 Statement of Financial Accounts, this is partly due to the additional work required due to the change of Financial System mid-year of 2021/22, and extra scrutiny required from our External Auditors.

1.1.3.3 Actual spend for Energy Rebate Discretionary scheme forecast within the Revenues team where spend occurs.

1.1.4 Housing Services – General Fund.

1.1.4.1 Previously reported. The Council has received an increase in grant for Homelessness Advice, which will be used in conjunction with previously allocated budgets within the homelessness service. The grant is ring-fenced to support the delivery of this specific service.

Revised forecast has reduced the original underspend of budget based on actual spend and commitments to date.

1.1.4.2 The activation of SWEP Severe Weather Emergency Protocol on a number of occasions has led to an increase in use and cost of the provision of Bed & Breakfast Temporary Accommodation.

1.1.4.3 Contribution to salary received from University of Warwick, and vacancies within the team during the year.

1.1.4.4 HMO License renewals in year exceeded budget, forecast updated based on actuals income received.

1.1.5 Neighborhood & Assets.

1.1.5.1 Previously reported. Car Parking. There has been a loss of income due to the closure of Covent Garden Car Park (only the surface car park remains open) of £0.230m. The closure of Linen Street car park means no charges will be made in year, but there are still an ongoing cost for the car park of £0.050m as the basement is still used by tenants. Other car parks in Leamington have had their income projections increased, totaling £120k, as part of assessing data from this year to date and last year, with a driver of this being the displacement of vehicles from Covent Garden. As part of the 2024/25 fees and charges process due to commence at the start of September, a comprehensive review of our Car Parking portfolio will be carried out.

1.1.5.2 The demolition of Covent Garden Car Park has been delayed until next Financial Year. This budget will need to be available as an earmarked reserve in 2024/25.

1.1.5.3 Previously reported. The original budget set in February 2023 estimated that WDC would move out of Riverside House in June 2023. The additional running costs for continuing to occupy Riverside House for this financial year.

1.1.5.4 The cost to relocate offices from Riverside House to Saltisford in Warwick, the Town Hall and the Pump Room in Leamington are predicted to be underspent, this forecast is based on spend and commitment to date on the project.

1.1.5.5 Previously reported. Crematorium. Revised income projection for crematorium fees based on current activity. This adjustment has been reflected within the Fees & Charges report for 2024/25 and is more realistic to the income the service will receive in this financial year and next. Additional Repair & Maintenance required in year to equipment.

1.1.5.6 Cemeteries. Significant downturn in numbers of new graves being purchased. Existing family plots are being be used for burial of cremated remains rather than new plots for full burial.

1.1.5.7 Previously reported. Waste Management. It has now been confirmed that WDC will receive Dry Waste Income form the new Sherbourne MRF. This will come into effect in the last quarter of the year. A prediction of income has been incorporated into the Forecast for Q2, once sales are made this will be reviewed and adjusted if required. At Budget setting the overall budget was not set high enough, based on information received from third parties, thus showing an overspend. This service is expected to match estimated cost within the year. The Budget issue will be resolved in Budget setting 2024/25.

1.1.5.8 Higher Contract cleaning costs for public conveniences than current budget. This is in line with current contract and Future Budgets will be reviewed to ensure correct funding going forward.

1.1.5.9 Underspend forecast in overall PPM budget based on actual work and commitments to date. Repair & Maintenance costs are showing as slightly over budget for the year. This is the first year of centralising these budgets within the Financial Management System (FMS) to allow better financial management by the service leads. Further development to continue on reporting within the FMS to develop reports on usage and financial performance on a monthly basis.

1.1.5.10 Budgeted Income not achieved in year as Grant not relevant for this Financial year, this is to be reviewed in future budgets. Additional License and planning expenditure in year.

1.1.5.11 Consultancy for additional Audit work completed.

1.1.6 People & Communications.

1.1.6.1 Previously reported. Reduced external printing income and reduced internal income from printer clicks estimated in year, this has been partially offset by reduced printing expenditure. Additional costs after HAY review have been included in the forecast and will revised in Budget Setting 2024/25.

1.1.6.2 Previously reported. The centralised Occupational Health Budget is showing a forecast over budget, this estimate is based on the costs for last financial year, which were higher that agreed budget.

1.1.6.3 Previously reported. Due to the profile of current Apprentices, there is a surplus forecast within apprenticeship salaries. This relates to new apprentices being employed at initial programme rates.

1.1.6.4 Previously reported. Team Building. Budget to be vired into this account from underspend in previous year Applause Box, not completed in the accounts until 2022/23 closedown completed.

1.1.6.5 The centralised Legal service for employment is projecting an overspend in year based on current actuals and know commitments, this is the first year holding this budget centrally which will allow more accurate forecasting / budgeting in the future.

1.1.7 Place, Arts & Economy.

1.1.7.1 Previously reported. Planning fees reduced income based on current performance at Q3. This has improved slightly from Q2 and a lack of larger planning applications through the first half of the year has reduced the Outturn forecast. From 1st April 2024, new legislation allowing the increase in planning fees of 25% for small applications, and 35% for larger application will increase the value of planning income, although the current predictions show this will not meet Budget and will still show under achieved. Within the Service large Staff Agency cost continue which compounds the financial position with the reduction in income. Further review within this service is required for Budget Setting 2024/25 on both cost and income to ensure that it is with Budget constraints.

1.1.7.2 Previously reported. Building control reduction of income due to the service provision provided for Daventry returning to West Northamptonshire Council. This has been partially offset by a reduction in service delivery costs.

1.1.7.3 Previously reported. Due to the partial closure of the Town Hall for development, a loss of income has been forecast of £0.055m as the Council is unable to hire space out during this time.

1.1.7.4 Previously reported. The Women's cycle tour due to take place in 2023 was unfortunately cancelled. Therefore the £0.030m budget in place will not be used in year. The event is scheduled to go ahead in 2024, and so it is expected that the budget will be carried forward to support this taking place.

1.1.7.5 Previously reported. New contract for Softcat install, equipment and managements fees included within this forecast. This will be reviewed for budget setting 2024/25. Lost of rent and able to relet space at the Creative Quarter.

1.1.7.6 The Royal Spa center has overachieved its income targets this year, helped by a very successful Christmas pantomime in 2024.

1.1.7.7 NNDR Refunds received in year relating to March 2016 and 2017

1.1.7.8 The Local Plan budget has been set aside to support a programme of work on the South Warwickshire Local Plan (SWLP) over several years. An estimate of costs was made when the SWLP was commenced in 2021, recognising that it would be needed over the lifetime of the project. Work is proceeding apace on the SWLP and, to date, costs have predominantly related to the cost of preparing the evidence base and public consultation. A revised timetable for the SWLP was agreed in November 2023 and this sees the SWLP being adopted in 2027. This project is also being funded by Stratford-on-Avon District Council and costs are being shared between the two authorities.

1.1.8 Safer Communities, Leisure & Environment.

1.1.8.1 Previously reported. Green Spaces - Extensive works required in the maintenance of our outdoor paddling pools. £0.021m reduction of income from sponsorships and sales of hanging baskets.

1.1.8.2 Previously reported. Abbey Field Cycle Track. Budget from New Homes Bonus in 2023/24 will not be used, this is to be deferred to 2024/25.

1.1.8.3 Previously reported. Community Safety. Increase in staffing costs approved by ERF to cover sickness.

1.1.8.4 Reduction in Salary and overtime costs and full utilization of previous years EMR for staffing.

1.1.8.5 Previously reported. Bowls income budget unachievable, this will be reviewed at budget setting 2024/25

1.1.9 Strategic Leadership.

1.1.9.1 This is dependent on the use of SDC Legal Services by the whole council. The transition from WCC to SDC legal from 01/04/22 was on the basis of a 60/40 split, this is fairly new and there will be a review and challenge of this agreement to ensure the split is reflective.

1.1.9.2 This Spend will be slipped into early part of next year due to delays in approval of plans, no expected expenses in 23/24. An Earmarked Reserve will be required to transfer this money into the new financial year.

1.1.9.3 This is a long on-going project, the forecast is an estimate based on expected costs for existing work for 23/24. The remaining Budget will be requested by Embarked Reserve to transfer into the new financial year.

1.1.9.4 Previously reported. Staffing cost increase to include Climate Change Projects and Delivery Officer. This post and overspend is to be funded by approved S106 funds.

1.2 Current year variances – Housing Revenue Account (HRA).

1.2.1 Variations have been identified by the Accountancy Team in conjunction with the relevant budget managers, giving a full year Surplus variance of £0.883m.

Department / Portfolio	Budget £000	Forecast Q3 £000	Variance £000
Housing Services - HRA	0	(583)	**(583)**
HRA Total	**0**	**(583)**	**(583)**

A summary of major variances is provided below:

	Quarter Two Variations	£000	Favourable (F) / Adverse (A)
Housing Revenue Account			
1.2.3	Housing Central Heating	(150)	F
1.2.4	HRA Stock Condition Structural Surveys	(268)	F
1.2.5	Right to Buy Admin	(78)	F

1.2.2 As part of the Vacancy factor process for Q3, A full year forecast of all Salary budgets has been completed and the Vacancy factor calculations have been made. This forecasts that 100% of the for HRA Vacancy Factor (£0.235m) has been met. The current forecast variance for the year is a surplus of £0.011m.

1.2.3 Housing Central Heating – Revised forecast based on actuals to date and work completed for new year budget setting shows Gas budgets previously set to high based on last year's predictions. Current forecast based on new contract uplifts and at a more realistic spend.

1.2.4 Stock Survey project for 100% HRA assets underway and will continue past the end of the financial year. Underspends in this year expected to be brough forward in the new financial year when surveys will be completed.

1.2.5 Right to Buy Admin – Reduction in legal fees charged directly to the service.

1.3 Medium Term Financial Plan (MTFS). Recommendations 2 & 3

1.3.1 The MTFS was last formally reported to members in February 2024 as part of the Budget setting and Council Tax setting reports. At that stage the profile of revenue savings to be found was as follows:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Deficit-Savings Req (+)/Surplus (-) future years	0.759	4.475	2.434	(0.250)	(0.903)

1.3.2 In light of the variations highlighted in this report, the MTFS been updated as outlined below:

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Deficit-Savings Req (+)/Surplus (-) future years	1.250	4.475	2.434	(0.250)	(0.903)

1.3.3 Variances highlighted at Q3 that are recurrent, (housing benefits / waste contract), or are linked to ongoing decisions (Relocation project), have been taken into account in the new financial year budget setting report approved at Cabinet in February 2024.

1.3.4 Officers are continuing to review ways of reducing the deficit, including income generation, service efficiency and cost saving schemes.

1.4 Capital Forecast 2023/24. Recommendation 4.

1.4.1 Capital currently forecasts a reduction in funding requirement in year of £7.163m for General Fund and £4.651m for HRA. A full breakdown of Capital Variances is shown in Appendix 1.

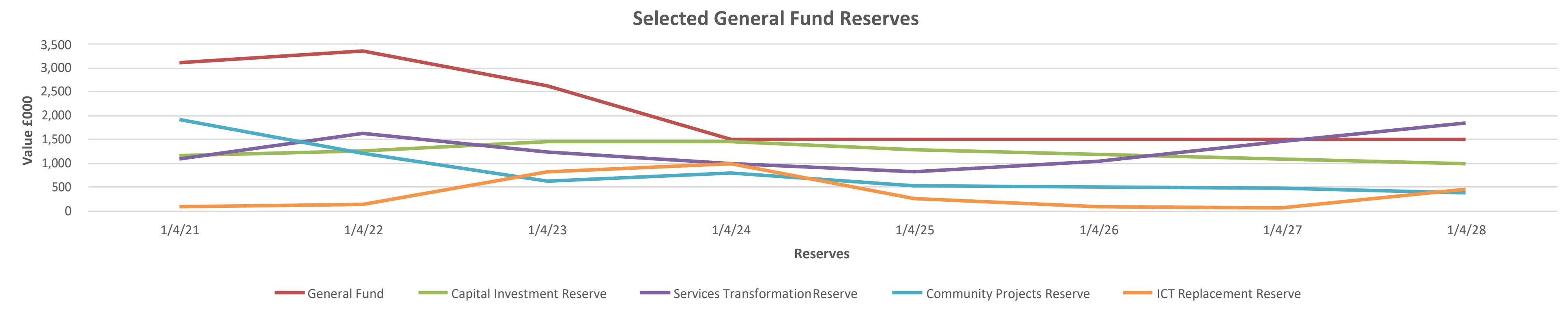
1.5 Reserves

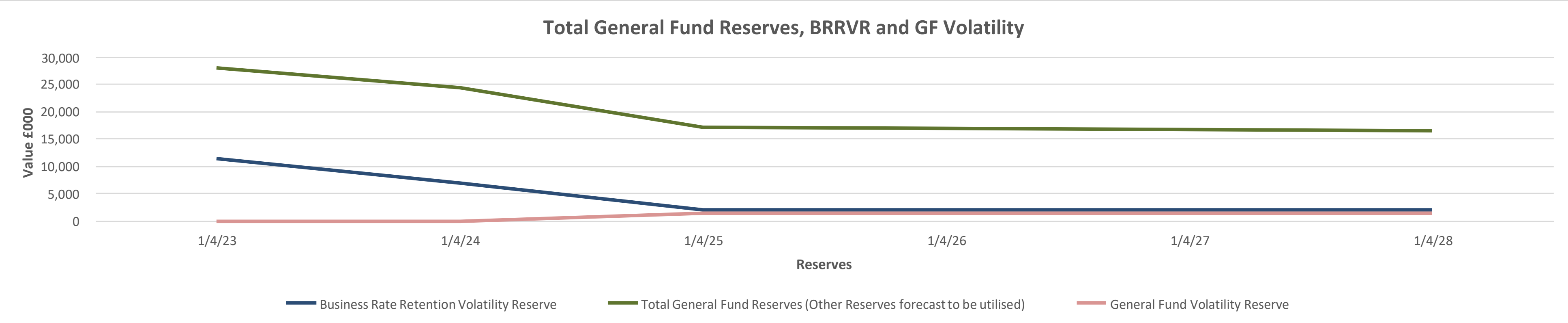
1.5.1 The below table presents the latest summary of available reserves. This reflects non committed, and non-ringfenced balances as at Budget Setting reports approved at Cabinet February each Financial Year, and ranges from 1st April 2020 (Showing previous 3 years and current year) up to 1 April 2028 (the period covered by the current MTFS).

This is subject to the final outturn of 2022/23 financial position, which is being completed as part of the draft statement of accounts process and to be reported to Cabinet.

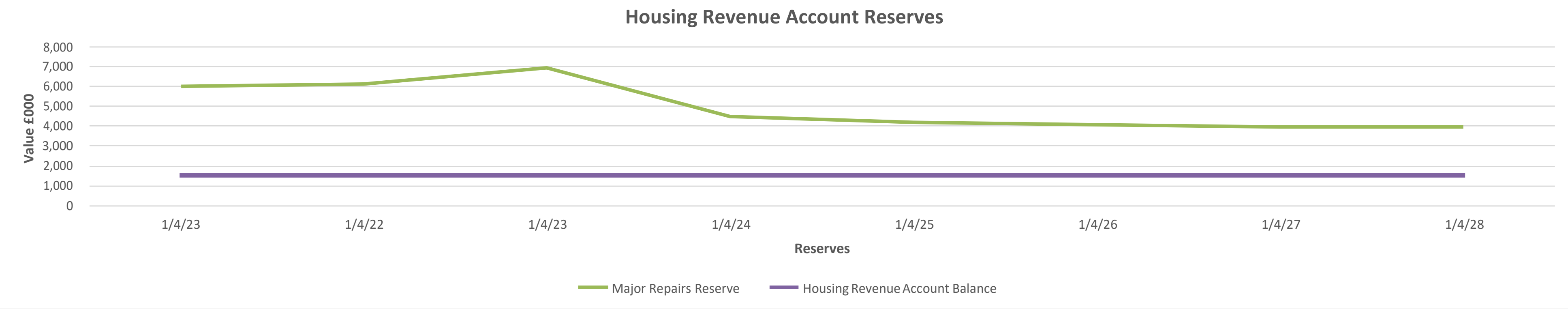
All reserves do not include any adjustments in relationship to the final position of the 2023/24 (Current year) financial position.

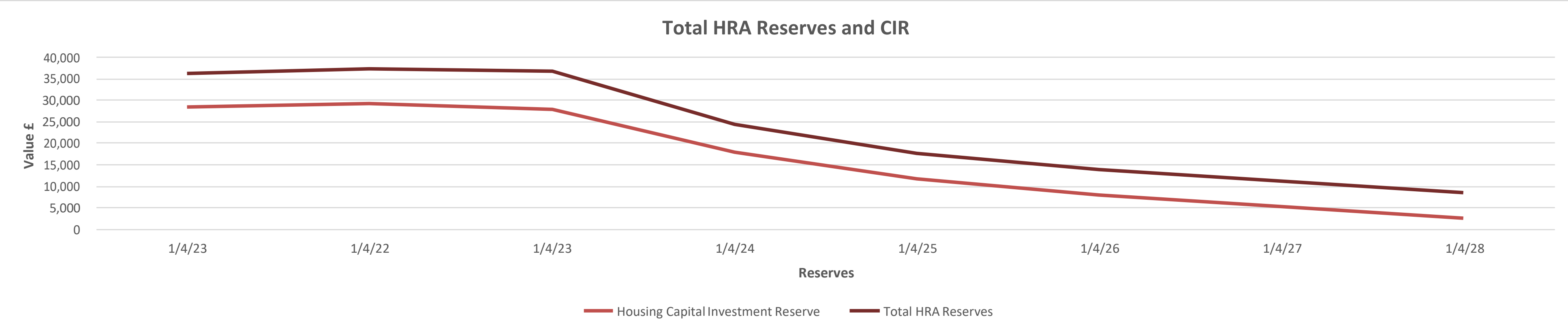
General Fund Reserve	Notes	1/4/21 Balance at £000	1/4/22 Balance at £000	1/4/23 Balance at £000	1/4/24 Balance at (Estimated) £000	1/4/25 Balance at (Estimated) £000	1/4/26 Balance at (Estimated) £000	1/4/27 Balance at (Estimated) £000	1/4/28 Balance at (Estimated) £000
General Fund	Minimum agreed balance £1.5m	3,118	3,341	2,631	1,500	1,500	1,500	1,500	1,500
Capital Investment Reserve	minimum agreed balance £1.0m	1,153	1,256	1,456	1,456	1,283	1,183	1,083	983
Services Transformation Reserve		1,087	1,632	1,229	982	824	1,050	1,450	1,850
Community Projects Reserve		1,919	1,210	616	809	534	509	484	379
ICT Replacement Reserve		94	132	829	990	262	96	80	448
General Fund Volatility Reserve	Transfer from BRRVR to leave £2m	0	0	0	0	1,419	1,419	1,419	1,419
Business Rate Retention Volatility Reserve	£2m agreed balance ahead of anticipated Business Rate Reset in 2025/26 is achieved.	7,522	18,110	11,485	6,913	2,000	2,000	2,000	2,000
Total General Fund Reserves (Other Reserves forecast to be utilised)		**21,924**	**34,443**	**28,004**	**24,361**	**17,279**	**17,051**	**16,846**	**16,595**





Housing Revenue Account Reserve	1/4/23	1/4/22	1/4/23	1/4/24	1/4/25	1/4/26	1/4/27	1/4/28
	Balance at	Balance at	Balance at	Balance at (Estimated)	Balance at (Estimated)	Balance at (Estimated)	Balance at (Estimated)	Balance at (Estimated)
	£000	£000	£000	£000	£000	£000	£000	£000
Housing Capital Investment Reserve	28,495	29,206	27,871	18,032	11,751	7,939	5,275	2,694
Major Repairs Reserve	5,996	6,150	6,956	4,491	4,176	4,079	3,975	3,975
Housing Revenue Account Balance	1,513	1,552	1,500	1,500	1,500	1,500	1,500	1,500
Housing Early Retirements Reserve	21	21	21	41	61	81	101	121
HRA Rough Sleeping Initiative Reserve	262	262	262	262	262	262	262	262
Lifeline Funding for Assistive Technology Reserve	0	0	127	21	21	21	21	21
Total HRA Reserves	**36,287**	**37,191**	**36,737**	**24,347**	**17,771**	**13,882**	**11,134**	**8,573**





2 Alternative Options

2.1 No alternative options are presented.

3 Legal Implications

3.1.1 The proposals are in line with current legislation where applicable.

4 Financial Services

4.1.1 Officers review current year budgets against outturn on a monthly basis at the same time as considering their implications for the medium term. Members are updated on a quarterly basis. As part of this process budget managers are asked to review both their salary position and revenue position through returns with Accountancy, and update / comment as necessary. This process has been strengthened over the last few years through increased formalisation. Further reviews and changes to this process will be implemented through utilisation of the new Financial Management System (FMS).

4.1.2 The Budget Review Process provides a planning tool to ensure resources are directed to the Council's priorities. Alongside the Council's own activities, external factors influencing its finances are also taken into consideration, for example Central Government Financing, the Business Rates Retention scheme, changes in legislation and the economy.

4.1.3 The Council maintains its Reserves to deliver Capital and other projects, and to ensure that there are sufficient resources available to manage unforeseen demands and continue to deliver its services. Close monitoring of these Reserve balances and Capital Programme, together with plans to replenish them will preserve the financial stability of the organisation for future years.

4.1.4 Variations in departmental budget forecast lines between Q2 and Q3 remain bigger than expected and we continue to work with Cost Centre Managers to improve forecast utilising the new FMS and training of managers.

5 Corporate Strategy

5.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation.

5.2 Delivering valued, sustainable services.

5.3 Low cost, low carbon energy across the district.

5.4 Creating vibrant, safe and healthy communities of the future.

6 Environmental/Climate Change Implications

6.1 WDC has a budget of £500,000 per annum for Climate Change. It is proposed to utilise this for 2023/24 to support a number of priorities within the Climate Change Action programme.

7 Analysis of the effects on Equality

7.1 Not relevant.

8 Data Protection

8.1 Not relevant.

9 Health and Wellbeing

9.1 Not relevant.

10 Risk Assessment

10.1 The February Budget report detailed the main financial risks facing the Council. Many of these related to local authority funding, notably Business Rate Retention.

10.2 Many controls and mitigations are in place to help manage the financial risks facing the Council. These include:

10.2.1 The comprehensive Budget Review process. This entails all budget managers reviewing their budgets on at least a monthly basis, considering previous, current, and future years, along with any possible issues that may impact upon their budgets. As part of this process, regular Budget Review reports are issued to Cabinet and the Senior Leadership Team.

10.2.2 Financial Planning with the MTFS / financial projections, bringing together all issues that will impact on the Council's finances in the medium term.

10.2.3 Financial controls, including the Codes of Financial and Procurement Practice, system controls, reconciliations, audit (internal and external).

10.2.4 Project Management and associated controls.

10.2.5 Trained staff and access to appropriate professional advice (e.g. Legal).

10.2.6 Implementation and continued development of the new Financial Management System.

10.2.7 Risk Management process across the Council, including the on-going review and maintenance of risk registers.

10.2.8 Scrutiny by members of the Council's finances, including Budget Reports, and the financial implications of all proposals.

10.2.9 Reserves – The Council holds a number of reserves, with each being allocated for specific purposes. Whilst much of these reserves have already been earmarked for agreed projects, it is important that reserves are held for any unforeseen demands. The Business Rate Retention Volatility Reserve (BRRVR) was used over prior years to deliver a balanced budget. However, to ensure this reserve remains available for its primary purpose of smoothing business rate receipts, any overperformance above a £2m balance has been reallocated to the General Fund Volatility Reserve. The General Fund Balance is available to accommodate any unplanned expenditure, or to make up any shortfall in income. However, the Council should seek to maintain the balance of at least £1.5m.

10.2.10 The specific causes of reductions to income or increased expenditure should continue to be managed by the relevant Service Area as part of managing the risks within each Service Risk Register. Each Service Area's Risk Register is presented to Finance and Audit Scrutiny Committee annually on a rolling basis.

Background papers:

Budget setting 23-24 Report (Cabinet 9 February 2023 – Item 7)

Housing Revenue Account (HRA) Budget 2023/24 and Housing Rent Setting (Cabinet 9 February 2023 – Item 8)

Supporting documents:

Appendix 1 – Capital Variations 2023/24.

Appendix 2 - Reserves

Department	Manager Name	Project& Description	Revised Budget 2023/24 £000	Full Year Forecast 2023/23 £000	Variance 2023/2024 £000	Comments
Customer & Digital Services - Projects	David Elkington	104021 - Software-Digital-- Strategy Seed Funding	287	150	(137)	The focus of the ICT team for most of 2023/24 has been on preparing for the move to SF1 so we've not had resource to commit to digital delivery. However, subject to cabinet approval, some of the seed funding will be spent in the 2023/24 financial year for the introduction of a CRM. The remainder will need to be carried over to continue funding Digital projects in conjunction with the Change Programme.
Customer & Digital Services - Projects	David Elkington	105003 - Storage Area Network	170	160	(10)	There is still some work on the SAN to be completed following the move to SF1, so it is likely that a small amount of additional expenditure will be incured.
Customer & Digital Services - Projects	David Elkington	105007 - Physical Server Replacement	46	0	(46)	WDC still needs to replace some of its physical servers but due to the complexities of migrating to SF1, this work is unlikely to be completed within the 2023/24 financial year. The funding will however need to be carried forward, as we still need to undertake replacement.
Customer & Digital Services - Projects	David Elkington	105010 - Virtualisation Servers	10	0	(10)	WDC still needs to replace some of its virtual server environment, but due to the complexities of migrating to SF1, this work is unlikely to be completed within the 2023/24 financial year. The funding will however need to be carried forward, as we still need to undertake replacement.
Customer & Digital Services - Projects	David Elkington	105011 - Infrastructure Replacement-ESX Servers (x5)	60	0	(60)	WDC still needs to replace some of its virtual desktop servers, but due to the complexities of migrating to SF1, this work is unlikely to be completed within the 2023/24 financial year. The funding will however need to be carried forward, as we still need to undertake replacement.
Customer & Digital Services - Projects	David Elkington	105014 - Development, Building Control and LLPG Replacement.	250	150	(100)	A procurement is underway to replace the DC/BC system but it is not likely the entire budget will be spent as planned in 2023/24. The funding will however need to be carried over as it will still ultimately be needed.
Place, Arts & Economy - Projects	Andrew Cornfoot	101031 - Lillington Health Hub	2,771	2,740	(31)	Project Complete - No further costs.
Place, Arts & Economy - Projects	Chris Elliott	103007 - Barford Youth & Community Hub/Shop Grant	250	0	(250)	Community Project spend has now slipped to the 24/25 as there is a planning change that needs to be made and agreed first and this will not now be done this financial year.
Place, Arts & Economy - Projects	David Barber	101025 - Future High Street-Town Hall	1,027	172	(855)	Project continuing. Request remaining fund be slipped in next Financial Year (2024/25)
Place, Arts & Economy - Projects	David Barber	101027 - Future High Street- Former Stoneleigh Arms	1,985	1,362	(623)	Starting on site now. Request to slip remainder to 2024/25
Place, Arts & Economy - Projects	David Barber	101028 - Future High Street-Sorting office	5,140	52	(5,088)	Delays in project due to Royal Mail group. Request to Slip remainder to 2024/25.
Place, Arts & Economy - Projects	Paul Roberts	104041 - Assembly Rooms(Pump Rooms) Replacement Chairs	0	35	35	Assembly Rooms at Pump Rooms Replacement Chairs. This is new and funded from ERR.
Safer Communities, Leisure & Environment	David Anderson	104032 - Refugee Sculpture	24	9	(15)	Budget Setting 24/25 requests £15k slippage from 23/24 to 24/25
Safer Communities, Leisure & Environment	David Anderson	104036 - Eagle Recreation Ground Improvement Works	32	10	(22)	Budget Setting 24/25 requests £22k slippage from 23/24 to 24/25
Safer Communities, Leisure & Environment - Projects	Chris Elliott	100005 - Castle Farm Sports Pitch drainage	73	0	(73)	Project Manager requests budget is slipped into next Financial Year (2024/24)
Safer Communities, Leisure & Environment - Projects	David Anderson	100027 - Pottertons Landscaping Works	5	1	(4)	Budget Setting 24/25 requests £4.5k slippage from 23/24 to 24/25
Safer Communities, Leisure & Environment - Projects	David Anderson	101015 - Play Area Disabled Improvements	100	0	(100)	Budget Setting 24/25 requests £100k slippage from 23/24 to 24/25
Safer Communities, Leisure & Environment - Projects	David Anderson	104033 - Glendale Avenue Play Area	55	0	(55)	Budget Setting 24/25 requests £55k slippage from 23/24 to 24/25
Safer Communities, Leisure & Environment - Projects	David Anderson	104037 - Hatton Park Play Area	46	0	(46)	Budget Setting 24/25 requests £46k slippage from 23/24 to 24/25
Safer Communities, Leisure & Environment - Projects	Padraig Herlihy	100018 - Castle Farm LC New Building	7,000	8,744	1,744	Correction to Q2 forecast to include retention amount due.
Safer Communities, Leisure & Environment - Projects	Padraig Herlihy	100028 - Central Ajax Football Club	7	8	1	From s106. Resources brought forward from 24/25
Safer Communities, Leisure & Environment - Projects	Padraig Herlihy	100044 - Severn Acre Close Play Area	79	73	(6)	Budget Setting 24/25 requests £6k slippage from 23/24 to 24/25
Safer Communities, Leisure & Environment - Projects	Padraig Herlihy	101001 - Community Stadium Project	56	0	(56)	Project Manager requests budget is slipped into next Financial Year (2024/24)
Safer Communities, Leisure & Environment - Projects	Padraig Herlihy	101023 - Athletics Facility Relocation	50	0	(50)	Project Manager requests budget is slipped into next Financial Year (2024/24)
Safer Communities, Leisure & Environment - Projects	Padraig Herlihy	101024 - Myton footpath/cycleway	47	0	(47)	Project Manager requests budget is slipped into next Financial Year (2024/24)
Safer Communities, Leisure & Environment - Projects	Padraig Herlihy	104027 - Castle Farm Leisure Centre Demolition	4	11	7	
Safer Communities, Leisure & Environment - Projects	Padraig Herlihy	104028 - Abbey Fields Leisure Centre Demolition	400	700	300	Abbey Fields Leisure Centre Demolition PJ 104028- budget should be £700k as confirmed with Ian Rourke. Taken from main budget line
Safer Communities, Leisure & Environment - Projects	Padraig Herlihy	104030 - Newbold Comyn Pavilion Refurbishment	30	6	(24)	
Safer Communities, Leisure & Environment - Projects	Paul Garrison	100001 - Commonwealth Games - General	50	0	(50)	Project Manager requests budget is slipped into next Financial Year (2024/24)
Safer Communities, Leisure & Environment - Projects	Paul Roberts	104019 - Spa Centre Lights and Radio Microphones	80	5	(75)	Budget Setting 24/25 requests £75k slippage from 23/24 to 24/25
Safer Communities, Leisure & Environment - Projects	Paul Roberts	104031 - Pump Rooms Roof Repair and Restoration	1,644	257	(1,387)	Project continuing. Request remaining fund be slipped in next Financial Year (2024/25)
Strategic Leadership - Projects	David Barber	100043 - Hydrogen Hub	30	0	(30)	Hydrogen project not to be completed, another project will be substituted. Slip to 24/25
			21,808	**14,645**	**(7,163)**	

Department	Manager Name	Project& Description	Revised Budget 2023/24 £000	Full Year Forecast 2023/23 £000	Variance 2023/2024 £000	Comments
Housing Services - HRA - Projects	Alice Ellis	300038 - LAD 3 BEIS - Ssutainable Warmth Grant on Gas Delivery	4,052	1,750	(2,302)	Schemes are all now closed Actual spend to date forecast
Housing Services - HRA - Projects	Andy Moran	300016 - Fire Prevention Works	5,544	4,544	(1,000)	Underspend funding project 300049 below
Housing Services - HRA - Projects	Andy Moran	300049 - HI RISE CLADDING REPLACEMENT	0	1,000	1,000	Funded from underspend in project 300016 above
Housing Services - HRA - Projects	Andy Paul	300005 - Roof Covering	969	1,240	271	Funding for projects 300005, 300041 and 3000042 combined for Roofing and Solar Panals.
Housing Services - HRA - Projects	Andy Paul	300041-Solar Panels - Roof Covering Works	500	270	(230)	Funding for projects 300005, 300041 and 3000042 combined for Roofing and Solar Panals.
Housing Services - HRA - Projects	Andy Paul	300042 - Solar Panels - Roof Covering Works-Capital Salaries Split	24	0	(24)	Funding for projects 300005, 300041 and 3000042 combined for Roofing and Solar Panals.
Housing Services - HRA - Projects	Anna Monkton	300019 - Repurchase of Ex-Council Housing	740	710	(30)	Remaining buudget to be moved into next finacial year
Housing Services - HRA - Projects	Caroline Russell	300050 - Christine Ledger Square - Buy Back	0	4	4	
Housing Services - HRA - Projects	Jon Battell	300020 - Cloister Way House Purchases	3	2	(1)	No more expenditure on this scheme
Housing Services - HRA - Projects	Jon Battell	300023 - Warwick Street Purchase	225	232	7	
Housing Services - HRA - Projects	Jon Battell	300029 - Oakley Grove purchases	504	524	20	Final Retention payment outstanding
Housing Services - HRA - Projects	Jon Battell	300030 - Triangle Europa way	113	120	7	Final Retention payment outstanding
Housing Services - HRA - Projects	Jon Battell	300035 - Turpin Court	1,554	0	(1,554)	Planning ran out, buildders pricing it up, need to do planning permission - Request Carry forward to 2024/25
Housing Services - HRA - Projects	Katharine Ray	300045 - BEIS Wave 2 Grant Funded Works	1,094	0	(1,094)	Project Manager requests budget is slipped into next Financial Year (2024/24)
Housing Services - HRA - Projects	Katharine Ray	300046 - BEIS Wave 2 Match Funded Works	3,117	0	(3,117)	Grant not successful, budget can not to be used.
Housing Services - HRA - Projects	Katharine Ray	300047 - BEIS Wave 2 Match Funded Ancillary Works	249	0	(249)	Grant not successful, budget can not to be used.
Housing Services - HRA - Projects	Lisa Barker	300043 - Environmental Improvement works - The Crest	600	0	(600)	No spend in Q4, carry forward to 2024/25 will be major job
Housing Services - HRA - Projects	Lisa Barker	300044 - Environmental Improvement works - The Crest Water Main Repairs	200	0	(200)	Carry forward to 2024/25. Waterburst, temp repair needs to be replaced will be major job
Housing Services - HRA - Projects	Lisa Barker	300054 - Thickthorn, Kenilworth (Persimmon Homes)	0	1,052	1,052	
Housing Services - HRA - Projects	Matthew Hammond	300004 - HRA Aids & Adaptations	1,233	831	(402)	
Housing Services - HRA - Projects	Matthew Hammond	300009 - Kitchen Fittings / Sanitaryware Replacem	147	577	430	Stock condition info was slow, work has now started , new contract hopefully will catch this quarter. £350k for void Kitchen and Bathrooms
Housing Services - HRA - Projects	Matthew Hammond	300017 - Thermal Insulation	233	183	(50)	
Housing Services - HRA - Projects	Sally Kelsall	300048 - LAHF Afghan/Ukrainian Project	3,724	6,283	2,559	21 Proprties Purchased income from DLUHC to cover additional spend
Housing Services - HRA - Projects	Sally Kelsall	300052 - Local Authority Housing Scheme Round 2	0	296	296	
Housing Services - HRA - Projects	Simon Hodges	300001 - HIP - CCMS	198	521	323	
Housing Services - HRA - Projects	Simon Hodges	300006 - Defective Flooring	62	18	(44)	Nothing planned on flooring, recative work might come up.
Housing Services - HRA - Projects	Simon Hodges	300007 - Door Entry Systems+Security	157	82	(75)	Will not be using all budget in Q4
Housing Services - HRA - Projects	Steve Partner	300053 - Trowers and Hamlins for The Asps housing project	0	255	255	
Housing Services - HRA - Projects	James Baker	300056 - Lifeline Equipment (Heart DFG)	0	97	97	All of the capital budget is spent, should be invoiced before end of Jan.
			25,242	**20,591**	**(4,651)**	

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES							APPENDIX 2
Reserve	**Use of Reserve 2023/24 to 2027/28**	**Balance 1/4/2023 £000**	**Estimated Balance 1/4/2024 £000**	**Estimated Balance 1/4/2025 £000**	**Estimated Balance 1/4/2026 £000**	**Estimated Balance 1/4/2027 £000**	**Estimated Balance 1/4/2028 £000**
Art Gallery Gift Reserve	Balance on this reserve includes monies transferred from Art Fund Reserve. Currently there is no expenditure to be met from this reserve. External donations of approximately £1k per annum will be credited to this reserve.	135	136	137	138	139	140
Building Control Reserve	The surpluses from this 'trading account' are used to support the service costs.	427	427	427	427	427	427
Business Rate Retention Volatility Reserve	Reserve set up to 'smooth' receipt of business rate income. Expected to be a Government Business Rate re-set in 2025/26.	11,485	6,913	2,000	2,000	2,000	2,000
Capital Investment Reserve	£1m is the minimum balance recommended for this reserve.	1,456	1,456	1,283	1,183	1,083	983
Car Park Displacement Reserve	*Previous applied to the Commonwealth Games Leamington Spa Station project*.	253	253	253	253	253	253
Car Parking Repairs and Maintenance Reserve	Reserve created in order to provide resources for future years repairs and maintenance programmes.	122	122	122	122	122	122
Cemetery Land Purchase Reserve	Reserve established to provide finance for the purchase of land for cemetery extensions. Currently no such purchases are included in the General Fund Capital Programme. Future contributions to the reserve will be provided for by a surcharge imposed on out of area burial fees.	28	28	28	28	28	28
Commonwealth Games (Bowls) Reserve	*This reserve is currently funding the Project Manager salary costs and various ancillary costs.*	129	129	129	129	129	129
Community Projects Reserve	Reserve created from New Homes Bonus to provide finance for various District-wide community projects. Topped up in 2023/24 with £500k from New Homes Bonus / Funding Guarantee.	616	809	534	509	484	379
Corporate Assets Reserve	Reserve created to provide finance for refurbishing facilities following stock condition surveys. It includes annual General Fund contributions of £500k, which are necessary to fund planned asset maintenance. Drawdown from reserve is subject to future Executive reports.	1,320	3,506	2,531	2,235	1,943	995
Covent Garden Multi Storey Reserve	Balance being repurposed towards the 'Future High Street Fund'.	900	900	-	-	-	-
Election Expenses Reserve	£35k per annum will be credited to the reserve to help defray the costs of General Elections and £105k subsequently released toward funding the General Elections, based on a 4-year cycle.	110	5	40	75	5	40
Enterprise Projects Reserve	Reserve being reduced to cover legal commitments only.	193	193	55	55	55	55
Equipment Renewal Reserve	Projects will be approved by SMT, Chief Executive and relevant Portfolio Holders prior to going ahead. The reserve receives top ups of £100k per annum and is being used to support a number of projects detailed in Appendix 7	529	166	-157	-67	23	113
Harbury Lane Reserve	This reserve will provide funding towards the proposed travellers site in Harbury Lane	84	84	84	84	84	84
Homelessness Prevention Reserve	From Government grants received in 18/19 and 19/20 towards Homelessness Prevention within the homeless strategy	1,336	1,336	1,336	1,336	1,336	1,336
ICT Replacement Reserve	This reserve is to provide for planned ICT replacements and revenue costs. The reserve will be topped up annually with £250k., plus £1m from General Fund balances in 2023/24, but is projected to become negative at the end of 2024/25 due to meeting the capital programme funding	829	990	262	96	80	448
Insurance Reserve	This reserve will be used to cover self insurance against claims and to provide finance for security improvements to mitigate future claims.	274	274	274	274	274	274
Investment Volatility Reserve	Set up to smooth possible future fluctuations on equity funds and other treasury investments.	100	100	100	100	100	100
Leisure Options Reserve	Balance from Phase 1 of leisure improvements to finance Kenilworth Phase 2	764	267	267	267	66	66
Local Plan Delivery Reserve	The reserve is funding the Tachbrook Country Park capital budget	44	44	44	44	44	44
Other Commuted Sums Reserve	Contributions of around £150k will be made to the General Fund each year to fund maintenance of adopted land. In addition, the reserve will fund part of the cost of the Green Spaces Team Leader. New developer contributions are added to the Reserve and phased over 14 to 20 years planned grounds maintenance costs	1,593	1,485	1,331	1,177	1,026	875
Planning Appeal Reserve	This is funding consultancy for Local Plan, Kenilworth development brief and site development officer salary etc. costs	390	390	382	382	382	382
Planning Investment Reserve	This reserve will receive income from the uplift in planning fees, subject to meeting core service funding. Various posts e.g. temporary Senior EHO, Development Monitoring Officer, CIL Officer etc. are funded from this reserve	11	174	55	219	383	547

GENERAL FUND AND HOUSING REVENUE ACCOUNT RESERVES AND BALANCES							APPENDIX 2
Reserve	**Use of Reserve 2023/24 to 2027/28**	**Balance 1/4/2023 £000**	**Estimated Balance 1/4/2024 £000**	**Estimated Balance 1/4/2025 £000**	**Estimated Balance 1/4/2026 £000**	**Estimated Balance 1/4/2027 £000**	**Estimated Balance 1/4/2028 £000**
Public Amenity Reserve	This reserve will provide the finance for the play equipment capital programme. The future funding of the play area capital programme is subject to approval of Community Infrastructure Levy (CIL) funding	451	432	-	-	-	-
Public Open Spaces Planning Gain Reserve	Reserve receives a reduced amount of S106 planning development contributions for one-off improvement of Public Open Spaces. It contributes towards capital play area improvements.	89	71	35	37	38	39
Services Transformation Reserve	This reserve include contributions to a number of capital and revenue projects as part of the 'Transforming Our Workplace' programme, and funding various temporary posts. The reserve is receiving the allocations previously made to the Service Alignment Reserve in 2023/24 and 2024/25, and is used to smooth funding between financial years	1,229	982	824	1,050	1,450	1,850
Tourism Reserve	Established to help fund tourism initiatives within the District	27	27	27	27	27	27
Digital By Default Reserve	Used for digitisation projects	23	23	17	12	6	-
Climate Change Reserve	Tackling the climate emergency declaration	393	883	709	709	709	709
Community Emergency Response Fund Reserve	Set up to fund Covid-19 community support	2	2	2	2	2	2
Newbold Benches Donation Reserve	Donation from a member of the public for benches and tree planting	6	6	6	6	6	6
Ukrainian Resettlement Inspections Reserve	Paid to the Council to fund the inspection of properties for the Ukrainian resettlement scheme	25	25	25	25	25	25
Working for Warwick Reserve	To carry forward the employee benefits from this package to future years	-	223	198	198	198	198
Energy Generation Projects Reserve	To investigate energy generation opportunities	-	-	500	500	500	500
Change Programme Delivery Reserve	Set up to provide funding for activities to deliver efficiency savings across the Council	-	-	500	500	500	500
GF Volatility Reserve	To fund General Fund budget deficits from reserve balances	-	-	1,419	1,419	1,419	1,419
GENERAL FUND RESERVE TOTAL		**25,373**	**22,861**	**15,779**	**15,551**	**15,346**	**15,095**
	Change in GF reserves (+ increase / - decrease)		**-2,512**	**-7,082**	**-228**	**-205**	**-251**
BALANCES							
General Fund	A core balance of at least £1.5m after liabilities will be maintained as a contingency reserve.	2,631	1,500	1,500	1,500	1,500	1,500
Housing Revenue Account (HRA):							
Housing Capital Investment Reserve	Under self financing, this reserve provides the finance for investment in new housing stock	27,871	18,032	11,751	7,939	5,275	2,694
Major Repairs Reserve	Under Self Financing this reserve provides the major element of funding for capital maintenance works to the Council's housing stock.	6,956	4,491	4,176	4,079	3,975	3,975
Housing Revenue Account balance	To provide a contingency reserve to protect the Housing Revenue Account against adverse in year revenue or capital cash flows arising from unexpected major repairs etc.	1,500	1,500	1,500	1,500	1,500	1,500
Housing Early Retirements Reserve	Contributions of £20k in each year will be made.	21	41	61	81	101	121
HRA Rough Sleeping Initiative Reserve	To support provision of temporary accommodation and services	262	262	262	262	262	262
Lifeline Funding for Assistive Technology Reserve	North Warwickshire Borough Council paid WDC as part of the transfer of their Lifeline customers over to WDC's Lifeline service. This reserve is ringfenced to be used to upgrade the Lifeline connections as the customers migrated over the next 2 years.	127	21	21	21	21	21
HRA TOTAL		**36,737**	**24,347**	**17,771**	**13,882**	**11,134**	**8,573**

Agenda Item No 14
Cabinet
6 March 2024

Title: Annual Governance Statement 2022/23
Lead Officer: Richard Barr
Portfolio Holders: Councillors Davison and Chilvers
Wards of the District directly affected: Not applicable

Approvals required	Date	Name
Portfolio Holder	12/09/23	Councillor Chilvers
Finance	12/09/23	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	12/09/23	Chris Elliott
Director of Climate Change	Not applicable	
Head of Service(s)	12/09/23	Andrew Rollins
Section 151 Officer	12/09/23	Andrew Rollins
Monitoring Officer	12/09/23	Graham Leach
Senior Leadership Team	12/09/23	Various

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

Summary

This report sets out the Council's Annual Governance Statement for 2022/23 describing the governance arrangements that were in place during the financial year. The Statement will accompany the Council's Statement of Accounts.

Recommendations

1 That Cabinet should approve the Warwick District Council Annual Governance Statement 2022/23 as set out at Appendix A.

1 Reason for the Recommendations

1.1 Members have responsibility for corporate governance, of which the Annual Governance Statement is a key document.

2 Background/Information

2.1 The production of an Annual Governance Statement is a statutory requirement for local authorities.

2.2 Regulation 6 of The Accounts and Audit (England) Regulations 2015 states:

> Review of internal control system
>
> 6.—(1) A relevant authority must, each financial year—
>
> (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
>
> (b) prepare an annual governance statement.
>
> (2) If the relevant authority referred to in paragraph (1) is a Category 1 authority, following the review, it must—
>
> (a) consider the findings of the review required by paragraph (1)(a)—
>
> (i) by a committee; or
>
> (ii) by members of the authority meeting as a whole; and
>
> (b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of—
>
> (i) a committee; or
>
> (ii) members of the authority meeting as a whole.
>
> (3) If the relevant authority referred to in paragraph (1) is a Category 2 authority, following the review it must—
>
> (a) consider the findings of the review by members of the authority meeting as a whole; and
>
> (b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of members of the authority meeting as a whole.
>
> (4) The annual governance statement, referred to in paragraph (1)(b) must be—
>
> (a) approved in advance of the relevant authority approving the statement of accounts in accordance with regulations 9(2)(b) or 12(2)(b) (as the case may be); and

(b) prepared in accordance with proper practices in relation to accounts(a).

2.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) emphasise that corporate governance is everyone's business and define it as:

"How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities." CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

2.4 **Process for Completion of the Annual Governance Statement**

2.4.1 CIPFA/SOLACE has issued a framework and guidance on delivering good governance in local government. The framework is built on the seven core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. The principles in relation to local government as set out in the framework are:

A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law
B. Ensuring openness and comprehensive stakeholder engagement
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
D. Determining the interventions necessary to optimise the achievement of the intended outcomes
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
F. Managing risks and performance through robust internal control and strong public financial management
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Both the Annual Governance Statement and the Council's Code of Corporate Governance reflect these seven themes.

2.4.2 The CIPFA Financial Advisory Network has published an advisory document entitled "The Annual Governance Statement: Rough Guide for Practitioners". Its advice is that the Annual Governance Statement is a key corporate document and the most senior member and the most senior officer (Leader and Chief Executive respectively) have joint responsibility as signatories for its accuracy and completeness. It advises that it should be owned by all senior members and officers of the authority and that it is essential that there is buy-in at the top level of the organisation. It advises that the work associated with its production should not be delegated to a single officer.

2.4.3 The Leader and Chief Executive of the Council as signatories to the Annual Governance Statement need to ensure that it reflects accurately the governance framework for which they are responsible. In order to achieve this they will rely on many sources of assurance, such as that from:

- Deputy Chief Executive and Heads of Services
- the Responsible Financial Officer
- the Monitoring Officer
- Members
- the Audit and Risk Manager
- performance and risk management systems
- third parties, e.g. partnerships
- External Audit and other review agencies.

2.4.4 'The Annual Governance Statement – Rough Guide for Practitioners' by CIPFA sets out the following stages in producing the Annual Governance Statement:

Objective 1, ESTABLISHING PRINCIPAL STATUTORY OBLIGATIONS AND ORGANISATIONAL OBJECTIVES
Step 1: Mechanisms established to identify principal statutory obligations.
Step 2: Mechanisms in place to establish organisational objectives.
Step 3: Effective Corporate Governance arrangements are embedded within the authority.
Step 4: Performance management arrangements are in place.

THEN apply the CIPFA/SOLACE Core Principles

Objective 2, IDENTIFY PRINCIPAL RISKS TO ACHIEVEMENT OF OBJECTIVES
Step 1: The authority has robust systems and processes in place for the identification and management of strategic and operational risk.

Objective 3, IDENTIFY AND EVALUATE KEY CONTROLS TO MANAGE PRINCIPAL RISKS
Step 1 - The authority has robust systems of internal control which includes systems and procedures to mitigate principal risks.

Objective 4, OBTAIN ASSURANCES ON THE EFFECTIVENESS OF KEY CONTROLS
Step 1: Appropriate assurance statements are received from specified internal and external assurance providers.

Objective 5, EVALUATE ASSURANCES AND IDENTIFY GAPS IN CONTROL/ASSURANCES
Step 1: Make adequate arrangements to identify, review and evaluate reports from the defined internal and external assurance providers to identify areas of weakness in controls.

Objective 6, ACTION PLAN TO ADDRESS WEAKNESSES AND ENSURE CONTINUOUS IMPROVEMENT OF THE SYSTEM OF CORPORATE GOVERNANCE
Step 1: Robust mechanism to ensure that an appropriate action plan is agreed to address the identified control weaknesses and is implemented and monitored.

Objective 7, ANNUAL GOVERNANCE STATEMENT
Step 1: Governance statement is drafted in accordance with regulations and timescales.

Objective 8, REPORT TO CABINET / EXECUTIVE COMMITTEE
Step 1: Report in accordance with pro-forma.

2.4.5 The Council's Annual Governance Statement has been produced in accordance with these stages.

2.4.6 Evidence sources collated for drafting the AGS were as follows:

(a) Consultation with senior and other relevant officers.
(b) Assurances provided by Heads of Services through the completion of Service Assurance Statements.
(c) Consultation with a cross-party member review group comprising the Leader of the Council and Chairs of Committees.
(d) Work undertaken during the year by Internal Audit and other review and inspection agencies.
(e) Consultation with the Council's External Auditors.
(f) Review of progress against the previous year's AGS action plan, which was reported quarterly to the Audit and Standards Committee.

2.4.7 The process for drafting the AGS itself, and the systems of challenge and review, were as follows:

(a) The information described above was collated and an early draft Statement was circulated to relevant officers for comment and for suggestions on issues to be reflected in the AGS.
(b) The draft Statement was issued to the Council's Senior Leadership Team and debated at a meeting, with discussions on whether the Council was facing any significant governance issues for inclusion in section 5 of the Statement.
(c) A cross-party member review group considered and provided comment on the final draft AGS.
(d) A draft was issued to the Council's External Auditors for their views.
(e) Submission to the Audit and Standards Committee for its approval.

3 Alternative Options

3.1 The report is not based on 'project appraisal' so this section is not applicable.

4 Legal Implications

4.1 Production of an Annual Governance Statement is a statutory requirement for local authorities.

5 Financial Implications

5.1 Not applicable.

6 Business Strategy

6.1 Warwick District Council has adopted a Corporate Strategy that sets three strategic aims for the organisation – see below. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

- Delivering valued, sustainable services.
- Low cost, low carbon energy across the district.
- Creating vibrant, safe and healthy communities of the future.

6.2 The Annual Governance Statement contributes to the delivery of these strategic aims as part of an assurance framework. This ensures that the activities necessary to deliver these aims are reviewed and, where appropriate, improved.

7 Environmental/Climate Change Implications

7.1 An effective governance framework can assist the Council achieve its environmental and climate emergency objectives.

8 Analysis of the Effects on Equality

8.1 An effective governance framework can help the Council achieve its equality obligations.

9 Data Protection

9.1 An effective governance framework can help the Council achieve its data protection objectives.

10 Health and Wellbeing

10.1 An effective governance framework can help the Council achieve its health and wellbeing objectives.

11 Risk Assessment

11.1 Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

12 Consultation

12.1 No external consultation was required.

Background papers:

All Papers referred to in this report are published documents.

Supporting documents:

SLT minutes

Minutes of Audit and Standards Committee.

WARWICK DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT 2022/23

1 Introduction

1.1 The Accounts and Audit Regulations 2015 require the Council to prepare an annual governance statement.

1.2 Governance is about how an organisation is directed and controlled to achieve its objectives. It therefore comprises the systems, structures, and values that an organisation has in place to achieve those objectives. Good governance requires that objectives be achieved not only efficiently and effectively but also ethically and in compliance with laws and recognised standards of conduct.

1.3 Good governance comprises robust systems and sound structures together with effective leadership and high standards of behaviour.

1.4 In short, governance is "Doing the right things, in the right way."

2 The Purpose of the Annual Governance Statement

2.1 This Statement provides a summarised account of how Warwick District Council's processes and structures meet the principles of good governance set out in the Council's Constitution and how assurance is obtained that these are effective and appropriate. It is written to provide the reader with a clear and straightforward assessment of how the governance framework has operated over the past financial year (but also up to the time of approval of the financial statements) and to identify any weaknesses or gaps in our arrangements that need to be addressed.

2.2 The format and scope of this Statement follows that which is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA).

3 The Council's Governance Framework

3.1 Warwick District Council must operate in accordance with the law and appropriate standards and ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

3.2 Warwick District Council also has a duty under the Local Government Act 1999 to try to secure continuous improvement in the way in which its functions are exercised.

3.3 In discharging these responsibilities Warwick District Council is responsible for putting in place suitable governance arrangements, including provisions for the management of risk.

3.4 The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled as well as its activities through which it accounts to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

3.5 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore provide only reasonable, not absolute, assurance of effectiveness.

3.6 Warwick District Council has approved and adopted a Local Code of Corporate Governance that is consistent with the principles of the latest CIPFA/SOLACE[1] Framework for Delivering Good Governance in Local Government (2016).

3.7 The Council's current business strategy (known as Fit for the Future (FFF)) sets out the Council's objectives and priorities for the district and how these are to be achieved. The strategy is based around five themes and is used to identify and prioritise the work programme up to 2023. Officers will shortly commence work on a draft business strategy in readiness for discussions with the new administration to be elected in May 2023.

3.8 Delivery of the Council's business strategy is through the Service Area Plans in which the corporate objectives are translated into more specific aims and objectives. These are then fed down into individual performance development reviews through the Council's performance appraisal system. These include agreed expectations and, where appropriate, service standards against which service quality and improvement can be judged. Performance is monitored by individual services and made available to all Councillors and Senior Officers through SharePoint. Through the last year training and individual support for Councillors on using this data has been offered.

3.9 Warwick District Council's Constitution establishes the roles and responsibilities for members of the Cabinet, Audit and Standards (A&S) Committee, Overview & Scrutiny (O&S) Committee, together with officer functions.

3.10 The Council revised its Scrutiny arrangements in May 2022, with scrutiny being undertaken by just one committee – the Overview and Scrutiny committee – with the scrutiny function being removed from the Finance & Audit Committee evolving into an Audit & Standards Committee but with the predominance of work being audit-related. In addition, a Budget Review Group was established, with a focus on reviewing key financial reports, including the setting of the fees and charges and the setting of the annual budgets for the General Fund and HRA. This has continued to present challenges in establishing a firm understanding of the new roles and functions.

3.11 The Chair of Overview and Scrutiny Committee has also identified several other issues with the operation of the revised Overview & Scrutiny Committee, as follows:

- The breadth and volume of the Committee's workload.

[1] Chartered Institute of Public Finance & Accountancy / Society of Local Authority Chief Executives

- The presentation of Cabinet reports that mitigate effective scrutiny of them.
- The range of skills that are required by the Committee to enable effective scrutiny, particularly in respect of financial expertise.

With regard to the last item, there is a feeling that the issue is wider than this, being about member engagement in finance generally, and the intention is to make training in respect of this topic mandatory for all Councillors post-election.

3.12 Similarly, the Chair of Audit & Standards has expressed concerns, in particular regarding clarity around the roles of the two committees and the pattern of meetings.

3.13 The Constitution includes details of delegation arrangements, the Councillors' Code of Conduct, and protocols for councillor/officer relations. From May 2022 the Council has operated under the Local Government Association Model Code of Conduct for Councillors. The Constitution is kept under review to ensure that it continues to be fit for purpose and within the year there has been a number of minor revisions. The Council has adopted a Standards regime pursuant to the Localism Act 2011 and appointed the Audit & Standards Committee to be responsible for such matters. Conduct of officers is governed through the Employee Code of Conduct and through the values and behaviours which are part of the Council's individual performance appraisal system.

3.14 The Constitution contains procedures, rules and financial regulations that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and ensure expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by post-holders' membership (whether permanent or 'as required') of the Senior Leadership Team[2] (SLT).

3.15 In 2010 CIPFA published a statement on the Role of the Chief Financial Officer (CFO) in local government, setting out core principles and standards relating to the role of the CFO and how it fits into the organisation's governance arrangements.

3.16 A specific statement is required to be reported in the Annual Governance Statement on whether the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement.

3.17 The governance requirements in the CIPFA Statement are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the Leadership Team[3], with a status at least equivalent to other members of the team. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the

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[2] The Senior Leadership Team comprises heads of services together with the Chief Executive, Deputy Chief Executive and Programme Director for Climate Change.

[3] In the Council's case, this is the Senior Leadership Team.

Council’s Annual Governance Report, together with how these deliver the same impact.

3.18 The Council’s financial management arrangements conform to the CIPFA Statement other than in just one specific aspect:

- Head of Finance having responsibility for Asset Management (that is to say, the Head of Finance does not have responsibility for the Assets function).

3.19 With regard to asset management, responsibility for this comes under the post of Head of Neighbourhood and Assets. As with all heads of services, the Head of Neighbourhood and Assets is part of the Senior Leadership Team. The Council is firmly of the view that this is the best way to deliver this service.

3.20 The Cabinet provides the strategic direction for the Council, ensuring that the Council’s priorities are established and that corporate objectives are set and achieved. In order to strengthen cross-party leadership of the Council's business, the Leader of the Council invited all the Council’s Political Group Leaders to join the Cabinet on a non-Constitutional forum known as the Leadership Coordination Group (LCG). The role of the LCG is to try to ensure that there is a unified cross-party response to the challenges facing the Council. This forum is used to review all draft Cabinet reports and receive officer briefings on the most important Council matters. It has enabled the Council’s business to continue unabated despite no one party or coalition having a majority.

3.21 The primary counterbalances to the Cabinet are the Audit and Standards Committee and the Overview & Scrutiny Committee. The roles of these committees include the opportunity to provide a robust challenge to the Cabinet.

3.22 ‘Task and Finish’ Groups, comprising solely councillors, are appointed by the Overview and Scrutiny Committee to examine issues in detail. These Groups report back to the Committee with recommendations on improvements which are, when approved, taken forward.

3.23 The Audit and Standards Committee fulfils the core functions of a typical ‘audit committee’ in respect of External Audit, Internal Audit and Risk Management. The Committee seeks assurance from the relevant Cabinet Councillor (Portfolio Holder) and/or senior manager when it has concerns or queries in respect of matters relating to particular service areas.

3.24 The Council has a formal complaints procedure that allows the public or other stakeholders to make a complaint regarding the service received or the conduct of Councillors. The Audit and Standards Committee has responsibility for overseeing the investigation of complaints against Councillors. Mandatory training on Standards was provided to Members in May 2023. Overall, the Council continues to have a low volume of complaints but is committed to reviewing its complaints policy & procedures within the next 12 months to ensure they are robust.

3.25 The Council has policies to help safeguard the organisation and its staff when making decisions. An Anti-Fraud and Corruption Strategy and set of Policies and Procedures – comprising a Fraud Response Plan, Whistleblowing Policy and Procedure, Money Laundering Policy and Procedure, and Bribery Act 2010 Policy and Procedure - have been developed and communicated to all staff via the intranet and as part of the employee induction process. Councillors review the Anti-Fraud and Corruption Strategy and the Whistleblowing Policy annually.

3.26 The Council has embedded Risk Management throughout its arrangements with the Significant Business Risk Register (in effect, the Council's corporate and strategic risk register) being reviewed and updated each quarter, firstly by the Senior Leadership Team and then by Cabinet who assumes overall responsibility for it. It is also considered by the Audit and Standards Committee.

3.27 Council services are delivered by staff with the appropriate skills, training, and level of experience. Job Descriptions and Person Specifications are in place for all posts and, together with a rigorous recruitment and selection process, this helps to ensure that the best candidates are appointed into each position. A significant commitment has also been made towards retaining skilled staff by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost. Training needs are identified through the performance appraisal system.

3.28 The individual performance appraisal system has been operated in the Council for many years, having been subject to regular review and refinement. Staff are measured against operational objectives that derive from the Business Strategy. The performance appraisal system also identifies learning and developmental needs to ensure that appropriate training is provided to staff to enable them to undertake their role effectively and have the opportunity to develop.

3.29 Programme Advisory Boards (PABs) have further developed in the year with one for each Portfolio Area. The PABs act in an advisory/guidance capacity in developing the projects/policies of Warwick District Council and, in doing so, enable backbench members to have greater involvement in shaping the executive decisions of the Council, particularly on services, key projects and programmes (but not day-to day-operations). This also helps to utilise the skills, knowledge, and talent of Councillors in a more effective way. There were further refinements to their operation for the current municipal year and it is recognised there is still inconsistent delivery of them. The intention is for them to continue after the election in May but there needs to a clear understanding of their role and accountability for them. It is intended that the Democratic Services Manager will, after the election, meet with the Leader of the Council and fellow Group Leaders to discuss concerns regarding the operation of the PABs and that, prior to any appointment to the PAB, a briefing session will be provided for relevant Councillors on the role of the PABs. In addition, the Democratic Services Manager plans to attend the first meeting of each PAB to provide training and guidance on the role of Members working on

PABs. Finally, the Democratic Services Manager intends to monitor the PAB meetings and discuss with Group Leaders on a quarterly basis.

3.30 The Council has also established a joint advisory group of Councillors and a Joint Cabinet Committee with Stratford-on-Avon District Council in respect of the South Warwickshire Local Plan. These have continued despite the decision by Members from both Councils not to proceed with a proposed merger.

3.31 The Council strives to be open and accessible to the community. All communication is delivered across a combination of platforms, including website, social media, press releases, and printed leaflets and posters, to ensure it is accessible to all residents. In addition, consultations and surveys are carried out to encourage engagement and seek the views of residents when developing new policies and initiatives.

3.32 All Council committee meetings are open to the public, except where confidential matters are concerned and broadcast via YouTube. Agendas and minutes for Council meetings are placed on the website along with the Council's policies and strategies. Councillors are encouraged to submit questions in advance of committee meetings, to maximise the time available in formal meetings and enable greater focus on specific areas of concern. The responses to these pre meeting questions are made available to the public on the website.

3.33 There are terms of reference and constitutions set up for key partnerships that ensure that partners act lawfully throughout the decision-making process. Key partnerships include the Coventry and Warwickshire Local Enterprise Partnership and Community Safety Partnership. Warwick District Council also works closely with a number of other councils and agencies and operates shared services for Building Control, Business Rates, Corporate Fraud and Legal Services.

3.34 The Council complies with the 2015 Local Government Transparency Code by publishing specific information on the Council’s website in prescribed format. The Council strives to publish information on the website that is accessible and understandable for the public and continues to seek to make improvements in this. An example of this is achievement of the required Website Content Accessibility Guidelines (WCAG 2.1). The Council’s website accessibility is independently audited every two years and in monthly automated tests carried out by Silktide (who rate all Local Authority websites according to their compliance with WCAG 2.1) WDC has consistently achieved the highest ranking of any Warwickshire local authority over the past 12 months.

3.35 As a key element of the governance framework, Internal Audit reviews are undertaken regularly on a range of activities including one undertaken annually on an alternating aspect of governance.

3.36 The Governance framework for Milverton Homes is set out in the Articles of Association and the Shareholders Agreement. The latter sets out the parameters for decision making and requires the company to prepare and submit for approval an annual Business Plan, audited accounts, quarterly performance reports, cash flow statements and cash flow forecasts for the company. Work is still ongoing to ensure that these crucial governance arrangements are in operation. Reserved Matters as detailed in Schedule 2 of the Agreement, may not be carried out without the prior written consent of WDC as Shareholder. The company is only able to carry out business in accordance with its Business Plan which must be approved annually by the Cabinet.

3.37 The Council has appointed two Council Directors in accordance with the Articles of Association. It retains the right to appoint any person to be a Council Director and may remove from office any Council Director. The Council appointed the Chair who has a casting vote if the number of votes for and against a proposal at a meeting of Directors are equal. The Directors must ensure that the Company keeps a record, in writing, for at least ten years from the date of the decision recorded of every unanimous or majority decision taken by the Directors. The Council, as sole shareholder, may by special resolution direct the directors to take, or refrain from taking, specified actions.

3.38 A re-emerging issue for the new Council will be its role in the region and particularly its non-membership of the West Midlands Combined Authority (WMCA). At present it only has Observer status whereas all the other authorities in the region are either constituent or non-constituent members. In the context of the Trailblazer Deal the WMCA has just signed with Central Government, the Council may need to revisit what role it would like to play on this body and explore how it is possible to fulfil any aspiration it has.

4 Review of Effectiveness

4.1 Warwick District Council is required legally to conduct an annual review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit & Risk Manager's annual report, annual service assurance statements completed by heads of services and by the findings and reports issued by the external auditors and other review agencies and inspectorates.

4.2 More information on the arrangements that provide this assurance is set out below.

4.3 The Council's Monitoring Officer (also Deputy Chief Executive) has responsibility for overseeing the implementation and operation of the Council's Code of Corporate Governance, maintaining and updating the Code in the light of latest guidance on best practice, contemplating any changes that may be necessary to maintain it and ensure its effectiveness. All reports to Cabinet, Committees and Council are seen by the Monitoring Officer to ensure compliance with legal requirements.

4.4 The Council's Section 151 Officer has responsibility for the proper administration of the Council's finances. This includes responsibility for maintaining and reviewing the Code of Financial Practice and Code of Procurement Practice to ensure they remain fit for purpose and submitting any additions or changes necessary to Council for approval. The Section 151 Officer is also responsible for reporting any significant breaches of the Codes to the Cabinet and/or the Council. All reports to Cabinet, Committees and Council are seen by appropriate staff within the Finance Department to ensure compliance with financial requirements.

4.5 The CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations requires the head of internal audit to give an opinion annually to the Authority on its risk management, governance, and control environment and that this should be used as a primary source of evidence for the annual governance statement. In regard to this, the Audit and Risk Manager’s Annual Report and Opinion for 2022/23 has concluded that, in overall terms, the Council has an effective internal control and governance environment. This statement is based, however, on those audits that were able to be completed - the inability to complete three planned ICT audits inevitably qualifies this assurance.

4.6 In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included assurances, set out on “service assurance statements”, from heads of services on the effectiveness of the internal control environment. The Statements did not reveal any issues of significant concern.

4.7 The work of the Council’s Internal Audit function is governed by the UK Public Sector Internal Audit Standards (PSIAS). The PSIAS are mandatory for all internal auditors working in the UK public sector. The Standards require an external and independent assessment at least every five years of the performance of public sector internal audit units and their conformance with the PSIAS.

4.8 Under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, Grant Thornton was appointed as the Council’s External Auditor with responsibility for reviewing the Council’s Statements of Accounts for five years from 2018/19 to 2022/23. The auditors are still continuing their work on reviewing the 2021/22 Statement of Accounts and are expected to issue a formal opinion on the Council’s arrangements, including those relating to securing value for money, before commencement of the 2022/23 audit, which is due to take place in December 2023. It is expected that they will conclude that the Council had made proper arrangements in all significant respects to secure economy, efficiency, and effectiveness in its use of resources.

4.9 In December 2022, under the same set of Regulations, Azets Audit Services Limited were appointed as the Council’s External Auditor for the next set of five years - 2023/24 to 2027/28.

4.10 In December 2020, the Council’s Executive approved the formation of a Local Housing Company. The Company – Milverton Homes Ltd. – is a separate legal entity, wholly-owned by the Council, set up to support the Council’s housing development plans and objectives and provide the Council with housing-related commercial opportunities. The Company is ‘Teckal-exempt’ which means that, because it is wholly-owned by the Council and at least 80% of the work is for the Council, the Council can pass work to the Company without exposing it to competitive tender and the Company will be exempt from corporation tax.

4.11 The Teckal exemption is, however, subject to certain critical tests – the control test and the functional test. The control test means that the Council must control all the shares in the Company and exercise effective day-to-day control over its affairs; thus the relationship between the authority and the company is the same as the relationship between the authority and its internal services departments. The functional test ensures that the essential activities undertaken by the company are controlled by the Council.

4.12 Fortus, the External Auditor of Milverton Homes, is responsible for reviewing the accounts and financial systems of the company. The External Auditor supports the presentation of accounts to the shareholders at the Annual General Meeting (AGM), thus providing assurance to Shareholders. During the year, the Deputy Chief Executive and Monitoring Officer undertook the role of Shareholder Representative in liaison between the company and the Council.

4.13 A review of the governance arrangements in respect of Milverton Homes was undertaken by the Audit and Risk Manager and a report will be submitted to Cabinet in August 2023 that comprehensively addresses the review's findings.

4.14 Cabinet agreed to establish a change management programme to ensure that a co-ordinated approach to service development is in place. A programme has now been established, being launched with a managers workshop on 22 February 2024.

5 Update on Joint Working and Merger with Stratford-on-Avon District Council

5.1 During 2020/21 the international accountancy and consultancy firm, Deloitte, was commissioned to undertake a review of the financial and non-financial benefits of integration between Warwick District Council and Stratford-on-Avon District Council, up to and including the possibility of a full merger between the organisations.

5.2 The principal recommendation from Deloitte was that to achieve the maximum potential financial and non-financial benefits for the residents of South Warwickshire a full merger of the two councils should be considered. (The report can be viewed by clicking on the following link: Deloitte Report.)

5.3 In December 2021 both Councils committed to seeking a full merger to create a new single statutory council for South Warwickshire by April 2024.

5.4 By the end of the 2021/22 financial year, the following progress towards a merger of the two councils had been made:

- A public consultation exercise on the proposals had been undertaken.
- Approval for the merger had been sought from the Secretary of State.
- Operational integration between the two authorities was well advanced with all heads of services being joint appointments and some services being either jointly provided or provided from one authority to both.

- In relation to joint contracts and arrangements, the Waste Management Contract had been procured jointly.
- A detailed paper on preparing a Local Plan for South Warwickshire had been agreed.
- Several key policies had been aligned, including:
  - Joint Organisational Change Policy Statement
  - Joint Redeployment Policy and Procedure
  - Joint Redundancy Policy and Procedure.

5.5 However, following a meeting between Council Leaders and Chief Executives on 14 April 2022, the Leader of Stratford-on-Avon District Council wrote to the Secretary of State to request a delay pending further due diligence to be completed on Milverton Homes, a company set up and wholly-owned by Warwick District Council. Conversely, the Leader of Warwick District Council considered that ongoing due diligence should not prevent the service integration progressing as planned and felt that delaying the merger would create further uncertainty for residents seeking assurances about local services as well as greater uncertainty for staff, especially those facing redundancy, The Leader of Warwick District Council felt that further delay would result in trust being undermined, making it untenable for the two authorities to further integrate services or merge.

5.6 Consequently, the Leaders of both authorities concluded that the proposed merger could not go ahead as planned. It was felt that there was a significant difference between the approaches and ambitions of the two councils that were irreconcilable and that a joint request should now be made to the Government to cancel the merger process.

5.7 Some of the joint working arrangements already put in place are planned to continue, such as legal services and business rates collection. Others, however, including the Joint Management Team and the service integration programme, have ended.

5.8 Throughout the timeline of the merger, a communications and engagement plan ensured regular updates and engagement with staff from both councils. The plan included Joint staff briefings from both Chief Executives, Service Managers updates, team talks and regular liaison with Staff Voice and Unison reps from both councils. A new intranet page was developed to hold updates from committee meetings and minutes from Senior Management meetings. Staff from both councils could submit questions to that page and subsequently view all the answers.

5.9 Communication aimed to share the benefits of the proposed merger, as well as the impact of it not proceeding. Feedback to the joint site indicated a mixed response, from understanding the rationale, to concern about the impact on the Warwick DC identity.

5.10 It was recognised that the process impacted upon staff adversely. Clearly this can have implications for governance and therefore, immediately following the decision to cancel the merger, the process began to rebuild the relations with staff. This started as Chief Executive-led meetings with service managers, their teams and comprehensive communication activities. An Applause package Part 1 was developed and agreed by Councillors which has done much to restore staff morale and as part of the budget proposals the Council has made provision for a Recruitment, Retention and Remuneration Package which has been well-received by members of staff. In addition, the Council has agreed additional recruitment, retention and remuneration measures including an additional increment payment for all WDC employees for 2023/24 and for 2024/25.

5.11 The achievement of the 'Thrive' well-being award demonstrates the organisation's commitment to supporting staff in all aspects of health.

5.12 The Chief Executive has held a number of staff briefings to continue to update members of staff which will continue alongside other communication steps such as a weekly 5 things you need to know and a weekly letter from the Chief Executive and Leader of the Council.

5.13 The Council has now decided to vacate Riverside House and relocate its headquarters to a Warwickshire County Council office based in Warwick. This will be a landlord/tenant relationship with a break clause after three years enabling the Council to move elsewhere should it wish. A face-to-face service will remain in Leamington operating out of the Pump Rooms. Furthermore, the Council has agreed to sell Riverside House. It is anticipated that the conveyance will be completed by the end of April 2024. At the time of drafting this Statement, the proposed purchaser's details are private and confidential.

6 Significant Governance Issues

6.1 The following governance issues have been identified:

6.1.1 The breadth and volume of the Overview and Scrutiny Committee's workload.

6.1.2 The presentation of Cabinet reports that mitigate effective scrutiny of them.

6.1.3 The range of skills that are required by the Overview and Scrutiny Committee to enable effective scrutiny, particularly in respect of financial expertise.

6.1.4 The lack of clarity over the role and operation of Programme Advisory Boards.

6.2 These issues are included in an action plan, progress against which is monitored quarterly by the Council's Senior Leadership Team and by the Audit and Standards Committee.

6.3 The significant governance issues raised in last year's annual governance statement have all been addressed. This can be confirmed in Appendix 1, below.

7 Conclusion

7.1 The governance framework described in this document has been in place at Warwick District Council for the year ended 31 March 2023 and up to the date of approval of the annual statement of accounts.

7.2 We confirm our commitment to implementation of actions to address the governance issues identified in this Statement (and summarised in Section 6, above).

Signed:

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Councillor Andrew Day
Leader of the Council during 2022/23

Dated:

22 October 2024

Signed:

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Councillor Ian Davison
Leader of the Council

Dated:

22 October 2024

Signed:

____

Christopher Elliott
Chief Executive

Dated:

22 October 2024

Appendix 1

WDC Annual Governance Statement 2021/22: Action Plan for Governance Issues

AGS Ref.	Governance Issue	Responsibility	Progress to Date: Previously-reported Positions	Progress to Date: Latest Position
7.1	Performance management continues to be an issue, in particular the range and content of performance data that Councillors receive. When resolved, Councillors will need to be trained to enable them to access the information and scrutinise it effectively.	Senior Leadership Team	**End-July 2022:** Cabinet has agreed the Council's Service Area Plans including the suite of measures for each Service Area. Officers are now working on making the measures accessible to Councillors so the measures can be interrogated on a rolling basis. Target for completion of this work is 1 September 2022. **End-October 2022:** These are now available via *Sharepoint* for all Councillors who have been briefed on how to access them. There is also a training session for Councillors on these which they have been invited to on 7 November 2022. In addition to this, the Performance Management Officer is now liaising with Heads of Services on migrating Service Area Risk Registers into the same documents to enable Members to have easier access to these as well.	The risk registers are now available for Councillors to inspect in the single document and should be being reviewed by the relevant Head of Service at least quarterly.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	**Latest Position**
7.2	The new Overview & Scrutiny and Audit & Standards Committees will present challenges in terms of clarity of role. Councillors will need to be trained on the operation of the new Overview & Scrutiny and Audit & Standards Committees to enable them to participate more confidently.	Senior Leadership Team	**End-July 2022:** Training has been arranged for 3 August 2022 for the Audit & Standards Committee on the role of the Audit Committee. The Overview & Scrutiny Committee have also been invited to attend. Civic & Committee Services are in the process of organising training for the Members of Overview & Scrutiny Committee on financial/budget and performance training which once agreed Audit & Standards members will also be invited to attend. In respect of remit it is early days for the new Committees and this will be discussed with the relevant Chairs before each meeting. **End-October 2022:** Training has taken place for Councillors of both these Committees in relevant areas and positive feedback has been received. There will need to be a continued theme of briefing Audit & Standards Members in respect of new aspects along with detailed Treasury Management training. However, the focus on this aspect will be very much after elections in May 2023.	The training plan for post-election is being developed around core themes and responsibilities of Councillors. There will be a report on this to the Audit & Standards Committee in February.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	**Latest Position**
7.3	Staff morale has been impacted adversely as a result of the merger process. A strategy to improve staff morale is required.	Senior Leadership Team	**End-July 2022:** Cabinet has approved "Applause" which seeks to help address staff morale through several personal, professional and health initiatives. More broadly, the Senior Leadership Team is working on policies in respect of recruitment, retention, and reward. This is an ongoing piece of work. **End-October 2022:** ➢ The positive feedback from the 'Applause' scheme launched August 2022 has considerably impacted on staff morale by including the range of support and recognition including monetary, health, team 'get-togethers', 'refer a friend' for recruitment and voluntary days off. It is important to recognise that this was not planned as a 'one-off' initiative and the benefits are being realised on an ongoing basis with regular updates through engagement and communication. ➢ An externally assessed 'staff survey' and facilitated face to face sessions linked to the 'Thrive award' was launched the beginning of October in conjunction with Unison. Further analysis is expected in December to inform further actions to support the health and well-being of staff. (Continued overleaf)	➢ The impact of the Applause initiative launched in Aug 2022 continues to resonate across the Council with over 60 staff to date who have received the 'Health Check' which includes mental well-being, menopause, diet, and any other areas of support requested. ➢ There have been many examples of staff using the 'team get-together funding' for Christmas and other meetings. ➢ We are pleased to announce the achievement of the Bronze award for 'Thrive'. This accreditation has included considerable evidence based qualitative and quantitative information as well as face to face meetings and a staff survey which has been promoted in conjunction with Unison. The awards ceremony in November included an acceptance speech from Cllr Jody Tracey, Chris Elliott, Chief Executive, and key members of the team who co-ordinated the award including a special mention to Karen Weatherburn, Learning & Development Officer. Further analysis on the report is planned for Jan 2023.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	**Latest Position**
7.3 (Cont.)			➢ Targeted 'awareness' campaigns continue to inform and engage managers and staff. October links to the education and support linking with Unison on the 'Menopause', from all aspects and different perspectives. A report for Employment Committee 29.11.22 will include positive updates on the WDC Apprenticeship scheme and further plans to 'grow our own'.	- An update was provided to the last PAB on the area of Health & Well-being and the progress within the organisation to support this key area. The Well-being of our staff is an ongoing priority with emphasis on blended support through training, briefings, and other sources. - Dedicated intranet pages to health and well-being for resources and signposting as well as regular reminders of what help is available recently updated to include support for the Menopause based on our awareness session in October Manager's Forum - Communications continues to be a key area to support our staff with the weekly '5 things' e-mail some examples include: - Black History Month - Updates on our Portfolio Holders - Cost of living support - Thrive Survey - An Action for Happiness calendar to support Health and Wellbeing. Our Staff Voice group continues to monitor and review the internal projects, providing regular feedback to the Transformation Steering Group.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Positions	Latest Position
7.3 (Cont.)				The Apprenticeship update to Employment Committee 29.11.22 details: - Funded opportunities for 23 apprenticeships. - To date 10 have secured alternative employment with the Council – this includes five in the last year. - 5 are still undertaking their apprenticeships. - 8 successfully completed their apprenticeships and left for other opportunities. - We are in the process of recruiting 5 more apprentices.